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SHREVEPORT, LOUISIANA

JUNE 30, 1998

Under browkiens of state law this report is a public demonstruct. A copy of the report has been submitted to the auditad, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Balon Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clark of court.

Release Date NOV 0 4 1998

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SHREVEPORT, LOUISIANA

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September 30, 1998

Board of Directors The LSU in Shreveport Foundation, Inc. Shreveport, Louisiana

Independent Auditor's Report

We have audited the accompanying statement of financial position of The LSU in Shreveport Foundation, Inc. at 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. Our responsibility is to express an opinion on these financial 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 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The LSU in Shreveport Foundation, Inc. at June 30, 1998, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

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Bossier City, Louisiana

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A PROFESSIONAL SERVICES FIRM I In STREVEPORT • BOSSIER CITY WY

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STATEMENT OF FINANCIAL POSITION

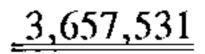
JUNE 30, 1998

<u>ASSETS</u>

Cash and cash equivalents	281,572
Certificates of deposit-Note 3	289,000
Due from LSU in Shreveport-Note 6	12,967
Other miscellaneous receivables	302
Accrued interest receivable	1,934
Investments-Note 3	3,071,756

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Total assets



LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	2,732
Due to LSU in Shreveport-Note 6	<u>536,195</u>
Total liabilities	538,927
<u>Net assets</u> : Unrestricted Temporarily restricted-Note 4 Permanently restricted-Note 5 Total net assets	60,988 571,306 <u>2,486,310</u> <u>3,118,604</u>
Total liabilities and net assets	<u>3,657,531</u>

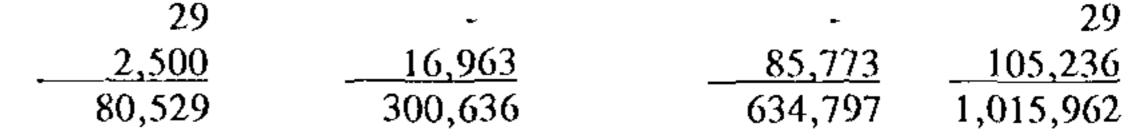
The accompanying notes are an integral part of the financial statements.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 1998

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Support and revenue:				
Memberships	21,500	-	-	21,500
Unrestricted contributions	56,500	_	_	56,500
Temporarily restricted contributions:	•			,
Center for Business Research	-	213,000	-	213,000
Public Radio	-	12,500	-	12,500
Pioneer Heritage Authors in April	-	5,250	_	5,250
Science-discretionary restricted	_	220	_	220
Biological Science Museum	_	2,000	_	2,000
LAPREP Foundation	-	1,000	-	1,000
Student affairs-discretionary restricted	-	35	_	35
Richard Davis scholarship	-	2,000		2,000
Larry Thompson scholarship	-	2,000	_	2,000
LSU-S 30th Anniversary Gala	-	7,290	-	7,290
American Humanics Alumni Chapter	-	50	_	50
Chancellor's academic program	-	1,000	-	1,000
Chancellor's discretionary restricted	-	997	-	997
Business affairs-discretionary restricted	-	50	-	50
Admissions and records-discretionary restricted	ed -	100	-	100
Alpha Guard administration	•	2,175	-	2,175
Alpha Guard tribute	-	4,699	-	4,699
C. Donald Smith scholarship	-	500	-	500
Zina Schiff scholarship	-	645	_	645
Dallas Lucas scholarship	-	1,805	_	1,805
LSU-S memorial scholarship	-	3,405	-	3,405
Athletics-baseball scholarship	-	250	-	250
Permanently restricted contributions:				
McBride scholarship	-	-	2,366	2,366
Campus beautification	-	-	3,558	3,558
Elmer Simon, Jr. scholarship	-	-	5,000	5,000
KPMG endowed scholarship in accounting	-	-	2,000	2,000
LSU-S Alumni Association scholarship	-	-	15,293	15,293
LSU-S Scholars Endowment	-	-	74,655	74,655
Matel and Bessie Dawson Scholarship Fund	-	-	5,000	5,000
Re/Max Executive Realty scholarship	-	•	16,618	16,618
Lillene Herring pre-nursing scholarship	-	•	26,934	26,934
Matel Dawson, Jr. scholarship	-	~	100,000	100,000
Net increase in the fair value of investments	-	22,702	297,600	320,302
MGaaallanaana inoona	20			20

Miscellaneous income Investment income Total support and revenue



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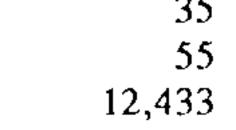
The accompanying notes are an integral part of the financial statements.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 1998

