

FINANCIAL REPORT
MCNEESE STATE UNIVERSITY FOUNDATION
(a Non-Profit Corporation)

June 30, 1996

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McNeese State University Foundation

NOTES TO FINANCIAL STATEMENTS

3. Investments - Short-Term

At June 30, 1996 the Foundation's short-term investments consisted of the following:

	Market Value
U.S. Treasury Bills	\$ 2,157,600
Property at Highway 171 and Medora Street, Lake Charles, Louisiana	95,000
Cash value - life insurance	17,141
Cash value - annuities	1,000
Mortgage receivable	178,410
 Total short-term investments	 \$ 2,285,151

The property shown above in the amount of \$95,000 is being shown as short-term based on the fact that it is currently on the market to be sold.

4. Investments - Long-Term

At June 30, 1996 the Foundation's long-term investments consisted of the following:

	Market Value
Regular Accounts:	
Miller, Anderson, & Sherrerd	Fixed Income
Miller, Anderson, & Sherrerd	International Equity
Miller, Anderson, & Sherrerd	Equity
Total regular accounts	7,243,806
 Other stock holdings and investments:	
Property at 1608 Sampson St., Westlake	120,000
First Commerce Corp shares	10,000
PPG Industries, Inc.	1,100
Entergy	1,000
Enron	1,000
Sanifill, Inc.	1,000
MIH Income Realty	1,880
Total other stock holdings and investments	25,880
 Total long-term investments	 \$ 7,502,363

McNeese State University Foundation
NOTES TO FINANCIAL STATEMENTS

5. Conditional Promises to Give

The total amount of conditional promises to give is \$552,000 at June 30, 1996. All of the promises are conditional upon the death of the individual making the promise in their will.

6. Funds Held in Custody

The funds being held at June 30, 1996 are as follows:

State matching funds managed for McNeese State University	\$ 72,000
Principal	14,053
Interest	14,053
	\$ 86,053

7. Net Assets Released From Donor Restrictions

Net assets were released from donor restrictions by incurring the following expenses satisfying the restricted purposes or by occurrence of other events specified by donors for the year ended June 30, 1996:

Chairs and professorships	\$ 15,000
Scholarships	5,000
Operations and supplies	18,053
	\$ 38,053

8. Net Assets

Temporarily restricted net assets are available for grants to support McNeese State University in the following general areas:

- *Chairs and professorships
- *Scholarships
- *Operations and supplies

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

9. Off-Balance Sheet Risk

The Foundation's primary source of support is concentrated in the Lake Charles area.

McNeese State University Foundation

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The McNeese State University Foundation (the Foundation) is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation was formed to promote the educational and cultural welfare of McNeese State University by accepting gifts for the purpose of providing scholarships for students, and professorships for educational research, or such other designated projects for the benefit of the University.

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.

Change in fiscal year end

The Foundation elected to change its fiscal year end to June 30. These financial statements are for the six month period ended June 30, 1996.

Fund Accounting

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 three self-balancing fund groups as follows:

1. Unrestricted funds represent the portion of funds available for support of Foundation support 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 a 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.

Promises To Give

Unconditional promises to give are recognized as revenue in the period received and as assets, decrease 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.

McNeese State University Foundation

STATEMENT OF CASH FLOWS - (Continued)

For the Six Months Ended June 30, 1996

RECONCILIATION OF CHANGE IN NET
ASSETS TO NET CASH PROVIDED BY
OPERATING ACTIVITIES

Change in net assets	\$ 465,005
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Gain) loss on sale of investments	(25,109)
Contributions restricted for long-term use	(28,813)
Accrual of interest income from U.S. Treasury bills	(36,160)
Noncash donations included in change in net assets	(1,670)
Changes in:	
Unconditional promises to give	262,577
Net cash used by operating activities	\$ 124,880

The accompanying notes are an integral part of this statement.

McNeese State University Foundation

STATEMENT OF CASH FLOWS

For the Six Months Ended June 30, 1996

CASH FLOWS FROM OPERATING ACTIVITIES

Contributions received	\$ 36,959
Unconditional promises to give received	20,257
Interest and dividends received	83,341
Rent received	60,000
Grants paid to benefit McNeese State University	(36,958)
Cash paid for supporting services	(238,738)
Net cash used by operating activities	<u> 124,850</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	(2,136,154)
Proceeds from sale of investments	1,661,196
Net cash used by investing activities	<u>(474,958)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from contributions restricted for:	
Investment in endowment	283,873
Other financing activities:	
Increase in funds held in custody (net)	33,518
Net cash provided by financing activities	<u> 317,391</u>

NET DECREASE IN CASH

(217,557)

CASH AT BEGINNING OF PERIOD

219,759

CASH AT END OF PERIOD

\$ 192,202

The accompanying notes are an integral part of this statement.

