

LOUISIANA COLLEGE

JULY 31, 1996

NOTES TO FINANCIAL STATEMENTS

The College receives contributed services from its board members and from numerous community individuals who assist in fund raising campaigns as well as many other campus programs. No amounts have been reflected in the financial statements for donated services. The College pays for most services requiring specific expertise.

The costs providing the various programs and other activities of the College have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

2. ACCOUNTS RECEIVABLE

Accounts receivable at July 31, 1996, were comprised of the following:

Louisiana Baptist Convention	\$222,100
Students	67,276
Louisiana Department of Education	5,064
Other	<u>61,656</u>
	\$356,096

The receivable from the Louisiana Baptist Convention represented collections for accounts of the College which were not received until August, 1996.

Student accounts receivable consisted of unpaid tuition, student fees, and house and apartment rents.

3. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at July 31, 1996, were as follows:

Promises to give expected to be collected in:	
Less than one year	\$ 449,192
One to five years	2,629,734
More than five years	<u>93,451</u>
	3,172,377
Less allowance for uncollectible promises to give	(187,197)
Less discount on promises to give	<u>(375,935)</u>
Net unconditional promises to give	<u>\$2,609,245</u>

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4. LOANS RECEIVABLE

Loans receivable at July 31, 1996, were as follows:

Student loans:	
Perkins Loan	\$ 650,088
Other	<u>88,913</u>
Less:	739,001
Allowance for doubtful loans	<u>(175,556)</u>
	\$ 563,445

5. INVESTMENTS

Investments at July 31, 1996, consisted of the following:

Annuity Board	\$ 27,409
Funds Held by Trustee	13,922,438
Certificates of Deposit	95,344
Land	571,863
Corporate stock, bonds and notes	126,134
Louisiana Baptist Foundation	5,088,216
American Express Financial Advisors	846,797
Other	<u>1,523</u>
	\$20,679,724

The investment with the Annuity Board of the Southern Baptist Convention represented annuity program forfeitures reverted back to the College together with a proportionate share of earnings. Principal and earnings were subject to withdrawal at the direction of the College. Market value closely approximated book value at July 31, 1996.

Funds held by trustee consisted of funds invested and administered by the Louisiana Baptist Foundation and First National Bank of Commerce. The investments consisted primarily of corporate stocks, savings bonds, first mortgage loans, and U.S. Government securities. The total market value of these investments at July 31, 1996, was \$14,892,530.

Corporate bonds are recorded at maturity value and stocks are recorded at market value at the date of gift. Market values of publicly traded stock with a carrying value of \$33,479 at July 31, 1996, were \$49,857. The balance of stock was in companies not publicly traded and market values were not readily available.

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Included in land was 39.86 acres located in Rapides Parish, Louisiana, donated to the College subject to the restriction that income from the properties be paid to the donors during their lifetime. All land was recorded at market value at the date of gift.

Investments with the Louisiana Baptist Foundation consisted of temporary pool investments, and market value closely approximated book value at July 31, 1996.

The certificates of deposit are scheduled to mature on various dates through June, 1998, and earn interest at annual rates ranging from 4.50% to 6.16%.

6. BENEFICIAL INTERESTS IN ANNUITIES AND TRUSTS

The College is the beneficiary of various annuities and trusts created by donors with assets held by other fiscal agents of the respective donors. These assets are not in the possession, nor under the control of the College. The College has legally enforceable rights and claims to such assets, including in many cases the sole right to income therefrom. Total beneficial interests in these assets at July 31, 1996, consisted of the following:

Louisiana Baptist Foundation	\$5,546,310
Commercial National Bank, Shreveport, LA	29,879
Premier Bank, Baton Rouge, LA	443,488
Southern Baptist Foundation	80,007
Georgia Baptist Foundation	<u>4,621</u>
	\$6,104,305

Total market value at July 31, 1996, of these beneficial interests was \$7,083,228.

7. PROPERTY, PLANT, AND EQUIPMENT

Plant assets at July 31, 1996, consisted of the following:

Land	\$ 369,729
Buildings	15,461,217
Improvements other than buildings	2,411,281
Rental property	368,744
Furniture and equipment	4,056,148
Library books	<u>1,083,909</u>
	23,751,028
Less - accumulated depreciation	<u>(9,818,418)</u>
	\$13,932,610

Depreciation on plant assets totaled \$744,670 for the fiscal year ended July 31, 1996.

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Certain assets are pledged on notes payable as disclosed in Note 10.

During the current year, plant assets with a net book value of \$503,928 for the student center were written off. These assets are currently undergoing major renovations at the College.

8. ACCOUNTS PAYABLE

Accounts payable at July 31, 1996, consisted of the following:

Trade accounts	\$474,383
Student credit balances	<u>152,146</u>
	\$626,529

9. REFUNDABLE STUDENT DEPOSITS

Deposits represent refundable room and apartment deposits made by students. Room deposits are required of all dormitory students, and apartment deposits are required of all students living in the student apartments.

10. LONG-TERM DEBT

Long-term debt consisted of the following:

(1) Louisiana Public Facilities Authority	\$1,461,667
(2) Louisiana Public Facilities Authority	2,525,000
(3) Rapides Bank and Trust Company	<u>32,422</u>
	\$4,019,089

- (1) Note dated December 21, 1990, in the amount of \$2,500,000. Interest is payable semi-annually at an average rate of 7.16% per annum. The first principal payment was due January 1, 1991, with scheduled monthly payments through December 1, 2001. The note is secured by a first mortgage on Guinn Auditorium and English Village. (See Note 7)
- (2) Note dated December 16, 1992, in the amount of \$3,340,000. Interest is payable semi-annually at an average rate of 6.14% per annum. The first principal payment was due December 1, 1993, with scheduled annual payments through December 1, 2002. The debt is secured by an assignment of present and future tuition income plus a debt service reserve fund equal to 10% of the initial note proceeds or \$334,000.

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- (3) Unsecured note dated December 19, 1994, due December 19, 1996, payable in monthly installments of \$3,534 and bearing interest at the Chase Manhattan Bank prime rate plus 1/2% per annum, adjusted daily. The interest rate in effect at July 31, 1996, was 8.75% per annum. It is the intention of the management of the College to refinance this note when it becomes due.

Maturities for fiscal years ending in the following periods, based on terms in effect at July 31, 1996, are as follows:

1997	\$552,422
1998	550,000
1999	590,000
2000	630,000
2001	380,000

11. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

The College sponsors a defined benefit postretirement health care plan and life insurance covering its employees.

The following table sets forth the plan's funded status reconciled with the amount shown in the College's Statement of Financial Position at July 31, 1996:

Accumulated postretirement benefit obligation:	
Retirees	\$ 717,536
Fully eligible active plan participants	66,729
Other active plan participants	<u>1,633,068</u>
	2,417,333
Plan assets at fair value	<u>-0-</u>
Accumulated postretirement benefit obligation in excess of plan assets	2,417,333
Unrecognized net gain from past experience different from that assumed and from changes in assumptions	-0-
Prior service cost not yet recognized in net periodic postretirement benefit cost	-0-
Unrecognized transition obligation	<u>(2,175,834)</u>
Accrued postretirement benefit cost	\$ 241,499

Net periodic postretirement benefit cost for July 31, 1996, included the following components:

Service cost-benefits attributed to service during the year	\$123,704
Interest cost on accumulated postretirement benefit obligation	<u>181,070</u>
Net periodic postretirement benefit cost	\$304,774

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For measurement purposes, a 6% annual rate of increase in the per capita cost of covered health care benefits was assumed for all years. The health care cost trend rate has a significant effect on the amounts reported. To illustrate, increasing the assumed health care cost trend rate by 1% each year would increase the accumulated postretirement benefit obligation as of July 31, 1996, by \$304,683 and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for the year then ended by \$58,161.

The weighted average discount rate used in determining the accumulated postretirement benefit obligation was 8%.

