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NICHOLLS STATE UNIVERSITY FOUNDATION, INC.

FINANCIAL REPORT

For the year ended June 30, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

OCT 14 1998

Release Date _____

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Ann T. Hebert

Certified Public Accountant
901 Ridgefield Road
Thibodaux, Louisiana

(504) 446-0994

INDEPENDENT AUDITOR'S REPORT

To the Board,
Nicholls State University Foundation, Inc.
Thibodaux, Louisiana

I have audited the accompanying statement of financial position of Nicholls State University Foundation, Inc., (a nonprofit organization) as of June 30, 1998, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Nicholls State University Foundation, Inc. as of June 30, 1998, and the changes in its net assets for the year then ended in conformity with generally accepted accounting principles.

Ann T. Hebert

Ann T. Hebert
Certified Public Accountant
August 18, 1998

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 1998

ASSETS

Cash and cash equivalents	\$ 1,070,967
Accrued dividends	2,504
Note receivable	7,600
Pledged support - Colonels Brigade	130,000
Stock	605,191
Antique collection	87,555
Etching collection	21,800
Land	22,199

TOTAL ASSETS \$ 1,947,816

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 100
Contract payable	121,280
Note payable	100,000

TOTAL LIABILITIES 221,380

NET ASSETS

Unrestricted	952,378
Temporarily restricted	372,090
Permanently restricted	401,968

TOTAL NET ASSETS 1,726,436

TOTAL LIABILITIES AND NET ASSETS \$ 1,947,816

See accompanying notes.

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 1998

UNRESTRICTED NET ASSETS

Support

Contributions		\$ 51,854
Dividends		10,784
Interest		16,340
Breeder awards		214
Gain (Loss) from investments (net)		266,632
Miscellaneous		1,585

Total support 347,409

Net assets reclassified per donor request (2,055)

Net assets released from restrictions		
Satisfaction of program restrictions		80,077
Satisfaction by payment		332,161

Total net assets released from restrictions 410,183

Total unrestricted support 757,592

Expenses

Program services

Chef John Folsie Culinary Institute		
Culinary supplies and literature	35,049	
Fund-raising expense	31,212	
Promotion	38,949	105,210

Colonels Brigade		
Nicholls State University Athletic Department	6,942	
Scoreboards and game clocks	121,280	128,222

Faculty development and student recognition		
Banquet		2,009

Free Enterprise week		
Trophies and awards	1,336	
Promotion	4,903	6,239

Louisiana Center for Women in Government		
Meals and travel	300	
Miscellaneous	707	1,007

Nicholls State University Anniversary		
50th Anniversary Expenses		29,525

(Continued next page)

See accompanying notes.

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.

STATEMENT OF ACTIVITIES (Continued)
Year Ended June 30, 1998

Fred Roth Memorial Fund Tournament		6,173
A+ Scholar Promotion	151	
Fund-raising expense	1,143	1,294
White Paper on technology Administration Cost		305
Scholarships		64,934
University development		48,875
Supporting services		
Management and general Foundation Office	12,744	
Professional services	8,675	
Other	7,852	29,271
Annual Drive Expense		7,038
		<u>327,490</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS		
TEMPORARILY RESTRICTED NET ASSETS		
Colonels Brigade Contributions		36,353
Colonels Brigade membership		2,600
Colonels Brigade Support		175,000
Interest income		18,450
Contributions		226,468
A+ Scholarship Fund-raiser		9,525
John Folse Culinary Institute Fund-raiser		51,247
Fees		36,190
Net assets reclassified per donor request		(6,340)
Net assets released from restrictions		
Satisfaction of program restrictions		(80,077)
Restrictions satisfied by payments		<u>(332,161)</u>

(Continued next page)

See accompanying notes.

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.

STATEMENT OF ACTIVITIES (Continued)
Year Ended June 30, 1998

	INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>137,255</u>
PERMANENTLY RESTRICTED NET ASSETS		
Contributions		52,730
Interest income		855
Net assets reclassified per donor request		<u>8,395</u>
	INCREASE (DECREASE) IN PERMANENTLY RESTRICTED NET ASSETS	<u>61,980</u>
	INCREASE (DECREASE) IN NET ASSETS	526,725
NET ASSETS AT BEGINNING OF YEAR		<u>1,199,711</u>
	NET ASSETS AT END OF YEAR	<u>\$ 1,726,436</u>

(Concluded)

See accompanying notes.

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.