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Net assets released from restrictions	256,208	(88,617)	(167,591)	-
Expenses:				
Faculty and staff support programs:				
Staff incentive award	1,200	-	-	1,200
Faculty performance awards	5,000	_	-	5,000
Chancellor's discretionary fund	16,000	-	•	16,000
Faculty and staff service pins	867	_	-	867
University support programs:				
College of Business-discretionary	500	-	-	500
College of Liberal Arts-discretionary	464	_	-	464
College of Education-discretionary	500	-	•	500
Division of Continuing Education-				
discretionary	429	-	-	429
College of Science-discretionary	500	-	-	500
Student Affairs-discretionary	309	-	-	309
Business Affairs-discretionary	500	_	_	500
Library-discretionary	500	-	-	500
Provost-discretionary	993	-	-	993
Program administration:				
Development Office	15,433	-	-	15,433
Professional	4,500	-	-	4,500
Direct program expenses:	,			,
CBA College account	139	-	-	139
Center for Business Research	1,079	_	_	1,079
Insurance	13,421	_	_	13,421
Faculty development-Hunt Fund	18	-	-	18
Education-discretionary restricted	1,520	_	_	1,520
Continuing education-discretionary	,			·
restricted	863	-	-	863
Religious studies	4,407	-	-	4,407
Biological science museum	2,193	-	-	2,193
Library-discretionary	5	-	+	5
Science-discretionary restricted	1,122	-	-	1,122
Biological science-environmental	9,515	-	**	9,515
Biological science-faculty travel	57	-	•	57
Student affairs-discretionary restricted	35	-	-	35

Student allairs-discretionary restricted Library books-Hunt Fund Public radio network



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The accompanying notes are an integral part of the financial statements.

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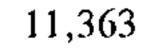
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 1998

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Expenses: (Continued)				
Pioneer Heritage Authors in April	7,758	-	-	7,758
LSU-S 30th Anniversary Gala	7,290	-	-	7,290
Alpha Guard administration	2,006	-	-	2,006
Alpha Guard tribute	8,370	-	-	8,370
Chancellor's academic program	250	-	-	250
Business affairs-discretionary restricted	625	-	-	625
Richard Davis scholarship	2,000	-	_	2,000
Japan Studies program	9,700	-	-	9,700
John Troy Bain scholarship	750	-	-	750
Executive Women International	1,000	-	-	1,000
Larry Thompson scholarship	2,000	-	•	2,000
Athletics-baseball discretionary	6	-	-	6
Grants and other contributions:				
Accounting department	859	-	-	859
India studies	2,883	-	-	2,883
Real estate	29,414	_		29,414
LSU-S Scholars Endowment	84,122	-	_	84,122
Archives and oral history	815	_	_	815
American studies	20,816	-	-	20,816
Archives	147	-	_	147
Campus Beautification	32	-	_	32
Walter O. Bigby scholarship	172	-	-	172
B. E. Taberlet scholarship endowment	569	-	-	569
Goldman Foundation scholarship	1,068	-	-	1,068
Better Business Bureau scholarship	37	-	-	37
McBride scholarship	2,253	-	-	2,253
Re/Max Executive Realty scholarship	24	₽-	-	24
Berton Heard scholarship	5,065	-	-	5,065
Gary Brashier memorial fund	680	-	-	680
LSU-S Alumni Association scholarship	4,282	-	-	4,282
Neal Dlin scholarship	792	-	-	792
E. Katzenstein memorial scholarship	139	-	-	139
Community Foundation American				
Studies scholarship	132	-	-	132
Elmer Simon, Jr. scholarship	1,098	►	•	1,098
Matal and Doorio Duman ash-lunchin	-			-

Elmer Simon, Jr. scholarship Matel and Bessie Dawson scholarship fund





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The accompanying notes are an integral part of the financial statements.

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STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 1998

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Expenses: (Continued)				
Traffic and transportation scholarship	135	_	-	135
Lillene Herring pre-nursing scholarship	521	-	-	521
Matel Dawson, Jr. scholarship	173			173
Total expenses	303,903		-	303,903
Change in net assets	32,834	212,019	467,206	712,059
Net assets at beginning of year	28,154	359,287	2,019,104	<u>2,406,545</u>

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The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 1998

Cash flows from operating activities:	
Change in net assets	712,059
Adjustments to reconcile change in net assets to	
net cash provided by operating activities:	
Net increase in the fair value of investments	(345,114)
Decrease in accrued interest receivable	803
Decrease in due from LSU in Shreveport	41,052
(Increase) in other miscellaneous receivables	(302)
Increase in due to LSU in Shreveport	33,011
Turrena in accounte neuchlo	600

