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Release Date DEC 9 1998



**BROUSSARD, POCHÉ, LEWIS & BREAUX, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS

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UNIVERSITY OF SOUTHWESTERN  
LOUISIANA FOUNDATION, INC.  
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UNIVERSITY OF SOUTHWESTERN  
LOUISIANA FOUNDATION, INC.)

**UNIVERSITY OF SOUTHWESTERN  
LOUISIANA FOUNDATION, INC.**

**FINANCIAL REPORT**

**JUNE 30, 1998**



**BROUSSARD, POCHÉ, LEWIS & BREAUX, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 61400  
Lafayette, Louisiana  
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**INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees of  
University of Southwestern  
Louisiana Foundation, Inc.  
Lafayette, Louisiana

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We have audited the accompanying statements of assets, liabilities, and net assets - modified cash basis of University of Southwestern Louisiana Foundation, Inc. (a nonprofit organization) as of June 30, 1998 and 1997, and the related statements of revenue and support, expenses and changes in net assets - modified cash basis for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of 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 audits provide a reasonable basis for our opinion.

As described in Note 1, the Organization prepares its financial statements on the basis of cash receipts and disbursements except that the statements include certain modifications. This basis is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of University of Southwestern Louisiana Foundation, Inc. as of June 30, 1998 and 1997, and its revenue and support, expenses and the changes in its net assets for the years then ended, on the basis of accounting described in Note 1.

*Broussard, Poché, Lewis & Breaux LLP*

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*Retired:*  
Sidney L. Broussard, CPA\* 1980  
Leon K. Poché, CPA 1984  
James H. Breaux, CPA 1987  
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George A. Lewis, CPA\* 1992  
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Certified Public Accountants  
Society of Louisiana Certified  
Public Accountants*

Lafayette, Louisiana  
November 11, 1998

UNIVERSITY OF SOUTHWESTERN LOUISIANA FOUNDATION, INC.

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS -  
 MODIFIED CASH BASIS  
 JUNE 30, 1998 and 1997

ASSETS	<u>1998</u>	<u>1997</u>
Cash and cash equivalents	\$ 6,605,204	\$ 3,912,493
Investments:		
Certificates of deposit	712,955	807,960
U.S. Government obligations	19,745,204	19,920,743
Corporate obligations	855,870	1,087,848
Corporate stocks	10,496,518	6,253,347
Oil and gas royalty interests	18,750	25,805
Land	572,508	650,258
Cash surrender value of life insurance	268,619	253,761
Notes receivable	130,000	162,500
Property and equipment, net	320,066	339,891
Artwork and other non-depreciable	<u>1,776,188</u>	<u>1,464,188</u>
 Total assets	 <u>\$41,501,882</u>	 <u>\$34,878,794</u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Funds held in custody	<u>\$ 8,066,351</u>	<u>\$ 5,972,850</u>
Net Assets:		
Unrestricted	3,965,655	3,501,398
Temporarily restricted	7,833,309	6,490,388
Permanently restricted	<u>21,636,567</u>	<u>18,914,158</u>
Total net assets	<u>33,435,531</u>	<u>28,905,944</u>
 Total liabilities and net assets	 <u>\$41,501,882</u>	 <u>\$34,878,794</u>

See Notes to Financial Statements.

UNIVERSITY OF SOUTHWESTERN LOUISIANA FOUNDATION, INC.

