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**LOUISIANA STATE UNIVERSITY AND AGRICULTURAL  
AND MECHANICAL COLLEGE ALUMNI ASSOCIATION**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 1995**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the Auditor, or reviewed, by the State Board of Supervisors or public officials. The report is available for public inspection at the Baton Rouge, Louisiana, office of the Auditor General, where appropriate, at the office of the parish clerk of court.

Prepared Date JUN 24 1996



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## Postlethwaite & Netterville

A Professional Accounting Corporation  
CERTIFIED PUBLIC ACCOUNTANTS

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### INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Louisiana State University and Agricultural  
and Mechanical College Alumni Association  
Baton Rouge, Louisiana

We have audited the statement of assets, liabilities, and fund balance (modified cash basis) of Louisiana State University and Agricultural and Mechanical College Alumni Association as of December 31, 1995, and the related cash basis statements of support, revenues, expenses and changes in fund balance and cash flows for the year then ended. These financial statements are the responsibility of the Association'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. 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.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting and are not intended to be presented in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balance of Louisiana State University and Agricultural & Mechanical College Alumni Association as of December 31, 1995, and its support, revenues, expenses and changes in fund balance and its cash flows for the year then ended, on the basis of accounting described in Note 1.

Our audit was made for the purpose of forming an opinion on the modified cash basis financial statements taken as a whole. The supplemental information on pages 15 - 16 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the modified cash basis financial statements; and, in our opinion, such information is fairly stated in all material respects in relation to the basic modified cash basis financial statements taken as a whole.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
June 24, 1996

**LOUISIANA STATE UNIVERSITY AND AGRICULTURAL  
AND MECHANICAL COLLEGE ALUMNI ASSOCIATION  
BATON ROUGE, LOUISIANA**

**STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE  
(MODIFIED CASH BASIS)  
DECEMBER 31, 1999**

**ASSETS**

	<u>Unrestricted</u>				
	<u>Annual Operating Fund</u>	<u>Unrelated Business Income Fund</u>	<u>Restricted Funds</u>	<u>Endowed Funds</u>	<u>Lod Cook Building Fund</u>
Cash	\$ 46,949	\$ 6,461	\$ 23,389	\$ -	\$ 32,505
Receivable from the L.S.U. Foundation	-	-	-	-	-
Receivable - other	93,750	-	-	-	-
Merchandise inventory	-	85,084	-	-	-
Investments	19,611	-	1,203,797	3,999,133	-
Contributed property	5,500	-	-	-	-
Property and equipment					
Dishling	-	-	-	-	4,833,738
Automobiles	108,218	-	-	-	-
Equipment	299,969	22,735	-	-	466,873
Other	-	-	-	-	11,589
	408,187	22,735	-	-	5,312,199
Less: Accumulated depreciation	( 243,876)	( 29,470)	-	-	( 525,080)
	164,311	3,265	-	-	4,787,119
Interfund receivable (payable)	841,360	( 622,638)	31,130	-	( 449,832)
<b>Total assets</b>	<b>\$ 1,132,337</b>	<b>\$ 324,830</b>	<b>\$ 1,234,796</b>	<b>\$ 3,999,133</b>	<b>\$ 4,680,733</b>

The accompanying notes are an integral part of this statement.



Total All Funds	
( Macroeconomic Costs )	
1995	1994
\$ 149,314	\$ 273,495
-	-
59,764	59,764
89,554	74,959
5,292,250	4,962,523
6,500	6,500
4,822,738	4,779,979
108,218	117,469
769,977	769,768
11,500	11,500
5,732,642	5,678,177
( 586,412)	( 354,712)
5,146,230	5,323,465
-	-
\$ 5,146,230	\$ 5,323,465

LOUISIANA STATE UNIVERSITY AND AGRICULTURAL  
AND MECHANICAL COLLEGE, ALUMNI ASSOCIATION  
BATON ROUGE, LOUISIANA

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE  
(MODIFIED CASH BASIS)  
DECEMBER 31, 2000