Increase in accounts payable	608
Total adjustments	<u>(269,942</u>)
Net cash provided by operating activities	442,117
<u>Cash flows from investing activities:</u>	
Redemption of certificates of deposit	1,155,721
Purchase of investments	(1,628,411)
Redemption of investments	150,000
Net cash (used) by investing activities	(322,690)
Net increase in cash and cash equivalents	119,427
Cash and cash equivalents-beginning of year	162,145
Cash and cash equivalents-end of year	281,572

The accompanying notes are an integral part of the financial statements.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1998

1. Nature of Business.

The LSU in Shreveport Foundation, Inc. is a private, nonprofit corporation governed by a board of directors. The organization's goal is to promote the education and cultural welfare of Louisiana State University in Shreveport (LSU-S). The organization's activities include management of gifts, grants and endowments for the purpose of providing scholarships, research activities and any other such benefit for the University and its faculty and students as may be prescribed by donors to the corporation.

2. <u>Summary of Significant Accounting Policies</u>.

a. The financial statements of the Foundation are prepared on the accrual basis, under which revenues are recorded when earned, and expenses are recorded when the liability is incurred.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its 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 as follows:

<u>Unrestricted net assets</u>-Net assets that are not subject to donor-imposed stipulations. Some unrestricted net assets may be designated by the Board for specific purposes.

<u>Temporarily restricted net assets</u>-Net assets subject to donor-imposed stipulations that may or will be met by actions of the Foundation, and/or by the passage of time.

<u>Permanently restricted net assets</u>-Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, donors permit all or part of the income earned on these assets to be used for general or specific purposes.

The statement of activities presents expenses of the Foundation's operations functionally between faculty and staff support programs, University support programs, program administration, direct program expenses, and grants.

- b. In accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made", contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor-imposed restrictions.
- c. Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the

contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

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- 2. <u>Summary of Significant Accounting Policies</u>. (Continued)
 - d. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
 - e. For purposes of the statement of cash flows, the Foundation considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents.
 - f. The LSU in Shreveport Foundation, Inc. qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the financial statements.
 - g. Investments in the Merrill Lynch equities are reported at fair value, which is determined by the last reported sales price at current exchange rates, if traded on a national exchange, and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount which reasonably estimates fair value. For the investment in the Common Fund, equity securities listed on a national securities exchange and equity securities traded on NASDAQ are valued at the closing price on the security's primary exchange or, in the absence of a recorded trade, at the mean of the current bid and asked prices.

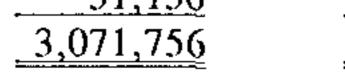
Unlisted securities are valued at the mean between the current bid and asked prices obtained from reputable brokers. Fixed income securities are generally valued by reference to outside pricing services, generally using a matrix system incorporating security quality, maturity, and coupon as the valuation model parameters, research, and a review of broker-dealer market price quotations. Short-term investments are valued at amortized cost which approximates market value.

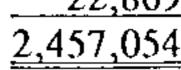
3. Investments.

As of June 30, 1998, the investments of all funds consisted of certificates of deposit, trust assets, and investment in the Common Fund, which are recorded at market value, as detailed below:

	Interest Rate	<u>Amount</u>
Certificates of deposit:		
Deposit Guaranty National Bank	3.50%	100,000
Deposit Guaranty National Bank	4.76%	40,000
Hibernia National Bank	5.00%	50,000
Franklin National Bank-TN	5.40%	49,000
Travelers Bank and Trust	5.40%	50,000
Total certificates of deposit		289,000
	Market Value	Cost
Investments:		
The Common Fund:		
Multi-Strategy Equity Fund	1,992,078	1,435,940
Multi-Strategy Bond Fund	1,028,528	998,245
Stocks held by Merrill Lynch	51,150	22.869

Stocks field by merrin Lynen





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The Common Fund is not SEC-registered, and there is no regulatory oversight for the pool. The fair value of the position in the pool is the same as the value of the pool shares.

3. Investments. (Continued)

Unrealized gains during the year were \$345,114, which included \$320,302 included as income to the Foundation and \$24,809 shown as an increase in funds due to LSU in Shreveport.

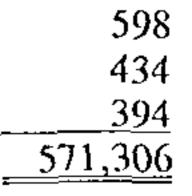
The investment in the Common Fund and the stocks held by Merrill Lynch were uninsured and were not collateralized, making a total of \$2,457,054 in off-balance sheet risk. The possibility of loss exists if the investment fund holding uninsured deposits were to fail.