STATEMENT OF CASH FLOWS

Year Ended June 30, 1998

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase (decrease) in net assets	526,725
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Net gain from investments	(266,632)
(Increase) decrease in:	
Pledged support	(130,000)
Accrued dividends	3,021
Increase (decrease):	
Accounts payable	100
Contract payable	121,280
	<u>254,494</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from note receivable - Daily Review	3,800
Proceeds from sale of stock	2,096
Payments on land	(2,199)
	<u>3,697</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from note payable	<u>100,000</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	
	358,191
BEGINNING CASH AND CASH EQUIVALENTS	<u>712,776</u>
ENDING CASH AND CASH EQUIVALENTS	<u>1,070,967</u>

See accompanying notes.

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Nicholls State University Foundation, Inc. (the "Foundation") was incorporated under Title 12, Sec 101 et seq of the State of Louisiana laws as a non-profit organization on June 25, 1964.

The objects and purposes of this corporation are to promote, stimulate and improve the educational, cultural, moral and material welfare of Nicholls State University, to promote, improve and encourage closer cultural, moral and intellectual intercourse therewith between the members of this corporation and Nicholls State University; to give financial aids to needy and deserving students; to promote and encourage research and scholastic excellence among the faculty members of Nicholls State University; to buy, sell, lease, erect, or otherwise acquire lands and all necessary buildings and appurtenances to further such ends, to hold, maintain and operate same, to sell lease or dispose thereof and generally to do all things necessary or proper to achieve such ends; and this corporation is organized and shall be operated exclusively for educational, scientific and literary purposes.

Method of Accounting

Assets, liabilities, revenues and expenses are recognized on the accrual method of accounting for financial statement presentation and the cash basis for federal income tax purposes.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Stock

The Foundation adopted SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations," in 1997. Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Land and Collections

Donations of land and collections are recorded as support at their estimated fair value at the date of their donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Land and Collections - Continued

are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Financial Statement Presentation

In 1994, the foundation elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations," early. Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Foundation is required to present a statement of cash flows.

Contributions

The Foundation also elected to adopt SFAS No. 116, "Accounting for Contributions Received and Contributions Made," in 1994. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Income Taxes

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. If the Foundation has unrelated trade or business income of \$1,000 or more in any year, it does file an Exempt Organization Business Income Tax Return. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170 (b)(1)(A) of the code.

Cash and Cash Equivalents

For purposes of the statement of cash flow, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

As of June 30, 1998, the Foundation held cash in accounts at Hibernia National Bank in excess of the federally insured amount.

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
June 30, 1998

NOTE B - RESTRICTIONS ON ASSETS

Temporarily restricted net assets are available for the following purposes:

	07/01/97	Increases	Decreases	06/30/98
A+ Scholar Contributions	\$ 10,230.73	\$ 4,954.41	\$ 10,946.72	\$ 4,238.42
A+ Scholar Fund-raisers	0.00	9,582.51	1,151.27	8,431.24
Airboat Transportation Scholarship	0.00	509.38		509.38
Betsy Ayo Memorial	12,004.62	23,902.71		35,907.33
Barker Scholarship	0.00	244.74		244.74
Biology Scholarship	6,715.00		6,715.00	0.00
Candy Fleet Scholarship	0.00	10,187.54	10,187.54	0.00
Cenac Computer Center	1,763.08	33.06	1,796.14	0.00
Colonels Brigade	15,619.99	214,343.62	128,222.19	101,741.42
Crosby Tugs, Inc. Scholarship	118.29	228.12	346.41	0.00
Charlene Crowley Prize	4,612.34	129.60		4,741.94
Department of Economic Scholarship	961.53		961.53	0.00
Quentin Falgout Athletic Scholarship	3,845.10		3,845.10	0.00
Chef John Folse Culinary Institute Building	0.00	66,034.08		66,034.08
Chef John Folse Culinary Institute Contributions	700.00	9,752.71	6,931.87	3,520.84
Chef John Folse Culinary Institute Fees	0.00	36,265.87	36,265.87	0.00
Chef John Folse Culinary Institute French Program	0.00	1,690.22		1,690.22
Chef John Folse Culinary Institute Fund-raisers	0.00	51,612.03	51,612.03	0.00
Cycle World Scholarship	0.00	1,500.00	500.00	1,000.00
Foundation Scholarships	23,970.77	(22,970.77)	1,000.00	0.00
Free Enterprise Week	6,176.69	7,307.22	6,239.33	7,244.58
Lester & Myrtle Fremin Culinary Scholarship	0.00	56.80		56.80
G & B Marine/Gilco Scholarship	0.00	224.16		224.16
Good Year - Houma/ Thibodaux Scholarship	0.00	150.98	150.98	0.00