12. RESTRICTIONS ON NET ASSETS

Net assets were released from donor restrictions during the year ending July 31, 1996, by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Purpose restrictions accomplished:

Student aid and scholarships	\$1,794,044
Construction and other capital expenditures	369,501
Instruction and institutional support	195,790
Other	<u>17,129</u>
	\$2,376,464

Temporarily restricted net assets at the year ending July 31, 1996, are available for the following purposes:

Available for future periods	\$ 838,515
Available for student aid	1,296,050
Available for construction	1,987,438
Available for other institutional purposes	<u>875,628</u>
	\$4,997,631

Permanently restricted net assets consist of the following at July 31, 1996:

Deposits with trustees	\$ 6,017,050
Endowment funds	12,317,790
Donor restricted loan funds	142,236
Unconditional promises to give	510,272
Split-interest agreements	<u>415,338</u>
	\$19,402,686

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13. PRIOR PERIOD ADJUSTMENT

The present value of annuities payable has been recalculated by the College, and adjusted as of the end of the current fiscal year. This adjustment had not been made for previous fiscal years. The total amount of this prior period adjustment was \$279,490, which is shown as an increase in beginning of the year net assets on the Statement of Activities.

14. SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

The College maintains cash balances at several financial institutions located primarily in Louisiana. Accounts at each institution are secured by the Federal Deposit Insurance Corporation up to \$100,000. Uninsured balances aggregated \$320,244 at July 31, 1996. In addition, the two financial institutions listed below held deposits in excess of \$100,000 at various times during the year.

Uninsured balances at July 31, 1996, consisted of the following:

Rapides Bank and Trust Company	\$237,644
Hibernia National Bank	<u>82,600</u>
	\$320,244

Credit customers mainly include students and their parents located in Louisiana.

15. RETIREMENT PROGRAM

The College, through the Annuity Board of the Southern Baptist Convention, sponsors a 403(b) tax deferred annuity plan for all employees, except student employees who are enrolled and regularly attending classes offered by the College and employees who normally work less than twenty hours per week. Matching contributions are made by the College equal to the employee's contribution, but not to exceed 5% of the employee's base salary. Employer contributions vest to the employee in accordance with the following schedule:

<u>COMPLETED YEARS OF SERVICE</u>	<u>PERCENTAGE VESTED</u>
less than 1	0%
1	25%
2	50%
3	75%
4 or more	100%

Matching contributions made by the College during the year ended July 31, 1996, totaled \$190,859.

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Participants are allowed to make additional voluntary contributions to the plan in excess of amounts needed to receive the full employer matching contribution.

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

The College did not hold financial instruments for trading purposes at July 31, 1996.

The carrying amounts of cash and cash equivalents, short-term investments, accrued interest receivable, and unconditional promises to give to be received in less than one year approximate fair value because of the short maturity of those financial instruments. The fair value of unconditional promises to give to be received in more than one year is estimated based on future cash flows discounted at 6%.

A reasonable estimate of the fair value of the loans to students under U.S. government loan funds could not be made because the notes receivable are not salable and can only be assigned to the U.S. government or its designees; the fair value of notes receivable from students under College loan programs approximated carrying value.

See Note 5 for disclosures regarding fair value of investments at July 31, 1996.

The carrying amount of notes payable approximated fair value because those financial instruments bear interest at rates that approximate current market rates for notes with similar maturities and credit quality.

17. SUBSEQUENT EVENTS

In November, 1996 the College closed on new long-term debt obligations totaling \$2,700,000. These obligations of the College are to be paid over a term of ten years at a rate of 5.5% per annum and were incurred to finance capital improvements of the College.

ADDITIONAL INFORMATION

LOUISIANA COLLEGE
OPERATING REVENUES AND EXPENSES
BUDGET AND ACTUAL
YEAR ENDED JULY 31, 1996

SCHEDULE 1

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>EXCESS OR (DEFICIENCY)</u>
REVENUES			
Educational and General:			
Student tuition and fees	\$ 5,592,262	\$ 5,581,833	\$(10,429)
Gifts and grants	2,470,000	2,517,025	47,025
Endowment	357,141	647,828	290,687
Nursing program	196,671	246,110	49,439
Intercollegiate athletics	7,000	3,578	(3,422)
Other sources	<u>358,801</u>	<u>459,498</u>	<u>100,697</u>
Total Educational and General	8,981,875	9,455,872	473,997
Auxiliary Enterprises	<u>1,595,111</u>	<u>1,644,258</u>	<u>49,147</u>
Total Revenues	<u>10,576,986</u>	<u>11,100,130</u>	<u>523,144</u>
EXPENSES			
Educational and General:			
Instructional and departmental research	3,739,032	3,682,907	(56,125)
Continuing education		65,519	65,519
Student aid	659,989	753,818	93,829
Academic support	353,477	345,964	(7,513)
Student services	1,241,827	1,262,114	20,287
Institutional support	1,689,508	1,674,881	(14,627)
Operation and maintenance of plant	<u>1,363,298</u>	<u>1,359,487</u>	<u>(3,811)</u>
Total Educational and General	9,047,131	9,144,690	97,559
Auxiliary Enterprises	<u>1,143,391</u>	<u>1,207,915</u>	<u>64,524</u>
Total Expenses	<u>10,190,522</u>	<u>10,352,605</u>	<u>162,083</u>
TRANSFERS			
Mandatory	354,964	442,964	88,000
Other	<u>31,500</u>	<u>299,770</u>	<u>268,270</u>
Total Transfers	<u>386,464</u>	<u>742,734</u>	<u>356,270</u>
Total Expenses and Transfers	<u>10,576,986</u>	<u>11,095,339</u>	<u>518,353</u>
REVENUES OVER EXPENSES AND TRANSFERS	<u>\$ -0-</u>	<u>\$ 4,791</u>	<u>\$ 4,791</u>

See independent auditor's report.

LOUISIANA COLLEGE
OPERATING REVENUES - BUDGET AND ACTUAL
YEAR ENDED JULY 31, 1996

SCHEDULE 2

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>EXCESS OR (DEFICIENCY)</u>
EDUCATIONAL AND GENERAL			
Student Tuition and Fees:			
Tuition	\$ 5,013,753	\$ 4,932,641	\$(81,112)
Service charge	145,224	143,888	(1,336)
Laboratory	125,406	128,003	2,597
Infirmary	15,291	14,863	(428)
Activity	79,723	78,617	(1,106)
Registration fee	20,444	21,662	1,218
PASS Program	41,470	35,705	(5,765)
Testing		1,322	1,322
Student publications	46,063	45,422	(641)
Continuing education		67,830	67,830
Overseas travel study	104,888	111,880	6,992
Total	5,592,262	5,581,833	(10,429)
Gifts and Grants:			
Cooperative program	2,340,000	2,451,275	111,275
Corporate and individual	130,000	65,750	(64,250)
Total	2,470,000	2,517,025	47,025
Endowment income	357,141	647,828	290,687
Nursing program	196,671	246,110	49,439
Intercollegiate athletics	7,000	3,578	(3,422)
Other Sources:			
Application Fee		8,940	8,940
Summer conference income		54,239	54,239
Expense reimbursements - Federal programs	11,000	12,683	1,683
Vending	18,000	14,438	(3,562)
Rent	68,333	60,724	(7,609)
Communications center	80,300	102,939	22,639
Miscellaneous	127,300	63,374	(63,926)
Bad debt recoveries		2,157	2,157
Interest earned		58,603	58,603
Parking permits		17,350	17,350
Post office	53,868	64,051	10,183
Total	358,801	459,498	100,697
Total Educational and General	8,981,875	9,455,872	473,997
AUXILIARY ENTERPRISES			
Cafeteria	614,606	636,460	21,854
Bookstore	460,413	460,414	1
Residence halls	520,092	547,384	27,292
Total Auxiliary Enterprises	1,595,111	1,644,258	49,147
<u>TOTAL REVENUES</u>	<u>\$10,576,986</u>	<u>\$11,100,130</u>	<u>\$523,144</u>

See independent auditor's report.

