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MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION

Financial Report

**June 30, 1999
(with comparative totals for 1998)**



Scalisi, Myers & White (APC)
CERTIFIED PUBLIC ACCOUNTANTS
LAKE CHARLES, LOUISIANA

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited 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 NOV 03 1999

**MCNEESE STATE UNIVERSITY
ALUMNI ASSOCIATION**

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**June 30, 1999
(with comparative totals for 1998)**

**Scalisi, Myers & White (APC)
LAKE CHARLES, LOUISIANA**

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A CORPORATION OF
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
McNeese State University Alumni Association
Lake Charles, Louisiana

We have audited the accompanying statement of financial position of McNeese State University Alumni Association (a nonprofit organization) as of June 30, 1999, and the related statements of activity, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 and 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 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 McNeese State University Alumni Association as of June 30, 1999, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Scalisi, Myers & White (APC)

September 3, 1999

McNeese State University Alumni Association

STATEMENT OF FINANCIAL POSITION

June 30, 1999
(with comparative totals for 1998)

ASSETS

		(Memorandum Only)
	<u>1999</u>	<u>1998</u>
CURRENT ASSETS		
Cash on hand	\$ 128	\$ 40
Cash in bank	224,794	151,695
Certificates of deposit	39,455	37,756
Restricted cash	36,710	21,826
Prepaid expenses	<u>833</u>	<u>0</u>
Total current assets	301,920	211,317
PROPERTY AND EQUIPMENT, at cost (Note B-1 and D)		
Building improvements	1,473	1,473
Office equipment	<u>49,746</u>	<u>49,395</u>
	51,219	50,868
Less accumulated depreciation	<u>28,337</u>	<u>24,916</u>
	<u>22,882</u>	<u>25,952</u>
	<u>\$ 324,802</u>	<u>\$ 237,269</u>

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

Scalisi, Myers & White (APC)
LAKE CHARLES, LOUISIANA

LIABILITIES AND NET ASSETS

	<u>1999</u>	(Memorandum Only) <u>1998</u>
CURRENT LIABILITIES		
Accounts payable	\$ 21,789	\$ 5,187
Income taxes payable (Note B-2)	<u>0</u>	<u>358</u>
Total current liabilities	21,789	5,545
NET ASSETS		
Unrestricted		
Board designated	62,155	1,640
Operating	137,047	147,178
Fixed assets	<u>22,882</u>	<u>25,952</u>
Total unrestricted	222,084	174,770
Temporarily restricted (Note E)	44,264	35,128
Permanently restricted (Note F)	<u>36,665</u>	<u>21,826</u>
Total net assets	<u>303,013</u>	<u>231,724</u>
Total liabilities and net assets	<u>\$ 324,802</u>	<u>\$ 237,269</u>

Scalisi, Myers & White (APC)
LAKE CHARLES, LOUISIANA

McNeese State University Alumni Association

STATEMENT OF ACTIVITIES

Year Ended June 30, 1999
(with comparative totals for 1998)

	1999				(Memorandum Only) 1998
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>
Public Support, Revenues and Reclassifications					
Public Support:					
Contributions	\$ 85,340	\$ 36,992	\$ 677	\$ 123,009	\$ 94,825
Dues	<u>0</u>	<u>100</u>	<u>0</u>	<u>100</u>	<u>280</u>
	85,340	37,092	677	123,109	95,105
Revenues and Reclassifications					
Coke machine	125	0	0	125	86
Homecoming	23,095	0	0	23,095	21,196
Interest	8,363	0	1,047	9,410	6,415
License plate revenue	0	4,075	0	4,075	3,325
Loss on disposal of assets	(222)	0	0	(222)	(67)
ML Golf Tournament	0	23,825	0	23,825	17,780
Miscellaneous programs	2,544	0	0	2,544	3,941
Rent income	80	0	0	80	300
Sales income	80	0	0	80	505
Telephone income	1,310	874	0	2,184	2,294
Visa card income	<u>14,596</u>	<u>0</u>	<u>0</u>	<u>14,596</u>	<u>19,527</u>
	49,971	28,774	1,047	79,792	75,302
Net assets released from restrictions: (Note E)					
Satisfaction of program restrictions	<u>(991)</u>	<u>(26,117)</u>	<u>0</u>	<u>(27,108)</u>	<u>(28,774)</u>
Total public support and revenues	<u>134,320</u>	<u>39,749</u>	<u>1,724</u>	<u>175,793</u>	<u>141,633</u>
Expenses:					
Program services:					
Alumni events	9,218	0	0	9,218	14,997
Awards	1,523	0	0	1,523	1,948
Homecoming	9,852	0	0	9,852	16,470
MSU donations	21,161	0	0	21,161	1,509
Scholarships	3,750	0	900	4,650	3,400
ML Golf Tournament Cup	<u>0</u>	<u>16,467</u>	<u>0</u>	<u>16,467</u>	<u>0</u>
	45,504	16,467	900	62,871	38,324
Supporting services:					
General administration:					
Auditing and accounting	1,500	0	0	1,500	1,400
Auto expense	0	0	0	0	2,925

