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**UNIVERSITY OF LOUISIANA  
AT LAFAYETTE FOUNDATION, INC.  
FINANCIAL REPORT  
JUNE 30, 2006**

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 11-29-06

C O N T E N T S

	Page
INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS	1 and 2
FINANCIAL STATEMENTS	
Statements of financial position	3
Statement of activities	4 - 7
Statements of cash flows	8
Notes to financial statements	9 - 19
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	21 and 22
Schedule of findings and questioned costs	23
Schedule of prior year findings	24



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CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

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To the Board of Trustees of  
University of Louisiana  
at Lafayette Foundation, Inc.  
Lafayette, Louisiana

We have audited the accompanying statements of financial position of the University of Louisiana at Lafayette Foundation, Inc. (the Foundation) as of June 30, 2006 and 2005, and the related statements of activities and cash flows for the years 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 audits.

Herbert Lemoine II, CPA\*  
Frank A. Stagno, CPA\*  
Scott J. Broussard, CPA\*  
L. Charles Abshire, CPA\*  
P. John Blanchet III, CPA\*  
Craig C. Babineaux, CPA\*  
Peter C. Borrello, CPA\*  
George J. Trappey III, CPA\*  
Patrick D. McCarthy, CPA\*  
Martha B. Wyatt, CPA\*  
Fayetta T. Dupré CPA\*  
Mary A. Castille, CPA\*  
Joey L. Breaux, CPA\*  
Terrel P. Dressel, CPA\*  
Craig J. Viator, CPA\*  
Stacey E. Singleton, CPA\*  
John L. Istre, CPA\*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 audits provide a reasonable basis for our opinion.

### Retired:

Sidney L. Broussard, CPA 1925-2005  
Leon K. Poché, CPA 1984  
James H. Breaux, CPA 1987  
Erma R. Walton, CPA 1988  
George A. Lewis, CPA\* 1992  
Geraldine J. Wimberley, CPA\* 1995  
Lawrence A. Cramer, CPA\* 1999  
Ralph Friend, CPA\* 2002  
Donald W. Kelley, CPA\* 2005

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Members of American Institute of  
Certified Public Accountants  
Society of Louisiana Certified  
Public Accountants

As discussed in Note 12. to the financial statements, the Foundation is considering a change in the method used to allocate investment income and allowable expenses between the Foundation and State portions of the Endowed Chair and Professorship Endowments. The effect of this change, if any, cannot be estimated at this time.

In accordance with Government Auditing Standards, we have also issued a report dated August 16, 2006 on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

*Broussard, Loch, Lewis & Brumby LLP*

Lafayette, Louisiana

August 16, 2006,

Except for Note 12, as to which the date is November 1, 2006

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION  
June 30, 2006 and 2005

ASSETS	<u>2006</u>	<u>2005</u>
Cash and cash equivalents	\$ 11,004,024	\$ 6,805,048
Due from state government	520,000	1,840,000
Contributions receivable, net	2,787,007	4,466,919
Investments, at market value	93,539,725	87,180,108
Property and equipment, net	10,062,707	10,356,793
Artwork and other non-depreciable assets	1,909,908	1,909,908
Other assets	<u>766,036</u>	<u>757,895</u>
Total assets	<u>\$120,589,407</u>	<u>\$113,316,671</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Funds held in custody	\$ 27,404,716	\$ 21,547,365
Bonds payable	8,180,000	8,240,000
Other liabilities	<u>165,150</u>	<u>165,610</u>
Total liabilities	<u>\$ 35,749,866</u>	<u>\$ 29,952,975</u>
Net assets:		
Unrestricted	\$ 4,748,062	\$ 4,499,912
Temporarily restricted	19,315,359	21,317,235
Permanently restricted	<u>60,776,120</u>	<u>57,546,549</u>
Total net assets	<u>\$ 84,839,541</u>	<u>\$ 83,363,696</u>
Total liabilities and net assets	<u>\$120,589,407</u>	<u>\$113,316,671</u>

See Notes to Financial Statements.

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES, GAINS AND OTHER SUPPORT:</b>				
Contributions	\$ 182,295	\$ 2,349,791	\$ 2,559,526	\$ 5,091,612
Investment earnings	950,704	910,291	44,607	1,905,602
Realized gain (loss) on investments	-	2,659,165	67,773	2,726,938
Other income	82,017	1,274,039	-	1,356,056
Unrealized gain (loss) on marketable securities	-	(1,070,465)	(1,939,200)	(3,009,665)
Net assets released from restrictions:				
Satisfaction of purpose restrictions	5,627,832	(5,627,832)	-	-
Investment income paid to endowment principal	-	(2,280,295)	2,280,295	-
Foundation funds added to endowment principal	-	(216,570)	216,570	-
Total revenue and support	<u>\$ 6,842,848</u>	<u>\$ (2,001,876)</u>	<u>\$ 3,229,571</u>	<u>\$ 8,070,543</u>
<b>EXPENSES AND LOSSES:</b>				
Grants paid to benefit University of Louisiana at Lafayette for:				
Projects specified by donors	\$ 3,313,706	\$ -	\$ -	\$ 3,313,706
Fundraising	367,692	-	-	367,692
Supporting services:				
Salaries and benefits	49,827	-	-	49,827
Insurance	41,592	-	-	41,592
Office operations	51,841	-	-	51,841
Travel	9,851	-	-	9,851
Professional services	22,556	-	-	22,556
Dues and subscriptions	162	-	-	162
Meetings and development	587	-	-	587
Investment management fee	360,757	-	-	360,757
Interest	370,101	-	-	370,101
Depreciation and amortization	291,410	-	-	291,410
Bad debt expense	1,703,986	-	-	1,703,986
Other expenses	10,630	-	-	10,630
Total expenses	<u>\$ 6,594,698</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 6,594,698</u>

(continued)

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

STATEMENT OF ACTIVITIES (CONTINUED)  
 Year Ended June 30, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Change in net assets	\$ 248,150	\$(2,001,876)	\$ 3,229,571	\$ 1,475,845
Net assets at beginning of year	<u>4,499,912</u>	<u>21,317,235</u>	<u>57,546,549</u>	<u>83,363,696</u>
Net assets at end of year	<u>\$ 4,748,062</u>	<u>\$19,315,359</u>	<u>\$60,776,120</u>	<u>\$84,839,541</u>

See Notes to Financial Statements.

