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**LOUISIANA TECH UNIVERSITY
ALUMNI ASSOCIATION, INC.**

FINANCIAL REPORT
JUNE 30, 1999

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 10/30/02

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.
FINANCIAL REPORT
JUNE 30, 1999

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DON M. McGEHEE
(A Professional Accounting Corporation)
P.O. Box 1344
806 North Trenton
Ruston, Louisiana 71273-1344

INDEPENDENT AUDITOR'S REPORT

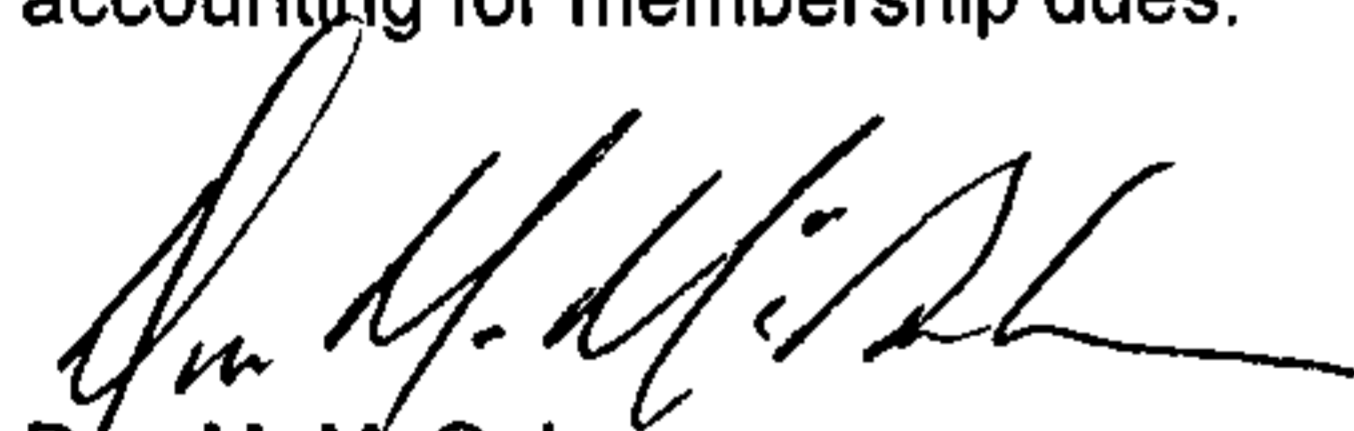
To the Board of Trustees
Louisiana Tech University Alumni Association, Inc.
T.S. Box 3183
Ruston, Louisiana 71272-0001

I have audited the accompanying statement of financial position of Louisiana Tech University Alumni Association, Inc. as of June 30, 1999 and June 30, 1998, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I 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. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Tech University Alumni Association, Inc. as of June 30, 1999 and June 30, 1998, and the changes in net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

As discussed in Note 9 to the financial statements, in 1999 the Association changed its method of accounting for membership dues.



Don M. McGehee
Certified Public Accountant

October 27, 1999

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 46,009	\$ 45,179
Investments	32,271	0
Accounts Receivable	0	90
Accrued Investment Income	6	0
Unused Credit on Return of Equipment	4,425	0
Prepaid Expenses	<u>261</u>	<u>624</u>
TOTAL CURRENT ASSETS	82,972	45,893
Equipment - Net of Accumulated Depreciation	<u>39,525</u>	<u>14,807</u>
TOTAL ASSETS	\$ <u>122,497</u>	\$ <u>60,700</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 89	\$ 13,845
Current Maturities of Long-Term Debt	6,514	4,406
Accrued Interest	188	11
Deferred Revenue	<u>9,500</u>	<u>0</u>
TOTAL CURRENT LIABILITIES	<u>16,291</u>	<u>18,262</u>
LONG-TERM DEBT	<u>20,297</u>	<u>2,711</u>
TOTAL LIABILITIES	<u>36,588</u>	<u>20,973</u>
NET ASSETS		
Unrestricted	<u>85,909</u>	<u>39,727</u>
TOTAL NET ASSETS	<u>85,909</u>	<u>39,727</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>122,497</u>	\$ <u>60,700</u>

See accompanying notes to financial statements.