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

Scalisi, Myers & White (APC)

LAKE CHARLES, LOUISIANA

(Memorandum Only)

	1999			1998	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>
Supporting services - continued					
Community support	0	0	0	0	1,233
Computer expenses	3,396	0	0	3,396	2,000
Depreciation (Note B-1)	4,228	0	0	4,228	3,604
Dues	182	0	0	182	84
Entertainment	0	0	0	0	190
Labor	806	0	0	806	2,858
Legislative expense	596	0	0	596	318
Meetings	1,432	0	0	1,432	2,200
Office	3,504	0	0	3,504	3,705
Printing	3,428	0	0	3,428	3,090
Promotion	6,837	0	0	6,837	3,331
Recruiting	2,038	0	0	2,038	1,484
Repairs	183	0	0	183	112
Rent	86	0	0	86	170
Supplies	2,668	0	0	2,668	2,483
Travel	<u>1,317</u>	<u>0</u>	<u>0</u>	<u>1,317</u>	<u>820</u>
	32,201	0	0	32,201	32,007
Fund raising	<u>7,200</u>	<u>0</u>	<u>0</u>	<u>7,200</u>	<u>7,613</u>
Total support services	<u>39,401</u>	<u>0</u>	<u>0</u>	<u>39,401</u>	<u>39,620</u>
Total expenses	<u>84,905</u>	<u>16,467</u>	<u>900</u>	<u>102,272</u>	<u>77,944</u>
Change in net assets before income taxes	49,415	23,282	824	73,521	63,689
Income taxes, current portion (Note B-2)	<u>2,101</u>	<u>131</u>	<u>0</u>	<u>2,232</u>	<u>3,123</u>
Change in net assets	47,314	23,151	824	71,289	60,566
Net assets beginning of year	174,770	35,128	21,826	231,724	171,158
Transfer to endowed scholarships	<u>0</u>	<u>(14,015)</u>	<u>14,015</u>	<u>0</u>	<u>0</u>
Net assets end of year	<u>\$ 222,084</u>	<u>\$ 44,264</u>	<u>\$ 36,665</u>	<u>\$ 303,013</u>	<u>\$ 231,724</u>

Scalisi, Myers & White (APC)
LAKE CHARLES, LOUISIANA

McNeese State University Alumni Association

STATEMENT OF CASH FLOWS

Year Ended June 30, 1999
(with comparative totals for 1998)

	(Memorandum Only)	
	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM OPERATION ACTIVITIES		
Contributions and dues	\$ 123,109	\$ 95,105
Interest received	9,410	6,415
Miscellaneous revenues collected	70,604	68,954
Cash paid for program services and to satisfy donor restrictions	(71,696)	(63,782)
Cash paid for supporting services	(29,654)	(26,604)
Cash paid for fundraising	(7,200)	(7,613)
Income taxes paid	<u>(3,423)</u>	<u>(3,620)</u>
Net cash provided by operating activities (Note G)	91,150	68,855
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	<u>(1,380)</u>	<u>(3,584)</u>
Net cash used in investing activities	<u>(1,380)</u>	<u>(3,584)</u>
Net increase in cash and cash equivalents	89,770	65,271
Cash and cash equivalents, beginning of period	<u>211,317</u>	<u>146,046</u>
Cash and cash equivalents, end of period	<u>\$ 301,087</u>	<u>\$ 211,317</u>

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

Scalisi, Myers & White (APC)
LAKE CHARLES, LOUISIANA

McNeese State University Alumni Association

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE A - ORGANIZATION AND NATURE OF ACTIVITIES

McNeese State University Alumni Association is a non-profit organization organized to stimulate and nurture alumni interest in McNeese State University in order to enhance the university in its mission to provide support for students in the education and training needed to participate more effectively in the intellectual, economic, social and cultural life of our society. The Association's support comes primarily from individual donor's contributions.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Property and Equipment

Property and equipment are stated at cost or fair market value at date of gift. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, which range from 5 to 10 years. Depreciation amounted to \$4,228 for the year ended June 30, 1999. The Association follows the practice of capitalizing all expenditures for property and equipment in excess of \$100.