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES, GAINS AND OTHER SUPPORT:</b>				
Contributions	\$ 169,496	\$ 1,730,858	\$ 914,414	\$ 2,814,768
Investment earnings	844,701	569,137	307,991	1,721,829
Realized gain (loss) on investments	-	819,817	59,337	879,154
Other income	103,861	853,267	29,826	986,954
Unrealized gain (loss) on marketable securities	-	1,200,287	(143,433)	1,056,854
Net assets released from restrictions:				
Satisfaction of purpose restrictions	3,399,003	(3,399,003)	-	-
Investment income paid to endowment principal	-	(2,774,029)	2,774,029	-
Foundation funds added to endowment principal	(282,219)	(705,042)	987,261	-
Total revenue and support	<u>\$ 4,234,842</u>	<u>\$ (1,704,708)</u>	<u>\$ 4,929,425</u>	<u>\$ 7,459,559</u>
<b>EXPENSES AND LOSSES:</b>				
Grants paid to benefit University of Louisiana at Lafayette for:				
Projects specified by donors	\$ 2,793,098	\$ -	\$ -	\$ 2,793,098
Fundraising	335,888	-	-	335,888
Supporting services:				
Salaries and benefits	48,450	-	-	48,450
Insurance	40,527	-	-	40,527
Office operations	47,497	-	-	47,497
Travel	7,107	-	-	7,107
Professional services	33,428	-	-	33,428
Dues and subscriptions	162	-	-	162
Meetings and development	562	-	-	562
Investment management fee	348,932	-	-	348,932
Interest	386,682	-	-	386,682
Depreciation and amortization	303,398	-	-	303,398
Other expenses	2,639	-	-	2,639
Total expenses	<u>\$ 4,348,370</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 4,348,370</u>

(continued)



UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

STATEMENT OF ACTIVITIES (CONTINUED)  
 Year Ended June 30, 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Change in net assets	\$ (113,528)	\$(1,704,708)	\$ 4,929,425	\$ 3,111,189
Net assets at beginning of year	<u>4,613,440</u>	<u>23,021,943</u>	<u>52,617,124</u>	<u>80,252,507</u>
Net assets at end of year	<u>\$ 4,499,912</u>	<u>\$21,317,235</u>	<u>\$57,546,549</u>	<u>\$83,363,696</u>

See Notes to Financial Statements.

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

STATEMENTS OF CASH FLOWS  
Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
OPERATING ACTIVITIES:		
Change in net assets	\$ 1,475,845	\$ 3,111,189
Adjustments to reconcile change in net assets to operating activities:		
Depreciation	291,410	303,398
Unrealized (gain) loss on investments, net	3,009,665	(1,056,855)
Gain on sales of investments	(2,726,938)	(879,154)
Other	2,677	-
Changes in assets and liabilities -		
Decrease (increase) in assets:		
Contribution receivables	1,679,912	(283,641)
Other assets	1,311,860	(55,006)
Increase (decrease) in liabilities:		
Payables	-	(99,968)
Other liabilities	(460)	(10,673)
Net cash provided by operating activities	<u>\$ 5,043,971</u>	<u>\$ 1,029,290</u>
INVESTING ACTIVITIES:		
Proceeds from sale of land	\$ -	\$ 53,000
Proceeds from sales and maturities of investments	16,634,162	12,938,386
Purchases of investments	(23,276,508)	(17,187,274)
Purchases of fixed assets	-	(38,559)
Increase in funds held in custody	5,857,351	3,382,903
Other	-	53,511
Net cash used in investing activities	<u>\$ (784,995)</u>	<u>\$ (798,033)</u>
FINANCING ACTIVITIES:		
Principal payments on bonds payable	<u>\$ (60,000)</u>	<u>\$ (555,000)</u>
Net cash used in financing activities	<u>\$ (60,000)</u>	<u>\$ (555,000)</u>
Net increase (decrease) in cash	\$ 4,198,976	\$ (323,743)
Cash at beginning of year	<u>6,805,048</u>	<u>7,128,791</u>
Cash at end of year	<u>\$ 11,004,024</u>	<u>\$ 6,805,048</u>

See Notes to Financial Statements.

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization:

The University of Louisiana at Lafayette Foundation, Inc. (the "Foundation") is a nonprofit corporation organized to promote the educational, social, moral and material welfare of the University of Louisiana at Lafayette (the "University") and to receive scholarships, gifts, donations, devices and bequests of money and real and personal properties to become a part thereof, and to invest, care for, manage and control all monies and properties so received, and to disburse the same, and the income there from, as the donors may direct, or in case specific directions are not given, then to such uses as the Board of Trustees of the Foundation may determine, in aid of any of the activities, institutions, interests, purposes and objects of the University.

Significant accounting policies:

Basis of accounting -

The financial statements of the Foundation have been prepared on the accrual basis of accounting.

Contributions and recognition of donor restricted contributions -

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specified purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary 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.

Contributions of noncash assets are recorded at their estimated fair market values at the date of the donation. Contributions of other assets are reported as temporarily 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 some 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.

## NOTES TO FINANCIAL STATEMENTS

### Use of estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Cash and cash equivalents -

Cash and cash equivalents represent demand deposits and certificates of deposit with original maturities of three months or less. Fair value approximates carrying amounts. Certain cash and cash equivalents are restricted as to use based on donor stipulations. Restricted cash amounted to \$9,271,740 and \$6,251,852 as of June 30, 2006 and 2005, respectively.

### Investments -

The Foundation has adopted SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations." Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in temporarily restricted net assets.

### Concentrations of credit risk -

Financial instruments which subject the Foundation to concentrations of credit risk consist primarily of investments in long-term corporate and governmental fixed income instruments; equity holdings of domestic and international corporations; mutual funds which invest primarily in short-term governmental securities; and contributions receivable. The Foundation typically maintains cash and cash equivalents and temporary investments in local banks which may, at times, exceed the Federal Deposit Insurance Corporation (FDIC) limits.

### Tax status -

The Foundation is a Louisiana nonprofit corporation established in 1955. It is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Service Code; accordingly, no provision for income taxes has been made in the financial statements.

### Property, equipment and other investments -

Purchased property and equipment are stated at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Other investments consist of oil and gas royalty interests which are amortized based on cash payments received from the initial donated investment. Inexhaustible assets, such as artwork and other collections, are not depreciated.

## NOTES TO FINANCIAL STATEMENTS

Donations of property and equipment are recorded as support at their estimated fair market value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted support. The Foundation reports expirations of donor restrictions when the donated assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

### Real estate -

Real estate is held for investment purposes and is recorded at fair market value on the date donated.

### Charitable giving through life insurance -

In 1985, the Foundation instituted a "Charitable Giving Through Life Insurance Program" in which whole-life insurance policies are purchased on the lives of individuals, with their permission, with proceeds upon death insuring to the Foundation.

