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CERTIFIED PUBLIC ACCOUNTANTS

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## SOUTHERN UNIVERSITY SYSTEM FOUNDATION

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Release Date 08-30-00

**FINANCIAL AUDIT**

**TOGETHER WITH**

**INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED JUNE 30, 1999**

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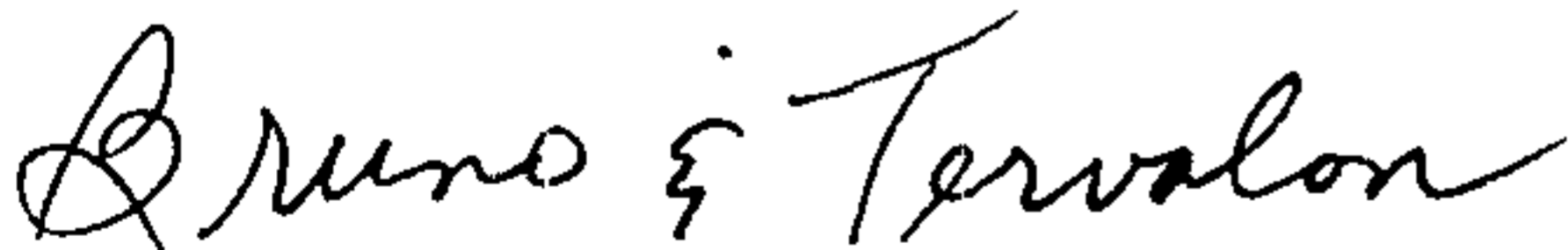
**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
**Southern University System Foundation**  
**(A Not-For-Profit Organization)**  
Baton Rouge, Louisiana

We have audited the accompanying statement of financial position of the **Southern University System Foundation (the Foundation)** as of June 30, 1999, and the related statements of activities, functional expenses, 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 audits.

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 in the first paragraph present fairly, in all material respects, the financial position of **Southern University System Foundation** as of June 30, 1999, and the results of operations and its cash flows for the year then ended.



**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

May 29, 2000

**SOUTHERN UNIVERSITY SYSTEM FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 1999**

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ASSETS

Cash	\$1,070,956
Certificates of deposit	1,079,624
Investments	1,705,224
Note receivable	37,468
Unconditional promises to give (net of allowance of \$171,314)	1,154,087
Due from affiliate	14,670
Property, plant and equipment (net of accumulated depreciation of \$26,278)	298,858
Land	<u>501,875</u>
 Total assets	 <u>\$5,862,762</u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$ <u>12,441</u>
 Total liabilities	 <u>12,441</u>

Net Assets:

Unrestricted	321,552
Temporarily restricted	2,577,643
Permanently restricted	<u>2,951,126</u>
 Total net assets	 <u>5,850,321</u>

Total liabilities and net assets	<u>\$5,862,762</u>
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The accompanying notes are an integral part of this statement.

**SOUTHERN UNIVERSITY SYSTEM FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 1999**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b><u>REVENUES AND OTHER SUPPORT</u></b>				
Contributions and other support	\$ 418,598	\$1,130,436	\$1,099,473	\$2,648,507
Investment income	12,777	105,847	-0-	118,624
Gain on sale of investment	4,036	-0-	-0-	4,036
Unrealized loss	(14,505)	-0-	-0-	(14,505)
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>684,647</u>	<u>(684,647)</u>	<u>-0-</u>	<u>-0-</u>
Total revenues and other support	<u>1,105,553</u>	<u>551,636</u>	<u>1,099,473</u>	<u>2,756,662</u>
<b><u>EXPENSES</u></b>				
Program	690,766	-0-	-0-	690,766
General	183,884	-0-	-0-	183,884
Fund raising	<u>6,429</u>	<u>-0-</u>	<u>-0-</u>	<u>6,429</u>
Total expenses	<u>881,079</u>	<u>-0-</u>	<u>-0-</u>	<u>881,079</u>
Change in net assets	224,474	551,636	1,099,473	1,875,583
Net assets, beginning of year	<u>97,078</u>	<u>2,382,576</u>	<u>1,495,084</u>	<u>3,974,738</u>
Adjustment to beginning net assets (NOTE 11)	-0-	(356,569)	356,569	-0-
Net assets, beginning of year restated	<u>97,078</u>	<u>2,026,007</u>	<u>1,851,653</u>	<u>3,974,738</u>
Net assets, end of year	<u>\$ 321,552</u>	<u>\$2,577,643</u>	<u>\$2,951,126</u>	<u>\$5,850,321</u>

