

***Financial Report***

***Nicholls State University Foundation, Inc.***

***Thibodaux, Louisiana***

***June 30, 2004***

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 11-24-04

## TABLE OF CONTENTS

Nicholls State University Foundation, Inc.

June 30, 2004

	<u>Exhibits</u>	<u>Page Number</u>
<b>Introductory Section</b>		
Title Page		i
Table of Contents		ii
<b>Financial Section</b>		
Independent Auditor's Report		1
Statement of Financial Position	A	2
Statement of Activities	B	3 - 4
Statement of Cash Flows	C	5
Notes to Financial Statements	D	6 - 12

**FINANCIAL SECTION**



Bourgeois Bennett

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,  
Nicholls State University Foundation, Inc.  
Thibodaux, Louisiana.

We have audited the accompanying statement of financial position of Nicholls State University Foundation, Inc. (the Foundation), 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 presents fairly, in all material respects, the financial position of the Foundation as of June 30, 2004 and the change 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.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Thibodaux, Louisiana,  
August 17, 2004.

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Exhibit A

**STATEMENT OF FINANCIAL POSITION**

**Nicholls State University Foundation, Inc.**

June 30, 2004

**Assets**

Cash and cash equivalents	\$ 1,255,804
Investments - Legg Mason	2,682,837
Investments - Common Fund	2,615,574
Pledged support, net of discount	109,658
Unconditional promises to give	280,000
Antique collection	<u>75,830</u>
Total	<u>\$ 7,019,703</u>

**Liabilities**

Accounts payable	\$ 100
Note payable	40,000
Funds held in custody	<u>1,561,937</u>
Total liabilities	<u>1,602,037</u>

**Net Assets**

Unrestricted	504,231
Temporarily restricted	1,528,013
Permanently restricted	<u>3,385,422</u>
Total net assets	<u>5,417,666</u>
Total	<u>\$ 7,019,703</u>

See notes to financial statements.

**STATEMENT OF ACTIVITIES**  
**Nicholls State University Foundation, Inc.**  
For the year ended June 30, 2004

**Unrestricted Net Assets**

## Revenue:

Contributions - Memberships	\$ 116,367
Dividends	3,381
Interest income	10,120
Gain from investments (net)	8,832
Miscellaneous	11,916
	<hr/>
Total revenues	150,616

## Net assets released from restrictions:

Satisfaction by payment	666,833
	<hr/>
Total unrestricted revenue	817,449

**Expenses**

## Program services:

Chef John Folse Culinary Institute	138,465
Colonels Brigade	197,761
Free Enterprise Week	11,360
Louisiana Center for Women in Government	429
NSU 50th Anniversary	796
Accounting Department	1,217
A+ Scholarship Promotion	3,255
Baseball Shed	10,000
Capital Campaign	7,703
Chair & Professorship expenses	4,633
Chauvin Sulpture Garden	609
College of Business	33,812
Cytec Corporation Grant	1,000
Dean's Consulting	10,000
Education Banquet	2,068
Honors Program	26,044
Honors A & S	2,116
Institutional Advancement	1,408
International Film	110
Jubilee	500
Moving	1,000
NSU - Piano	474
Nursing Continuing Education	50
Nursing Mission	22,488
Program Support	99,164
Retirement Receptions	9,123
Scholarships	76,630
Tribute	280
Upward Bound	1,539
Volleyball rings	2,799
	<hr/>
Total program services	666,833

**Exhibit B  
(Continued)**

**STATEMENT OF ACTIVITIES**  
**Nicholls State University Foundation, Inc.**  
For the year ended June 30, 2004

<b>Support Services:</b>	
Athletic	8,000
Student and Faculty	775
Institutional Development	87,234
<b>Management and general:</b>	
Foundation office	1,286
Foundation meeting	4,897
Professional services	19,375
Other	23,180
Pledged support - bad debt	<u>12,000</u>
Total support services	<u>156,747</u>
Total expenses	<u>823,580</u>
<b>Decrease in Unrestricted Net Assets</b>	<u>(6,131)</u>
<b>Changes in Temporarily Restricted Net Assets</b>	
Contributions	438,081
Dividends	50,269
Interest income	28,098
Unrealized gain on investments	170,702
Colonels Brigade support	192,481
John Folse Culinary Institute Fees	136,202
Special Fundraising Events	158,081
Net assets released from restrictions:	
Transfer to Restricted Net Assets	(48,112)
Restrictions satisfied by payments	<u>(666,833)</u>
<b>Increase in Temporarily Restricted Net Assets</b>	<u>458,969</u>
<b>Changes in Permanently Restricted Net Assets</b>	
Contributions	359,810
Dividends	739
Interest income	1,260
Gain from investments (net)	7,999
Net assets released from restrictions:	
Restricted Net Assets	<u>48,112</u>
<b>Increase in Permanently Restricted Net Assets</b>	<u>417,920</u>
<b>Increase in Net Assets</b>	870,758
<b>Net Assets</b>	
Beginning of year	<u>4,546,908</u>
End of year	<u>\$ 5,417,666</u>

See notes to financial statements.