### Grant commitments -

The Foundation considers all state matching funds and unexpended income generated from the entire endowment as funds held in custody.

### Employee benefit plans -

Effective January 1, 1991, the Foundation established a 403(b) plan to provide retirement benefits for employees. Any employee over the age of 18 who has completed one year of service (1,000 hours) is eligible to participate. Participants may contribute to the plan by deferring a portion of their gross salary, within certain IRS imposed limitations for maximum contributions in a given year. The Foundation will match up to 100% of the participant's first 4% of contributions. The amount included in expenses for the years ended June 30, 2006 and 2005 was \$10,876 and \$10,274, respectively.

### Functional allocation of expenses -

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

### Reclassification -

Certain prior period amounts have been reclassified to conform to the current year presentation. These reclassifications had no effect on the total change in net assets as previously reported.

NOTES TO FINANCIAL STATEMENTS

Note 2. Contributions Receivable

Unconditional promises to give are included in the financial statements as contributions receivable and revenue of the appropriate net asset category.

Contributions receivable, net of present value discount of \$930,883 and \$1,051,896 in 2006 and 2005 (based on one year treasury note rates as of June 30 of each year), respectively, are expected to be realized in the following periods:

	2006	2005
In one year or less	\$ 666,191	\$ 416,297
Between one year and five years	1,140,878	796,275
More than five years	2,232,713	3,494,347
	\$ 4,039,782	\$ 4,706,919
Allowance for doubtful accounts	(1,252,775)	(240,000)
	\$ 2,787,007	\$ 4,466,919

Contributions receivable at June 30, 2006 and 2005 have the following restrictions:

	2006	2005
Temporarily restricted by donor imposed stipulations for University programs and activities	\$ 3,088,925	\$ 3,044,745
Endowment for University programs and activities and property acquisitions	950,857	1,662,174
	\$ 4,039,782	\$ 4,706,919

The Foundation's management performs an annual in depth analysis of pledged contributions and determines that certain contributions receivable are no longer collectible. Contributions totaling \$691,210 were written off as of June 30, 2006.

Additionally, management reserved \$1,252,775 and \$240,000 of pledged contributions receivable, which is recorded in the allowance for doubtful accounts as of June 30, 2006 and 2005, respectively. The allowance is based on management's estimate of future losses; actual losses may vary from the current estimate. The estimate is reviewed periodically, taking into consideration the risk characteristics of pledged contributions, past loss experience, general economic conditions and other factors that warrant current recognition. As adjustments to the estimate of future losses become necessary, they are reflected as a provision for bad debts in current-period earnings. Actual pledge losses are deducted from, and subsequent recoveries are added to, the allowance.

NOTES TO FINANCIAL STATEMENTS

Note 3. Investments

Investments are measured at fair value in the statement of financial position. Investments consist of bonds, stocks, mutual funds and certificates of deposit. Realized and unrealized gains and losses on investments, interest and dividends are reflected in the statement of activities within the appropriate net asset category.

Investments are composed of the following at June 30:

	<u>2006</u>	
	<u>Cost</u>	<u>Fair Market Value</u>
Certificates of deposit	\$ 3,053,965	\$ 3,053,965
Bonds	34,581,810	33,084,080
Stocks and mutual funds	49,341,080	57,401,680
	<u>\$86,976,855</u>	<u>\$93,539,725</u>

	<u>2005</u>	
	<u>Cost</u>	<u>Fair Market Value</u>
Certificates of deposit	\$ 3,487,862	\$ 3,487,862
Bonds	32,221,649	32,308,408
Stocks and mutual funds	41,898,061	51,383,838
	<u>\$77,607,572</u>	<u>\$87,180,108</u>

Note 4. Property and Equipment

A summary of property and equipment at June 30 follows:

	<u>2006</u>	<u>2005</u>
Buildings	\$10,057,924	\$10,057,924
Real estate	724,241	724,241
Vehicles	18,800	18,800
Furniture and equipment	413,846	413,846
	<u>\$11,214,811</u>	<u>\$11,214,811</u>
Less: accumulated depreciation	(1,152,104)	(858,018)
	<u>\$10,062,707</u>	<u>\$10,356,793</u>

The assets shown are owned by the Foundation, but the majority of these assets are used by the University in support of its educational activities.

NOTES TO FINANCIAL STATEMENTS

The Foundation constructed an art museum at 101 Girard Park Drive. Plans for the art museum include five phases of construction with a budgeted construction cost of \$15,973,000. The first phase of the art museum called for an approximately thirty-three thousand (33,000) square foot building. The construction has been partially funded through revenue bonds totaling \$8,500,000 issued by the Foundation and will be partially funded from university services. Construction of future phases will begin as funds become available. Construction costs through June 30, 2006 and 2005 were \$8,600,114. The building has been constructed on land, held by the Foundation, with a book value of \$55,000.

Note 5. Funds Held in Custody

One of the Foundation's primary objectives is to raise funds to provide endowed professorships and chairs to the University. The Louisiana Endowment Trust Fund for Eminent Scholars was created by the Louisiana Legislature in 1983 to provide State funds as a challenge grant to eligible public and private institutions which would be responsible for providing matching funds obtained from gifts. Endowed professorships are established at \$100,000, endowed chairs at \$1,000,000 and endowed superchairs at \$2,000,000, with the State providing 40% of the funding once the Foundation has acquired 60% of the principal through private gifts. The University is allowed to apply for the 40% match while maintaining the 60% private gift in the Foundation. Funds are pooled for investment purposes in the Foundation, but the State's 40% match, net of the income and expenses of the endowments, are recognized as a liability to the University under the caption "Funds Held in Custody." The State matching funds managed for the University at June 30, 2006 and 2005 are \$27,404,716 and \$21,547,365, respectively. As of June 30, 2006 and 2005, the University had private gift donations meeting the State match requirements totaling \$822,336 and \$2,931,580, respectively, which had not been funded. As such, the total amount due from the State as of June 30, 2006 and 2005 was \$520,000 and \$1,840,000, respectively.

Total payments to the University from these endowments for chairs and professorships amounted to \$-0- and \$244,224 as of June 30, 2006 and 2005, respectively.

Note 6. Long-Term Debt

Bonds outstanding are as follows:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Outstanding</u>	
				2006	2005
Tax exempt revenue bonds	11/01/99	11/01/14	4.60%	\$ 680,000	\$ 740,000
Tax exempt revenue bonds	03/01/02	03/01/17	4.50%	7,500,00	7,500,000
				<u>\$8,180,000</u>	<u>\$8,240,000</u>



NOTES TO FINANCIAL STATEMENTS

Cash paid for interest during the fiscal years ended June 30, 2006 and 2005 was \$370,561 and \$397,355, respectively.

