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**LSU FOUNDATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2003 AND 2002**

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 5/19/04



**LSU FOUNDATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2003 AND 2002**



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**Postlethwaite & Netterville**

A Professional Accounting Corporation  
Associated Offices in Principal Cities of the United States  
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**INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
LSU Foundation  
Baton Rouge, Louisiana

We have audited the accompanying consolidated statements of financial position of the LSU Foundation, the LSU Property Foundation, the LSU Museum, LLC, and the LSU Marine Property Foundation as of June 30, 2003 and 2002, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the LSU Foundation, the LSU Property Foundation, the LSU Museum, LLC, and the LSU Marine Property Foundation as of June 30, 2003 and 2002, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
October 1, 2003

**LSU FOUNDATION**  
**BATON ROUGE, LOUISIANA**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2003 AND 2002**

**ASSETS**

	2003	2002
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 10,849,856	\$ 14,463,064
Accrued interest receivable	1,183,890	1,102,705
Unconditional promises to give, net	14,838,489	13,352,733
Investments	64,062,541	57,704,003
Investments - permanently restricted or held in custody	192,718,554	182,817,401
Bond funds held by trustee	8,715,153	-
Pooled income investment trust	97,257	96,331
Property and equipment, net	13,888,087	9,914,673
Artwork and other non-depreciable assets	5,384,706	4,536,012
Other assets	258,536	67,633
	\$ 311,997,069	\$ 284,054,555
Total Assets		

**LIABILITIES AND NET ASSETS**

<b><u>LIABILITIES</u></b>		
Accounts payable	\$ 1,815,248	\$ 1,805,871
Funds held in custody	50,787,840	49,684,826
Bonds payable	12,725,000	-
Other liabilities	211,483	-
Total Liabilities	65,539,571	51,490,697
<b><u>NET ASSETS</u></b>		
Unrestricted	10,777,420	10,102,300
Temporarily restricted	93,749,364	89,328,983
Permanently restricted	141,930,714	133,132,575
Total Net Assets	246,457,498	232,563,858
Total Liabilities and Net Assets	\$ 311,997,069	\$ 284,054,555

The accompanying notes are an integral part of these statements.



**LSU FOUNDATION**  
**BATON ROUGE, LOUISIANA**

**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2003 AND 2002**

	2003			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>REVENUE AND SUPPORT</b>				
Contributions	\$ 1,104,251	\$ 10,982,904	\$ 8,417,935	\$ 20,505,090
Investment earnings (losses)	2,796,605	7,279,531	380,204	10,456,340
Service fees	1,552,593	-	-	1,552,593
Total revenue	<u>5,453,449</u>	<u>18,262,435</u>	<u>8,798,139</u>	<u>32,514,023</u>
<b>Net assets released from restrictions:</b>				
<u>Satisfaction of program expenses</u>	<u>13,842,054</u>	<u>(13,842,054)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>19,295,503</u>	<u>4,420,381</u>	<u>8,798,139</u>	<u>32,514,023</u>
<b>EXPENSES</b>				
Grants paid to benefit Louisiana State University for:				
Projects specified by donors	13,618,983	-	-	13,618,983
Projects specified by the Board of Directors	1,704,233	-	-	1,704,233
Total program expenses	<u>15,323,216</u>	<u>-</u>	<u>-</u>	<u>15,323,216</u>
Supporting services:				
Salaries and benefits	1,497,844	-	-	1,497,844
Occupancy	128,192	-	-	128,192
Office operations	186,265	-	-	186,265
Travel	84,364	-	-	84,364
Professional services	175,815	-	-	175,815
Dues and subscriptions	32,890	-	-	32,890
Meetings and development	52,254	-	-	52,254
Depreciation	303,484	-	-	303,484
Provision for uncollectible accounts	43,217	-	-	43,217
Total supporting services	<u>2,504,325</u>	<u>-</u>	<u>-</u>	<u>2,504,325</u>
Fund-raising expenses	<u>792,842</u>	<u>-</u>	<u>-</u>	<u>792,842</u>
Total expenses	<u>18,620,383</u>	<u>-</u>	<u>-</u>	<u>18,620,383</u>

The accompanying notes are an integral part of these statements.



