

Southwestern Development Foundation, Inc.

Notes to Financial Statements
Year Ended June 30, 1996

Fixed Assets, Depreciation and Amortization

Fixed assets utilized by the Foundation are not recorded on the financial statements of the Foundation as these assets are owned by Southeastern Louisiana University.

Donated Services

A significant portion of the Foundation's functions is conducted by unpaid volunteers. The value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the requirements for recognition under SFAS No. 116.

NOTE 2 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Provide scholarship assistance and support university programs	\$	651,114
Provide support for university affiliated research programs		482,750
Provide support for endowed scholarships		73,688
	\$	<u>1,207,552</u>

Of the above temporarily-restricted assets, a total of \$482,750 consists of a fund donation of which the eventual proceeds are to be used to support a university affiliated research project, and a total of \$73,688 consists of fund donations which will eventually support endowed scholarships.

Permanently restricted net assets are to provide a permanent endowment, and include investment income restricted for scholarship assistance and support of university programs.

NOTE 3 - RELATED PARTY TRANSACTIONS

During the fiscal year ended June 30, 1996, the Foundation occupied offices in a building constructed by the Southeastern Louisiana University Alumni Association, Inc. Under the terms of a lease agreement for the land housing the facility between the Board of Trustees for State Colleges and Universities (Landlord), and the Southeastern Louisiana University Alumni Association, Inc. (Tenant), the Landlord assumed responsibility for repair, maintenance, taxes, and insurance coverage for the facility, and the Tenant agreed to reimburse approximately 5000 square feet of office space to Southeastern Louisiana University, including the space housing the Southeastern Development Foundation, Inc. Since the value of the facilities used by the Foundation was not reasonably determinable, no related donation or expense is recorded. In accordance with Louisiana Revised Statutes 17:0380, the Foundation is of the opinion that all expenditures and related services, except current land funds used for administration, benefit the university. These amounts greatly exceed the cost of housing, personnel, and other support furnished to the Foundation by the university.

Southeastern Development Foundation, Inc.

Schedule 1

 Statement of Revenues, Expenses, and Changes in Fund Balances
 For the Year Ended June 30, 1998

	Unrestricted Fund	Restricted Fund	Endowment Fund	Total
Revenues				
Contributions	\$ 87,807	\$ -	\$ 138,277	\$ 226,084
Scholarships, Assistantships, Awards	-	84,933	-	84,933
Departmental	-	48,248	-	48,248
Programs	-	181,835	-	262,595
Fund Raising	-	93,157	-	14,797
Interest and Dividends	37,079	-	149,317	206,396
Total Revenues	<u>144,936</u>	<u>346,331</u>	<u>287,594</u>	<u>778,861</u>
Expenses				
Restricted Expenditures:				
Scholarships, Assistantships, Awards	-	85,933	-	85,933
Departmental	-	216,997	-	226,997
Programs	-	186,535	-	186,536
Fund Raising	-	3,715	-	3,715
Endowment Expenditures:				
Scholarships, Assistantships, Awards	-	-	40,382	40,382
Salaries	25,942	-	-	25,942
Payroll Taxes	4,761	-	-	4,761
Professional Fees	5,080	-	-	5,080
Fund Raising	1,063	-	-	1,063
Development/Operational	49,625	-	-	49,625
Other Operating Expenses	15,096	-	-	15,096
Total Expenses	<u>108,649</u>	<u>413,281</u>	<u>49,382</u>	<u>594,312</u>
Excess Revenues (Expenses)	<u>44,487</u>	<u>(76,950)</u>	<u>243,212</u>	<u>210,749</u>
Other Financing Sources (Uses)				
Operating Transfers In (Out)	-	(38,120)	38,120	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(38,120)</u>	<u>38,120</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenses and Other Uses	<u>44,487</u>	<u>(115,070)</u>	<u>271,332</u>	<u>210,699</u>
Fund Balances, Beginning of Year	158,280	980,799	2,883,406	4,042,385
Adjustments to Fund Balances				
Prior Period Adjustment	3,655	(3,080)	1,084	2,259
Restated Fund Balances, Beginning of Year	<u>161,935</u>	<u>977,719</u>	<u>2,884,490</u>	<u>4,042,336</u>
Fund Balances, End of Year	<u>\$ 206,422</u>	<u>\$ 862,649</u>	<u>\$ 3,155,822</u>	<u>\$ 4,224,893</u>

The accompanying notes are an integral part of these statements.