**STATEMENT OF CASH FLOWS****Nicholls State University Foundation, Inc.**

For the year ended June 30, 2004

**Cash Flows from Operating Activities**

Increase in net assets	<u>\$ 870,758</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Net gain from investments	(26,221)
Appreciation in value of investments	(238,062)
Decrease in:	
Pledged support	68,189
Accrued interest	40,025
Unconditional promises to give	280,000
Funds held in custody	207,535
Contributions and investment income restricted for endowment purposes	<u>(369,808)</u>
Total adjustments	<u>(38,342)</u>
Net cash provided by operating activities	<u>832,416</u>

**Cash Flows from Investing Activities**

Proceeds from sale of investments	829,438
Purchase of investments	<u>(4,047,713)</u>
Net cash used in investing activities	<u>(3,218,275)</u>

**Cash Flows from Financing Activities**

Payment on note payable	(10,000)
Collection of endowment support	<u>369,808</u>
Net cash provided by financing activities	<u>359,808</u>
Net decrease in cash and cash equivalents	(2,026,051)

**Cash**

Beginning of year	<u>3,281,855</u>
End of year	<u>\$ 1,255,804</u>

See notes to financial statements.



**NOTES TO FINANCIAL STATEMENTS**

**Nicholls State University Foundation, Inc.**

June 30, 2004

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Organization**

The Nicholls State University Foundation, Inc. (the Foundation) was incorporated under Title 12, Section 101 et seq of the State of Louisiana laws as a non-profit organization on June 25, 1964.

The objects and purposes of this corporation are to promote, stimulate and improve the educational, cultural, moral and material welfare of Nicholls State University (the University); to promote, improve and encourage closer cultural, moral, and intellectual intercourse therewith between the members of this corporation and the University; to give financial aid to needy and deserving students; to promote and encourage research and scholastic excellence among the faculty members of the University; to buy, sell; lease, erect, or otherwise acquire lands and all necessary buildings and appurtenances to further such ends, to hold, maintain and operate same, to sell, lease or dispose thereof and generally to do all things necessary or proper to achieve such ends. This corporation is organized and shall be operated exclusively for educational, scientific and literary purposes.

**b) Financial Statement Presentation**

Financial statement presentation follows the recommendations of the Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements for Not-For-Profit Organizations. Under SFAS No. 117, net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, nets assets of the Foundation and changes therein are classified and reported as follows:

**Unrestricted Net Assets** – Net assets that are not subject to donor-imposed stipulations.

**Temporarily Restricted Net Assets** – Net assets that are subject to donor-imposed stipulations that will be met either by actions of the Foundation and/or the passage of time.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b) Financial Statement Presentation (continued)**

**Permanently Restricted Net Assets** - Net assets that are not subject to donor-imposed stipulations that the principal not be expended, but rather invested to provide a permanent source of income for the Foundation's programs.

**c) Basis of Accounting**

Assets, liabilities, revenues and expenses are recognized on the accrual method of accounting for financial statement presentation and the cash basis for federal income tax purposes.

**d) Use of Estimates**

The preparation of financial statements in conformity with U.S. 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 reported amounts of support, revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**e) Cash and Cash Equivalents**

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

**f) Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in assets.

**g) Bad Debts**

The financial statements of the Foundation contain no allowance for bad debts. Uncollectible receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or change in net assets.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**h) Contributions**

Contributions are recognized when the donor makes a pledge to contribute to the Foundation that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restriction. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

**i) Collections**

Donations of collections are recorded as support at their estimated fair value at the date of their donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**j) Expense Allocation**

The costs of providing various programs and other activities are summarized on a functional basis in the financial statements. Accordingly, certain costs are allocated among the programs and supporting services benefited.

**k) Required Transfers**

The Foundation has received various matching grants from the State of Louisiana under the Eminent Scholars Endowed Chairs and Endowed Professorships programs which are only approved after certain levels of private funding have been raised. The Foundation must comply with certain policies, procedures, and regulations regarding the administration of these programs. One of these requirements of the Board of

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**k) Required Transfers (continued)**

Regents for Higher Education's investment policy relates to increasing each program's endowment balance each year and some transfers to permanently restricted net assets were made to comply with this policy.

**l) Income Taxes**

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provisions for income taxes have been made.

**Note 2 - RESTRICTIONS ON ASSETS**

Temporarily restricted net assets are restricted by donors for specific programs, purposes, or to assist specific departments of Nicholls State University. The Foundation conducts numerous program services including assistance with research, scientific endeavors, educational assistance through faculty salary supplemental compensation and student scholarships, equipment purchases for specific departments, etc. These restrictions are considered to expire when payments for restricted purposes are made. None of the temporarily restricted net assets are time-restricted by donors. Temporarily restricted net assets totaled \$1,528,013 as of June 30, 2004.