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

STATEMENT OF ACTIVITIES FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

	1999	1998
CHANGES IN NET ASSETS:		
Revenues and Gains		
Alumni Activities and Events	\$ 52,343	\$ 108,533
Contributions	646	1,899
Donated Goods, Services, Computers, and Facilities	188,866	170,420
Frame Sales	715	275
Gain on Sale/Transfer of Asset	10,231	0
Income from Investments	3,440	0
Interest Income	627	740
Merchandise and Catalog Sales	0	407
Membership Dues	103,905	106,535
Lifetime Membership Dues	33,900	0
Royalties	6,223	5,477
Total Unrestricted Revenues and Gains	400,896	394,286
EXPENSES		
Program Services		
Alumni Activities and Events	191,189	244,883
Alumni News	54,003	39,279
Hall of Distinguished Alumni	6,498	5,000
Library Fund	2,000	2,000
Louisiana CASE Meeting Sponsored	0	6,963
Quest for Quality Fund	0	5,000
Scholarships	12,000	12,000
Student Activity Promotions	3,734	5,569
Supporting Services		
Administrative Services		
Accounting	3,310	3,390
Building Use	15,360	15,360
Computer Use and Maintenance	15,479	13,756
Office Supplies	783	1,635
Other	66	114
Salaries and Benefits	25,173	22,854
Telephone	190	204
Alumni Promotions and Souvenirs	7,508	6,884
Membership Mail Out	17,005	20,352
Cost of Merchandise and Catalog Sales	0	280
Cost of Frame Sales	416	694
Total Expenses	354,714	406,217
TOTAL INCREASE (DECREASE) IN NET ASSETS	46,182	(11,931)
NET ASSETS - BEGINNING OF YEAR	39,727	51,658
NET ASSETS - END OF YEAR	\$ 85,909	\$ 39,727

See accompanying notes to financial statements.

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

STATEMENT OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Members and Others	\$ 207,322	\$ 224,287
Interest Income Received	1,322	740
Cash Payments for Goods and Services	(170,764)	(206,837)
Interest Payments	(425)	(735)
Net Cash Provided (Used) by Operating Activities	37,455	17,455
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Suburban	(26,786)	0
Purchase of Equipment	0	(686)
Purchase of Tent	0	(1,012)
Purchase of Investments	(29,533)	0
Net Cash Provided (Used) by Investing Activities	(56,319)	(1,698)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principle Payments on Notes Payable	(7,117)	(4,111)
New Borrowings	26,811	0
Net Cash Used by Financing Activities	19,694	(4,111)
Net Increase (Decrease) In Cash	830	11,646
Cash at Beginning of Year	45,179	33,533
Cash at End of Year	\$ 46,009	\$ 45,179
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES:		
Change in Net Assets	\$ 46,182	\$ (11,931)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	7,874	12,832
Gain on Sale of Asset	(10,231)	0
Unrealized Gains on Investments	(2,738)	0
(Increase) Decrease in Accounts Receivable	90	1,161
(Increase) Decrease in Prepaid Expenses	363	1,735
(Increase) Decrease in Accounts Payable	(13,756)	13,671
Increase (Decrease) in Accrued Interest Payable	177	(13)
Increase (Decrease) in Deferred Revenue	9,500	0
(Increase) Decrease in Accrued Interest Receivable	(6)	0
Total Adjustments	(8,727)	29,386
Net Cash Provided (Used) by Operating Activities	\$ 37,455	\$ 17,455

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITIES

The Association returned an address labeler for which they received a credit from an office equipment store which could be used to purchase other equipment. During 1999, the Association applied \$2,575 of this credit toward the purchase of equipment. At June 30, 1999, there was a balance of unused credit at this store of \$4,425.

See accompanying notes to financial statements.

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1999

The Louisiana Tech University Alumni Association, Inc. (Association) is a Louisiana nonprofit corporation chartered on January 10, 1986. This corporation is organized to operate for the following purposes: (a) advancement and strengthening of the ties of the alumni to Louisiana Tech University; (b) to encourage attendance, interest, and improvements to Louisiana Tech University; (c) to maintain and administer scholarships, fellowships, faculty, and grants to enhance the prestige of the institution, its staff, faculty, and student body; (d) to promote the educational and cultural welfare of the institution and to expand and improve the facilities thereof; and (e) to solicit and accept contributions, grants, bequests, and property for the purpose of carrying out these purposes. The Association is exempt from federal income tax as an organization described in Section 501 (c) (3) of the Internal Revenue Code.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF REVENUE RECOGNITION

The association recognizes membership dues and lifetime memberships in the period received. Interest income, royalties, service fees, and other income are recognized on the accrual basis. Support and contributions are measured at their fair values and are reported as an increase in net assets. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

DEFERRED REVENUE

Deferred revenue results from amounts received from sponsors in the current period to offset expenses for an event to take place in the next period.

DONATED GOODS, SERVICES, COMPUTERS, AND FACILITIES

A number of volunteers have donated their time to the Association's program services and to the fund-raising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. Donated professional services, goods, use of computers, and use of facilities are reflected in the statement of activities at their fair value.

EQUIPMENT AND DEPRECIATION

Equipment is stated at cost. Depreciation is computed using the straight-line method over the estimated useful life of the asset, which is three to five years.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on hand, cash held in checking and savings accounts, and certificates of deposit with maturities of less than 90 days. Management believes the Association is not exposed to any significant credit risk on cash and cash equivalents.