LOUISIANA COLLEGE
OPERATING EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JULY 31, 1996

SCHEDULE 3
(Continued - 1)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>EXCESS OR (DEFICIENCY)</u>
EDUCATIONAL AND GENERAL			
Instructional and Departmental Research:			
Art:			
Salaries	\$ 64,075	\$ 64,075	\$ -0-
Social security	4,937	4,953	16
Retirement	3,204	3,204	-0-
Hospitalization	12,466	12,345	(121)
Expenses and supplies	857	894	37
Travel	300	300	-0-
Student assistants	775	717	(58)
Gallery	2,500	2,500	-0-
Lab fees expended - miscellaneous	6,374	6,404	30
Equipment repair	400	399	(1)
Total	95,888	95,791	(97)
Biology:			
Salaries	111,575	115,058	3,483
Social security	8,729	9,004	275
Retirement	5,579	5,064	(515)
Hospitalization	17,725	20,217	2,492
Expenses and supplies	800	998	198
Travel	450	422	(28)
Student assistants	1,400	1,144	(256)
Lab assistants	3,300	2,659	(641)
Lab fees expended - miscellaneous	9,100	9,328	228
Departmental enrichment	2,000	2,000	-0-
Equipment repair	1,000	1,000	-0-
Total	161,658	166,894	5,236
Business Administration:			
Salaries	217,308	218,826	1,518
Social security	16,902	16,791	(111)
Retirement	10,708	10,784	76
Hospitalization	30,763	29,249	(1,514)
Expenses and supplies	2,524	2,903	379
Travel	1,750	1,750	-0-
Student assistants	1,500	1,082	(418)
Lab assistants	435		(435)
Lab fees expended - miscellaneous	2,567	2,507	(60)
Departmental enrichment	2,400	2,267	(133)
Equipment	2,560	2,560	-0-
Typewriter maintenance	510	417	(93)
Total	\$289,927	\$289,136	\$ (791)

See independent auditor's report.

LOUISIANA COLLEGE
OPERATING EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JULY 31, 1996

SCHEDULE 3
(Continued - 2)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>EXCESS OR (DEFICIENCY)</u>
Chemistry and Physics:			
Salaries	\$165,680	\$162,125	\$(3,555)
Social security	11,806	12,205	399
Retirement	7,634	7,796	162
Hospitalization	22,620	23,643	1,023
Expenses and supplies	1,705	2,225	520
Travel	600	600	-0-
Student assistants	1,280	1,280	-0-
Lab assistants	1,280	2,302	1,022
Lab fees expended - miscellaneous	6,201	6,319	118
Departmental enrichment	1,200	703	(497)
Instrument repair	<u>1,750</u>	<u>1,684</u>	<u>(66)</u>
Total	221,756	220,882	(874)
Communication Arts:			
Salaries	102,000	99,825	(2,175)
Social security	8,227	7,630	(597)
Retirement	4,575	2,904	(1,671)
Hospitalization	23,357	18,792	(4,565)
Expenses and supplies	1,400	1,763	363
Travel	450	450	-0-
Lab fees expended - miscellaneous	1,770	1,770	-0-
Student assistants	730	683	(47)
Departmental enrichment	1,200	1,200	-0-
Equipment repair	500	500	-0-
Theater LA College	2,500	2,501	1
Stage assistants	600	600	-0-
Forensics	<u>3,250</u>	<u>3,162</u>	<u>(88)</u>
Total	150,559	141,780	(8,779)
Education:			
Salaries	174,393	174,206	(187)
Social security	13,544	13,535	(9)
Retirement	8,320	8,490	170
Hospitalization	28,036	24,916	(3,120)
Expenses and supplies	1,859	1,893	34
Travel	750	750	-0-
Department chair travel	400	385	(15)
Student assistants	600	663	63
Lab fees expended - miscellaneous	2,165	2,330	165
Campus conference and LTA	1,350	1,244	(106)
Teacher supervision	2,600	1,144	(1,456)
Teacher training	5,500	5,425	(75)
Curriculum lab	<u>1,750</u>	<u>1,535</u>	<u>(215)</u>
Total	\$241,267	\$236,516	\$(4,751)

See independent auditor's report.

LOUISIANA COLLEGE
OPERATING EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JULY 31, 1996

SCHEDULE 3
(Continued - 3)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>EXCESS OR (DEFICIENCY)</u>
Health and Physical Education:			
Salaries	\$125,421	\$125,421	\$ -0-
Social security	9,828	9,901	73
Retirement	6,272	6,282	10
Hospitalization	21,032	19,715	(1,317)
Expenses and supplies	2,750	3,731	981
Travel	300	300	-0-
Student assistants	2,400	2,446	46
Departmental enrichment	1,200	1,200	-0-
Lab fees expended - miscellaneous	<u>8,092</u>	<u>8,092</u>	<u>-0-</u>
Total	177,295	177,088	(207)
History and Political Science:			
Salaries	150,491	150,462	(29)
Social security	11,617	11,378	(239)
Retirement	7,358	7,358	-0-
Hospitalization	25,511	24,273	(1,238)
Expenses and supplies	1,573	1,671	98
Travel	600	600	-0-
Student assistants	255	371	116
Departmental enrichment	1,200	930	(270)
Lab fees expended - miscellaneous	1,000	963	(37)
Equipment repair	<u>250</u>	<u>368</u>	<u>118</u>
Total	199,855	198,374	(1,481)
English, Journalism, and Languages:			
Salaries	287,855	287,855	-0-
Social security	22,239	22,239	-0-
Retirement	11,397	11,165	(232)
Hospitalization	41,728	40,219	(1,509)
Expenses and supplies	3,089	2,984	(105)
Travel	1,200	1,200	-0-
Student assistants	2,100	2,179	79
Lab fees expended - miscellaneous	19,081	7,666	(11,415)
Departmental enrichment	383	463	80
Student publications	36,195	36,300	105
Equipment repair	<u>3,817</u>	<u>3,817</u>	<u>-0-</u>
Total	\$429,084	\$416,087	\$(12,997)

See independent auditor's report.

LOUISIANA COLLEGE
OPERATING EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JULY 31, 1996

SCHEDULE 3
(Continued - 4)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>EXCESS OR (DEFICIENCY)</u>
Math and Computer Science:			
Salaries	\$108,525	\$108,525	\$ -0-
Social security	8,530	8,650	120
Retirement	5,427	5,426	(1)
Hospitalization	17,984	17,612	(372)
Expenses and supplies	740	1,013	273
Travel	450	342	(108)
Student assistants	600	600	-0-
Lab assistants	1,645	1,801	156
Lab fees expended - miscellaneous	2,860	2,321	(539)
Equipment repair	<u>1,500</u>	<u>227</u>	<u>(1,273)</u>
Total	148,261	146,517	(1,744)
Music:			
Salaries	203,979	207,393	3,414
Social security	16,522	16,240	(282)
Retirement	9,473	9,120	(353)
Hospitalization	34,459	31,224	(3,235)
Expenses and supplies	2,500	2,581	81
Travel	900	900	-0-
Lab assistants	400	399	(1)
Lab fees expended - miscellaneous	6,150	6,082	(68)
Departmental enrichment	1,200	1,064	(136)
Moss Endowment	26,500	26,667	167
NASM dues & travel	725	725	-0-
Chorale travel	2,137	2,104	(33)
Performance scores	2,423	2,423	-0-
Piano maintenance	1,000	1,000	-0-
Printing	1,000	911	(89)
Studio voice accompanists	<u>4,050</u>	<u>4,000</u>	<u>(50)</u>
Total	313,418	312,833	(585)
Nursing:			
Salaries	281,869	279,603	(2,266)
Social security	21,089	21,192	103
Retirement	13,344	11,918	(1,426)
Hospitalization	46,387	41,960	(4,427)
Expenses and supplies	4,158	4,111	(47)
Travel	2,800	2,800	-0-
Department chair travel	2,000	2,000	-0-
Student assistants	255	255	-0-
Agency membership	2,150	2,150	-0-
Lab fees expended - miscellaneous	10,620	8,930	(1,690)
Pinning Ceremony	<u>490</u>	<u>490</u>	<u>-0-</u>
Total	\$385,162	\$375,409	\$(9,753)

See independent auditor's report.