STATEMENT OF REVENUE AND SUPPORT, EXPENSES AND  
CHANGES IN NET ASSETS - MODIFIED CASH BASIS  
Year Ended June 30, 1998

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUE AND SUPPORT:</b>				
Contributions	\$ 559,777	\$ 994,576	\$ 2,434,435	\$ 3,988,788
Investment earnings	85,523	836,429	3,704	925,656
Gain on investments	37,898	1,154,519	558	1,192,975
Other income	57,713	259,975	-	317,688
Management fee income	305,169	-	-	305,169
Net assets released from restrictions:				
Satisfaction of program expenses	<u>1,753,212</u>	<u>(1,753,212)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>2,799,292</u>	<u>1,492,287</u>	<u>2,438,697</u>	<u>6,730,276</u>
<b>EXPENSES:</b>				
Grants paid to benefit University of South- western Louisiana Foundation, Inc. for:				
Projects specified by donors	1,746,125	-	-	1,746,125
Projects specified by the Board of Directors	103,781	-	-	103,781
Supporting services:				
Salaries and benefits	148,184	-	-	148,184
Insurance	5,852	-	-	5,852
Office operations	97,865	-	-	97,865
Travel	11,817	-	-	11,817
Professional services	16,662	-	-	16,662
Dues and subscriptions	1,790	-	-	1,790
Meetings and development	41,434	-	-	41,434
Depreciation and amortization	<u>26,880</u>	<u>-</u>	<u>-</u>	<u>26,880</u>
Total expenses	<u>2,200,390</u>	<u>-0-</u>	<u>-0-</u>	<u>2,200,390</u>
Change in net assets before transfers in (out)	598,902	1,492,287	2,438,697	4,529,886
Unrestricted	(138,591)	-	138,591	-
Temporarily restricted	-	(223,167)	223,167	-
Permanently restricted	<u>3,946</u>	<u>74,100</u>	<u>(78,046)</u>	<u>-</u>
Change in net assets	464,257	1,343,220	2,722,409	4,529,886
Transfer to custodial funds	-	(299)	-	(299)
Net assets at beginning of year	<u>3,501,398</u>	<u>6,490,388</u>	<u>18,914,158</u>	<u>28,905,944</u>
Net assets at end of year	<u>\$ 3,965,655</u>	<u>\$ 7,833,309</u>	<u>\$21,636,567</u>	<u>\$33,435,531</u>

See Notes to Financial Statements.



UNIVERSITY OF SOUTHWESTERN LOUISIANA FOUNDATION, INC.

STATEMENT OF REVENUE AND SUPPORT, EXPENSES AND  
CHANGES IN NET ASSETS - MODIFIED CASH BASIS  
Year Ended June 30, 1997

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUE AND SUPPORT:</b>				
Contributions	\$ 483,496	\$ 1,154,877	\$ 1,495,249	\$ 3,133,622
Investment earnings	48,726	917,949	3,880	970,555
Gain on investments	19,884	266,670	157	286,711
Other income	48,743	268,530	-	317,273
Management fee income	260,952	-	-	260,952
Net assets released from restrictions:				
Satisfaction of program expenses	<u>1,723,219</u>	<u>(1,723,219)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>2,585,020</u>	<u>884,807</u>	<u>1,499,286</u>	<u>4,969,113</u>
<b>EXPENSES:</b>				
Grants paid to benefit University of South- western Louisiana Foundation, Inc. for:				
Projects specified by donors	1,723,188	-	-	1,723,188
Projects specified by the Board of Directors	113,272	-	-	113,272
Supporting services:				
Salaries and benefits	124,768	-	-	124,768
Insurance	4,757	-	-	4,757
Office operations	120,456	-	-	120,458
Travel	6,761	-	-	6,761
Professional services	15,878	-	-	15,878
Dues and subscriptions	1,222	-	-	1,222
Meetings and development	17,166	-	-	17,166
Depreciation and amortization	<u>17,408</u>	<u>-</u>	<u>-</u>	<u>17,408</u>
Total expenses	<u>2,144,878</u>	<u>-0-</u>	<u>-0-</u>	<u>2,144,878</u>
Change in net assets before transfers in (out)	440,142	884,807	1,499,286	2,824,235
Unrestricted	(141,593)	8,920	132,673	-
Temporarily restricted	25,868	(200,590)	174,722	-
Permanently restricted	<u>3,900</u>	<u>2,012</u>	<u>(5,912)</u>	<u>-</u>
Change in net assets	328,317	695,149	1,800,769	2,824,235
Transfer to custodial funds	-	(38,119)	-	(38,119)
Net assets at beginning of year	<u>3,173,081</u>	<u>5,833,358</u>	<u>17,113,389</u>	<u>26,119,828</u>
Net assets at end of year	<u>\$ 3,501,398</u>	<u>\$ 6,490,388</u>	<u>\$18,914,158</u>	<u>\$28,905,944</u>

See Notes to Financial Statements.