The bonds with an original issue date of November 1, 1999 totaled \$1,000,000 and were issued through the Lafayette Economic Development Authority (LEDA). The proceeds were used to construct an administration building at 705 East St. Mary Boulevard. Collateral on these bonds is the assignment of all income, revenues or other interest earnings received by the Foundation on its endowment but excluding any income, revenues or interest earnings received by the Foundation through a gift, grant or bequest constituting a restriction imposed by the donor, grantor or testator on such gift, grant or bequest. The annual requirements on this bond issue as of June 30, 2006 are as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 65,000	\$ 29,785	\$ 94,785
2008	65,000	26,795	91,795
2009	70,000	23,690	93,690
2010	70,000	20,470	90,470
2011	75,000	17,135	92,135
2012-2016	<u>335,000</u>	<u>31,625</u>	<u>366,625</u>
	<u>\$ 680,000</u>	<u>\$ 149,500</u>	<u>\$ 829,500</u>

The bonds with an original issue date of February 1, 2002 totaled \$8,500,000 and were issued through the Lafayette Economic Development Authority (LEDA). The proceeds from this bond issue was used to construct an art museum at 101 Girard Park Drive. Collateral on these bonds are the land and building constructed with the bond proceeds, the existing art museum and land located at the corner of Girard Park Drive and St. Mary Boulevard, together with a collateral pledge of all earnings derived from donations to the Foundation specifically for this project and, to the extent permitted by applicable law, fifty percent (50%) of the earnings and the matching principal, non-federal portion of two (2) Title III Endowment Fund accounts maintained by the Foundation which are restricted in part until 2005 as to one of the fund accounts and until 2006 as to the other (these pledged earnings and funds are defined as the "revenues"). Total unexpended funds on these two accounts amounted to \$3,354,561 and \$2,942,273 as of June 30, 2006 and 2005, respectively. Additionally, the mortgage note securing the bond issue is a non-recourse note in which the mortgage holder, in the event of default, agrees to look solely to the real estate mortgaged and the revenues pledged for payment of the amount due. The Foundation shall not be held liable by reason of any default in the payment of the bonds or the performance of any other obligations under the mortgage agreement.

NOTES TO FINANCIAL STATEMENTS

The annual requirements on this bond issue as of June 30, 2006 are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 600,000	\$ 337,500	\$ 937,500
2008	600,000	310,500	910,500
2009	600,000	283,500	883,500
2010	700,000	256,500	956,500
2011	700,000	225,000	925,000
2012-2018	<u>4,300,000</u>	<u>688,500</u>	<u>4,988,500</u>
	<u>\$7,500,000</u>	<u>\$2,101,500</u>	<u>\$9,601,500</u>

Note 7. Net Asset Classification

Temporarily restricted net assets are restricted as to use in the following general areas:

- Chairs and professorships
- Scholarships
- Fundraising
- Operations and supplies
- Travel
- Capital outlay and improvements

Temporarily restricted net assets consisted of the following as of June 30:

	<u>2006</u>	<u>2005</u>
Non endowed donations restricted as to purpose	\$ 9,517,667	\$ 9,913,292
Income on endowments available to satisfy purpose restrictions	<u>9,797,692</u>	<u>11,403,943</u>
	<u>\$19,315,359</u>	<u>\$21,317,235</u>

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

Permanently restricted net assets consisted of the following as of June 30:

	<u>2006</u>	<u>2005</u>
Endowed funds - non 8G	\$32,830,033	\$29,971,240
Endowed - library	150,344	147,524
Endowed - 8 G (Foundation portion)	<u>27,795,743</u>	<u>27,427,785</u>
	<u>\$60,776,120</u>	<u>\$57,546,549</u>

NOTES TO FINANCIAL STATEMENTS

Note 8. Net Assets Released From Restrictions

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

	<u>2006</u>	<u>2005</u>
Payments to benefit University of Louisiana at Lafayette	\$ 3,313,706	\$ 2,793,098
Interest expense	337,901	351,799
Depreciation expense	251,430	254,106
Bad debt expense	1,703,986	-
Other	20,809	-
	<u>\$ 5,627,832</u>	<u>\$ 3,399,003</u>

Note 9. Specified Projects - Program Expenses

The following is a detail of monies paid to benefit the University.

	<u>2006</u>	<u>2005</u>
Agriculture	\$ 1,397	\$ 3,667
Arts and Humanities	62,820	177,298
Athletics	1,330,571	1,330,293
Business Administration	82,590	72,180
CIM Center	1,997	300
Education	-	1,597
Engineering	69,403	105,244
Housing	7,768	18,737
Library	32,507	9,522
Louisiana and Acadian Studies	413,603	65,862
Nursing	2,640	18,165
Scholarships	731,351	608,562
University Art Museum	77,545	83,896
University Services	126,034	105,367
All others	373,480	192,408
	<u>\$ 3,313,706</u>	<u>\$ 2,793,098</u>

The Foundation invests and manages donations and endowed funds for the University. These endowed and non-endowed funds are accounted for as either permanently or temporarily restricted based upon donor restrictions. Each year income from endowed funds is allocated and paid to the University for the specific purpose of the endowment. Non-endowed funds (donations) are allocated to the University based upon donor restrictions. All funds allocated to the University are reflected as program service within the statement of activities.

NOTES TO FINANCIAL STATEMENTS

Note 10. Lease Agreement

The Foundation entered into a lease agreement with the University of Louisiana Board of Supervisors in November 1999 to lease the land at 705 East St. Mary Boulevard (the Foundation's office building). The lease is for 99 years at a rental rate of \$10 annually.

During the fiscal year ended June 30, 2005, the Foundation entered into a lease agreement with the University of Louisiana Board of Supervisors to lease the land at 710 East St. Mary Boulevard (the University Art Museum). The lease is for 99 years at a rental rate of \$10 annually.

Note 11. Disclosure About Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents:

The carrying amount approximates fair value because of the short maturity of those instruments.

Contributions receivable:

Contributions receivable are valued by discounting the expected future cash flows based on the one year treasury note rate as of June 30 of each year. The carrying amount reflected in the financial statements represents the estimated fair market value at the end of the year.

Investments:

Investments are valued at quoted market prices as of the June 30 of each year. Investments are carried at fair market value within the financial statements.

Bonds payable:

Bonds are valued based on the estimated cash outflows expected discounted using market yields on tax exempt bonds with similar maturities.