LIABILITIES AND FUND BALANCE

	Unrestricted				
	Annual Operating Fund	Unrelated Business Income Fund	Reverend Fund	Endowed Funds	Lod Cook Building Fund
Advances	\$ 221,515	\$ 403	\$ -	\$ -	\$ -
Line of credit	349,838	10,000	-	-	-
Notes payable	26,592	-	-	-	258,143
Deferred amounts	-	-	1,318,296	-	-
	<u>597,945</u>	<u>10,403</u>	<u>1,318,296</u>	<u>-</u>	<u>258,143</u>
Fund balance (deficit):					
Unrestricted	329,156	( 10,349)	-	-	-
Restricted	-	-	-	3,969,132	-
Net investment - plant	-	-	-	-	4,342,260
	<u>329,156</u>	<u>( 10,349)</u>	<u>-</u>	<u>3,969,132</u>	<u>4,342,260</u>
Total liabilities and fund balance	<u>\$ 1,129,101</u>	<u>\$ 10,054</u>	<u>\$ 1,318,296</u>	<u>\$ 3,969,132</u>	<u>\$ 4,600,403</u>

The accompanying notes are an integral part of this statement.



Total All Funds	
(Memorandum Only)	
1955	1954
\$ 225,948	\$ 26,617
599,888	225,080
284,501	849,024
<u>1,110,336</u>	<u>900,724</u>
<u>2,181,613</u>	<u>2,008,475</u>

194,807	128,863
3,869,812	3,771,397
<u>4,064,619</u>	<u>3,900,260</u>
<u>8,505,629</u>	<u>8,278,135</u>

\$ 10,682,642

\$ 10,756,710

**LOUISIANA STATE UNIVERSITY AND AGRICULTURAL  
AND MECHANICAL COLLEGE ALUMNI ASSOCIATION  
BATON ROUGE, LOUISIANA**

**STATEMENT OF SUPPORT, REVENUES, EXPENSES, AND  
CHANGES IN FUND BALANCE (MODIFIED CASH BASIS)  
YEAR ENDED DECEMBER 31, 1997**

	Unrestricted				Led-Cook Building Fund
	Annual Operating Fund	Unrelated Business Income Fund	Restricted Funds	Endowed Funds	
<b>SUPPORT AND REVENUES</b>					
Donations	\$ 1,512,210	\$ -	\$ 15,799	\$ 167,492	\$ 152,831
Sales and trip income	-	485,515	-	-	-
Dividend and interest income	385	-	178,139	-	-
Gain (Loss) on sale of assets	1,500	-	85,985	-	-
Other income	272,563	-	13,287	-	148,613
	<u>1,859,658</u>	<u>485,515</u>	<u>303,200</u>	<u>167,492</u>	<u>301,444</u>
<b>EXPENSES</b>	<u>1,708,942</u>	<u>511,707</u>	<u>272,867</u>	<u>-</u>	<u>544,989</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES</b>	150,716	( 26,192)	30,343	167,492	( 243,545)
<b>FUND BALANCE (DEFICIT), BEGINNING OF PERIOD</b>	348,020	( 217,817)	-	1,771,399	4,389,799
<b>TRANSFERS</b>	-	-	( 30,343)	30,343	-
<b>FUND BALANCE (DEFICIT), END OF PERIOD</b>	<u>\$ 321,126</u>	<u>( 243,989)</u>	<u>\$ -</u>	<u>\$ 1,969,284</u>	<u>\$ 4,146,254</u>

The accompanying notes are an integral part of this statement.





Total All Funds  
 (Manufacturing Only)

1992	1991
------	------

\$ 1,148,332	\$ 1,094,408
400,515	314,459
178,444	910,583
97,485	( 28,811)
434,785	190,125
1,583,559	1,880,748
3,005,083	2,608,056
227,474	1,242,888
3,278,183	7,035,467
-	-
<b><u>12,593,629</u></b>	<b><u>12,878,155</u></b>

**LOUISIANA STATE UNIVERSITY AND AGRICULTURAL  
AND MECHANICAL COLLEGE ALUMNI ASSOCIATION  
BATON ROUGE, LOUISIANA**

**STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 1995**

	<u>1995</u>	<u>1994</u>
	<u>All Funds</u>	<u>All Funds</u> (Memorandum Only)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Deficit of revenues over expenses - modified cash basis	\$ 227,474	\$ 1,242,688
Adjustments to reconcile deficit of revenues over expenses to net cash used in operations:		
Depreciation	241,828	158,998
Loss (gain) on sale of assets	( 94,465)	78,851
Net change in operating assets	( 13,130)	804,283
Net change in operating liabilities	<u>408,262</u>	<u>( 217,892)</u>
Net cash provided by (used in) operating activities	<u>767,541</u>	<u>1,461,908</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	( 71,786)	( 483,582)
Additions to Led Cook Alumni Center	-	( 2,546,712)
Purchases of investments	( 4,996,891)	( 1,090,181)
Sale of investments	4,374,979	1,684,251
Receivable - other	<u>-</u>	<u>50,784</u>
Net cash used in investment activities	<u>( 1,694,698)</u>	<u>( 2,476,420)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from line of credit and advances	808,808	-
Proceeds of borrowings on notes payable	-	1,403,342
Principal payments on notes payable	<u>( 327,924)</u>	<u>( 458,838)</u>
Net cash provided by (used in) financing activities	<u>( 219,116)</u>	<u>944,474</u>
Net (decrease) increase in cash	( 124,181)	118,954
Cash at beginning of year	<u>273,485</u>	<u>(13,541)</u>
Cash at end of year	<u>\$ 149,304</u>	<u>\$ 273,485</u>