UNIVERSITY OF SOUTHWESTERN LOUISIANA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization:

The University of Southwestern Louisiana Foundation, Inc. (the Foundation) is a nonprofit corporation organized to promote the educational, social, moral and material welfare of the University of Southwestern Louisiana and to receive scholarships, gifts, donations, devices and bequests of money and real and personal properties to become a part thereof, and to invest, care for, manage and control all monies and properties so received, and to disburse the same, and the income therefrom, as the donors may direct, or in case specific directions are not given, then to such uses as the Board of Trustees of the University of Southwestern Louisiana may determine, in aid of any of the activities, institutions, interests, purposes and objects of the University of Southwestern Louisiana.

Method of accounting:

The Foundation prepares its financial statements on the modified cash basis. Under this basis, revenues are recognized when collected rather than when earned, and expenditures are generally recognized when paid rather than incurred. The modification includes depreciation and amortization of capitalized assets, recognition of cash surrender value of life insurance policies, and material receivable amounts. Therefore, investments, receivables, accounts payable, and accrued expenses are not reflected and the financial statements are not intended to present the financial position, results of operations, or changes in cash flows in conformity with generally accepted accounting principles.

The significant accounting policies followed by the Foundation are described below to enhance the usefulness of the financial statements to the reader.

Financial statement presentation:

The Foundation adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." 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, temporarily restricted, and permanently restricted. 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 the three self-balancing fund groups as follows:



## NOTES TO FINANCIAL STATEMENTS

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 some 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.

### Contributions and recognition of donor restricted contributions:

The Foundation also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made," whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specified purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions of noncash assets are recorded at their estimated fair market values at the date of the donation. Contributions of other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when some stipulated time restriction ends or purpose restricted is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from donor restrictions.

### Use of 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.

## NOTES TO FINANCIAL STATEMENTS

### Cash equivalents:

Cash and cash equivalents represent demand deposits and other investments with purchased maturities of three months or less. Fair value approximates carrying amounts.

### Concentrations of credit risk:

Financial instruments which subject the Foundation to concentrations of credit risk consist primarily of investments in long-term corporate and governmental fixed income instruments; equity holdings of domestic corporations; and mutual funds which invest primarily in short-term governmental securities. The Foundation typically maintains cash and cash equivalents and temporary investments in local banks which may, at times, exceed the Federal Deposit Insurance Corporation (FDIC) limits.

### Tax status:

The Foundation is a Louisiana nonprofit corporation established in 1955. It is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Service Code; accordingly, no provision for income taxes has been made in the financial statements.

### Property, equipment and other investments:

Purchased property and equipment are stated at cost. Depreciation is computed on the straight-line method over the estimated useful lives of fifty years for the building, five years for the computer and other assets. Other investments consist of oil and gas royalty interests which are amortized based on cash payments received from the initial donated investment. Inexhaustible assets, such as artwork and other collections, are not depreciated.

Donations of property and equipment are recorded as support at their estimated fair market value at the date of 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 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 assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

### Charitable giving through life insurance:

In 1985, the Foundation instituted a "Charitable Giving Through Life Insurance Program" in which whole-life insurance policies are purchased on the lives of individuals, with their permission, with proceeds upon death insuring to the Foundation.

NOTES TO FINANCIAL STATEMENTS

Grant commitments:

The Foundation considers all state matching funds and unexpended income from these funds as funds held in custody.

Functional allocation of expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the programs and supporting services benefitted.

Note 2. Investments

Investments are presented in the financial statements in the aggregate at the lower of cost or market and all investments received as gifts are recorded at market value at the date of donation. Realized gains and losses on sales of investments are determined using specific identification.

The book values, market values and unrealized gains and losses of investments are as follows at June 30:

	1998			
	Amortized Cost/Carrying Value	Gross Unrealized Gain	Gross Unrealized Loss	Estimated Market Value
Certificates of deposit	\$ 712,955	\$ -	\$ -	\$ 712,955
U.S. Government obligations	19,745,204	252,662	(166,475)	19,831,391
Corporate obligations	855,870	16,568	-	872,438
Corporate stocks	10,496,499	5,248,017	(91,065)	15,653,451
Oil and gas royalty interest	18,750	-	-	18,750
Land	572,508	-	-	572,508
Cash surrender value of life insurance	268,619	-	-	268,619
Notes receivable	130,000	-	-	130,000
	<u>\$32,800,405</u>	<u>\$5,517,247</u>	<u>\$ (257,540)</u>	<u>\$38,060,112</u>