LOUISIANA COLLEGE
 OPERATING EXPENSES - BUDGET AND ACTUAL
 YEAR ENDED JULY 31, 1996

SCHEDULE 3
 (Continued - 5)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>EXCESS OR (DEFICIENCY)</u>
Psychology:			
Salaries	\$ 70,415	\$ 70,415	\$ -0-
Social security	5,456	5,599	143
Retirement	3,521	3,683	162
Hospitalization	8,899	8,661	(238)
Expenses and supplies	800	2,350	1,550
Travel	300	300	-0-
Student assistants	400	57	(343)
Lab fees expended - miscellaneous	1,500	307	(1,193)
Equipment repair	300		(300)
Total	91,591	91,372	(219)
Religion and Philosophy:			
Salaries	199,730	199,552	(178)
Social security	15,492	15,346	(146)
Retirement	9,987	8,299	(1,688)
Hospitalization	31,957	27,916	(4,041)
Expenses and supplies	1,125	1,232	107
Travel	750	750	-0-
In-service travel	300	270	(30)
Lab fees expended - miscellaneous	1,790	1,962	172
Departmental enrichment	2,400	1,083	(1,317)
Total	263,531	256,410	(7,121)
Sociology:			
Salaries	130,514	130,321	(193)
Social security	10,116	10,118	2
Retirement	6,195	6,195	-0-
Hospitalization	20,451	19,921	(530)
Expenses and supplies	2,982	2,978	(4)
Travel	600	480	(120)
Student assistants	1,060	1,053	(7)
Lab fees expended - miscellaneous	2,774	2,289	(485)
Social work professional expense	1,050	1,050	-0-
Departmental enrichment	1,200	1,206	6
Field trips		819	819
Equipment repair	350	321	(29)
Total	177,292	176,751	(541)
PASS Program:			
Salaries	50,616	40,798	(9,818)
Social Security	3,902	3,119	(783)
Retirement	1,813	1,298	(515)
Hospitalization	769	706	(63)
Expenses and supplies	1,250	1,220	(30)
Travel	567	548	(19)
Student assistants	1,793	5,347	3,554
Printing	1,000	1,212	212
Lab fees expended - miscellaneous	1,000	742	(258)
Total	\$ 62,710	\$ 54,990	\$(7,720)

See independent auditor's report.

LOUISIANA COLLEGE
OPERATING EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JULY 31, 1996

SCHEDULE 3
(Continued - 6)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>EXCESS OR (DEFICIENCY)</u>
Other Departmental Instruction:			
Summer school salaries	\$ 101,430	\$ 94,503	\$ (6,927)
Summer school social security	7,759	7,229	(530)
Adjunct professor salaries	57,414	65,529	8,115
Adjunct professor social security	4,393	5,178	785
Direct individual study salaries	27,505	24,330	(3,175)
Direct individual study social security	2,104	1,880	(224)
Overseas travel study	97,388	101,638	4,250
LC/MC support	8,500	6,830	(1,670)
Academic computing	18,285	18,960	675
Contingency for division chairs	5,000		(5,000)
Total	<u>329,778</u>	<u>326,077</u>	<u>(3,701)</u>
Total Instructional and Departmental Research	3,739,032	3,682,907	(56,125)
Continuing Education:			
Continuing education courses	-0-	65,519	65,519
Student Aid:			
Scholarships:			
Athletic	269,376	256,659	(12,717)
Departmental	8,000	6,600	(1,400)
Miscellaneous	146,613	157,387	10,774
Music	16,000	16,150	150
L.C. Scholars scholarship	78,000	159,964	81,964
L.C. Leadership	142,000	157,058	15,058
Total	<u>659,989</u>	<u>753,818</u>	<u>93,829</u>
Academic Support:			
Library			
Salaries	175,043	174,729	(314)
Social security	13,473	13,452	(21)
Retirement	8,072	8,056	(16)
Hospitalization	25,196	22,711	(2,485)
Student assistants	35,043	32,695	(2,348)
Travel	400	155	(245)
Office supplies	3,000	2,888	(112)
Audio visual aids	950	805	(145)
Books	29,370	28,213	(1,157)
Periodicals	37,580	37,213	(367)
Bindings	10,000	9,907	(93)
Music scores	500	504	4
Music recordings	500	407	(93)
Nursing	3,920	3,920	-0-
Social work	3,630	3,524	(106)
Computer system maintenance	1,800	1,785	(15)
INFOTRAC subscription	5,000	5,000	-0-
Total	<u>\$ 353,477</u>	<u>\$ 345,964</u>	<u>\$ (7,513)</u>

See independent auditor's report.

LOUISIANA COLLEGE
OPERATING EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JULY 31, 1996

SCHEDULE 3
(Continued - 7)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>EXCESS OR (DEFICIENCY)</u>
Student Services:			
Registrar:			
Salaries	\$ 87,064	\$ 80,185	\$ (6,879)
Social security	6,747	6,155	(592)
Retirement	4,029	3,289	(740)
Hospitalization	14,609	13,765	(844)
Office expenses and supplies	18,432	18,376	(56)
Travel	1,480	1,473	(7)
Student assistants	3,335	3,327	(8)
Advertising	2,890	2,719	(171)
Printing	4,000	4,082	82
Printing - LC catalog	<u>9,500</u>	<u>9,495</u>	<u>(5)</u>
Total	152,086	142,866	(9,220)
Admissions:			
Salaries	145,915	145,899	(16)
Social security	11,309	11,314	5
Retirement	5,425	5,344	(81)
Hospitalization	12,432	14,716	2,284
Office expenses and supplies	11,500	11,504	4
Travel	18,500	18,471	(29)
Student assistants	2,000	2,002	2
Telephone	10,000	9,954	(46)
Postage	22,450	22,427	(23)
Marketing	8,500	8,513	13
Professional development	2,500	2,464	(36)
Equipment	4,000	23,469	19,469
Preview day	1,100	1,038	(62)
Printing - miscellaneous	<u>73,000</u>	<u>72,882</u>	<u>(118)</u>
Total	328,631	349,997	21,366
Financial Aid:			
Salaries	66,050	66,043	(7)
Social security	5,119	5,062	(57)
Retirement	3,340	3,236	(104)
Hospitalization	8,180	8,141	(39)
Office expenses and supplies	7,450	7,443	(7)
Travel	2,100	2,035	(65)
Student assistants	1,630	1,610	(20)
AFSA billing	<u>11,400</u>	<u>11,358</u>	<u>(42)</u>
Total	105,269	104,928	(341)
Intramurals:			
Intramural student assistants	4,500	4,416	(84)
Intramural internship	2,000	1,965	(35)
Intramural golf dues	1,800	1,800	-0-
Intramural awards	800	800	-0-
Intramural football tournament	2,000	2,000	-0-
Intramural equipment	<u>1,000</u>	<u>1,020</u>	<u>20</u>
Total	\$ 12,100	\$ 12,001	\$ (99)

See independent auditor's report.