Southwestern Development Foundation, Inc.

Notes to Financial Statements
Year Ended June 30, 1996

NOTE 4 - INVESTMENTS

The following is a comparison of amortized cost (or other basis) and market values of income-producing investments and unaffiliated appreciation (depreciation) at June 30, 1996:

	<u>Amortized Cost</u>	<u>Market Value</u>	<u>Unrealized Gain/(Loss)</u>
Unrestricted Net Assets:			
Common Stock	\$ 1,215	\$ 1,993	\$ 778
Temporarily Restricted Net Assets:			
Common Stock	-	296	296
Permanently Restricted Net Assets:			
Common Stock	75,681	110,352	34,671
Marketable Securities	2,647,949	2,623,768	(24,181)
Mineral Properties	3,915	3,913	-
	<u>\$ 2,728,760</u>	<u>\$ 2,843,319</u>	<u>\$ 114,559</u>

NOTE 5 - PRIOR PERIOD ADJUSTMENTS

During the fiscal year, adjustments of \$2,291 were made to adjust contributions to actual because of interest allocation formulas.

Southwestern Development Foundation, Inc.

Notes to Financial Statements
Year Ended June 30, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Southwestern Development Foundation, Inc. (the Foundation) is a not-for-profit organization exempt from federal income tax under section 501(c)(2) of the Internal Revenue Code. The Foundation was formed to promote and support, on all levels, the Southwestern Louisiana University program, including the solicitation and acceptance of donations for the purpose of providing scholarships and other benefits for the university and its faculty and students.

Southwestern Development Foundation, Inc. was incorporated April 17, 1960 under the provisions of Louisiana Revised Statutes 12:181-135 as a non-profit corporation.

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.

Public Support and Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and the nature of donor restrictions.

Support that is restricted by the donor is reported as an increase in restricted 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 Statement of Activities as net assets released from restriction.

Unconditional promises to give, but an allowance for uncollectible amounts, 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

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 amounts and disclosures. Accordingly, actual results could differ from these estimates.

Southwestern Development Foundation, Inc.

Statement C

Statement of Cash Flows
For the Year Ended June 30, 1994

Cash Flows From Operating Activities	
Change in Net Assets	\$ 213,029
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:	
Change in Account Liabilities	(3,342)
Adjustment to Contributions	2,251
Net Cash Provided (Used) by Operating Activities	<u>211,938</u>
Cash Flows From Investing Activities	
Change in Investment Account Holdings	(158,810)
Change in Common Stock Holdings	(5,272)
Net Cash Provided (Used) by Investing Activities	<u>(164,082)</u>
Net Increase in Cash	47,856
Cash, Beginning of Year	812,648
Cash, End of Year	\$ <u>860,504</u>

The accompanying notes are an integral part of these statements.

Southeastern Development Foundation, Inc.

Statement D

Statement of Activities
For the Year Ended June 30, 1996

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Support				
Contributions	\$ 81,907	\$ -	\$ 128,277	\$ 210,184
Scholarships, Assistantships, Awards	-	84,353	-	84,353
Departmental	-	48,268	-	48,268
Programs	-	282,919	-	282,919
Fund Raising	-	10,157	-	10,157
Interest and Dividends	51,819	118,204	31,823	281,846
Net Assets Released From Restrictions:				
Satisfaction of Program Restrictions	461,583	(423,500)	(40,182)	-
Total Revenue and Support	<u>695,319</u>	<u>41,224</u>	<u>128,918</u>	<u>775,661</u>
Expenses				
Restricted Expenditures:				
Scholarships, Assistantships, Awards	81,917	-	-	81,917
Departmental	276,997	-	-	276,997
Programs	186,516	-	-	186,516
Fund Raising	3,715	-	-	3,715
Endowment Expenditures:				
Scholarships, Assistantships, Awards	40,382	-	-	40,382
Salaries	35,642	-	-	35,642
Payroll Taxes	4,761	-	-	4,761
Professional Fees	3,888	-	-	3,888
Fund Raising	1,665	-	-	1,665
Development/Operational	40,623	-	-	40,623
Other Operating Expenses	13,854	-	-	13,854
Total Expenses	<u>564,632</u>	<u>-</u>	<u>-</u>	<u>564,632</u>
Increase (Decrease) in Net Assets Before Prior Period Adjustments	<u>44,482</u>	<u>41,824</u>	<u>128,918</u>	<u>215,224</u>
Prior Period Adjustments				
Correction of Contributions	2,251	-	-	2,251
Total Prior Period Adjustments	<u>2,251</u>	<u>-</u>	<u>-</u>	<u>2,251</u>
Change in Net Assets	<u>46,733</u>	<u>41,824</u>	<u>128,918</u>	<u>217,475</u>
Net Assets, Beginning of Year	199,210	1,121,896	2,791,194	4,940,280
Net Assets, End of Year	<u>\$ 245,943</u>	<u>\$ 1,163,720</u>	<u>\$ 2,920,112</u>	<u>\$ 4,329,775</u>