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
June 30, 1998

NOTE B - RESTRICTIONS ON ASSETS - Continued

L. J. Hebert, Jr. Home Economics Department	6,466.56 899.78	146.17 0.22	465.00 900.00	6,147.73 0.00
Clarence James Minority Scholarship	9,943.53	749.04	8,000.00	2,692.57
King Trucking Scholarship	0.00	500.00		500.00
L & M BoTruc Rental Scholarship	61.96	912.51	974.47	0.00
Louisiana Center for Women in Government	18,470.09	5,100.58	1,006.54	22,564.13
M & L Engine, Inc. Academic Scholarship	252.92	227.14	480.06	0.00
Sue Miller College of Education	4,393.01	213.70	4,606.71	0.00
Ralph Morel Memorial Nicholls' 50th Anniversary	3,854.31 0.00	158.64 88,591.25		4,012.95 59,066.67
Physical Science Department	4,638.80	61.20	4,700.00	0.00
Enest Pierce Scholarship	3,331.79	75.45	150.00	3,257.24
RAE Shipyard	500.00	11.46	250.00	261.46
Ann Raziano Memorial Scholarship	0.00	982.77	250.00	732.77
Anthony J. Rouse, Sr. Scholarship	51.40	125.74		177.14
Fred Roth Memorial	0.00	25,745.00	6,172.99	19,572.01
Louis St. Martin Scholarship	63.37	10,200.33	10,000.00	263.70
Statewide Computer System	1,500.00	28.13		1,528.13
Thibodaux Kiwanis Club Scholarship	600.00	12.77	200.00	412.77
Leonard Toups English Chair	80,000.00		80,000.00	0.00
Walls Scholarship	13,089.40	11,251.74	13,720.00	10,621.14
White Paper	0.00	5,000.00	305.25	4,694.75
	<u>\$ 234,835.06</u>	<u>\$ 565,832.83</u>	<u>\$ 428,577.58</u>	<u>\$ 372,090.31</u>

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

NOTE B - RESTRICTIONS ON ASSETS - Continued

Permanently restricted net assets consist of endowment fund investments to be held indefinitely, the income from which is expendable to support the following:

	07/01/97	Increases	Decreases	06/30/98
Barker Scholarship	\$ 10,000.00	\$ 1,000.00	\$	\$ 11,000.00
Candy Fleet Scholarship	0.00	9,937.54		9,937.54
Cenac Towing Scholarship	0.00	1,796.14		1,796.14
Crosby Tugs, Inc. Scholarship	10,000.00			10,000.00
Duplantis Truckline Scholarship	0.00	1,000.00		1,000.00
Free Enterprise Professorship	29,343.46	1,961.53		31,304.99
Lester & Myrtle Fremin Culinary Scholarship	0.00	10,000.00		10,000.00
G & B Marine/Gilco Scholarship	0.00	12,000.00		12,000.00
Clarence James Minority Scholarship	25,000.00			25,000.00
K & B Machine Scholarship	0.00	10,000.00		10,000.00
L & M BoTruc Rental Scholarship	40,000.00			40,000.00
Henry J. Lafont Criminal Justice Scholarship	0.00	1,639.50		1,639.50
Lafourche Parish Bar Association Scholarship	0.00	5,000.00		5,000.00
M & L Engine, Inc. Academic Scholarship	10,000.00			10,000.00
Sue Miller College of Education Fund	5,000.00	4,606.71		9,606.71
Anthony J. Rouse, Sr. Scholarship	5,000.00	12,183.64		17,183.64
Louis St. Martin Scholarship	10,000.00		10,000.00	0.00
Walls Scholarship	195,644.05	855.00		196,499.05
	<u>\$ 339,987.51</u>	<u>\$ 71,980.06</u>	<u>\$ 10,000.00</u>	<u>\$ 401,967.57</u>

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

NOTE C - NOTE RECEIVABLE

Note receivable of \$7,600 represents the balance of a \$76,000 note donated to the Foundation payable in annual installments of \$3,800 plus interest at 8%.

NOTE D - STOCK

Stock as of June 30, 1998, summarized as follows:

	Number of shares	Value at date of donation	Fair Market Value 06/30/98	Carrying Value 06/30/98
Unrestricted				
Hibernia Bank	28,831	\$ 77,162	\$ 569,379	\$ 569,379
Texaco	600	15,525	35,812	35,812
		<u>\$ 92,687</u>	<u>\$ 605,191</u>	<u>\$ 605,191</u>

The following schedule summarized the stock return and its classification in the statements of activities for the year ended June 30, 1998.

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Dividends	\$ 10,784	\$ -	\$ -	\$ 10,784
Net gain	266,632	-	-	266,632
Total investment return	<u>\$ 277,416</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 277,416</u>

NOTE E - ANTIQUE COLLECTION

Antique collection consists of various antique furniture, dinner ware, paintings and other household items donated to the Foundation.