LOUISIANA COLLEGE
OPERATING EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JULY 31, 1996

SCHEDULE 3
(Continued - 8)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>EXCESS OR (DEFICIENCY)</u>
Intercollegiate Athletics:			
Salaries	\$ 92,984	\$ 92,984	\$ -0-
Social security	7,232	7,214	(18)
Retirement	4,149	4,148	(1)
Hospitalization	14,193	13,298	(895)
Office expenses and supplies	400	397	(3)
Meals, travel, and lodging	12,620	12,619	(1)
Cross country	579	579	-0-
Tennis	3,000	2,950	(50)
Officials	8,697	9,507	810
Equipment	11,100	11,088	(12)
Medical expense	780	544	(236)
Insurance	13,771	12,880	(891)
Recruiting	2,000	2,264	264
Guarantees	500	531	31
Awards	800	693	(107)
Ticket sellers	400	400	-0-
Printing	400	63	(337)
GCAC membership	1,700	1,700	-0-
NAIA membership	3,300	2,925	(375)
Women's basketball	17,020	17,020	-0-
Vehicle maintenance	2,000	2,045	45
LABC membership	200	200	-0-
Total	197,825	196,049	(1,776)
Student Development:			
Salaries	269,945	269,945	-0-
Social security	20,497	21,009	512
Retirement	11,492	10,537	(955)
Hospitalization	38,203	36,318	(1,885)
Office expenses and supplies	4,409	4,730	321
Travel	2,800	2,800	-0-
Student assistants	658	658	-0-
College health service	850	834	(16)
Student activities	14,530	14,909	379
Test center expenses	3,282	3,420	138
Programming student development	8,500	8,113	(387)
Freshman year experience	7,705	7,448	(257)
Printing student handbook	1,658	1,658	-0-
Career planning and placement	6,795	6,766	(29)
Printing calendar	1,576	1,636	60
Post office supplies	44,504	57,624	13,120
Contingency	8,512	7,868	(644)
Total	445,916	456,273	10,357
Total Student Services	\$1,241,827	\$1,262,114	\$20,287

See independent auditor's report.

LOUISIANA COLLEGE
OPERATING EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JULY 31, 1996

SCHEDULE 3
(Continued - 10)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>EXCESS OR (DEFICIENCY)</u>
Business Affairs:			
Salaries	\$ 59,191	\$ 59,191	\$ -0-
Social security	4,025	4,055	30
Retirement	2,960	2,960	-0-
Hospitalization	4,674	4,310	(364)
Travel and professional development	2,500	2,072	(428)
Student assistants	1,803	1,948	145
Contingency	2,237	2,067	(170)
Office expenses and supplies	4,400	4,766	366
Professional services	<u>5,700</u>	<u>5,436</u>	<u>(264)</u>
Total	87,490	86,805	(685)
Academic Dean's Office:			
Salaries	123,610	125,767	2,157
Social security	8,332	10,063	1,731
Retirement	5,930	6,249	319
Hospitalization	10,604	9,104	(1,500)
Office expenses and supplies	4,450	4,663	213
Travel	2,501	2,501	-0-
Student assistants	2,925	2,625	(300)
Printing	3,394	3,394	-0-
Entertainment	935	935	-0-
Advising	250	225	(25)
Advertising	2,000	2,144	144
Values sequence program	3,500	3,454	(46)
Copying		195	195
Freshman honors		55	55
Contingency	<u>14,348</u>	<u>13,526</u>	<u>(822)</u>
Total	182,779	184,900	2,121
Development:			
Salaries	96,900	96,903	3
Social security	7,433	7,434	1
Retirement	4,108	4,983	875
Hospitalization	6,311	6,796	485
Office expenses and supplies	16,330	16,327	(3)
Travel	5,898	5,871	(27)
Advertising and promotion	6,825	6,803	(22)
Development board	500	404	(96)
Ministers advisory board	1,350	1,317	(33)
Marketing	250	250	-0-
Contingency	<u>667</u>	<u>654</u>	<u>(13)</u>
Total	\$146,572	\$147,742	\$ 1,170

See independent auditor's report.

LOUISIANA COLLEGE
OPERATING EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JULY 31, 1996

SCHEDULE 3
(Continued - 11)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>EXCESS OR (DEFICIENCY)</u>
Communications Center:			
Salaries	\$ 35,900	\$ 36,771	\$ 871
Social security	2,748	2,815	67
Retirement	1,795	881	(914)
Hospitalization	2,189	2,174	(15)
Office expenses and supplies	47,394	64,826	17,432
Student assistants	<u>3,000</u>	<u>3,350</u>	<u>350</u>
Total	93,026	110,817	17,791
Computer Center:			
Salaries	61,950	60,718	(1,232)
Social security	4,810	4,711	(99)
Retirement	1,823	3,026	1,203
Hospitalization	5,452	5,058	(394)
Office expenses and supplies	650	636	(14)
Travel	2,325	3,310	985
Equipment	17,235	16,636	(599)
Computer supplies	4,720	4,474	(246)
Maintenance	2,510	2,492	(18)
Student assistants	<u>4,504</u>	<u>4,568</u>	<u>64</u>
Total	105,979	105,629	(350)
Planned Giving:			
Salaries	32,060	32,060	-0-
Social security	3,595	2,456	(1,139)
Retirement	1,782		(1,782)
Hospitalization	1,913	2,451	538
Office expenses and supplies	2,550	2,567	17
Programming	1,200	1,177	(23)
Travel	3,550	3,546	(4)
Student assistants			-0-
Total	<u>46,650</u>	<u>44,257</u>	<u>(2,393)</u>
Security:			
Salaries	74,579	75,794	1,215
Social security	5,758	4,183	(1,575)
Retirement	1,971	1,971	-0-
Hospitalization	5,492	5,376	(116)
Office expenses and supplies	1,600	1,569	(31)
Equipment	<u>1,000</u>	<u>1,322</u>	<u>322</u>
Total	\$ 90,400	\$ 90,215	\$ (185)

See independent auditor's report.

LOUISIANA COLLEGE
OPERATING EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JULY 31, 1996

SCHEDULE 3
(Continued - 12)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>EXCESS OR (DEFICIENCY)</u>
General Expenses:			
Conference dues	\$ 7,800	\$ 7,766	\$ (34)
Chapel	7,820	7,820	-0-
Faculty and staff recruiting	10,000	25,418	15,418
Board meetings	7,900	13,753	5,853
Official college entertainment	7,000	6,808	(192)
Retirement salaries and insurance	78,227	71,596	(6,631)
Auditing	21,000	17,769	(3,231)
Academic convocation	1,400	3,519	2,119
Budget Reserve	30,000		(30,000)
LAICU dues	12,272	12,272	-0-
LICF dues	7,135	7,135	-0-
Non-discrimination testing	1,900	866	(1,034)
Unemployment compensation	7,000	5,630	(1,370)
Founders day	1,400	1,897	497
Employee recognition awards	2,200	2,150	(50)
Organ maintenance	1,500	865	(635)
Miscellaneous		653	653
Institutional planning	48,067	46,841	(1,226)
Bad debts	10,000	25,568	15,568
Legal retainer	600	600	-0-
Administrative council	4,500	4,765	265
Contingency	33,279	19,143	(14,136)
Collection costs		341	341
Total	<u>301,000</u>	<u>283,175</u>	<u>(17,825)</u>
Total Institutional Support	1,689,508	1,674,881	(14,627)
Operation and Maintenance of Plant:			
Physical Plant:			
Janitorial supplies	11,800	12,049	249
Supplies and repairs	165,605	166,974	1,369
Insurance	115,327	117,743	2,416
Utilities	492,073	485,026	(7,047)
ServiceMaster	570,540	569,376	(1,164)
Student Assistants	7,953	8,319	366
Total Operation and Maintenance	<u>1,363,298</u>	<u>1,359,487</u>	<u>(3,811)</u>
Total Educational and General	9,047,131	9,144,690	97,559
AUXILIARY ENTERPRISES			
Cafeteria:			
Catering service fee	475,022	504,057	29,035
Catering summer conferences		34,602	34,602
Maintenance	6,250	5,186	(1,064)
Utilities	13,325	13,037	(288)
Total	<u>\$ 494,597</u>	<u>\$ 556,882</u>	<u>\$ 62,285</u>

See independent auditor's report.