McNeese State University Foundation

STATEMENT OF ACTIVITIES

For the Six Months Ended June 30, 1996

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT				
Contributions	\$ -	\$ 374,639	\$ 289,843	\$ 654,482
Investment earnings	3,462	118,039	-	121,501
Gain (loss) on investments	-	252,159	-	252,159
Rent	6,000	-	-	6,000
Fund raising	-	-	-	-
Net assets release from restrictions:				
Satisfaction of program expenses	(586,146)	(586,146)	-	(1,172,292)
Total Revenue and Support	<u>595,608</u>	<u>158,691</u>	<u>289,843</u>	<u>1,044,142</u>
EXPENSES				
Grants paid to benefit McNeese State University for:				
Projects specified by donors	360,584	-	-	360,584
Supporting services:				
Endowment distributions	49,188	-	-	49,188
Dedicated scholarships	35,871	-	-	35,871
Freshman awards	13,200	-	-	13,200
Professorship payout	90,000	-	-	90,000
Faculty award	15,803	-	-	15,803
Named Honor Award	1,500	-	-	1,500
Management and general	29,439	-	-	29,439
Fund raising	3,432	-	-	3,432
Total expenses	<u>599,017</u>	<u>-</u>	<u>-</u>	<u>599,017</u>
CHANGE IN NET ASSETS	(3,409)	158,691	289,843	445,125
NET ASSETS AT BEGINNING OF PERIOD	196,458	993,060	7,663,569	8,853,087
NET ASSETS AT END OF PERIOD	\$ 193,049	\$ 1,151,751	\$ 7,953,412	\$ 9,298,212

The accompanying notes are an integral part of this statement.

McNeese State University Foundation
STATEMENT OF FINANCIAL POSITION

June 30, 1996

ASSETS

ASSETS

Cash and cash equivalents	\$	191,747
Unconditional promises to give		158,326
Donated property		18,000
Investments:		
Short-term		2,283,251
Long-term		7,507,453
Total Assets		\$ 10,158,746

LIABILITIES AND NET ASSETS

LIABILITIES

Funds held in custody	\$	86,753
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NET ASSETS

Unrestricted		191,747
Temporarily restricted		1,157,714
Permanently restricted		7,953,419
Total net assets		9,298,712

Total Liabilities and Net Assets		\$ 10,158,746
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The accompanying notes are an integral part of this statement.



Langley, Williams & Company, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

205 W. COLLEGE STREET
LAKE CHARLES, LOUISIANA 70605-1626
(318) 477-2827
1(800) 413-8439
FAX (318) 478-6418

MEMBER OF
AMERICAN INSTITUTE
OF CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

SEC. PRACTICE IN
OF AICPA

LESTER LANGLEY, JR.
DANNY L. WILLIAMS
MICHAEL E. CALOGERA
PHILIP D. ARSNIERE, JR.
DAPHNE D. CLARK

ROBERT L. SEITZ

INDEPENDENT AUDITORS' REPORT

Board of Directors
McNeese State University Foundation
Lake Charles, Louisiana

We have audited the accompanying statement of financial position of the McNeese State University Foundation, a non-profit corporation, as of June 30, 1996, and the related statements of activities and cash flows for the six months then ended. These statements are the responsibility of the management of the McNeese State University Foundation. Our responsibility is to express an opinion on these 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 from 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 the McNeese State University Foundation, Lake Charles, Louisiana, as of June 30, 1996, and the results of its activities and cash flows for the six months then ended in conformity with generally accepted accounting principles.

Langley, Williams & Company, L.L.C.

October 7, 1996
Lake Charles, LA

McNeese State University Foundation

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies - (Continued)

Cash and Cash Equivalents

For accounting and reporting purposes, cash and cash equivalents includes cash on hand, cash in bank, and all highly liquid investments with original maturities of less than three months.

Investments

As directed by the Board of Directors, all investments are considered to be either permanently restricted or temporarily restricted regardless of the absence of any donor requests. Investments are stated at market value.

Donated Property

Donated property is reflected as contributions in the accompanying statements at their estimated value at date of receipt.

Grant Commitments

The Foundation considers all state matching funds and unexpended income from these funds as funds held in custody. (See Note 7)

Estimates

The preparation of financial statements requires management estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

2. Unconditional Promises to Give

The total amount of unconditional promises to give at June 30, 1996 are expected to be collected as follows:

Less than one year	\$ 58,710
One to five years	71,285
More than five years	28,525
	\$ 158,520

Uncollectible promises to give are expected to be insignificant.

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Langley, Williams & Company, L.L.C.

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CERTIFIED PUBLIC ACCOUNTANTS

205 W. COLLEGE STREET
LAKE CHARLES, LOUISIANA, 70605-1625
(318) 477-2827
TELEFAX (318) 478-8432
FAX (318) 478-8418

MEMBERS OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS
SEC PRACTICE SECTION
OF AICPA

TO: 1997 STATE OF LA
DEPT. OF REVENUE
ATTN: ASST. COMPTROLLER
600 PINE ST.
BATON ROUGE, LA 70804

LESTER LANGLEY, JR.
DANNY L. WILLIAMS
MICHAEL F. CALLOURA
PHILLIP D. ADSHIRE, JR.
DAPHNE B. CLARK

RICHARD L. SELF

June 27, 1997

Ms. Joanne Sanders
Department of the Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-4397

Dear Ms. Sanders:

Per our telephone conversation this afternoon and your request, I am forwarding to you one unbound copy of the financial statements of the McNeese State University Foundation for the six month period ended June 30, 1997 in lieu of the financial statements for the year ended December 31, 1996 that would normally be due in your office by June 30, 1997. The Foundation decided to change its financial reporting period from a calendar year to a fiscal year ending June 30. Consequently, this audit report and financial statements represent the short period ended June 30, 1996. The fiscal period beginning July 1, 1996 and ending June 30, 1997 will be due in your office by to December 31, 1997.

If we can be of further assistance, please let us know.

Sincerely,

LANGLEY, WILLIAMS & COMPANY, L.L.C.

Daphne B. Clark

DBC/pm

Enclosures

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the auditor, or reviewed, orally 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: July 1, 1997