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 1999

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS

Beginning in July, 1998, the Association began accepting lifetime membership dues. The Board agreed to invest these dues into an investment account. This investment account is composed of mutual funds investing in debt and equity securities and is carried at fair value.

ADVERTISING COSTS

Advertising costs for the year ended June 30, 1999 and 1998 was \$3,376 and \$2,179, respectively, which was expensed as incurred.

USE OF ESTIMATES

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.

COMPARATIVE DATA

Certain amounts for 1998 have been reclassified/restated to conform to the 1999 presentation.

NOTE 2 - CASH

Cash consists of cash on hand, interest bearing demand deposits, and time deposits. Deposits are carried at cost which approximates market value. At June 30, 1999 and June 30, 1998, the carrying amount of deposits was \$46,009 and \$45,179, respectively, and the bank balance was \$49,133 and \$56,668, respectively. The entire June 30, 1999 and 1998 bank balance was covered by federal depository insurance. Cash on hand at June 30, 1999 and 1998 was \$0 and \$1,200, respectively.

NOTE 3 - INVESTMENTS

Investments as of June 30, 1999, are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Cash Equivalents	\$ 134	\$ 134	\$ 134
Mutual Funds-Fixed Income	14,450	13,852	13,852
Mutual Funds-Equity	<u>14,949</u>	<u>18,285</u>	<u>18,285</u>
Total	<u>\$ 29,533</u>	<u>\$ 32,271</u>	<u>\$ 32,271</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 1999:

	<u>Unrestricted</u>
Interest and Dividends	\$ 702
Net Unrealized Gains	<u>2,738</u>
Total Investment Return	<u>\$ 3,440</u>

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 1999

NOTE 4 - EQUIPMENT

At June 30, 1999 and 1998, the costs and related accumulated depreciation of equipment consisted of the following:

	DEPRECIATION LIFE RANGE	1999	1998
Furniture and Equipment	5 - 10 Yrs.	\$ 45,696	\$ 43,948
Less: Accumulated Depreciation		(6,171)	(29,141)
Net		\$ 39,525	\$ 14,807

NOTE 5 - DONATED GOODS, SERVICES, COMPUTERS, AND FACILITIES

Louisiana Tech University provides use of facilities, use of computer equipment, goods, and services for the operation of the Association free of charge to the Association in exchange for the benefits received from the Association. The Association reflects the fair value of these donated items and services requiring specialized skills in its financial statements.

Volunteers have donated time to the Association's program services and fund-raising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills.

NOTE 6 - LONG TERM DEBT

The Association's obligation at June 30, 1999 and 1998, under long-term debt consisted of the following:

	1999	1998
Note payable due in monthly installments of \$404 through January, 2000, at an interest rate of 7.75% to Bank One collateralized by a 1995 Chevrolet Van.	\$ 0	\$ 7,117
Note payable due in monthly installments of \$645 through May, 2003, at an interest rate of 7.25% to Bank One collateralized by a 1999 GMC Suburban.	26,811	0
Total Long Term Debt	26,811	7,117
Less: Current Maturities included in current liabilities	(6,514)	(4,406)
Long Term Debt, Net of Current Maturities	\$ 20,297	\$ 2,711

Maturities of long-term debt are as follows:

June 30, 2000	\$6,514
June 30, 2001	\$6,482
June 30, 2002	\$6,969
June 30, 2003	\$6,846

Interest expense for the year ended June 30, 1999 and 1998, was \$602 and \$721, respectively.

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 7 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of support and revenues, expenses and changes in fund balances. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 8 - RELATED PARTY TRANSACTIONS

The Association purchased \$32,553 in travel and other services from a related party (i.e., a board member) for the year ended June 30, 1998. There were no amounts payable to related parties at June 30, 1999 or 1998.

NOTE 9 - ACCOUNTING CHANGE

Beginning in July, 1998, the Association changed their revenue recognition policy for membership dues. Membership dues have many of the characteristics of an exchange transaction and a contribution. Prior to July 1, 1998, membership dues were considered an exchange transaction and recognized in the period earned. Beginning July 1, 1998, the Association began accepting lifetime membership dues which were determined to be a contribution. This resulted in the Association reconsidering whether regular membership dues were contributions or exchange transactions. The Association determined that the revenue recognition policy for regular membership dues should be changed to match the policy for lifetime membership dues. Under the new revenue recognition policy, membership dues are recognized as revenue in the period in which the fees are receivable. The financial statements of prior years have been restated to apply the new method retroactively. The adjustment of a \$36,649 increase made to net assets as of June 30, 1998 represents membership dues received in 1998 that were accrued as deferred revenue.

NOTE 10 - PRIOR PERIOD ADJUSTMENT

During the current year, it was determined that certain inventory was not actually owned by the Association, but was being held on a consignment basis. There was no effect of the restatement on 1998 income or net assets, since inventory was offset by a corresponding amount in accounts payable. There was no change in the balance of net assets as restated at July 1, 1998 from amounts previously reported.