	<u>(In Thousands)</u>	
	<u>Carrying</u>	<u>Fair</u>
	<u>Amount</u>	<u>Value</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 11,004	\$ 11,004
Contributions receivable	\$ 2,787	\$ 2,787
Investments	\$ 93,540	\$ 93,540
<b>LIABILITIES</b>		
Bonds payable	\$ 8,180	\$ 8,280

NOTES TO FINANCIAL STATEMENTS

Note 12. Allocation method - Endowed Chair and Professorship Program

Currently, the Foundation allocates all investment income of the program assets associated with the Endowed Chair and Professorship Endowments along with any allowable expenses completely to the State portion of these endowments. The Foundation is required to match state funds in order to create an endowment in a ratio of 60% Foundation funds to 40% State funds. As such, the Foundation is considering a change in the method of allocation of income and expenses associated with these endowments to better reflect the Foundation's match.

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# BROUSSARD, POCHÉ, LEWIS & BREAU, L.L.P.

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Donald W. Kelley, CPA\* 2005

REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees of  
University of Louisiana  
at Lafayette Foundation, Inc.  
Lafayette, Louisiana

We have audited the financial statements of University of Louisiana at Lafayette Foundation, Inc. (a nonprofit organization) as of and for the year ended June 30, 2006, and have issued our report thereon dated August 16, 2006, except for Note 12, as to which the date is November 1, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Foundation's internal control over financial reporting 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 over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Foundation's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item #2006-1.

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Society of Louisiana Certified  
Public Accountants

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud 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 over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item #2006-1 to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Board of Trustees, management, others within the Foundation and officials of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

*Broussard, Loch, Lewis & Bryant LLP*

Lafayette, Louisiana  
August 16, 2006



UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2006

We have audited the financial statements of University of Louisiana at Lafayette Foundation, Inc. as of and for the year ended June 30, 2006, and have issued our report thereon dated August 16, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2006 resulted in an unqualified opinion.

Section I - Summary of Auditors' Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses  Yes  No  
Reportable Conditions  Yes  None Reported

Compliance

Compliance Material to Financial Statements  Yes  No

Section II - Financial Statement Findings

**#2006-1 Internal Control (Financial Reporting) - Accounting Software**

**Finding:** During our audit procedures, it was noted that the accounting software currently used by the Foundation does not require a balanced accounting entry to be posted to the general ledger when recording transactions. This can cause difficulties to arise in reconciling control accounts to subsidiary ledgers and reconciliations on a monthly basis.

**Recommendation:** It is our recommendation that the Foundation get with programmers from the University and modify the accounting software utilized to require a balanced entry for all transactions posted into the accounting software.

**Response:** Management concurs with this finding and has discussed and mapped out changes to the accounting programs to require balanced accounting entries. The Office of Information Systems has approved the requested changes and the programmer began work in early August 2006. The changes made are being finalized and management intends to complete the changes and related testing by March 2007.

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

SCHEDULE OF PRIOR YEAR FINDINGS  
For the Year Ended June 30, 2006

Section I. Internal Control and Compliance Material to the Financial Statements

None reported.

Section II. Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III. Management Letter

The prior year's report did not include a management letter.

MANAGEMENT'S CORRECTIVE ACTION PLAN  
Year Ended December 31, 2006

Section I. Internal Control and Compliance Material to the Financial Statements

**#2006-1 Internal Control (Financial Reporting) – Accounting Software**

*Finding:* During our audit procedures, it was noted that the accounting software currently used by the Foundation does not require a balanced accounting entry to be posted to the general ledger when recording transactions. This can cause difficulties to arise in reconciling control accounts to subsidiary ledgers and reconciliations on a monthly basis.

*Recommendation:* It is our recommendation that the Foundation get with programmers from the University and modify the accounting software utilized to require a balanced entry for all transactions posted into the accounting software.

*Corrective Action:* Management concurs with this finding and has discussed and mapped out changes to the accounting programs to require balanced accounting entries. The Office of Information Systems has approved the requested changes and the programmer began work in early August 2006. The changes made are being finalized and management intends to complete the changes and related testing by March 2007.

Section II. Internal Control and Compliance Material to Federal Awards

N/A

Section III. Management Letter

There were no matters reported in a separate management letter for the year ended June 30, 2006.



Responsible party: Julie Bolton Falgout  
Executive Director



## BROUSSARD, POCHE, LEWIS & BREAUX, L.L.P.

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### INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Trustees  
University of Louisiana  
at Lafayette Foundation, Inc.  
Lafayette, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Legislative Auditor of Louisiana, solely to assist you with respect to the accounting records of the University of Louisiana at Lafayette Foundation, Inc. (the "Foundation") for the year ended June 30, 2006. The Foundation's management is responsible for the organization's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

Verified that the Foundation's endowments for the Eminent Scholars Endowed Chairs Program and the Endowed Professorship Program have been managed in compliance with provisions set forth in the Board of Regents Statement of Investment Policy and Objectives.

*No exceptions noted as a result of the above procedure.*

Verified that the annual financial reports for the Eminent Scholars Endowed Chairs Program and the Endowed Professorship Program submitted to the Board of Regents were mathematically accurate and agreed to the accounting records of the Foundation.

*The following exceptions were noted.*

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Public Accountants

\*A Professional Accounting Corporation

- *During our testing of the annual reports of individual endowment accounts, it was noted that some discrepancies existed between those amounts reported to the Board of Regents and the accounting records of the Foundation on some of those tested. These errors appear to have resulted from mathematical as well as input errors into the annual report. Those endowments where discrepancies were noted are as follows:*

Endow #	Line Item	(Understated) / Overstated
1201	Balance	\$4,000.00
4552	Balance	(\$2,000.00)
6724	Balance	\$3,000.00
16571	Balance	\$10,000.00
13586	Interest	\$1,000.00
	Mgmt	
18320	Fee	\$2,861.25
	Inflation	
18376	Amount	(\$1,120.79)

- *During our review of the annual reports filed with the Board of Regents, it was noted that the inflation adjusted baseline was compared to the average market value of program assets over the last five years. However, the Board of Regents Statement and Investment Policy and Objectives section B (Spending Policy) states that "annual spending of up to 5% of the market value of program assets averaged on a consistent basis for the 5 most recent fiscal trust years is allowed provided that the market value of the program assets at the end of the most recent fiscal year exceeds the inflation adjusted baseline." As such, the figure computed as the amount over/under baseline is inconsistent with the policy. On those reports tested this did not appear to effect the planned spending allocated for next fiscal year.*
- *During our review of the annual reports, it was noted that the unrealized gains and losses on program assets associated with the endowed chair and endowed professorships were not properly allocated between the individual endowments. Total unrealized gains and losses allocated did not agree to the accounting records of the foundation.*

Selected a sample of disbursements from the Eminent Scholars Endowed Chairs and the Endowed Professorship Programs in order to verify that the proceeds were used as salaries or as a supplement for salaries or for other expenses related to scholarly work for eligible faculty members.