2002

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 413,796	\$ 25,269,821	\$ 17,037,671	\$ 42,721,288
2,108,346	(9,933,329)	815,776	(7,009,207)
1,757,915	-	-	1,757,915
<u>4,280,057</u>	<u>15,336,492</u>	<u>17,853,447</u>	<u>37,469,996</u>
<u>13,161,072</u>	<u>(13,161,072)</u>	<u>-</u>	<u>-</u>
<u>17,441,129</u>	<u>2,175,420</u>	<u>17,853,447</u>	<u>37,469,996</u>
12,730,479	-	-	12,730,479
<u>1,872,395</u>	<u>-</u>	<u>-</u>	<u>1,872,395</u>
<u>14,602,874</u>	<u>-</u>	<u>-</u>	<u>14,602,874</u>
1,108,943	-	-	1,108,943
67,877	-	-	67,877
196,097	-	-	196,097
66,641	-	-	66,641
141,913	-	-	141,913
7,116	-	-	7,116
73,136	-	-	73,136
330,659	-	-	330,659
181,395	-	-	181,395
<u>2,173,777</u>	<u>-</u>	<u>-</u>	<u>2,173,777</u>
<u>825,678</u>	<u>-</u>	<u>-</u>	<u>825,678</u>
<u>17,602,329</u>	<u>-</u>	<u>-</u>	<u>17,602,329</u>



**LSU FOUNDATION**  
**BATON ROUGE, LOUISIANA**

**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2003 AND 2002**

	2003			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b><u>CHANGE IN NET ASSETS</u></b>	\$ 675,120	\$ 4,420,381	\$ 8,798,139	\$ 13,893,640
<b><u>NET ASSETS, beginning of year</u></b>	<u>10,102,300</u>	<u>89,328,983</u>	<u>133,132,575</u>	<u>232,563,858</u>
<b><u>NET ASSETS, end of year</u></b>	<u>\$ 10,777,420</u>	<u>\$ 93,749,364</u>	<u>\$ 141,930,714</u>	<u>\$ 246,457,498</u>

The accompanying notes are an integral part of these statements.





2002			
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ (161,200)	\$ 2,175,420	\$ 17,853,447	\$ 19,867,667
<u>10,263,500</u>	<u>87,153,563</u>	<u>115,279,128</u>	<u>212,696,191</u>
<u>\$ 10,102,300</u>	<u>\$ 89,328,983</u>	<u>\$ 133,132,575</u>	<u>\$ 232,563,858</u>



**LSU FOUNDATION**  
**BATON ROUGE, LOUISIANA**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Contributions received	\$ 11,200,715	\$ 15,638,489
Interest and dividends received	5,923,310	8,513,520
Grants paid to benefit Louisiana State University	(15,293,259)	(14,673,299)
Cash paid for supporting services	(2,950,466)	(2,494,105)
	<u>(1,119,700)</u>	<u>6,984,605</u>
 <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchases of property and equipment	(4,241,842)	(643,753)
Proceeds from sales of property and equipment	26,311	108,602
Purchases of investments	(111,119,999)	(75,751,733)
Proceeds from sales and maturities of investments	90,215,869	43,076,801
Net increase in funds held in custody	1,103,014	12,248,936
	<u>(24,016,647)</u>	<u>(20,961,147)</u>
 <b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Contributions restricted for endowment purposes	8,417,935	17,037,671
Proceeds from issuance of bonds	12,725,000	-
Investment earnings restricted for endowment purposes	380,204	815,776
	<u>21,523,139</u>	<u>17,853,447</u>
 <b><u>NET CHANGE IN CASH AND CASH EQUIVALENTS</u></b>	 <u>(3,613,208)</u>	 <u>3,876,905</u>
 <b><u>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</u></b>	 <u>14,463,064</u>	 <u>10,586,159</u>
 <b><u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u></b>	 <u>\$ 10,849,856</u>	 <u>\$ 14,463,064</u>

The accompanying notes are an integral part of these statements.



**LSU FOUNDATION**  
**BATON ROUGE, LOUISIANA**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2003 AND 2002**

	2003	2002
<b><u>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ 13,893,640	\$ 19,867,667
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Unrealized (gain) loss on investments	(4,694,023)	15,602,643
Depreciation	303,484	330,659
Provision for doubtful accounts	43,217	181,395
Decrease (increase) in discount on unconditional promises to give	(214,534)	4,206
Amortization of bond (premiums) and discounts	(852,160)	439,330
Loss on sales of investments	1,474,542	117,366
Contributions restricted for endowment purposes	(8,417,935)	(17,037,671)
Investment earnings restricted for endowment purposes	(380,204)	(815,776)
Loss on dispositions of property and equipment	10,543	104,019
Receipt of non-cash donations	(920,603)	(8,687,277)
(Increase) decrease in accrued interest receivable	(81,185)	179,165
(Increase) in unconditional promises to give	(1,314,439)	(3,301,368)
(Increase) decrease in other assets	(190,903)	2,367
Increase (decrease) in accounts payable	9,377	(2,120)
Increase in other liabilities	211,483	-
	<b>\$ (1,119,700)</b>	<b>\$ 6,984,605</b>

The accompanying notes are an integral part of these statements.