The accompanying notes are an integral part of this statement.

**SOUTHERN UNIVERSITY SYSTEM FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 1999**

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in Net Assets:	\$ 1,875,583
Adjustments to reconcile revenues in excess of expenses to net cash provided by operating activities:	
Depreciation	12,374
Decrease in notes receivable	7,271
Increase in pledges receivables	(298,396)
Decrease in accounts payables	(17,206)
Decrease in payroll taxes payable	<u>(1,417)</u>
Net cash provided by operating activities	<u>1,578,209</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchase of fixed assets	(211,869)
Purchase of investments	<u>(943,605)</u>
Net cash used in investing activities	<u>(1,155,474)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Payments on notes payable	<u>(81,819)</u>
Net cash used in financing activities	<u>(81,819)</u>

Net increase in cash	340,916
Cash, beginning of year	<u>730,040</u>
Cash, end of year	<u><u>\$ 1,070,956</u></u>

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

**SOUTHERN UNIVERSITY SYSTEM FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 1999**

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	<u>Program</u>	<u>General</u>	<u>Fund Raising</u>	<u>Total</u>
Cultivation/Recognition	\$ 55,328	\$ 4,776	\$ -0-	\$ 60,104
Advertising	49,307	619	163	50,089
Compensation of officers or directors	-0-	2,500	-0-	2,500
Depreciation	12,374	-0-	-0-	12,374
Interest	-0-	-0-	5,550	5,550
Maintenance	7,133	2,220	-0-	9,353
Materials and supplies	13,949	2,688	-0-	16,637
Miscellaneous	1,051	7,492	-0-	8,543
Payroll taxes	-0-	4,008	-0-	4,008
Bad debt expense - pledges	-0-	73,924	-0-	73,924
Postage and mailing	1,640	605	337	2,582
Professional fees and contracts	54,919	7,099	-0-	62,018
Printing and publications	17,300	2,432	379	20,111
Receptions and professional meetings	78,442	345	-0-	78,787
Rentals	2,189	-0-	-0-	2,189
Scholarships and educational assistance	127,370	-0-	-0-	127,370
Salaries and wages	-0-	73,363	-0-	73,363
Special events	85,500	-0-	-0-	85,500
Special projects and programs	175,725	-0-	-0-	175,725
Subscriptions, references, and dues	3,688	1,021	-0-	4,709
Travel and transportation	<u>4,851</u>	<u>792</u>	<u>-0-</u>	<u>5,643</u>
Total	<u>\$690,766</u>	<u>\$183,884</u>	<u>\$6,429</u>	<u>\$881,079</u>

The accompanying notes are an integral part of this statement.



**SOUTHERN UNIVERSITY SYSTEM FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

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NOTE 1 - Summary of Significant Accounting Policies:

Organization and Purpose

The **Southern University System Foundation (the Foundation)** is a non-profit corporation organized to promote the educational and cultural welfare of the Southern University and Agricultural and Mechanical College System and to develop, expand, and improve the University's facilities.

Tax Exemption Status

The **Foundation** is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code.

Basis of Presentation

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; unrestricted, temporarily restricted, and permanently restricted net assets.

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. Promises to give are recorded at net realizable value if they are expected to be collected in one year and at fair value if they are expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.