LOUISIANA COLLEGE
OPERATING EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JULY 31, 1996

SCHEDULE 3
(Continued - 13)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>EXCESS OR (DEFICIENCY)</u>
Bookstore:			
Salaries	\$ 39,190	\$ 39,345	\$ 155
Student assistants	1,326	1,350	24
Social security	3,020	3,023	3
Retirement	1,007	1,007	-0-
Hospitalization	2,899	2,798	(101)
Office supplies	3,600	3,964	364
General merchandise		77,432	77,432
Books	338,058	260,863	(77,195)
Freight	2,000	2,559	559
Total	391,100	392,341	1,241
Residence Halls:			
Salaries	42,512	42,512	-0-
Social security	3,258	3,178	(80)
Retirement	2,075	3,219	1,144
Hospitalization	6,512	6,083	(429)
Janitorial supplies	4,700	4,820	120
Monitors	16,835	17,681	846
Supplies and repairs	3,975	3,650	(325)
Insurance	15,000	14,777	(223)
Utilities	138,374	135,380	(2,994)
Office supplies	3,100	4,146	1,046
Dorm Improvement Fund	21,038	22,920	1,882
Miscellaneous	315	326	11
Total	257,694	258,692	998
Total Auxiliary Enterprises	1,143,391	1,207,915	64,524
 TOTAL EXPENSES	 10,190,522	 10,352,605	 162,083
 TRANSFERS			
Mandatory:			
Retirement of indebtedness	354,964	442,964	88,000
Other Non-Mandatory	31,500	299,770	268,270
TOTAL TRANSFERS	386,464	742,734	356,270
 <u>TOTAL EXPENSES AND TRANSFERS</u>	 <u>\$10,576,986</u>	 <u>\$11,095,339</u>	 <u>\$518,353</u>

See independent auditor's report.

LOUISIANA COLLEGE
 SCHEDULE OF FEDERAL AWARDS
 YEAR ENDED JULY 31, 1996

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>ACCRUED REVENUE (REFUNDABLE ADVANCES) AT AUGUST 1, 1995</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>ACCRUED REVENUE (REFUNDABLE ADVANCES) AT JULY 31, 1996</u>
<u>MAJOR PROGRAMS</u>						
U.S. Department of Education						
Student Financial Assistance Programs						
PELL	84.063	\$ 659,445	\$ -0-	\$ 659,445	\$ 659,445	\$ -0-
SEOG	84.007	76,144	-0-	76,144	76,144	-0-
CWS	84.033	82,675	-0-	82,675	82,675	-0-
GSL	84.032	3,212,061	-0-	3,212,061	3,212,061	-0-
Total			-0-	4,030,325	4,030,325	-0-
<u>OTHER FEDERAL ASSISTANCE</u>						
U.S. Department of Agriculture						
Forestry Research Grant	10.206	31,483	-0-	31,483	31,483	-0-
U.S. Department of Education						
Passed through Louisiana Department of Education	84.029H	19,980	-0-	19,980	19,980	-0-
IDEA						
<u>TOTALS</u>		<u>\$4,081,788</u>	<u>\$ -0-</u>	<u>\$4,081,788</u>	<u>\$4,081,788</u>	<u>\$ -0-</u>

**OTHER REPORTS REQUIRED UNDER
GOVERNMENT AUDITING STANDARDS
AND OMB CIRCULAR A-133**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Louisiana College

We have audited the financial statements of Louisiana College, Pineville, Louisiana, (a nonprofit organization) as of and for the year ended July 31, 1996, and have issued our report thereon dated November 8, 1996.

We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of Louisiana College is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

L. PAUL HOOD, C.P.A.

ERNEST F. SASSER, C.P.A.

DALE P. DE SELLE, C.P.A.

MARVIN A. JUNEAU, C.P.A.

ROBERT L. LITTON, C.P.A.

REBECCA B. MORRIS, C.P.A.

H. FRED RANDOW, C.P.A.

ROBERT W. DVORAK, C.P.A.

MICHAEL A. JUNEAU, C.P.A.





PAYNE, MOORE & HERRINGTON, LLP

Board of Trustees
Louisiana College

In planning and performing our audit of the financial statements of Louisiana College for the year ended July 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

The reportable conditions noted are as follows:

EXPENSES:

- a) As part of our tests of Scholarship Fund disbursements, we found that several scholarships were awarded to students who did not meet all of the qualifications established by the scholarships' benefactors. We recommend that strict adherence to all qualifications be followed in the process of awarding scholarships to students.
- b) As part of our test of plant asset disbursements, we found one instance where the related approved purchase order was for a lesser quantity of the asset than was actually purchased. A second purchase order was prepared for the additional asset after the asset had been received by the College.
- c) As part of our test of general operating expenses, we noted two occasions where checks were written and issued with one authorized signature, when there should have been two authorized signatures because of the amounts of the checks.



PAYNE, MOORE & HERRINGTON, LLP

Board of Trustees
Louisiana College

NET ASSETS:

We noted that one of the scholarship funds continued to have a deficit balance. Expenses in excess of designated receipts is not proper. It should be noted that the College has made substantial progress in reducing deficit balances. We recommend that efforts continue to be made to existing deficit balances and to prevent any additional deficits from occurring.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above are material weaknesses.

This report is intended for the information of the President, Board of Trustees, management, and the U.S. Department of Education. However, this report is a matter of public record, and its distribution is not limited.

Payne, Moore & Herrington, LLP

Certified Public Accountants

November 8, 1996

LOUISIANA COLLEGE
CORRECTIVE ACTION PLAN
INTERNAL CONTROL STRUCTURE

We concur with all of the findings and recommendations of Payne, Moore & Herrington, LLP, Certified Public Accountants, regarding their evaluation of our internal control structure, and as set forth in their report dated November 8, 1996, on internal control structure.

Listed below are actions taken or planned to correct deficiencies identified in the independent auditor's report referred to in the preceding paragraph.

Expenses -

- a) Scholarship awards to students who do not meet qualifications:

The College is committed to following established procedures designed to insure scholarships are awarded to students meeting all prescribed qualifications.

- b) Asset quantities on purchase order did not agree with quantities actually purchased:

The College will remind vendors not to deliver items for which there is not an approved purchase order.

- c) Dual signature requirement for checks not met:

The College will take more care to follow established procedures regarding authorized signature requirements for all check disbursements.

Net Assets -

Deficit balances in scholarship funds:

The College is committed to eliminating these deficits, and is on a course to eliminate the deficits by July 31, 1997.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON
AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON
AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Louisiana College

We have audited the financial statements of Louisiana College, Pineville, Louisiana, (a nonprofit organization) as of and for the year ended July 31, 1996, and have issued our report thereon dated November 8, 1996.

We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Louisiana College is the responsibility of Louisiana College's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Louisiana College's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no material instances of noncompliance that are required to be reported under *Government Auditing Standards*.

L. PAUL HOOD, C.P.A.

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This report is intended for the information of the President, Board of Trustees, management, and the U.S. Department of Education. However, this report is a matter of public record, and its distribution is not limited.

Payne, Moore & Herrington, LLP

Certified Public Accountants

November 8, 1996

INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL STRUCTURE USED IN
ADMINISTERING FEDERAL AWARDS



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL AWARDS

Board of Trustees
Louisiana College

We have audited the financial statements of Louisiana College, Pineville, Louisiana, (a nonprofit organization) as of and for the year ended July 31, 1996, and have issued our report thereon dated November 8, 1996. We have also audited the compliance of Louisiana College with requirements applicable to major federal award programs and have issued our report thereon dated November 8, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the Organization complied with laws and regulations, noncompliance with which would be material to a major federal award program.

In planning and performing our audit for the year ended July 31, 1996, we considered the internal control structure of Louisiana College in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements of Louisiana College and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal award programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated November 8, 1996.

The management of Louisiana College is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an

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internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal award programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal award programs in the following categories: cash; investments; revenue and receivables; expenses and accounts payable; payroll and related liabilities; inventories; property, plant and equipment; net assets; and governmental financial assistance programs. This last category includes the following: GENERAL REQUIREMENTS: political activity; civil rights; cash management; Federal financial reports; allowable costs/cost principles; Drug-free Workplace Act; and administrative requirements; SPECIFIC REQUIREMENTS: student eligibility; coordination of student aid programs; institutional disbursements to award recipients; refund and overpayment calculations; cost sharing and matching requirements; types of services allowed or unallowed; claims for advances and reimbursements; and reporting.