**LSU FOUNDATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

1. **Significant Accounting Policies and Presentations**

**Organization and Purpose**

The LSU Foundation (the Foundation) is a non-profit corporation which was organized to promote the educational and cultural welfare of the Louisiana State University System Office, the Louisiana State University and Agricultural and Mechanical College, the Louisiana State University Agricultural Center, and the Paul M. Hebert Law Center, herein collectively referred to as "the University", by accepting contributions for the purpose of providing scholarships and aiding research or other designated projects for the benefit of the University.

**Consolidation**

The Foundation elects all of the members of the LSU Property Foundation's board of directors and, therefore, is considered to have a majority voting interest in the LSU Property Foundation's board. The LSU Property Foundation is the sole member of the LSU Marine Property Foundation. Also, the LSU Property Foundation is the sole member of the LSU Museum, LLC. As such, the consolidated financial statements include the accounts of the LSU Property Foundation, the LSU Museum, LLC, and the LSU Marine Property Foundation. All significant intercompany accounts and transactions have been eliminated.

In 2002, the LSU Marine Property Foundation was created to accept various donations of marine equipment. The LSU Marine Property Foundation received a donation of 3 ships with a total appraised value of \$8.4 million during the year ended June 30, 2002.

**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.

**Cash Equivalents**

The Foundation considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Occasionally the Foundation has deposits in excess of FDIC insured limits. Management believes the credit risk associated with these deposits is minimal.

**Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

**LSU FOUNDATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Significant Accounting Policies and Presentations (continued)**

**Income Taxes**

The Foundation operates as a public charity under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is exempt from federal and state income taxes and the excise tax which applies to certain foundations.

**Promises to give**

Unconditional promises to give are recognized as revenue in the period received. Promises to give are recorded at their realizable value if they are expected to be collected in one year and at their fair value if they are expected to be collected in more than one year. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. An allowance for doubtful accounts has been established based on management's assessment of collectibility.

**Property and Equipment**

Purchased property and equipment are recorded at cost. Property and equipment donated to the Foundation are recorded at their fair market values at the date of donation. Depreciation is provided over the estimated useful lives of exhaustible assets on a straight-line basis. Inexhaustible assets, such as artwork and collections, are not depreciated.

**Investments**

Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value based on quoted market prices. Unrealized gains and losses are recorded in current year operations as increases or decreases in temporarily restricted net assets. Dividend, interest, and other investment income is recorded as an increase in either unrestricted, temporarily or permanently restricted net assets depending on donor stipulations.

Donated investments are recorded at their market value at the date of receipt, which is then treated as cost. Realized gains and losses on dispositions are based on the net proceeds and the adjusted book value of the securities sold, using the specific identification method. These realized gains and losses are recognized in the Foundation's current operations.

**Non-monetary Transactions**

Louisiana State University (the University) provides accounting and data processing services to the Foundation. In exchange for these services, the Foundation provides property and equipment to the University for its use at no explicit charge. Both the University and the Foundation consider the values received to be commensurate with the values provided by each party.



**LSU FOUNDATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Significant Accounting Policies and Presentations (continued)**

**Funds Held in Custody**

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

**Accrued Vacation Leave**

Effective January 1, 2003, the Foundation began to directly employ the majority of its employees, rather than leasing those employees from the University. As a result, the Foundation recorded a liability for accrued vacation at June 30, 2003. Previously, the University, as direct employer, had assumed such liability. The liability is included in other liabilities on the statement of financial position at June 30, 2003 in the amount of \$91,126.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Fair Values of Financial Instruments**

The Foundation's financial instruments, excluding investments which are described in Note 2, include cash and cash equivalents, bonds payable, and unconditional promises to give. The Foundation estimates that the fair values of all financial instruments at June 30, 2003 and 2002, do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position.

The estimated fair value amounts of all financial instruments have been determined using available market information and appropriate valuation methodologies. The carrying amounts of cash and cash equivalents and the short-term portion of unconditional promises to give approximate fair values because of the short maturities of those instruments.