Permanently restricted net assets consist of endowment fund investments to be held indefinitely and unconditional promises to give. The income from endowment investments is expendable for specific program services and is recorded as temporarily restricted revenue. As of June 30, 2004, permanently restricted net assets totaled \$3,385,422.

**Note 3 - INVESTMENTS**

Fair market value of investments as of June 30, 2004, are summarized as follows:

U.S. Treasury Notes	\$ 472,912
Legg Mason Equity Funds	2,040,887
Common Stock	169,038
Common Funds	<u>2,615,574</u>
	<u>\$ 5,298,411</u>

**Exhibit D  
(Continued)**

**Note 3 - INVESTMENTS (Continued)**

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2004. Interest, dividends, and net gain (loss) have been distributed to Unrestricted, Temporarily Restricted, or Permanently Restricted based on each classification's pro-rata share of investments.

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest	\$ 10,120	\$ 28,098	\$ 1,260	\$ 39,478
Dividends	3,381	50,269	739	54,389
Net gain	8,832	170,702	7,999	187,533
 Total investment return	 \$ 22,333	 \$ 249,069	 \$ 9,998	 \$ 281,400

Investment, custodial and advisory fees paid during the year ending June 30, 2004 were \$5,682.

**Note 4 - ANTIQUE COLLECTION**

Antique collection consists of various antique furniture, dinnerware, paintings and other household items donated to the foundation.

**Note 5 - PLEDGED SUPPORT**

The following have pledged support through agreements with the Nicholls State University Foundation, Inc.:

	Pledged	Received Prior Years	Received or Charged Off 06/30/04	Receivable 06/30/04
Coca Cola	\$ 189,000	\$ 147,000	\$ 6,000	\$ 36,000
Hibernia National Bank	50,000	35,000	5,000	10,000
Terrebonne General Medical Center	60,000	41,000	9,500	9,500
Sprint	110,000	38,500	27,500	44,000
Individuals	87,297	48,595	21,875	16,827
	<u>\$ 496,297</u>	<u>\$ 310,095</u>	<u>\$ 69,875</u>	<u>\$ 116,327</u>

**Note 5 - PLEDGED SUPPORT (Continued)**

Receivable in less than one year	\$	59,327
Receivable in one to five years		<u>57,000</u>
 Total		 116,327
Less discounts to net present value		<u>(6,669)</u>
 Net pledged support at June 30, 2004	 \$	 <u>109,658</u>

Pledged support receivable in more than one year are discounted based on U.S. Government issues.

**Note 6 - UNCONDITIONAL PROMISE TO GIVE**

Unconditional promise to give is comprised of the amounts due from the State of Louisiana for the 40% State matching funds in regards to Endowed Chairs and Endowed Professorships. The total amount of unconditional promise to give as of June 30, 2004 totaled \$280,000, which is expected to be received in the next fiscal year.

**Note 7 - NOTE PAYABLE**

The Note Payable consists of a promissory note with an original balance of \$100,000 dated February 18, 1998. The Note is payable in ten annual installments of \$10,000 through January 15, 2008. Interest on the note is immaterial. The outstanding balance at June 30, 2004 is \$40,000 with maturities summarized as follows:

2005	10,000
2006	10,000
2007	10,000
2008	<u>10,000</u>
 Total	 <u>\$ 40,000</u>

**Exhibit D  
(Continued)**

**Note 8 - FUNDS HELD IN CUSTODY**

Under agreements with Nicholls State University (the University), the Foundation holds and manages funds received by the University as State matching funds for the following accounts of the Eminent Scholars Endowed Chairs and Endowed Professorship Programs:

Agnes H. Candies Professorship	\$ 40,000
American Association of Drilling Engineers Professorship	40,000
Bell South Culinary Professorship	44,836
Bell South/Brady, Miller, Theriot Callais Professorship	40,000
Bell South/Picou Professorship	43,275
Bonnie Bourg Professorship	40,000
Cenac Towing Chair	430,383
CETFE Geomatic/Surveying Professorship	43,275
Clarence J. Riviere Professorship	46,915
Durel Martin Professorship	43,275
Harvey Peltier, Sr. Professorship	46,915
Morris and Sandy Hebert Professorship	40,000
Jimmy and Glenn Buquet Professorship	40,000
Minor J. Cheramie Professorship	46,915
Orleans A. Pitre Professorship	46,915
Otto Candies Chair	443,552
T. Baker Smith Professorship	40,000
T. Shepard Endowed Professorship	<u>45,681</u>
Total funds held in custody	<u>\$1,561,937</u>

**Note 9 - CONCENTRATION OF RISK**

The Foundation maintains several bank accounts at Hibernia National Bank. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Cash at this institution exceeded Federally insured limits by \$353,390 as of June 30, 2004.

**Note 10 - SUPPLEMENTAL STATEMENT OF CASH FLOW INFORMATION**

500 shares of Conrad, Inc. stock were donated with a value of \$1,200. The stock was sold for \$1,128 before June 30, 2004.