*No exceptions noted as a result of the above procedure.*

Verified that the Foundation complied with all provisions of the "Joint Operating Agreement" with the University of Louisiana at Lafayette.

*No exceptions noted as a result of the above procedure.*

Verified investment earnings generated from pooled assets involving endowed chair or professorship money have been properly allocated to the chairs and professorships in accordance with the Louisiana Board of Regents Statement of Investment Policy and Objectives.

*No exceptions noted as a result of the above procedure.*

Verified that the value of the state funds held by the Foundation as reported in its audited financial statements is equal to the amount recorded in the University's books.

*No exceptions noted as a result of the above procedure.*

The audited book balance at June 30, 2006 and 2005 of the University of Louisiana at Lafayette investments (state funds only) held by the Foundation was \$27,404,716 and \$21,547,365, respectively.

The audited fair value at June 30, 2006 and 2005 of the University of Louisiana at Lafayette investments (state funds only) held by the Foundation was \$27,404,716 and \$21,547,365, respectively.

Types of investments held by the Foundation for the University of Louisiana at Lafayette include equities, fixed income investments and money market accounts. These investments were confirmed 100%.

Sources used to determine fair market value of investments include monthly investment statements indicating fair value which are prepared by external brokers.

The Foundation does not utilize an investment pool for purposes of placing and investing funds associated with the Endowed Chairs and Professorship endowments. Funds are invested in individual securities by various outside external brokers and overseen by an investment advisor to the Foundation who reports on a routine basis with respect to portfolio performance and comparisons.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the specified elements. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Foundation, the University of Louisiana at Lafayette, the University of Louisiana System, the Louisiana Board of Regents and the Louisiana Legislative Auditors' Office and should not be used by anyone other than these specified parties.

*Broussard, Roche, Lewis & Brant LLP*

Lafayette, Louisiana  
October 18, 2006

## EXHIBIT A

- 803 A-CIM T/C ADOPT-A-PROFESSORSHIP
- 807 AAMA/LEQSF REGENTS PROFESSORSHIP
- 808 1994 TC/LEQSF REGENTS PROFESSORSHIP
- 809 A-CIM/BORSF PROFESSORSHIP IN ENGINEERING
- 811 A-CIM/BORSF PROFESSORSHIP IN ENGINEERING II
- 1001 ACADIANA AMBULANCE CHAIR I
- 1007 ACADIANA BUSINESS ECONOMIST
- 1012 ACADIAN HOME BUILDERS ASSOCIATION
- 1201 ACADIANA BOTTLING/BORSF PROFESSORSHIP
- 1352 ELIAS "BO" ACKAL, JR./BORSF
- 1370 DORIS & MIKE ADERMAN - HAWTHORNE CENTER
- 1371 ADOPT-A-PROF IN COMMUNICATIONS
- 1542 ALUMNI ASSOC. ADOPT-A-PROFESSOR
- 1780 DWIGHT ANDRUS, JR./BORSF EMINENT
- 1866 KEN ARDOIN/KATHLEEN B. BLANCO
- 1923 ATMOS ENERGY/BORSF PROFESSORSHIP
- 1940 DR. RAY P. AUTHEMENT/BORSF
- 2238 BELL SOUTH ADOPT-A-PROFESSOR
- 2245 LEQSF REGENTS PROFESSORSHIP IN BUSINESS
- 2318 DR BIENVENU & HAUSER/BORSF
- 2328 LIONEL BILLEAUD/BENEVIEVE
- 2340 RAMON E. BILLEAUD/BORSF
- 2395 BEN BLANCO MEMORIAL/BORSF
- 2440 MELVIN R. BOESCH PROF. BUSINESS
- 2479 BORSF PROFESSORSHIP IN FOREIGN LANGUAGES
- 2480 BORSF PROFESSORSHIP-FRANCOPHONE STUDIES
- 2482 BORSF PROFESSORSHIP IN WATER STUDIES
- 2530 MARVIN & WARREN BOUDREAUX CHEMISTRY I
- 2531 MARVIN & WARREN BOUDREAUX CHEMISTRY II
- 2532 MARVIN & WARREN BOUDREAUX CHEMISTRY III
- 2533 MARVIN & WARREN BOUDREAUX CHEMISTRY IV
- 2588 THE BOUSTANY CHAIR FUND
- 2626 GENE BRAUNS-UDENHOVEN/BORSF
- 2730 EMILY CYR BRIDGES/BORSF ART
- 2930 J. J. & HELEN BURDIN LEQSF
- 2931 PHILIP J. BURGUIERES/BORSF
- 2933 CHERYL COURREGE BURGUIERES
- 2934 EMMA LOUISE LEBLANC BURGUIERES
- 2942 PAUL BURDIN/BORSF IN BUSINESS I
- 2943 PAUL BURDIN/BORSF IN BUSINESS II
- 2944 PAUL BURDIN/BORSF IN BUSINESS III
- 2945 PAUL BURDIN/BORSF IN EDUCATION
- 3040 HAROLD CALLAIS/BORSF PROFESSORSHIP
- 3055 CAPELL/FRAYARD BORSF PROFESSIONAL
- 3196 E. J. CHATELAIN/BORSF BUSINESS
- 3233 CHEVRON II ADOPT-A-PROF PETROLEUM
- 3235 CHEVRON I ADOPT-A-PROF PETROLEUM
- 3236 CHEVRON/LEQSF PROF. IN ENGINEERING
- 3311 DR GLORIA & ROBERT CLINE/BORSF

