

L.S.U. AT ALEXANDRIA FOUNDATION, INC.

ALEXANDRIA, LOUISIANA

JUNE 30, 2004



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

L.S.U. AT ALEXANDRIA FOUNDATION, INC.
JUNE 30, 2004

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
L.S.U. at Alexandria Foundation, Inc.

We have audited the accompanying statement of financial position of the L.S.U. at Alexandria Foundation, Inc., (a nonprofit organization) as of June 30, 2004, 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 auditing standards generally accepted in the United States of America. 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 L.S.U. at Alexandria Foundation, Inc. as of June 30, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Payne Moore & Herrington, LLP
Certified Public Accountants

November 10, 2004

MARVIN A. JUNEAU, C.P.A.
H. FRED RANDOW, C.P.A.
ERNEST F. SASSER, C.P.A.

ROBERT L. LITTON, C.P.A.
ROBERT W. DVORAK, C.P.A.
REBECCA B. MORRIS, C.P.A.

MICHAEL A. JUNEAU, C.P.A.
JAMES N. BALLARD, C.P.A.
L. PAUL HOOD, C.P.A.



1419 METRO DRIVE • P.O. Box 13200 • ALEXANDRIA, LA 71315-3200
PH: (318) 443-1893 • FAX: (318) 443-2515 • WWW.PMHCPA.COM

L.S.U. AT ALEXANDRIA FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2004

EXHIBIT A

ASSETS

ASSETS

Cash	\$	6,286
Pledges receivable (net of allowance of \$5,232)		79,162
Investments in L.S.U. Foundation managed assets, at fair value		<u>9,205,989</u>

TOTAL ASSETS

\$ 9,291,437

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$	8,233
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NET ASSETS

Unrestricted		2,633,851
Temporarily restricted		3,473,904
Permanently restricted		<u>3,175,449</u>
Total Net Assets		<u>9,283,204</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 9,291,437

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

L.S.U. AT ALEXANDRIA FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2004

EXHIBIT B

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES, GAINS, AND RECLASSIFICATIONS				
Contributions	\$ 11,845	\$ 31,012	\$ 399,687	\$ 442,544
Interest	8,776	194,845		203,621
Unrealized gain on investments	1,121,146			1,121,146
Transfers			(7,884)	(7,884)
Net assets released from restrictions	218,014	(214,787)	(3,227)	-
Other income	968			968
Total Revenues, Gains, and Reclassifications	1,360,749	11,070	388,576	1,760,395
EXPENSES				
Bad debts	4,235			4,235
Investment management fees	66,961			66,961
Miscellaneous	8,644			8,644
Office supplies	955			955
Official functions	6,006			6,006
Operating services	13,515			13,515
Professional services	28,899			28,899
Professorships	32,555			32,555
Registration fees	2,020			2,020
Scholarships and awards	97,787			97,787
Supplies	3,194			3,194
Travel	3,372			3,372
Total Expenses	268,143	-	-	268,143
CHANGE IN NET ASSETS	1,092,606	11,070	388,576	1,492,252
NET ASSETS, BEGINNING OF YEAR	1,541,245	3,462,834	2,786,873	7,790,952
<u>NET ASSETS, END OF YEAR</u>	<u>\$ 2,633,851</u>	<u>\$ 3,473,904</u>	<u>\$ 3,175,449</u>	<u>\$ 9,283,204</u>

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

**L.S.U. AT ALEXANDRIA FOUNDATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2004**

EXHIBIT C

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 1,492,252
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Unrealized gain on investments	(1,121,146)
Provision for uncollectible promises to give	3,294
Changes in operating assets and liabilities:	
Pledges receivable	(52,205)
Accounts payable	6,589
NET CASH PROVIDED BY OPERATING ACTIVITIES	328,784

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments in L.S.U. Foundation managed assets	(390,929)
Reinvestment of income in L.S.U. Foundation managed assets	(203,621)
Transfer of income in L.S.U. Foundation managed assets	7,884
Withdrawal of investments in L.S.U. Foundation managed assets	257,931
NET CASH USED IN INVESTING ACTIVITIES	(328,735)

CASH FLOWS FROM FINANCING ACTIVITIES

INCREASE IN CASH	49
CASH, BEGINNING OF YEAR	6,237
<u>CASH, END OF YEAR</u>	\$ 6,286

ADDITIONAL REQUIRED DISCLOSURES:

1. L.S.U. at Alexandria Foundation, Inc. considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents.
2. No income taxes or interest were paid during the current fiscal year.
3. There were no material noncash investing or financing transactions during the fiscal year ended June 30, 2004, that affected recognized assets and liabilities.