The accompanying notes are an integral part of this statement.

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies**

**Organization**

The Louisiana State University and Agricultural and Mechanical College Alumni Association (the Association) is a non-profit corporation organized to foster, protect, and promote the welfare of Louisiana State University and Agricultural and Mechanical College (the University) and maintain a mutually beneficial relationship between the University and its alumni. The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Most of the Association's revenues are derived from contributions made by individual alumni and various organizations.

**Modified Cash Basis**

The Association's policy is to prepare its financial statements on the modified cash basis of accounting. This basis differs from generally accepted accounting principles primarily because the Association does not include pledges receivable, accounts payable to vendors, and their related effects on changes in fund balances. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Certain contributions of property and other items are not recorded until proceeds are realized.

**Inventory**

Inventory is stated at the lower of cost (first-in, first-out method) or market.

**Investments**

Investments consist of U.S. Government and Agency issues and equity securities. The U.S. Government and Agency issues are stated at cost and the equity securities are stated at lower of cost or market. The Association intends to hold all investments to maturity.

**Property and Equipment**

Property and equipment is carried at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the property, ranging from four to sixty years.

**Fund Accounting**

To ensure observance of limitations and restrictions placed on the use of resources available to the Association, the accounts of the Association are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund.

**NOTES TO FINANCIAL STATEMENTS**

**I. Summary of Significant Accounting Policies (continued)**

**Fund Accounting (continued)**

The assets, liabilities and fund balances of the Association are reported in five self-balancing fund groups as follows:

- The Annual Operating fund, which includes unrestricted and restricted resources, represents the portion of expendable funds that are available for support of Alumni operations.
- The Led Cook Building fund represents resources restricted for property and equipment acquisitions and funds expended for property and equipment and building operations.
- Endowment funds represent funds that are subject to restrictions of gift instruments requiring that the principal be maintained in perpetuity and invested and only the income be used.
- Unrelated Business Income fund represents funds from the gift shop and other special events.
- Restricted funds represent funds restricted by outside sources and may only be utilized in accordance with the purposes established by the sources of such funds.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Association considers all demand deposits and money market accounts purchased with an original maturity of three months or less to be cash or cash equivalents.

**Functional Expenses**

The Annual Operating Fund expends funds on scholarships, other program services and management and general expenses. The restricted funds expend funds on scholarships, professorships, and trust management fees. The Led Cook Building Fund expends funds on fund raising and operating costs of the building.

**Deferred Revenue**

Deferred revenue in the restricted fund results from contributions, grants and other income which has been restricted by the donor for a specific purpose and has not yet been applied to that purpose.

**Unrelated Business Income**

The Association's operations include activities which are considered taxable under the Internal Revenue Code, because they are unrelated to the exempt purpose of the organization. These activities include merchandise sales, sports trips, affinity credit cards, phone directory sales and building rental income.

NOTE TO FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies (continued)**

**Donated Property**

Donated property is carried at fair market value as determined on the date of donation.

**Fair Values**

The fair values of the Association's investments are based on quoted market prices. The fair values of the Association's notes payable and line of credit approximate their carrying amounts, based on current borrowing rates.

**Estimates**

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Concentration of Credit Risk**

The Company maintains its cash in bank deposit accounts at various financial institutions. The balances, at times, may exceed federally insured limits. As December 31, 1995, the Company exceeded the insured limit by approximately \$75,000.

2. **Related Parties**

The Association is covered by insurance under the State of Louisiana Office of Risk Management.

During the year ended December 31, 1995, the Association paid approximately \$138,448 to agencies of the University for various services and supplies. In addition, the Association reimbursed the University approximately \$479,000 for salaries and other related expenses.