## EXHIBIT A

3328 COCA COLA/BORSF HOSPITALITY  
3342 COCA-COLA/BORSF HOSPITALITY II  
3348 COCA COLA/BORSF HOSPITALITY III  
3349 COCA COLA/BORSF MATHEMATICS  
3350 COCA-COLA/BORSF HOSPITALITY IV  
3351 COCA-COLA/BORSF IN MARKETING  
3352 COCA-COLA/BORSF HOSPITALITY V  
3353 COCA-COLA/BORSF IN MARKETING II  
3354 COCA COLA/BORSF HOSPITALITY VI  
3355 COCA COLA/BORSF ART & ARCHITECTURE  
3384 DR. TOMMY COMEAUX/BORSF MUSIC I  
3386 DR. TOMMY COMEAUX/BORSF MUSIC II  
3387 DR. TOMMY COMEAUX/BORSF MUSIC III  
3388 DR. TOMMY COMEAUX/BORSF MUSIC IV  
3389 DR. TOMMY COMEAUX/BORSF MUSIC V  
3391 DR. TOMMY COMEAUX/BORSF MUSIC VI  
3415 COMMUNITY COFFEE COMPANY  
3435 COMPUTER SCIENCE EMINENT SCHOLAR TRUST  
3456 CONTRACTORS EDUC TRUST-ART  
3457 CONTRACTORS EDUC TRUST-CIVIL  
3458 CONTRACTORS EDUC TRUST-PETROLEUM  
3463 DR & MRS SAMMIE W. COSPER/BORSF  
3800 RICHARD D'AQUIN/BORSF PROFESSORSHIP  
4341 MARY E. DICHMANN/BORSF ENGLISH  
4552 FORREST K. DOWTY/BORSF  
4561 JIM/CHARLOTTE DOYLE/BORSF  
5646 A-CIM ENGINEERING ADOPT-A-PROFESSOR  
5655 ENGINEERING EMINENT SCHOLAR  
6051 M. ELOI GIRARD ENGINEER I  
6052 M. ELOI GIRARD ENGINEER II  
6053 M. ELOI GIRARD ENGINEER III  
6101 RUTH S. GIRARD MUSIC/LEQSF I  
6102 RUTH S. GIRARD MUSIC/LEQSF II  
6103 RUTH S. GIRARD MUSIC/LEQSF III  
6360 BANK ONE (FNB)/LEQSF REGENTS  
6361 BANK ONE (FNB) I/BORSF  
6362 BANK ONE (FNB) II/BORSF  
6724 JEAN JACQUES/AUORE LABBE FOURNET  
6812 FREEPORT MCMORAN/LEQSF REGENTS  
6820 FRIENDS OF THE HUMANITIES/LEQSF  
6828 FRIEND OF EDITH GARLAND DUPRE  
7000 MR/MRS TOM GALLOWAY/BORSF  
7001 MR/MRS TOM GALLOWAY/BORSF II  
7125 HEYMANN/LEQSF REGENTS PROFESSORSHIP  
7495 CHARLES R. GODCHAUX/BORSF  
7678 DR GLYNN GRANGER/BORSF IN PRE-MED  
7680 WILLIS GRANGER/TOM DEBAILLON I  
7681 WILLIS GRANGER/TOM DEBAILLON II  
8030 HAIG/LEQSF REGENTS PROFESSORSHIP I



## EXHIBIT A

8032 HAIG/BORSF PROFESSORSHIP II  
8033 HAIG/BORSF PROFESSORSHIP III  
8034 HAIG/BORSF PROFESSORSHIP IV  
8035 HAIG/PORSF PROFESSORSHIP V  
8061 W. HANSEN HALL BORSF TELECOMMUNICATIONS  
8062 W. HANSEN HALL BORSF TELECOMMUNICATIONS  
8063 W. HANSEN HALL BORSF COMPUTER  
8116 THE SAGRERA FAMILY MEMORIAL  
8200 DORIS HAWTHORNE EMINENT SCHOLAR  
8201 DORIS HAWTHORNE/LEQSF COMMUNICATIVE I  
8202 DORIS HAWTHORNE/LEQSF COMMUNICATIVE II  
8203 DORIS HAWTHORNE/LEQSF COMMUNICATIVE III  
8204 DORIS HAWTHORNE/LEQSF COMMUNICATIVE IV  
8355 HEYMANN/LEQSF REGENTS PROFESSORSHIP  
8420 HIBERNIA NATIONAL BANK/BORSF  
8492 HOME BANK/BORSF PROFESSORSHIP  
9100 IBERIA GENERAL HOSPITAL PROFESSORSHIP  
9152 IBERIABANK/BORSF PROFESSORIP  
12030 LABORDE & NEUNER/LEQSF REGENTS  
12069 LGMC/OLOL BORSF CHAIR  
12071 LGMC/BORSF PROFESSORSHIP NURSING  
12083 LGMC/BORSF PROFESSORSHIP NURSING II  
12130 LAGCOE/BORSF PETROLEUM ENGINEERING  
12284 FRITZ LANG/BORSF PROFESSORSHIP  
12310 CHUCK & SUE LEIN/BORSF PROFESSORSHIP  
12349 RED LERILL'S ADOPT-A-PROFESSOR  
12402 FLORA LEVY/BORSF PROFESSORSHIP  
12610 LOCKHEED MARTIN/BORSF PROFESSORSHIP I  
12611 LOCKHEED MARTIN/BORSF PROFESSORSHIP II  
12612 LOCKHEED MARTIN/BORSF PROFESSORSHIP III  
12613 LOCKHEED MARTIN/BORSF PROFESSORSHIP IV  
12773 LGMC/BORSF IN HEALTH CARE  
12878 LOUISIANA REAL ESTATE COMMISSION  
13143 MSTC/BORSF PROFESSORSHIP SAFETY  
13241 MCDERMOTT INT'L INC. PROFESSORSHIP  
13290 MECHANICAL ENGINEERING REGENTS  
13380 DR. DORIS MERIWETHER/BORSF  
13485 MID-WINTER FAIR ADOPT-A-PROFESSOR  
13487 MIDSOUTH NATIONAL BANK/BORSF  
13492 CHARLES/VICKI MILAM/BORSF  
13518 JOSEPH MONTIEL/BORSF PROFESSORSHIP/ENGLISH  
13519 JOSEPH MONTIEL/BORSF PROFESSORSHIP/LANUAGE  
13521 MOODY/BORSF CHAIR-REGIONAL  
13586 ANTHONY D. MOROUX/BORSF PROFESSORSHIP I  
13587 ANTHONY D. MOROUX/BORSF PROFESSORSHIP II  
13588 ANTHONY D. MOROUX/BORSF PROFESSORSHIP III  
13800 E. P. NALLEY/LEQSF-APPLIED  
13801 E. P. NALLEY/LEQSF - BUSINESS  
13802 E. P. NALLEY/LEQSF- EDUCATION

