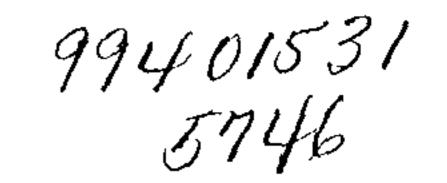
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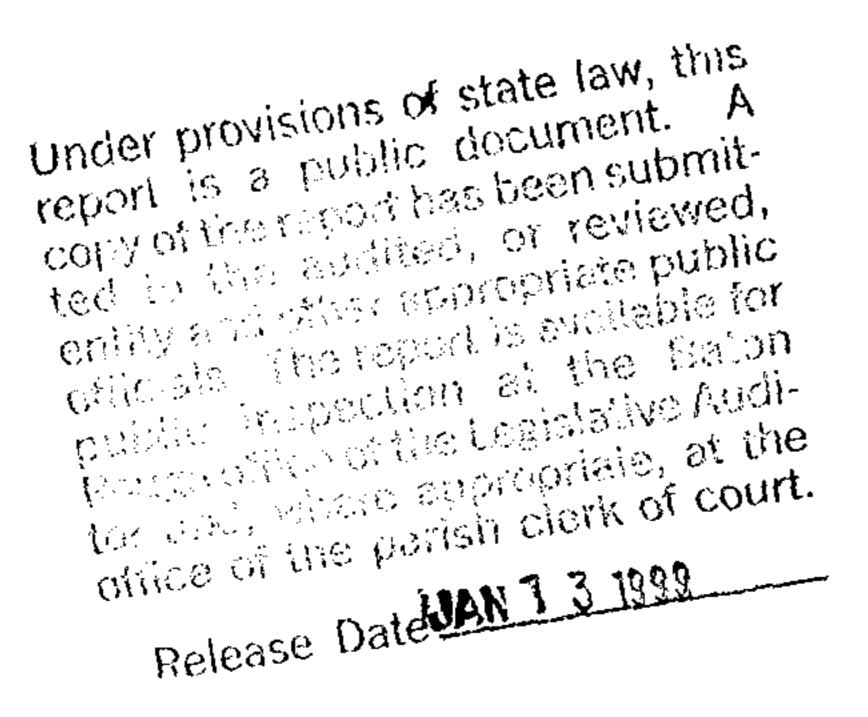
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# FINANCIAL REPORT

# MCNEESE STATE UNIVERSITY FOUNDATION (a Non-Profit Corporation)

June 30, 1998



	PAGE
INDEPENDENT AUDITORS' REPORT	3
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF ACTIVITIES	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	8

# TABLE OF CONTENTS

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SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

> SEC PRACTICE SECTION OF AICPA

# INDEPENDENT AUDITORS' REPORT

Board of Directors
McNeese State University Foundation
Lake Charles, Louisiana

We have audited the accompanying statement of financial position of the McNeese State University Foundation, a non-profit corporation, as of June 30, 1998, and the related statements of activities and cash flows for the year then ended. These statements are the responsibility of the management of the McNeese State University Foundation. Our responsibility is to express an opinion on these statements based on our audit.

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

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the McNeese State University Foundation, at June 30, 1998, and the results of its activities and cash flows for the year then ended in conformity with generally accepted accounting principles.

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September 30, 1998 Lake Charles, LA

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# **McNeese State University Foundation**

# STATEMENT OF FINANCIAL POSITION

June 30, 1998

# ASSETS

<u>ASSETS</u>	
Cash and cash equivalents	\$ 267,776
Certificates of deposits	400,000
Unconditional promises to give	91,685
Donated property	18,000
Investments:	
Short-term	3,681,207
Long-term	11,021,092
Tatal Assats	\$ 15 470 7C0

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# LIABILITIES AND NET ASSETS

<u>LIABILITIES</u>	
Funds held in custody	\$ 1,052,926
<u>NET ASSETS</u>	
Unrestricted	258,698
Temporarily restricted	3,323,866
Permanently restricted	10,844,270
Total net assets	14,426,834
Total Liabilities and Net Assets	\$ <u>15,479,760</u>

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# The accompanying notes are an integral part of this statement.

#### \_\_\_\_\_

# **McNeese State University Foundation**

# STATEMENT OF ACTIVITIES

# For the Year Ended June 30, 1998

	Unrestricted	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	Total
REVENUE AND SUPPORT	-	• • • • • • • •	<b>•</b> • • • • • • • • •	
Contributions	\$ -	\$ 986,309	\$ 2,007,227	\$ 2,993,536
Investment earnings	-	390,648	-	390,648
Gain on investments	-	1,415,224	-	1,415,224
Rent	13,200	-	-	13,200
Fund raising	8,775	-	-	8,775
Net assets release from restrictions:				
Satisfaction of program expenses	1,473,223	(1,473,223)	<b></b>	<b></b>
<b>Total Revenue and Support</b>	1,495,198	1,318,958	2,007,227	4,821,383

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### EXPENSES

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Grants paid to benefit McNeese State				
University for: Projects specified by donors	927,123	-	-	927,123
Supporting services:				
Endowment distributions	128,567	•	-	128,567
Dedicated scholarships	127,195	-	-	127,195
Freshman awards	53,800	-	-	53,800
Professorship payout	110,000	-	-	110,000
Faculty award	6,538	-	-	6,538
Management and general	62,127	-	-	62,127
Fund raising	10,357	<u></u>	<del></del>	10,357
Total expenses	1,425,707	<u> </u>	<u> </u>	1,425,707
CHANGE IN NET ASSETS	69,491	1,318,958	2,007,227	3,395,676
NET ASSETS AT BEGINNING OF PERIOD		2,004,908	8,837,043	11,031,158
NET ASSETS AT END OF PERIOD	\$ <u>258,698</u>	\$ <u>_3,323,866</u>	\$ <u>10,844,270</u>	\$ <u>14,426,834</u>

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# The accompanying notes are an integral part of this statement.