The accompanying notes are an integral part of these statements.

Southeastern Development Foundation, Inc.

Statement A

Statement of Financial Position
June 30, 1996

Assets	
Cash and Cash Equivalents	\$ 1,013,710
Investments (Note 4):	
Investment Accounts	2,647,949
Common Stock	13,756
Mineral Properties	5,913
Donated Land	516,486
Total Assets	<u>\$ 4,207,714</u>
Liabilities and Net Assets	
Liabilities:	
Accrued Expenses	\$ 169
Total Liabilities	<u>169</u>
Net Assets:	
Unrestricted	205,983
Temporarily Restricted	1,167,520
Permanently Restricted	2,834,052
Total Net Assets	<u>4,207,545</u>
Total Liabilities and Net Assets	<u>\$ 4,207,714</u>

The accompanying notes are an integral part of these statements.

BRUCE HARRELL & CO.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Southeastern Development Foundation, Inc.
Post Office Box 283, University Station
Hammond, Louisiana 70404

We have audited the accompanying statement of financial position of Southeastern Development Foundation, Inc. as of June 30, 1996, 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. These 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 Southeastern Development Foundation, Inc. as of June 30, 1996, and the results of its activities and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Foundation. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

October 2, 1996

Sanitation Development Foundation, Inc.

Audited Financial Statements
Year Ended June 30, 1994

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Southeastern Development Foundation, Inc.

Audited Financial Statements
Year Ended June 30, 1986

Under provisions of state law, this report is a public document. A copy of the report has been transmitted to the audited, or reporting, 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 08 1987

Southeastern Development Foundation, Inc.

Schedule I

**Balance Sheet
June 30, 1996**

	<u>Unrestricted Fund</u>	<u>Restricted Fund</u>	<u>Endowment Fund</u>	<u>Total</u>
Assets				
Cash and Cash Equivalents	\$ 34,964	\$ 431,137	\$ 552,699	\$ 1,018,799
Investments (Note 4C)				
Investment Accounts	-	-	2,643,949	2,643,949
Common Stock	1,255	-	72,481	73,736
Mineral Properties	-	-	5,913	5,913
Donated Land	-	482,750	33,656	516,406
Intertitle Receivables	179,489	149,026	-	318,515
Total Assets	<u>\$ 265,199</u>	<u>\$ 1,062,963</u>	<u>\$ 3,312,693</u>	<u>\$ 4,579,215</u>
Liabilities and Fund Balance				
Liabilities:				
Account Expenses	\$ 169	\$ -	\$ -	\$ 169
Interfund Payables	-	164,370	155,286	319,646
Total Liabilities	<u>169</u>	<u>164,370</u>	<u>155,286</u>	<u>319,845</u>
Fund Balance:				
Unrestricted	265,120	-	-	265,120
Restricted	-	898,693	-	898,693
Endowment	-	-	3,162,407	3,162,407
Total Fund Balance	<u>265,120</u>	<u>898,693</u>	<u>3,162,407</u>	<u>4,213,560</u>
Total Liabilities and Fund Balance	<u>\$ 265,199</u>	<u>\$ 1,062,963</u>	<u>\$ 3,312,693</u>	<u>\$ 4,579,215</u>

The accompanying notes are an integral part of these statements.