## EXHIBIT A

13803 E. P. NALLEY/BORSF BUSINESS  
14210 J. MADISON NELSON/BORSF PROFESSORSHIP  
14660 NORTHWESTERN MUTUAL FIN. NETWORK  
15550 O'KREPKI ADOPT-A-PROF TELECOMMUNICATION  
15654 OUR LADY OF LOURDES/LEQSF PROFESSORSHIP  
16420 PETROLEUM HELICOPTERS/LEQSF  
16571 PHILIP/JEAN PICCIONE/BORSF STATISTICS  
16572 PHILIP/JEAN PICCIONE/BORSF HEALTH CARE  
16715 DUDLEY PLAISANCE, SR/BORSF HEALTH CARE  
16716 DUDLEY PLAISANCE, SR/BORSF NURSING  
16838 JIM & PAT PRINCE/BORSF ACCOUNTING I  
16839 JIM & PAT PRINCE/BORSF ACCOUNTING II  
16841 KATHY AUTHEMENT PROUET BORSF  
16950 G. FRANK PURVIS, JR. CHAIR  
18320 J. ROBERT RIVET, MD/BORSF  
18376 LOYD J. ROCKHOLD CHAIR  
18377 LOYD J. ROCKHOLD PROFESSORSHIP  
18651 HARMON ROY FAMILY EDUCATION FOUNDATION  
18801 PATRICK RUTHERFORD/BORSF PROFESSORSHIP  
19060 THE SALOOM CHAIR FOUNDATION  
19176 OLGA RICHARD SCHILLING/BORSF  
19179 EDWARD G. SCHLIEDER EDUCATION FOUNDATION  
19410 SLEMCO ADOPT-A-PROF ART/ARCHITECTURE  
19411 SLEMCO ADOPT-A-PROF APPLIED LIFE SCIENCES  
19412 SLEMCO ADOPT-A-PROF IN EDUCATION  
19413 SLEMCO ADOPT-A-PROF IN NURSING  
19414 SLEMCO/LEQSF REGENTS IN BUSINESS  
19416 SLEMCO/LEQSF REGENTS IN ENGINEERING  
19417 SLEMCO/LEQSF GENERAL STUDIES  
19418 SLEMCO/LEQSF LIBERAL ARTS  
19419 SLEMCO/LEQSF REGENTS IN SCIENCE  
19420 SLEMCO BORSF APPLIED LIFE II  
19421 SLEMCO/BORSF NURSING PROFESSORSHIP II  
19422 SLEMCO/BORSF EDUCATION PROFESSORSHIP II  
19423 SLEMCO/BORSF ENGINEERING PROFESSORSHIP  
19425 ALVIN AND PATRICIA SMITH/LEQSF  
19743 J WESLEY STEEN MEMORIAL PROFESSORSHIP  
19770 STATE FARM ADOPT-A-PROFESSOR  
19819 STULLER FAMILY/BORSF CHAIR  
19820 STULLER SETTINGS-MATTHEW STULLER  
19821 STULLER FAMILY/BORSF PROFESSORSHIP  
20824 REVIS & LORRAINE SIRMON PROFESSORSHIP  
21525 UNOCAL CORPORATION PROFESSORSHIP  
21602 USL ADOPT-A-PROF IN SOCIAL SCIENCES  
21663 HUMANITIES EMINENT SCHOLAR  
21669 UL FED CREDIT UNION/LEQSF  
21675 UL FEDERAL CREDIT UNION II/BORSF  
22160 M/M ADRIAN VEGA/BORSF NURSING  
22180 VAN EATON & ROMERO BORSF

## EXHIBIT A

22345 MARGARET CHAUVIN STEEN VILLEMEZ/LEQSF  
23090 SHELIA ARDOIN WALSH/BORSF  
23258 WHITNEY NATIONAL BANK/BORSF  
23263 FANNY E. WINN/LEQSF PROFESSORSHIP  
23264 EDITH WINN ESTATE/BORSF PROFESSORSHIP  
23401 DR. DONALD B. WILLIAMS/ LEQSF PROFESSORSHIP  
23434 DR. JAMES D. WILSON/LEQSF PROFESSORSHIP



THE UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION  
*Université des Acadiens*

Corrective Action Plan  
Agreed Upon Procedures  
Endowed Chair and Endowed Professorship Programs  
October 18, 2006

**Finding:** During our testing of the annual reports of individual endowment accounts, it was noted that some discrepancies existed between those amounts reported to the Board of Regents and the accounting records of the Foundation on some of those tested. These errors appear to have resulted from mathematical as well as input errors into the annual report. Those endowments where discrepancies were noted are as follows:

Endow #	Line Item	(Understated) / Overstated
1201	Balance	\$4,000.00
4552	Balance	(\$2,000.00)
6724	Balance	\$3,000.00
16571	Balance	\$10,000.00
13586	Interest	\$1,000.00
	Mgmt	
18320	Fee	\$2,861.25
	Inflation	
18376	Amount	(\$1,120.79)

**Corrective Action:** The Foundation will file corrected annual reports with the Board of Regents for the year ending June 30, 2006. Additionally, the Foundation will implement controls over the annual reporting process to the Board of Regents to help ensure that the annual reports filed accurately reflect information as recorded within the accounting records of the Foundation.

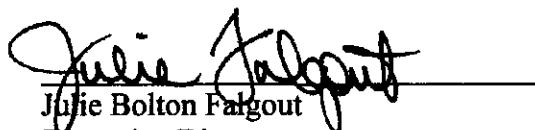
**Finding:** During our review of the annual reports filed with the Board of Regents, it was noted that the inflation-adjusted baseline was compared to the average market value of program assets over the last five years. However, the Board of Regents Statement and Investment Policy and Objectives section B (Spending Policy) states that "annual spending of up to 5% of the market value of program assets averaged on a consistent basis for the 5 most recent fiscal trust years is allowed provided that the market value of the program assets at the end of the most recent fiscal year exceeds the inflation adjusted baseline." As such, the figure computed as the amount over/under baseline is inconsistent with the policy. On those reports tested this did not appear to effect the planned spending allocated for next fiscal year.

**Corrective Action:** The Foundation will file corrected annual reports with the Board of Regents for the year ending June 30, 2006. Additionally, the Foundation will implement controls over the annual reporting process to the Board of Regents to help ensure that the annual reports filed accurately reflect information as recorded within the accounting records of the Foundation.

**Finding:** During our review of the annual reports, it was noted that the unrealized gains and losses on program assets associated with the endowed chair and endowed professorships were not properly allocated between the individual endowments. Total unrealized gains and losses allocated did not agree to the accounting records of the foundation.

**Corrective Action:** The Foundation will file corrected annual reports with the Board of Regents for the year ending June 30, 2006. Additionally, the Foundation will implement controls over the annual reporting process to the Board of Regents to help ensure that the annual reports filed accurately reflect information as recorded within the accounting records of the Foundation.

Sincerely,



Julie Bolton Falgout  
Executive Director

University of Louisiana at Lafayette Foundation, Inc.