**SOUTHERN UNIVERSITY SYSTEM FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Summary of Significant Accounting Policies, Continued:

Investments and Investment Income

Investments in equity securities and mutual funds are measured at fair value in the statements of financial position. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is recorded as an increase in unrestricted net assets, unless the use is restricted by the donor or law.

Contributions

**The Foundation** accounts for contributions in accordance with the requirements of the Financial Accounting Standards Board in Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

All 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 statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

Unconditional promises to give cash and other assets to **the Foundation** are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift is received.

**SOUTHERN UNIVERSITY SYSTEM FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Summary of Significant Accounting Policies, Continued:

Cash and Cash Equivalents

Cash consists solely of demand deposits and a money market account that is secured by federal deposit insurance. All highly liquid debt instruments purchased with an original maturity of three months or less are considered to be cash equivalents for purposes of the statement of cash flows.

Use of Estimates

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.

NOTE 2 - Property, Plant and Equipment:

Property, plant and equipment for the year ended June 30, 1999 is summarized as follows:

Land	\$501,875
Building	266,625
Office equipment	13,966
Furniture and fixtures	<u>44,545</u>
	<u>827,011</u>
Less: accumulated depreciation	<u>(26,278)</u>
	<u>\$800,733</u>

Depreciation expense was \$12,374 for the year ended June 30, 1999.

**SOUTHERN UNIVERSITY SYSTEM FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 3 - Note Payable:

At June 30, 1999, **the Foundation** has paid off its note payable to a bank in the amount of \$81,819. The note accrued interest at a rate of 8.0%. The bank subsequently waived the interest payable on the note, which has been recorded as a contribution and interest expense of \$5,550.

NOTE 4 - Concentrations of Credit Risk:

Financial instruments that potentially subject **the Foundation** to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions. Cash and cash equivalents exceeded federally insured limits totaling \$496,996 at June 30, 1999.

NOTE 5 - Functional Allocation of Expenses:

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

NOTE 6 - Net Assets Released from Donor Restrictions:

Net assets were released from donor restrictions by satisfying the restricted purposes or by occurrence of other events specified by the donors for the periods ended June 30, 1999:

Scholarships and educational assistance	\$127,370
Conferences and meetings	78,787
Special events and projects	321,329
Other university support	<u>157,161</u>
	<u>\$684,647</u>

**SOUTHERN UNIVERSITY SYSTEM FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 7 - Unconditional Promises to Give:

Unconditional promises to give at June 30, 1999 are as follows:

Promises to give expected to be collected in:	
Less than one year	\$ 573,930
One to five years	<u>1,005,636</u>
Less: discount on promises to give	<u>(254,165)</u>
Less: allowance for doubtful accounts	(171,314)
Net unconditional promises to give	<u>\$1,154,087</u>

NOTE 8 - Net Assets:

Temporarily restricted net assets at June 30, 1999 are available for grants to support **Southern University System** in the following general areas:

Chairs and professorships	\$ 188,101
Scholarships and educational assistance	205,671
Academic support and enrichment	2,048,993
Capital outlay and improvements	<u>134,878</u>
	 <u>\$2,577,643</u>

**SOUTHERN UNIVERSITY SYSTEM FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 8 - Net Assets, Continued:

Permanently restricted net assets at June 30, 1999 are restricted to investment in perpetuity, the income from which is expendable to support the activities listed below:

Chairs and professorships	\$2,478,425
Scholarships and educational assistance	<u>472,701</u>
	<u>\$2,951,126</u>

NOTE 10 - Due From Affiliate:

**The Foundation** has certain funds maintained by the Southern University System. The amount at June 30, 1999 was \$14,670.

NOTE 11 - Adjustment to Net Assets:

During the year, it was noted that prior year contributions that were originally classified as temporarily restricted should have been classified as permanently restricted. As such, \$356,569 is being reclassified from temporarily restricted net assets to permanently restricted net assets.