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# STATEMENT OF CASH FLOWS

For the Year Ended June 30, 1998

# CASH FLOWS FROM OPERATING ACTIVITIES

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Contributions received	\$ 1,009,244
Unconditional promises to give received	21,776
Mortgage principal receivable	1,269
Fund raising contributions received	8,775
Interest and dividends received	390,648
Rent received	13,200
Grants paid to benefit McNeese State University	( 927,123)
Cash paid for supporting services	<u>( 498,584</u> )

# Net cash provided by operating activities

### 19,205

(3,275,665)

# CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments Proceeds from sale of investments

# <u>1,070,459</u>

Net cash used by investing activities	<u>(2,205,206</u> )
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from contributions restricted for:	
Investment in endowment	2,007,227
Other financing activities:	
Proceeds for funds held in custody	80,000
Net cash provided by financing activities	2,087,227
NET INCREASE IN CASH	( 98,774)
CASH AT BEGINNING OF PERIOD	366,550
CASH AT END OF PERIOD	\$ <u>267,776</u>

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# The accompanying notes are an integral part of this statement.

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# STATEMENT OF CASH FLOWS - (Continued)

For the Year Ended June 30, 1998

<u>RECONCILIATION OF CHANGE IN NET</u> <u>ASSETS TO NET CASH PROVIDED BY</u> <u>OPERATING ACTIVITIES</u>	
Change in net assets	\$ 3,395,676
Adjustments to reconcile change in net	
assets to net cash provided by operating	
activities:	
(Gain) loss on sale of investments	(1,415,224)
Contributions restricted for long-term use	(2,007,227)
Changes in:	
Mortgage receivable	1,269
Unconditional promises to give	44,711

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Net cash provided by operating activities

<b>\$</b>	19,205
-	

# The accompanying notes are an integral part of this statement.

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NOTES TO FINANCIAL STATEMENTS

#### Summary of Significant Accounting Policies 1.

The McNeese State University Foundation (the Foundation) is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation was formed to promote the educational and cultural welfare of McNeese State University by accepting gifts for the purpose of providing scholarships for students, and professorships for educational research, or such other designated projects for the benefit of the University.

# **Basis of Accounting**

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The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

### **Fund Accounting**

To ensure observance of limitations and restrictions placed on the uses of resources available to the Foundation, the accounting system is organized and operated on a fund basis. The assets, liabilities, and net assets of the Foundation are reported in three self-balancing fund groups as follows:

- Unrestricted funds represent the portion of funds available for support of Foundation supporting 1. services and also amounts which have been expended for property acquisitions.
- Temporarily restricted funds represent expendable funds with donor stipulations that limit the use of 2. the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are transferred to unrestricted funds and related expenses are shown as unrestricted.
- Permanently restricted funds represent funds that are subject to restrictions of gift instruments 3. requiring that the principal be invested in perpetuity and the income only be used. Expendable income derived from the endowment funds is accounted for as revenue in the current funds.

# **Promises To Give**

Unconditional promises to give are recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

8

## NOTES TO FINANCIAL STATEMENTS

#### Summary of Significant Accounting Policies - (Continued) 1.

# Cash and Cash Equivalents

For accounting and reporting purposes, cash and cash equivalents includes cash on hand, cash in bank, and all highly liquid investments with original maturities of less than three months.

### Investments

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As directed by the Board of Directors, all investments are considered to be either permanently restricted or temporarily restricted regardless of the absence of any donor requests. Investments are stated at market value.

### **Donated Property**

Donated property is reflected as contributions in the accompanying statements at their estimated values at date of receipt.

# **Grant Commitments**

The Foundation considers all state matching funds and unexpended income from these funds as funds held in custody. (See Note 6)

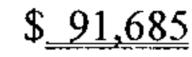
# Estimates

The preparation of financial statements requires management estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

#### 2. **Unconditional Promises to Give**

The total amount of unconditional promises to give at June 30, 1998 are expected to be collected as follows:

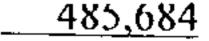
Less than one year	\$	34,800
One to five years		34,310
More than five years	_	22,575



### Uncollectible promises to give are expected to be insignificant.



9



# **Total long-term investments**



# NOTES TO FINANCIAL STATEMENTS

# 5. Conditional Promises to Give

The total amount of conditional promises to give is \$1,080,370 at June 30, 1998. All of the promises are conditional upon the death of the individual making the promise in their will.

# 6. Funds Held in Custody

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The funds being held at June 30, 1998 are as follows:

State matching funds managed for McNeese State University Principal Net increases

\$ 920,000 <u>132,926</u> \$ 1,052,926

# 7. Net Assets Released From Donor Restrictions

Net assets were released from donor restrictions by incurring the following expenses satisfying the restricted purposes or by occurrence of other events specified by donors for the year ended June 30, 1998:

Chairs and professorships	\$ 245,105
Scholarships	180,995
Operations and supplies	<u>1,047,123</u>

\$<u>1,473,223</u>

## 8. <u>Net Assets</u>

Temporarily restricted net assets are available for grants to support McNeese State University in the following general areas:

\*Chairs and professorships \*Scholarships \*Operations and supplies

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable to support the above activities.

11



## The Foundation's primary source of support is concentrated in the Lake Charles area.

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