2. Income Taxes

McNeese State University Alumni Association is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the agency has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the code. The organization is subject to income tax on unrelated business income which includes the Visa card and long distance telephone programs. Income tax amounted to \$2,232 for the year ended June 30, 1999.

3. Contributed Facilities, Supplies and Personnel

McNeese State University (the University) owns the facility that houses the McNeese State University Alumni Association (the Association). The office space is provided at no cost to the Association. The University collects a \$1 assessment from each student to supplement their cost of providing postage, supplies, etc. to the Association. The University also pays the salaries of the two full-time positions at the Association. The estimated fair value of these contributed items is not recorded.

McNeese State University Alumni Association

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 1999

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's 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.

NOTE C - 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 among the programs and supporting services benefited.

NOTE D - CHANGES IN PROPERTY AND EQUIPMENT

Office Equipment, beginning of period	\$ 49,395
Purchases of Office Equipment - at cost	1,380
Dispositions of equipment - at cost	<u>(1,029)</u>
Office Equipment, end of period	<u>\$ 49,746</u>

McNeese State University Alumni Association

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 1999

NOTE E - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

Periods after June 30, 1999	\$ 43,489
Program activities:	
Louisiana License Plate Program - Scholarships	<u>775</u>
Total temporarily restricted net assets	<u>\$ 44,264</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donors as follows:

Purpose restriction accomplished	
Alumni Chapters	\$ 7,741
MSU Donations	15,267
Scholarships	<u>4,100</u>
	<u>\$ 27,108</u>

NOTE F - PERMANENTLY RESTRICTED NET ASSETS

Net assets were permanently restricted for the following purposes at June 30, 1999:

Endowed Scholarships	<u>\$ 36,665</u>
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McNeese State University Alumni Association

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 1999

NOTE G - STATEMENTS OF CASH FLOWS

Reconciliation of excess support over expenses to net cash provided by operating activities.

	<u>1999</u>	<u>1998</u>
Excess of support over expenses	\$ 71,289	\$ 60,566
Adjustments to reconcile excess of support over expenses to net cash provided by operating activities:		
Depreciation	4,228	3,604
Disposal of assets	222	239
In-kind donations	0	67
Net (increase) decrease in:		
Prepaid expenses	(833)	2,018
Net increase (decrease) in:		
Accounts payable	16,602	2,858
Income tax payable	<u>(358)</u>	<u>(497)</u>
Net cash provided by operating activities	<u>\$ 91,150</u>	<u>\$ 68,855</u>

For purposes of the statement of cash flows, cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

SUPPLEMENTAL INFORMATION

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

**Board of Directors
McNeese State University Alumni Association
Lake Charles, Louisiana**

We have audited the financial statements of McNeese State University Alumni Association (a nonprofit organization) as of and for the year ended June 30, 1999, and have issued our report thereon dated September 3, 1999.

We conducted our audit in accordance with generally accepted auditing standards, and 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.

The management of McNeese State University Alumni Association 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.

In planning and performing our audit of the financial statements of McNeese State University Alumni Association for the year ended June 30, 1999, 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.

Due to the small size of MSU Alumni Association's office staff it is not possible to have, segregation of duties consistent with appropriate control objectives.

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 is a material weakness.

This report is intended for the information of the board of directors, management, and the legislative auditor. However, this report is a matter of public record, and its distribution is not limited.

Scalisi, Myers & White (APC)

September 3, 1999



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

**Board of Directors
McNeese State University Alumni Association
Lake Charles, Louisiana**

We have audited the financial statements of McNeese State University Alumni Association (a nonprofit organization) as of and for the year ended June 30, 1999, and have issued our report thereon dated September 3, 1999.

We conducted our audit in accordance with generally accepted auditing standards and 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.

Compliance with laws, regulations, contracts, and grants applicable to McNeese State University Alumni Association is the responsibility of McNeese State University Alumni Association's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of McNeese State University Alumni Association'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 instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the board of directors, management, and the legislative auditor. However, this report is a matter of public record, and its distribution is not limited.

Scalisi, Myers & White (APC)
September 3, 1999