For all of the internal control structure categories listed in the preceding paragraph, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended July 31, 1996, Louisiana College expended 99 percent of its total federal awards under major federal award programs.

We performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the Organization's major federal award programs, which are identified in the accompanying Schedule of Federal Awards. Our



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Louisiana College

procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the College's ability to administer federal award programs in accordance with applicable laws and regulations.

The reportable conditions noted are as follows:

EXPENSES:

As part of our tests of Scholarship Fund disbursements, we found that several scholarships were awarded to students who did not meet all of the qualifications established by the scholarships' benefactors. We recommend that strict adherence to all qualifications be followed in the process of awarding scholarships to students.

NET ASSETS:

We noted that one of the scholarship funds continued to have a deficit balance. Expenses in excess of designated receipts is not proper. It should be noted that the College has made substantial progress in reducing deficit balances. We recommend that efforts continue to be made to reduce existing deficit balances and to prevent any additional deficits from occurring.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal award program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.



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Louisiana College

Our consideration of the internal control structure policies and procedures used in administering federal awards would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information of the President, Board of Trustees, management, and the U.S. Department of Education. However, this report is a matter of public record, and its distribution is not limited.

Payne, Moore & Herrington, LLP

Certified Public Accountants

November 8, 1996

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE
TO FEDERAL AWARD PROGRAMS**



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE
TO FEDERAL AWARD PROGRAMS

Board of Trustees
Louisiana College

We have audited the financial statements of Louisiana College, Pineville, Louisiana, (a nonprofit organization) as of and for the year ended July 31, 1996, and have issued our report thereon dated November 8, 1996.

We have applied procedures to test Louisiana College's compliance with the following requirements applicable to its federal awards programs, which are identified in the accompanying Schedule of Federal Awards, for the year ended July 31, 1996: political activity; civil rights; cash management; federal financial reports; allowable costs/cost principles; Drug-free Workplace Act; and administrative requirements.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Audits of Institutions of Higher Learning and Other Nonprofit Institutions." Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Louisiana College's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Louisiana College had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the information of the President, Board of Trustees, management, and the U.S. Department of Education. However, this report is a matter of public record, and its distribution is not limited.

Payne, Moore & Herrington, LLP

Certified Public Accountants

November 8, 1996

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR
FEDERAL AWARD PROGRAMS



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR
FEDERAL AWARD PROGRAMS**

Board of Trustees
Louisiana College

We have audited the financial statements of Louisiana College, Pineville, Louisiana, (a nonprofit organization) as of and for the year ended July 31, 1996, and have issued our report thereon dated November 8, 1996.

We have also audited the compliance of Louisiana College with the requirements governing types of services allowed or unallowed; eligibility; coordination of student aid programs; institutional disbursements to award recipients; refund and overpayment calculations; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal award programs, which are identified in the accompanying Schedule of Federal Awards, for the year ended July 31, 1996. The management of Louisiana College is responsible for the Organization's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to in the second paragraph occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying Schedule of Findings and Questioned Costs. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

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Louisiana College

In our opinion, Louisiana College complied, in all material respects, with the specific requirements referred to in the second paragraph that are applicable to each of its major federal award programs for the year ended July 31, 1996.

This report is intended for the information of the President, Board of Trustees, management, and the U.S. Department of Education. However, this report is a matter of public record, and its distribution is not limited.

Payne, Moore & Herrington, LLP

Certified Public Accountants

November 8, 1996

**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE
TO NONMAJOR FEDERAL AWARD PROGRAM TRANSACTIONS**



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE
TO NONMAJOR FEDERAL AWARD PROGRAM TRANSACTIONS**

Board of Trustees
Louisiana College

We have audited the financial statements of Louisiana College, Pineville, Louisiana, (a nonprofit organization) as of and for the year ended July 31, 1996, and have issued our report thereon dated November 8, 1996.

In connection with our audit of the financial statements of Louisiana College and with our consideration of the College's internal control structure used to administer federal award programs, as required by Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions," we selected certain transactions applicable to certain nonmajor federal award programs for the year ended July 31, 1996.

As required by OMB Circular A-133, we performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; eligibility; level of effort; and other special tests that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the College's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Louisiana College had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

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This report is intended for the information of the President, Board of Trustees, management, and the U.S. Department of Education. However, this report is a matter of public record, and its distribution is not limited.

Payne, Moore & Herrington, LLP
Certified Public Accountants

November 8, 1996

LOUISIANA COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FINDING NO. 1 - GUARANTEED STUDENT LOANS

Several entrance interview affidavits were signed by the respective students after the first loan disbursement had been made.

Recommendation: We recommend the College follow established procedures which provide that all students with loans are to sign an entrance interview affidavit prior to receiving any loan disbursements.

LOUISIANA COLLEGE
AUDITOR'S COMMENTS ON AUDIT
RESOLUTION MATTERS RELATING TO
STUDENT FINANCIAL ASSISTANCE PROGRAMS

The Institution has taken corrective action on all findings from the prior audit report.

LOUISIANA COLLEGE
CORRECTIVE ACTION PLAN
COMPLIANCE REVIEW

We concur with all of the findings and recommendations of Payne, Moore & Herrington, LLP, Certified Public Accountants, regarding their compliance audit of our Student Financial Assistance programs, and as set forth in their report dated November 8, 1996, compliance with laws and regulations related to Student Financial Assistance programs.

Listed below are actions taken or planned to correct deficiencies identified in the independent auditor's report referred to in the preceding paragraph.

Finding No. 1 - GSL - Late signing of entrance interview affidavits.

More care will be taken to follow established procedures which provide that all students with loans are to sign an entrance interview affidavit before they receive any loan disbursements.



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Louisiana College

Pineville, Louisiana

July 31, 1996

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, reviewed, 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 FEB 26 1997

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Payne, Moore & Herrington, LLP

Certified Public Accountants
Alexandria, Louisiana

LOUISIANA COLLEGE

JULY 31, 1996

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LOUISIANA COLLEGE

JULY 31, 1996

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INDEPENDENT AUDITOR'S COMBINED REPORT ON THE
BASIC FINANCIAL STATEMENTS AND THE
SCHEDULE OF FEDERAL AWARDS

Board of Trustees
Louisiana College

We have audited the accompanying statement of financial position of Louisiana College, Pineville, Louisiana, (a nonprofit organization) as of July 31, 1996, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the management of Louisiana College. 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, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 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 Louisiana College as of July 31, 1996, and the changes in its net assets and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements of Louisiana College taken as a whole. The accompanying additional information and the Schedule of Federal Awards for the year ended July 31, 1996,

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Louisiana College

are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information in the additional information and the Schedule of Federal Awards has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

As discussed in Note 1 to the financial statements, the College changed its method of accounting for contributions, its method of financial reporting and financial statement presentation, and its method of accounting for postretirement benefits.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 8, 1996, on our consideration of Louisiana College's internal control structure and a report dated November 8, 1996, on its compliance with laws and regulations.