**Reclassifications**

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the current year presentation. A reclassification between unrestricted and temporarily restricted net assets as of June 30, 2002 is reflected in the accompanying financial statements. An increase of \$2,722,030 in temporarily restricted net assets and a decrease of the same amount in unrestricted net assets was made through a change in the net assets released amount of \$15,883,102 to \$13,161,072.



**LSU FOUNDATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**2. Investments**

Investments in debt securities and equity securities with readily determinable fair values are stated at their fair value based on quoted market prices. Investments were comprised of the following at June 30:

	<u>2003</u>	<u>2002</u>
Certificate of deposit	\$ 395,000	\$ 395,000
U. S. Government obligations	40,994,102	27,649,175
Corporate obligations	7,977,000	10,963,935
Corporate stocks and common stock index mutual funds	129,381,977	111,389,700
Mortgage-backed securities and CMO's	77,345,601	88,901,179
Land	522,652	1,057,652
Notes receivable	18,195	18,195
Royalty interest	146,568	146,568
	<u>\$ 256,781,095</u>	<u>\$ 240,521,404</u>

The certificate of deposit is currently pledged as collateral for a loan held by a donor-related party. The donor of the certificate stipulated that it remain as collateral for the loan until the indebtedness was paid in full. The loan matures in April 2004, at which point the certificate of deposit will no longer be pledged.

Investment earnings were comprised of the following for the years ended June 30, 2003 and 2002:

	<u>2003</u>	<u>2002</u>
Interest and dividend income	\$ 7,236,859	\$ 8,710,802
Realized losses on sales of investments	( 1,474,542)	( 117,366)
Unrealized gains (losses) on investments	4,694,023	( 15,602,643)
	<u>\$ 10,456,340</u>	<u>(\$ 7,009,207)</u>

**3. Property and Equipment**

A summary of property and equipment at June 30 follows:

	<u>2003</u>	<u>2002</u>
Computers	\$ 1,271,226	\$ 538,790
Furniture and equipment	2,217,046	1,929,872
Marine equipment	8,410,000	8,400,000
Buildings	236,836	99,690
Land improvements	241,830	241,830
Livestock	-	7,500
Construction in Progress	2,984,866	-
	15,361,804	11,217,682
Less: Accumulated depreciation	( 1,535,203)	( 1,364,495)
	13,826,601	9,853,187
Land	61,486	61,486
	<u>\$ 13,888,087</u>	<u>\$ 9,914,673</u>



**LSU FOUNDATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**3. Property and Equipment (continued)**

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

The construction in progress currently recorded on the books is for the construction of the Shaw Center for the Arts in downtown Baton Rouge, for the benefit of the LSU Museum of Art and the College of Art and Design.

**4. Funds Held In Custody**

Under agreements with Louisiana State University and certain other charitable organizations which support Louisiana State University, the Foundation manages and holds for deposit, designated funds for these entities. The funds being held at June 30 were as follows:

	<u>2003</u>	<u>2002</u>
LSU Alumni Association	\$ 162,347	\$ 169,021
LSU - Alexandria Foundation	6,555,126	6,559,253
LSU - Eunice Foundation	895,512	883,267
State Matching Funds Managed for Louisiana State University	42,897,269	41,871,066
Charitable Remainder Trusts and Gift Annuities	<u>277,586</u>	<u>202,219</u>
	<u>\$ 50,787,840</u>	<u>\$ 49,684,826</u>

**5. Retirement Contributions and Expense**

In the current year, the Foundation started a 401(k) retirement plan for its employees. The Foundation contributes up to 7% of the employee's salary to the plan. An employee is vested 100% upon beginning employment with the Foundation. The Foundation contributed \$52,807 to the plan during the year ended June 30, 2003.

**6. Operating Lease**

The Foundation leases office space from the Louisiana State University Alumni Association on a month-to-month basis. Rent expense incurred under this agreement totaled \$101,785 and \$51,219 for the years ended June 30, 2003 and 2002, respectively.





