

99401531  
5746  
17

**OFFICIAL  
FILE COPY**  
**DO NOT SEND OUT**  
(Xerox necessary  
copies from this  
copy and PLACE  
BACK in FILE)

**FINANCIAL REPORT**  
**MCNEESE STATE UNIVERSITY FOUNDATION**  
(a Non-Profit Corporation)

June 30, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, 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.

Release Date JAN 7 3 1999

## TABLE OF CONTENTS

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



# Langley, Williams & Company, L.L.C.

## CERTIFIED PUBLIC ACCOUNTANTS

205 W. COLLEGE STREET  
LAKE CHARLES, LOUISIANA 70605-1625  
(318) 477-2827  
1(800) 713-8432  
FAX (318) 478-8418

MEMBERS OF -  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

S.E.C. PRACTICE SECTION  
OF AICPA

LESTER LANGLEY, JR.  
DANNY L. WILLIAMS  
MICHAEL F. CALLOURA  
PHILLIP D. ABSHIRE, JR.  
DAPHNE B. CLARK

J. AARON COOPER  
LISA A. KELLER

## 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.

September 30, 1998  
Lake Charles, LA

**McNeese State University Foundation**  
**STATEMENT OF FINANCIAL POSITION**

June 30, 1998

**ASSETS**

**ASSETS**

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	<u>11,021,092</u>
<b>Total Assets</b>	<b><u>\$ 15,479,760</u></b>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Funds held in custody	\$ 1,052,926
-----------------------	--------------

**NET ASSETS**

Unrestricted	258,698
Temporarily restricted	3,323,866
Permanently restricted	<u>10,844,270</u>
<b>Total net assets</b>	<b><u>14,426,834</u></b>

<b>Total Liabilities and Net Assets</b>	<b><u>\$ 15,479,760</u></b>
---	-----------------------------

The accompanying notes are an integral part of this statement.

**McNeese State University Foundation**

**STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 1998

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b><u>REVENUE AND SUPPORT</u></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	<u>1,473,223</u>	<u>(1,473,223)</u>	<u>-</u>	<u>-</u>
<b>Total Revenue and Support</b>	<b><u>1,495,198</u></b>	<b><u>1,318,958</u></b>	<b><u>2,007,227</u></b>	<b><u>4,821,383</u></b>
<b><u>EXPENSES</u></b>				
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	<u>10,357</u>	<u>-</u>	<u>-</u>	<u>10,357</u>
<b>Total expenses</b>	<b><u>1,425,707</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,425,707</u></b>
<b>CHANGE IN NET ASSETS</b>	<b>69,491</b>	<b>1,318,958</b>	<b>2,007,227</b>	<b>3,395,676</b>
NET ASSETS AT BEGINNING OF PERIOD	<u>189,207</u>	<u>2,004,908</u>	<u>8,837,043</u>	<u>11,031,158</u>
<b>NET ASSETS AT END OF PERIOD</b>	<b>\$ <u>258,698</u></b>	<b>\$ <u>3,323,866</u></b>	<b>\$ <u>10,844,270</u></b>	<b>\$ <u>14,426,834</u></b>

The accompanying notes are an integral part of this statement.

McNeese State University Foundation

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 1998

CASH FLOWS FROM OPERATING ACTIVITIES

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	( 498,584)

**Net cash provided by operating activities** 19,205

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	(3,275,665)
Proceeds from sale of investments	<u>1,070,459</u>

**Net cash used by investing activities** ( 2,205,206)

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	<u>80,000</u>

**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** \$ 267,776

The accompanying notes are an integral part of this statement.

**McNeese State University Foundation**

**STATEMENT OF CASH FLOWS - (Continued)**

For the Year Ended June 30, 1998

RECONCILIATION OF CHANGE IN NET  
ASSETS TO NET CASH PROVIDED BY  
OPERATING ACTIVITIES

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	<u>44,711</u>
<b>Net cash provided by operating activities</b>	<b>\$ <u>19,205</u></b>

The accompanying notes are an integral part of this statement.



**McNeese State University Foundation**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies**

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**

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:

1. Unrestricted funds represent the portion of funds available for support of Foundation supporting services and also amounts which have been expended for property acquisitions.
2. Temporarily restricted funds represent expendable funds with donor stipulations that limit the use of 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.
3. Permanently restricted funds represent funds that are subject to restrictions of gift instruments 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.



McNeese State University Foundation

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies - (Continued)

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

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	<u>22,575</u>
	<u>\$ 91,685</u>

Uncollectible promises to give are expected to be insignificant.

**McNeese State University Foundation**  
**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**

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

State matching funds managed for McNeese State University	
Principal	\$ 920,000
Net increases	<u>132,926</u>
	<u>\$ 1,052,926</u>

**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. Net Assets**

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.

**9. Off-Balance Sheet Risk**

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