Payne, Moore & Herrington, LLP

Certified Public Accountants

November 8, 1996

LOUISIANA COLLEGE
STATEMENT OF FINANCIAL POSITION
JULY 31, 1996

EXHIBIT A

ASSETS

Cash	\$	692,258
Accounts receivable		356,096
Unconditional promises to give (net of allowance for uncollectible promises to give)		2,609,245
Loans receivable (net allowance for doubtful loans)		563,445
Accrued interest receivable		110,706
Due from Louisiana Baptist Foundation		65,628
Grants receivable		200,367
Inventories		335,096
Investments		20,679,724
Beneficial interests in annuities and trusts		6,104,305
Deposits - catering contract		62,000
Restricted time deposits - debt service fund		11,729
Restricted time deposits - debt service reserve fund		334,000
Note discount		8,169
Property, plant, and equipment, less accumulated depreciation		<u>13,932,610</u>
<u>TOTAL ASSETS</u>		<u>\$46,065,378</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$	626,529
Annuities payable		460,256
Deposits held in custody for others		35,591
Refundable advance - revocable trust		152,349
Refundable student deposits		14,753
Long-term debt		4,019,089
Accrued interest payable		44,868
Postretirement benefit obligation		2,417,333
U.S. government loan funds refundable		<u>538,384</u>
Total Liabilities		8,309,152
Net Assets		
Unrestricted		13,355,909
Temporarily restricted		4,997,631
Permanently restricted		<u>19,402,686</u>
Total Net Assets		37,756,226
<u>TOTAL LIABILITIES AND NET ASSETS</u>		<u>\$46,065,378</u>

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

LOUISIANA COLLEGE
STATEMENT OF ACTIVITIES
YEAR ENDED JULY 31, 1996

EXHIBIT B

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
Revenues, Gains, and Reclassifications				
Tuition and fees	\$ 5,581,833		-	\$ 5,581,833
Contributions - Cooperative Program	2,541,275			2,541,275
Contributions - other	542,060	1,089,477	812,182	2,443,719
Grants	550,925	890,418		1,441,343
Investment income on endowments	417,890	520,296	34,352	972,538
Other investment income	285,577		4,451	290,028
Net realized gains (losses) on endowments	345,615	310,113	215,949	871,677
Sales and services of auxiliary enterprises	1,644,258			1,644,258
Other income	722,458		(2,563)	719,895
Present value adjustments for annuities and unitrusts				
Total Revenues and Gains	<u>12,631,891</u>	<u>(764)</u>	<u>(8,199)</u>	<u>(8,963)</u>
Net assets released from restrictions		2,809,540	1,056,172	16,497,603
Total Revenues, Gains, and Reclassifications	<u>2,376,464</u>	<u>(2,376,464)</u>		<u>-0-</u>
Expenses				
Educational program services		433,076		16,497,603
Instruction	5,241,201			5,241,201
Public service	101,340			101,340
Student services	2,172,282			2,172,282
Auxiliary enterprises	1,829,783			1,829,783
Student aid	2,693,440			2,693,440
Supporting services				
Academic support	548,599			548,599
Institutional support	2,045,414			2,045,414
Total Expenses	<u>14,632,059</u>	<u>-0-</u>	<u>-0-</u>	<u>14,632,059</u>
CHANGE IN NET ASSETS	376,296	433,076	1,056,172	1,865,544
NET ASSETS, BEGINNING OF YEAR, AS RESTATED AND BEFORE PRIOR PERIOD ADJUSTMENT	12,979,613	4,285,065	18,346,514	35,611,192
PRIOR PERIOD ADJUSTMENT				
Adjustment to present value of annuities payable		279,490		279,490
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	<u>12,979,613</u>	<u>4,564,555</u>	<u>18,346,514</u>	<u>35,890,682</u>
NET ASSETS, END OF YEAR	<u>\$13,355,909</u>	<u>\$ 4,997,631</u>	<u>\$19,402,686</u>	<u>\$37,756,226</u>

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

LOUISIANA COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JULY 31, 1996

EXHIBIT C

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$1,865,544
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	744,670
Postretirement benefit obligation	241,499
Actuarial revaluation adjustment of annuities payable	26,680
Net book value of assets written off	503,928
Provision for uncollectible promises to give	45,748
Net realized gains on endowments	(869,459)
Amortization of discounts on indebtedness	1,273
Contributions received restricted for long-term investment	(618,229)
Interest and dividends restricted for reinvestment	(209,734)
Changes in operating assets and liabilities	
Accounts receivable	(69,075)
Accrued interest receivable	(9,202)
Unconditional promises to give	(199,583)
Inventories	(41,918)
Other assets	(54,268)
Accounts payable	347,766
Other liabilities	26,363
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,732,003</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Payments received on notes receivable	1,033,699
Purchase of investments and reinvestment of income	(2,194,704)
Disbursements of loans to students	(22,270)
Payments received on loans to students	82,120
Purchases of buildings and equipment	(1,126,142)
Return of student deposits	(999)
NET CASH USED BY INVESTING ACTIVITIES	<u>(2,228,296)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayments of principal of long-term debt	(519,196)
Repayments of U.S. Government loan funds	(76,500)
Contributions received restricted for long-term investment	618,229
Receipts of interest and dividends restricted for reinvestment	209,734
Investment income and gains on annuities payable	141,377
Payments on annuities payable	(103,594)
Increase in annuities payable resulting from new gifts	15,248
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>285,298</u>
NET DECREASE IN CASH	(210,995)
CASH, BEGINNING OF YEAR	<u>903,253</u>
<u>CASH, END OF YEAR</u>	<u>\$ 692,258</u>

1. The College considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents.
2. Cash paid for interest was \$289,406 in the current fiscal year.
3. No income taxes were paid during the current fiscal year.
4. Schedule of noncash investing and financing activity:
 There were no material non-cash investing activities during the current fiscal year.
 Non-cash financing activity:
 Actuarial revaluation adjustment of annuities payable \$26,680

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

LOUISIANA COLLEGE

JULY 31, 1996

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Louisiana College is incorporated as a private, not-for-profit, coeducational college of liberal arts and sciences, operated under the auspices of the Louisiana Baptist Convention and governed by a Board of Trustees chosen by the convention.

The College qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and comparable Louisiana law. It is classified as an exempt organization other than a private foundation.

The financial statements of Louisiana College have been prepared on the accrual basis.

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.

During the current fiscal year, the College changed its method of accounting for contributions received, as provided for under Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*. The effect was for the first time to recognize all contributions (cash gifts and promises to give) as revenues in the year they are received. As permitted by SFAS No. 116, the College has retroactively applied the provisions of this new Statement by restating net assets as of July 31, 1995. This adjustment increased net assets as of July 31, 1995, by \$8,258,580.

The College also changed its policy of accounting for postretirement benefit obligations other than pension plan obligations in accordance with Statement of Financial Accounting Standards (SFAS) No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions*. As permitted by SFAS No. 106, the College has retroactively applied the provisions of this new Statement by restating net assets as of July 31, 1995. This adjustment decreased net assets as of July 31, 1995, by \$2,175,834.

Also during the current fiscal year, the College implemented the provisions of SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the College 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. Additionally, the College is required to present a Statement of Cash Flows. As permitted by this new Statement, the College has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required. This reclassification had no effect on the change in net assets.

LOUISIANA COLLEGE

JULY 31, 1996

NOTES TO FINANCIAL STATEMENTS

Donor-restricted funds are used to differentiate the resources whose use is restricted by donors or grantors from the resources on which donors or grantors have placed no restriction or the resources that arise as a result of the operations of the College for its stated purpose.

The College reports contributions as restricted support if they are received 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 reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The College reports gifts of property, plant, and equipment as unrestricted contributions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted contributions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the College reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Accounts receivable are charged to expense when they become uncollectible. In the opinion of the administration, all accounts receivable at July 31, 1996, were collectible, and an allowance for doubtful accounts was not considered necessary.

Investments are generally stated at cost, or if acquired by gift, at market value at the date of the gift, except for corporate bonds which are recorded at maturity value. Investments with the Louisiana Baptist Foundation are recorded at cost, and are invested in temporary pool investments.

Bookstore inventories are recorded at the lower of cost or market using the first-in, first-out method.

Property, plant, and equipment are recorded at cost for assets purchased and at market value for assets acquired by gift. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. The recorded value of an asset is removed from the records at the time of its disposal.

The allowance for losses on loans receivable is based on a percentage of the Perkins Loan principal balances that are delinquent.

The College's liability for accumulated compensated absences has not been recorded in the College's books due to its immaterial amount.