NOTE F - ETCHING COLLECTION

Etchings consist of six giant size lithographs by Salvador Dali.

NOTE H - SUPPLEMENTAL INFORMATION ABOUT CASH FLOWS

There are no noncash financing and investing transactions.

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

NOTE I - PLEDGED SUPPORT

The following companies have pledged support through agreements with the Nicholls State University Foundation, Inc.:

	Pledged	Received 06/30/98	Receivable 06/30/98
Coca Cola	\$ 50,000	\$ 10,000	\$ 40,000
BFB (McDonald)	25,000	20,000	5,000
Hibernia National Bank	50,000	10,000	40,000
State Farm	50,000	5,000	45,000
	<u>\$ 175,000</u>	<u>\$ 45,000</u>	<u>\$ 130,000</u>

NOTE J - CONTRACT PAYABLE

Contract with Daktronics, Inc. dated 10/31/97 in the amount of \$121,280 to provide scoreboards and game clocks for Nicholls State University basketball facilities was signed by the Nicholls State University Foundation, Inc. Project not given final acceptance at June 30, 1998.

NOTE K - NOTE PAYABLE

Promissory note on February 18, 1998 signed by Nicholls State University Foundation, Inc. promises to pay to Bernard Lafasa \$100,000 for a loan received. Note to be paid in ten (10) annual installments of \$10,000 with interest at a rate of zero (0%) percent. First installment due January 15, 1999.

NOTE L - COMMITMENT

On February 27, 1998 the Nicholls State University Foundation, Inc. entered into a Cooperative Endeavor Agreement with Nicholls State University for the sole purpose of constructing lights on Nicholls State University Baseball Field and Softball Field. Nicholls State University Foundation, Inc. further agreed to raise or contribute whatever amount is necessary to complete the project. As of June 30, 1998, the amount necessary to complete the project was estimated to be \$38,900, of which \$30,300 has been paid. It is expected that this project will be completed by December 31, 1998.

NOTE M - LEASE

On March 2, 1998 the Nicholls State University Foundation, Inc. signed a lease with the Louisiana State Board of Trustees for the University of Louisiana System for office space on the Nicholls State University campus for \$100 plus payment of utilities for a term of ten (10) years.

Ann J. Hebert

Certified Public Accountant
901 Ridgefield Road
Thibodaux, Louisiana

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(504) 446-0994

August 18, 1998

To the Board
Nicholls State University Foundation, Inc.
Thibodaux, Louisiana

In planning and performing my audit of the financial statements of Nicholls State University Foundation, Inc., for the year ended June 30, 1998, I considered the Foundation's internal control structure to plan my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure.

However, during my audit, I noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. This letter does not affect my report dated August 18, 1998, on the financial statements of Nicholls State University Foundation, Inc. I will review the status of these comments during my next audit engagement. My comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. I will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. My comments are summarized as follows:

Current year findings

1. *Bank Cash Accounts*

Bank deposits held at certain financial institutions exceed FDIC insurance with no other collateral. To assure the safeguarding of these assets, the Board should consider the amount of bank deposits and corresponding FDIC insurance at each financial institution.

Response: Board is currently negotiating with other financial institutions and investment companies in order to diversify the Foundation's deposits.

2. *Fund-raiser Reports*

Reports should be maintained with more detail and documentation by persons in charge of events.

Response: Board will advise all persons in charge of special events and/or fund-raisers to maintain detail and documented reports.

3. *Organizational Structure*

It is recommended that the Board remain involved in the financial affairs of Nicholls State University Foundation, Inc. to provide oversight and independent review

functions.

Response: Board will remain involved in all affairs of the Foundation to provide oversight and independent review functions.

Prior year findings

1. Bank Cash Accounts

Bank deposits held at certain financial institutes exceed FDIC insurance with no other collateral. To assure the safeguarding of these assets, the Board should consider the amount of the bank deposits and corresponding FDIC insurance at each financial institution.

Status: Remains the same at June 30, 1998.

2. Antiques

Insufficient inventorying has been established for the antique collection. The current Board should have these catalogued, tagged, and professionally identified.

Status: All antique items have been inventoried, numbered and photographed at June 30, 1998.

3. Organizational Structure


It is recommended that the Board remain involved in the financial affairs of Nicholls State University Foundation, Inc. to provide oversight and independent review functions.

Status: Board remains involved in all affairs of the Foundation to provide oversight and independent review functions.

Ramona and I wish to thank the Board of Nicholls State University Foundation, Inc. for their support and assistance during the audit.

This report is intended solely for the information and use of the Board and others within the Organization.

Cordially yours,



Ann T. Hebert
Certified Public Accountant