4. Temporarily Restricted Assets.

Temporarily restricted assets consisted of the following as of June 30, 1998:

American Humanics Alumni Chapter	50
Insurance	64,631
Center for Business Research	216,133
Admissions and records-discretionary restricted	100
Japan Studies Program-Freeman Foundation	23,552
Continuing education-discretionary restricted	181
Biological science museum	2,826
Biological science-faculty travel	16,358
Biological science-environmental	1,715
Observatory	1,731
Faculty performance awards	716
Education-discretionary restricted	819
Science-discretionary restricted	886
Library books-private	5,349
Athletics-baseball scholarship	250
International programs	200
Library-Noel Collection-Tourist	37,780
Public Radio Network	178
C. Donald Smith memorial scholarship	3,623
Library books-Hunt Fund	4,662
Faculty Development-Hunt Fund	27,089
Library Fund	7,875
Pioneer Heritage Authors in April	31,270
MLA Program	1,143
Chancellor's discretionary restricted	3,216
Campus signature piece	556
Religious studies	16,465
S.B.Women's Council Natl. Assoc. Realtors	775
Commercial National Bank scholarship	785
LAPREP Foundation	1,000
Zina Schiff scholarship	645
Richard Davis scholarship	2,080
Dallas F. Lucas memorial scholarship	1,837
John Troy Bain scholarship	4,040
McBride-Gorton scholarship	793
LSU-S memorial scholarship	3,445
India Studies scholarship	1,013
Chancellor's Academic Program	84,113

Improving Quality Instruction Alpha Guard administration Alpha Guard tribute Total temporarily restricted assets



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Permanently restricted assets consisted of the following at June 30, 1998:

	Principal	<u>Operating</u>	<u>Total</u>
Endowment fund:			
Accounting department	6,518	13,773	20,291
Real estate	228,790	107,339	336,129
Archives and oral history	35,850	29,279	65,129
American studies-endowed chair-private	633,162	154,185	787,347
India studies-endowed chair-private	62,864	7,021	69,885
KPMG Endowed scholarship	2,000	•	2,000
Re/Max Executive Realty scholarship	16,618	455	17,073
Lillene Herring pre-nursing scholarship	26,934	3,775	30,709
Archives	12,984	17,731	30,715
F. Katzenstein memorial scholarship	10,864	16,607	27,471
W. O. Bigby scholarship	12,984	20,967	33,951
Goldman Foundation scholarship	10,676	2,416	13,092
LSU-S Alumni scholarship	45,167	18,471	63,638
Traffic and transportation scholarship	14,944	11,633	26,577
CFS-B American studies scholarship	12,187	13,865	26,052
John T. & Elizabeth McBride scholarship	24,630	25,386	50,016
Berton Heard scholarship	84,668	33,530	118,198
Better Business Bureau scholarship	2,818	4,378	7,196
Campus beautification	7,086	2,016	9,102
B. E. Taberlet scholarship	10,123	3,092	13,215
Elmer M. Simon, Jr. scholarship	15,357	4,319	19,676
LSU-S Scholars endowment	210,822	107,914	318,736
Gary Brasher memorial scholarship	10,430	5,009	15,439
Neal Dlin scholarship	13,062	4,886	17,948
Matel and Bessie Hall Dawson			
endowed scholarship	210,018	53,024	263,042
Matel Dawson, Jr. scholarship	100,000	3,683	103,683
Total endowment fund	<u>1,821,556</u>	<u> 664,754</u>	<u>2,486,310</u>

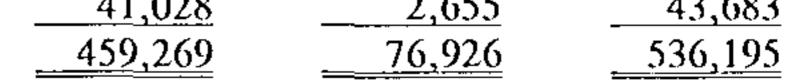
The principal portion of the endowment fund of \$1,821,556 must be used exclusively to earn funds for the operating portion. The operating portion is available for use in the restrictive manner for which the endowment was made.

6. Due to LSU in Shreveport.

The amount due to LSU in Shreveport represents the state match for the American Studies-endowed chair and the India Studies-endowed chair, which is being held and invested for the University by the LSU in Shreveport Foundation. The fund consists of the following:

	<u>Principal</u>	<u>Operating</u>	<u>Total</u>
American Studies-Endowed Chair	418,241	74,271	492,512
India Studios Endowed Chair	41 028	2 655	12 682

India Studies-Endowed Chair



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The amount due from LSU in Shreveport represents a return of faculty development funds less payments due to LSU in Shreveport for various programs and for unreimbursed health benefits.