

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, 1996, and have issued our report thereon dated August 22, 1996.

We conducted our audit in accordance with generally accepted auditing standards, and *Government Auditing Standards*, issued by the Comptroller General of the United States. These 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 effect or scope of the design and operation of policies and procedures may deteriorate.

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SCALISE, DENNISON, MYERS & WHITE (APC)

MEMBERS  
OFFICERS) PUBLIC ACCOUNTANTS  
P.O. Box 7442 • 701199 DREHST  
LAFAYETTE, LOUISIANA 70507  
(504) 486-4300 • FAX (504) 486-0000

WILLIAM SCALISE, CPA  
DENNIS DENNISON, CPA  
W. GARY MYERS, JR., CPA, CMA  
DELAHAYE MARY W., CPA  
JERRY W. "BOBBY" FURBER, III, CPA

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

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, 1996 and 1995, 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. These 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, 1996, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

*Scalise, Dennison, Myers & White (APC)*

August 22, 1996

## STATEMENT OF FINANCIAL POSITION

June 30, 1996

(with comparative totals for 1995)

## ASSETS

	1996	1995
<b>CURRENT ASSETS</b>		
Cash on hand	\$ 40	\$ 85
Cash in bank	71,914	63,799
Certificates of deposit	34,431	32,782
Restricted cash	<u>30,098</u>	<u>18,817</u>
Total current assets	138,441	114,503
<b>PROPERTY AND EQUIPMENT,</b> at cost (Note II-1 and 2)		
Building improvements	1,473	1,473
Office equipment	<u>38,484</u>	<u>34,682</u>
	39,957	36,155
Less accumulated depreciation	<u>30,169</u>	<u>17,723</u>
	<u>9,788</u>	<u>18,432</u>
	<b><u>\$ 148,229</u></b>	<b><u>\$ 132,935</u></b>

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

LIABILITIES AND NET ASSETS

	1996	1995
<b>CURRENT LIABILITIES</b>		
Accounts payable		
Income taxes payable	\$ 10,679	\$ 6,031
(Note B-2)	<u>194</u>	<u>640</u>
Total current liabilities	10,873	6,671
<b>NET ASSETS</b>		
Unrestricted		
Board designated	20,640	26,640
Operating	59,459	54,832
Fixed assets	<u>18,788</u>	<u>18,300</u>
Total unrestricted	98,887	99,772
Temporarily restricted (Note E)	14,613	16,433
Permanently restricted (Note F)	<u>22,856</u>	<u>24,817</u>
Total net assets	<u>136,356</u>	<u>136,022</u>
Total liabilities and net assets	<u>\$ 147,229</u>	<u>\$ 142,694</u>

## STATEMENT OF ACTIVITIES

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

	1999			1998
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Public support, Revenues and Reallocations</b>				
<b>Public Support</b>				
Contributions	\$ 40,373	\$ 28,793	\$ 2,000	\$ 71,166
Five-year deferred support	0	0	0	0
Dues	0	518	0	518
	<u>40,373</u>	<u>29,311</u>	<u>2,000</u>	<u>71,684</u>
<b>Revenues and Reallocations</b>				
Cafe receipts	128	0	0	128
Honorsring	18,159	0	0	18,159
Interest	4,444	0	499	5,143
Liquor plate revenue	0	3,473	0	3,473
Loss on disposal of assets	0	0	0	0
Miscellaneous income	794	0	0	794
Miscellaneous programs	1,104	0	0	1,104
Rent income	128	0	0	128
Sales income	479	0	0	479
Telephone income	2,044	1,361	0	3,405
Venue card income	11,415	0	0	11,415
Net assets released from restrictions:				
(State II)				
Reimbursement of program materials	0	(20,017)	0	(20,017)
	<u>44,221</u>	<u>(20,126)</u>	<u>892</u>	<u>24,987</u>
<b>Total public support and revenues</b>	<u>\$4,152</u>	<u>\$9,185</u>	<u>\$2,892</u>	<u>\$16,229</u>
<b>Expenses:</b>				
<b>Program services:</b>				
Alumni events	4,498	0	0	4,498
Awards	1,104	0	0	1,104
Homecoming	15,882	0	0	15,882
MSU donations	20,000	0	0	20,000
Chapter expenses	0	0	0	0
Scholarships	0	0	900	900
Work grants	151	0	0	151
	<u>41,635</u>	<u>0</u>	<u>900</u>	<u>42,535</u>
<b>Supporting services:</b>				
<b>General administrative</b>				
Auditing and accounting	1,240	0	0	1,240
Asset expense	2,008	0	0	2,008