**LSU FOUNDATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**7. Net Assets Released From Donor Restrictions**

Net assets were released from donor restrictions by satisfaction of the restricted purposes or by occurrence of other events specified by the donors during the years ended June 30, 2003 and 2002:

	<u>2003</u>	<u>2002</u>
Chairs and professorships	\$ 3,870,002	\$ 3,564,553
Scholarships and fellowships	2,488,060	2,335,788
Specific academic and research projects	3,647,741	3,216,086
Academic support	2,095,085	1,414,806
Capital outlay and improvements	617,706	1,383,309
Research support	383,669	493,494
Institutional support	739,791	753,036
	<u>\$ 13,842,054</u>	<u>\$ 13,161,072</u>

**8. Net Assets**

Temporarily restricted net assets at June 30, 2003 and 2002, are available for grants to support Louisiana State University in the following general areas:

	<u>2003</u>	<u>2002</u>
Chairs and professorships	\$ 17,822,646	\$ 18,729,157
Scholarships and fellowships	9,587,262	9,880,826
Specific academic and research projects	15,464,113	16,987,808
Academic support	8,539,881	6,989,782
Capital outlay and improvements	24,540,411	17,635,917
Research support	10,304,172	10,211,396
Institutional support	7,490,879	8,894,097
	<u>\$ 93,749,364</u>	<u>\$ 89,328,983</u>

Permanently restricted net assets at June 30, 2003 and 2002, are restricted to investment in perpetuity, the income from which is expendable to support the activities below:

	<u>2003</u>	<u>2002</u>
Chairs and professorships	\$ 81,120,207	\$ 75,507,203
Scholarships and fellowships	31,610,662	29,256,030
Specific academic and research projects	19,443,819	18,737,667
Academic support	4,038,692	3,756,135
Capital outlay and improvements	1,139,246	1,432,746
Research support	1,580,781	1,468,306
Institutional support	2,997,307	2,974,488
	<u>\$ 141,930,714</u>	<u>\$ 133,132,575</u>

**LSU FOUNDATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**9. Board-Designated Endowment**

According to policy, the Foundation's Board of Directors has earmarked a portion of unrestricted and temporarily restricted net assets 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 results from internal designation, is not donor endowed and therefore is not classified as permanently restricted. The following is a recap of these funds:

	<u>2003</u>		<u>2002</u>	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Board-designated endowed funds	\$ <u>4,228,273</u>	\$ <u>12,522,226</u>	\$ <u>4,306,477</u>	\$ <u>14,957,328</u>

**10. Unconditional Promises to Give**

Unconditional promises to give at June 30, 2003 and 2002, are as follows:

	<u>2003</u>	<u>2002</u>
Promises to give expected to be collected in:		
Less than one year	\$ 5,932,475	\$ 3,101,874
One to five years	5,732,178	8,096,617
More than five years	<u>7,433,746</u>	<u>6,605,470</u>
	19,098,399	17,803,961
Less discount on promises to give	( 3,201,761)	( 3,416,295)
Less allowance for uncollectible accounts	( 1,058,149)	( 1,034,933)
Net unconditional promises to give	<u>\$ 14,838,489</u>	<u>\$ 13,352,733</u>

The discount rate used in discounting unconditional promises to give was 5.0%.

**11. Commitments**

The LSU Property Foundation has preliminarily approved four projects that are currently being constructed or should be started in the near future. The total estimated project cost for these projects is \$19,263,000. Funds totaling \$9,690,000 are currently on hand to meet project commitments.

The Foundation is currently committed to fund a portion of the chancellor of Louisiana State University's salary, contingent upon receipt of specified donations. The commitment is \$100,000 a year for the four year period ending December 31, 2006.

**12. Bonds Payable**

On May 1, 2003, the Foundation participated in borrowing, along with several other organizations, the proceeds of revenue bonds totaling \$31,555,000 issued by the Louisiana Public Facilities Authority. The Foundation's portion of the borrowing was \$12,725,000. The Foundation is scheduled to repay the funds borrowed over 25 years. The borrowed proceeds from the issuance will be used to help fund several construction projects including the Shaw Center for the Arts. The unused bond proceeds are currently invested in short-term investments with the trustee bank.



**LSU FOUNDATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

12. **Bonds Payable** (continued)

Interest is currently being paid using a weekly rate as determined by the remarketing agent. The interest rate at June 30, 2003 was 1.03%. Total interest expense incurred on the bonds for the year ended June 30, 2003 was \$27,008.

The principal portion of the current outstanding debt is scheduled to mature as follows:

<u>Year ending</u> <u>June 30,</u>	
2004	\$ -
2005	-
2006	136,828
2007	547,312
2008	547,312
Thereafter	<u>11,493,548</u>
Total long-term debt net of current maturities	<u>\$ 12,725,000</u>

The bonds are collateralized by future revenues of the Foundation.