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

L.S.U. AT ALEXANDRIA FOUNDATION, INC.
JUNE 30, 2004

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The L.S.U. at Alexandria Foundation, Inc. is a nonprofit corporation formed to promote the educational and cultural welfare of Louisiana State University at Alexandria, Louisiana, by accepting gifts for the purpose of providing scholarships, aiding research, and such other designated projects for the benefit of the University.

Significant Accounting Policies

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting

The financial statements of the L.S.U. at Alexandria Foundation, Inc. have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The accompanying financial statements of the L.S.U. at Alexandria Foundation, Inc. have been prepared in accordance with accounting principles generally accepted in the United States of America.

Financial statement presentation follows the recommendation 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 L.S.U. at Alexandria Foundation, Inc. is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, 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.

Contributions

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

L.S.U. AT ALEXANDRIA FOUNDATION, INC.
JUNE 30, 2004

NOTES TO FINANCIAL STATEMENTS

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 statement of activities as net assets released from restrictions.

Investments

Investments consist of amounts held by the L.S.U. Foundation on behalf of the L.S.U. at Alexandria Foundation, Inc. The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the statement of activities.

Donated Services

No amounts have been reflected in the financial statements for donated services. The Foundation pays for most services requiring specific expertise. However, individuals volunteer their time and perform a variety of tasks that assist the Foundation with specific programs.

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 the 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. PLEDGES RECEIVABLE

Pledges receivable at June 30, 2004, consist of unconditional promises to give as follows:

Receivable in less than one year	\$ 58,060
Receivable in one to five years	26,334
Total pledges receivable	<u>84,394</u>
Less: allowance for uncollectible pledges receivable	(5,232)
Net pledges receivable	<u>\$ 79,162</u>

3. INVESTMENT IN L.S.U. FOUNDATION MANAGED ASSETS

On July 3, 1995, the L.S.U. at Alexandria Foundation, Inc. entered into a management agreement with the L.S.U. Foundation whereby the L.S.U. Foundation shall hold funds on behalf of the L.S.U. at Alexandria Foundation, Inc. solely for the purpose of investing the funds. The L.S.U. Foundation may assess its standard management fees annually to cover its administrative costs. This agreement shall remain in effect until a 180-day written notice is given by either party to the other party.

L.S.U. AT ALEXANDRIA FOUNDATION, INC.
JUNE 30, 2004

NOTES TO FINANCIAL STATEMENTS

Investments held by the L.S.U. Foundation on behalf of the L.S.U. at Alexandria Foundation, Inc. are reported at their fair values in the statement of financial position. As of June 30, 2004, investments in L.S.U. Foundation managed assets are set forth below:

Investments at cost	\$ 6,883,862
Plus:	
Unrealized gain	<u>2,322,127</u>
Market Value	<u>\$ 9,205,989</u>

4. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets at June 30, 2004 are available for the following purposes:

Salaries and benefit supplements, scholarships, and other supporting services of Louisiana State University at Alexandria	\$ 3,473,904
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Permanently restricted net assets consist of the following at June 30, 2004:

Endowment funds for the benefit of Louisiana State University at Alexandria	\$ 3,175,449
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5. GRANTS

During the fiscal year ended June 30, 1993, the L.S.U. at Alexandria Foundation, Inc. received a \$1,000,002 Endowment Challenge Grant. The grant period is June 30, 1993 to May 31, 2013. Under the terms of the Endowment Challenge Grant Program, the L.S.U. at Alexandria Foundation, Inc. must deposit the \$1,000,002 grant funds along with \$500,001 matching funds into an endowment fund. During the 20-year grant period, the L.S.U. at Alexandria Foundation, Inc. may not withdraw or spend any part of the endowment fund corpus or more than fifty (50) percent of the aggregate income earned.

6. INCOME TAXES

The L.S.U. at Alexandria Foundation, Inc. is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable State Law. It is classified as an exempt organization other than a private foundation.

7. SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

Cash in a checking account is deposited with one local financial institution, which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At June 30, 2004 the cash balance was fully secured from risk by the FDIC.

L.S.U. AT ALEXANDRIA FOUNDATION, INC.
JUNE 30, 2004

NOTES TO FINANCIAL STATEMENTS

8. COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS

Grants, bequests, and endowments require the fulfillment of certain conditions as set forth in the instrument. Failure to fulfill the conditions, or in the case of endowments, failure to continue to fulfill them, could result in the return of the funds to grantors. Although that is a possibility, the Board deems the contingency remote, since by accepting the grants and their terms, it has accommodated the objectives of the organization to the provisions of the grant.