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

	1991			1990
	Unassigned	Temporarily Restricted	Permanently Restricted	Total
Supporting services - continued				Total
Conferences, conventions	0	0	0	0
Depreciation (Note B-1)	2,194	0	0	2,194
Dues	189	0	0	189
Entertainment	63	0	0	63
Legislative expense	0	0	0	0
Meetings	975	0	0	975
Minor interests	218	0	0	218
Office	1,649	0	0	1,649
Printing	768	0	0	768
Postage	3,906	0	0	3,906
Repairs	0	0	0	0
Travel items	1,244	0	0	1,244
Room	98	0	0	98
Supplies	3,646	0	0	3,646
Taxes	45	0	0	45
	<u>30,270</u>	<u>0</u>	<u>0</u>	<u>30,270</u>
Fund raising	<u>7,291</u>	<u>0</u>	<u>0</u>	<u>7,291</u>
Total support services	<u>38,061</u>	<u>0</u>	<u>0</u>	<u>38,061</u>
Total expenses	<u>79,628</u>	<u>0</u>	<u>780</u>	<u>80,408</u>
Change in net assets before income taxes	4,998	5,329	2,894	13,221
Income taxes, current portion (Note B-7)	<u>1,822</u>	<u>262</u>	<u>0</u>	<u>2,084</u>
Change in net assets	3,176	5,067	2,894	11,137
Net assets	99,772	90,433	96,087	186,292
Taxable in endowed scholarship	<u>0</u>	<u>(1,141)</u>	<u>1,142</u>	<u>0</u>
Net assets	<u>\$102,802</u>	<u>\$89,292</u>	<u>\$97,229</u>	<u>\$189,323</u>

McVassar State University Alumni Association

STATEMENT OF CASH FLOWS

Year Ended June 30, 1990  
(with comparative totals for 1989)

	1990	1989
<b>CASH FLOWS FROM OPERATION ACTIVITIES</b>		
Contributions and dues		
Interest received	\$ 68,372	\$ 71,482
Miscellaneous revenues collected	5,146	2,890
Cash paid for program services	44,648	30,656
Cash paid for supporting services	(33,422)	(31,149)
Cash paid for fundraising	(19,191)	(24,214)
Income taxes paid	(7,297)	(11,214)
	<u>(2,525)</u>	<u>(186)</u>
Net cash provided by operating activities (Note 10)	13,270	19,379
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	<u>(1,382)</u>	<u>(1,615)</u>
Net cash used in investing activities	<u>(1,382)</u>	<u>(1,615)</u>
Increase in cash and cash equivalents	13,848	13,248
Transfers:		
Equipment acquisitions		
Transfer to non-assignable endowment fund for scholarships	0	0
	<u>0</u>	<u>0</u>
Net increase in cash and cash equivalents	13,848	13,248
Cash and cash equivalents, beginning of period	<u>114,582</u>	<u>98,831</u>
Cash and cash equivalents, end of period	<u>\$ 128,430</u>	<u>\$ 114,582</u>

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



McNeese State University Alumni Association

NOTES TO FINANCIAL STATEMENTS

June 30, 1996

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 39 years. Depreciation amounted to \$2,794 for the year ended June 30, 1996. 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 \$2,879 for the year ended June 30, 1996.

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.