NOTES TO FINANCIAL STATEMENTS

	1997			Estimated Market Value
	Amortized Cost/Carrying Value	Gross Unrealized Gain	Gross Unrealized Loss	
Certificates of deposit	\$ 807,960	\$ -	\$ -	\$ 807,960
U.S. Government obligations	19,920,743	155,562	(314,835)	19,761,470
Corporate obligations	1,087,848	9,951	(6,649)	1,091,150
Corporate stocks	6,253,347	3,693,805	(92,618)	9,854,534
Oil and gas royalty interest	25,805	-	-	25,805
Land	650,258	-	-	650,258
Cash surrender value of life insurance	253,761	-	-	253,761
Notes receivable	162,500	-	-	162,500
	<u>\$29,162,222</u>	<u>\$3,859,318</u>	<u>\$ (414,102)</u>	<u>\$32,607,438</u>

Note 3. Note Receivable

On July 19, 1991, the Foundation made a loan in the amount of \$325,000 to the University of Southwestern Louisiana Alumni Association, Inc. due on demand with variable percent interest per annum until paid. This loan is collateralized by buildings and improvements. The outstanding balance was \$130,000 and \$162,500 at June 30, 1998 and 1997, respectively. Interest received during the years amounted to \$8,011 and \$8,736, respectively.

Note 4. Property and Equipment

A summary of property and equipment at June 30 follows:

	1998	1997
Computers	\$ 8,808	\$ 8,808
Furniture and equipment	33,520	36,120
Buildings	430,912	430,912
Land	36,263	36,263
Vehicles	21,800	54,526
Other	60,000	60,000
	591,303	626,629
Less: accumulated depreciation	(271,237)	(286,738)
	<u>\$ 320,066</u>	<u>\$ 339,891</u>

The assets shown are owned by the University of Southwestern Louisiana Foundation, Inc., but the majority of these assets are used by University of Southwestern Louisiana in support of its educational activities.



NOTES TO FINANCIAL STATEMENTS

Note 5. Funds Held in Custody

The funds being held at June 30 are as follows:

	1998	1997
State Matching Funds Managed for University of Southwestern Louisiana	<u>\$8,066,351</u>	<u>\$5,972,850</u>

Note 6. Net Assets Released From Donor Restrictions

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

	1998	1997
Chairs and professorship	\$ 92,300	\$ 213,411
Scholarships	396,126	327,374
Operations and supplies	1,246,761	1,154,173
Travel	18,025	28,261
	<u>\$1,753,212</u>	<u>\$1,723,219</u>

Note 7. Net Assets

Temporarily restricted net assets are available for grants to support University of Southwestern Louisiana Foundation, Inc. in the following general areas:

- Chairs and professorships
- Scholarships
- Operations and supplies
- Travel
- Capital outlay and improvements

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

NOTES TO FINANCIAL STATEMENTS

Note 8. Specified Projects

The following is a detail of monies paid to benefit University of Southwestern Louisiana.

	<u>1998</u>	<u>1997</u>
Scholarships	\$ 404,772	\$ 327,374
University Art Museum	10,902	11,625
Agriculture	5,405	12,924
Business Administration	73,582	114,136
Education	16,907	9,079
Engineering	42,981	75,735
Arts and Humanities	25,731	60,605
Science	83	7,525
Nursing	3,645	24,000
Library	6,075	4,222
Athletics	1,037,610	824,389
CIM Center	594	6,941
Housing	900	4,000
University Services	92,489	212,598
Marine Survival Training Center	14,195	9,266
All others	<u>114,035</u>	<u>132,041</u>
	<u>\$1,849,906</u>	<u>\$1,836,460</u>

Note 9. Board-Designated Endowment

According to policy, the University of Southwestern Louisiana Foundation, Inc.'s Board of Trustees has earmarked a portion of unrestricted as board-designated endowed (quasi-endowed) funds to be invested to provide income for a long, but unspecified period. The principal of these board designated funds, which result from internal designation, is not a donor restriction and, therefore, is not classified as permanently restricted. Below is a recap of these funds at June 30:

	<u>Unrestricted</u>	
	<u>1998</u>	<u>1997</u>
Board-designated endowed funds	<u>\$ 742,542</u>	<u>\$ 742,492</u>