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 1996

## NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

## 4. Estimates

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

## NOTE C - CHANGES IN ACCOUNTING PRINCIPLES

The Association adopted the provisions of Statement of Financial Accounting Standards No. 116, Accounting for Contributions Received and Contributions Made and No. 117, Financial Statements of Not-for-Profit Organizations by restating net assets as of June 30, 1995. Statement No. 116 requires the Association to distinguish between contributions that involve permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. It also requires recognition of contributions, including contributed services meeting certain criteria, at fair value. Statement No. 117 establishes standards for general purpose external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities, and a statement of cash flows. The Association adopted Statement No. 116 by restating net assets as of June 30, 1995. Temporarily restricted net assets as of June 30, 1995, were increased by \$10,433, which represents time or purpose restricted contributions previously reported as deferred support. The effect of Statement No. 116 on the Council's change in net assets for 1996, was an increase of \$4,188.

## NOTE D - CHANGES IN PROPERTY AND EQUIPMENT

Office Equipment, beginning of period	\$ 34,600
Purchases of Office Equipment - at cost	1,382
Donations of Office Equipment received - at fair value	<u>2,508</u>
Office Equipment, end of period	<u>\$ 38,490</u>

SUPPLEMENTAL INFORMATION

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LOUISIANA STATE UNIVERSITY  
ALUMNI ASSOCIATION

Financial Report

June 30, 1966

(with comparative totals for 1965)

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Beason House office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court

Release Date: DEC 11 1966

In planning and performing our audit of the financial statements of McNeese State University Alumni Association for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

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

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 error 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.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of McNeese State University Alumni Association in a separate letter dated August 22, 1996.

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

*Scalet, Dennison, Myers & White (APC)*

August 22, 1996

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, 1996, and have issued our report thereon dated August 23, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These 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 bodies. However, this report is a matter of public record, and its distribution is not limited.

*Scalise, Dennison, Myers & White (APC)*

August 23, 1996

**SCALISE, DENNISON, SYERS & WHITE (A)PC**

MEMBERSHIP  
CERTIFIED PUBLIC ACCOUNTANTS  
P.O. Box 1000 • 71104-1000  
Lake Charles, Louisiana 70601  
(225) 483-2000 • FAX (225) 483-2000

H. O. L. JONES, F.P.A.  
C. W. RYAN, C. M. WARD, C.F.A.  
H. L. B. BROWN, JR., F.P.A., C.F.A.  
L. S. M. MURPHY, C.F.A.

H. O. A. TERRY, F.P.A. & J. W. S. F.P.A.

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

We have audited the financial statements of McNeese State University Alumni Association for the year ended June 30, 1996, and have issued our report thereon dated August 22, 1996. As part of our audit, we made a study and evaluation of the Association's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Association's financial statements. Our study and evaluation were more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of McNeese State University Alumni Association is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system 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 the inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In our opinion, the system of internal accounting control of McNeese State University Alumni Association was sufficient to meet the objectives stated above insofar as those objectives pertain to the prevention or detection of errors or irregularities in amounts that would be material in relation to the financial statements. However, we did note several areas which we feel warrant comment.

During the June 30, 1996 audit, we noted that receipts from the coke machines were not deposited during the year. We recommended that the coke machine receipts be deposited at least quarterly rather than held on hand. Management implemented this suggestion during 1996.

Last year, we also discovered that one vendor did not charge sales tax on the purchase of some fixed assets. We recommended that in the future, management examine invoices to verify that sales tax is charged on all purchases. For 1996, we noted no instances of sales tax not paid on purchases.

We noted no other procedures or policies during the current audit which warrant comment.

These conditions were considered in determining the nature, timing and extent of the tests to be applied in our examination of the June, 1996 financial statements and this report does not affect our report on these financial statements dated August 23, 1996.

*Stebbi, Dommison, Myers & White (APC)*

August 23, 1996



## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 1996

## NOTE E - TEMPORARILY RESTRICTED NET ASSETS

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

Periods after June 30, 1996	\$ 13,698
Program activities:	
Louisiana License Plate Program - Scholarships	<u>    925</u>
Total temporarily restricted net assets	<u>\$ 14,623</u>

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

Purpose restriction accomplished	
Alumni Chapters	\$ 7,327
MSU Donations	20,634
Scholarships	<u>3,059</u>
	<u>\$ 31,020</u>

## NOTE F - PERMANENTLY RESTRICTED NET ASSETS

Net assets were permanently restricted for the following purposes at June 30, 1996:

Endowed Scholarship	<u>\$ 28,066</u>
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## NOTE G - 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.