The Association is related to the L. S. U. Foundation (the Foundation) by common management. The Association received rental income of approximately \$14,000 from the Foundation during 1995. During this same period, \$12,535 of expense reimbursements were included as other income on the financial statements of the Association resulting from its relationship with the Foundation. No material payables to or receivables from the Foundation existed as of December 31, 1995.

**LOUISIANA STATE UNIVERSITY AND AGRICULTURAL  
AND MECHANICAL COLLEGE ALUMNI ASSOCIATION  
BATON ROUGE, LOUISIANA**

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**NOTES TO FINANCIAL STATEMENTS**

**3. Investments**

Investments consist primarily of U.S. Government and Agency issues. These investments are recorded at cost. Equity securities are recorded at the lower of cost or market. Market values were determined using quoted market prices.

	<u>Cost</u>	<u>Fair Value</u>
U.S. Government and Agency Issues	\$ 3,016,975	\$ 2,908,483
Corporate Bonds	943,844	952,498
Equity Securities	308,982	338,900
Fixed Income Funds	399,548	399,049
Liquid Assets	566,081	565,185
	<u>\$ 4,235,430</u>	<u>\$ 4,208,085</u>

The following summarizes the relationship between carrying values and fair values of investments.

	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Excess (Deficit) Market Over Cost</u>
Balance at end of year	<u>\$ 4,235,430</u>	<u>\$ 4,208,085</u>	( \$ 27,345 )
Balance at beginning of year	<u>\$ 4,265,493</u>	<u>\$ 4,265,493</u>	( 1,209,879 )
Net increase in unrealized appreciation			166,214
Realized gain for year			85,985
Net increase for year			<u>\$ 252,199</u>

NOTES TO FINANCIAL STATEMENTS

4. Notes Payable

	<u>1995</u>
A demand note to a bank dated July 28, 1964 with an original amount of \$1,000,000 payable in five annual installments of \$200,000 with interest at 7.25% per annum payable quarterly. The note is collateralized with property and equipment of the Association. The Association has made prepayments relating to this note.	\$ 298,333
A demand note to a bank dated May 12, 1993 with an original amount of \$148,000, payable in 36 scheduled monthly installments of \$4,519 including interest at 7.0% per annum, collateralized by a mortgage on equipment.	<u>36,198</u>
	<u>\$ 334,531</u>

If no demand is made, the scheduled maturity of the note payable for four years ending December 31 is as follows:

1996	\$ 36,598
1997	-
1998	98,333
1999	<u>200,000</u>
	<u>\$ 334,931</u>

During the year ended December 31, 1995, the Association incurred interest expense of \$80,443 relating to the above notes payable and line of credit.

5. Lines of Credit and Advances

The Association has two note agreements which expire July 28, 1999 and July 3, 1998 with banks providing short-term lines of credit in the aggregate amount of \$400,000. The principal is due on demand or if no demand, July 28, 1999 and July 3, 1998. Interest is payable monthly at an interest rate of 7.25%. The approximate unused portions of these lines of credit is \$40,000 at December 31, 1995.

The Association received \$200,000 as an advance on credit card income for future years. The advance is being repaid at \$5,000 per month. The balance of the advance at December 31, 1995 was \$182,500.

LOUISIANA STATE UNIVERSITY AND AGRICULTURAL  
AND MECHANICAL COLLEGE ALUMNI ASSOCIATION  
BATON ROUGE, LOUISIANA

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NOTES TO FINANCIAL STATEMENTS

6. Deferred Amounts

Balance at December 31, 1994	\$	911,934
Additions:		
Contributions and bequests		482,485
Investment income		363,584
Deductions:		
Funds expended during the year		<u>1,361,928</u>
Balance at December 31, 1995		<u>\$ 393,584</u>

7. Unrealized Business Income Taxes

At December 31, 1995, the Association had a net operating loss carry forward of \$389,884 expiring in the years 2006 - 2007 from the unrealized business income fund operations. For the year ended December 31, 1995, no deferred tax asset related to the net operating loss carryforward has been recorded due to the uncertainty of realizing this benefit.

8. Rent Expense

Total rent and lease expense incurred for the year ended December 31, 1995 was \$7,549. These rentals and leases are short term and cancellable by either party.

The Association has entered into a 99 year lease with the Louisiana State University for the Lod Cook Alumni Center lot. The annual rent expense associated with this lease is nominal.





LOUISIANA STATE UNIVERSITY AND AGRICULTURAL  
AND MECHANICAL COLLEGE ALUMNI ASSOCIATION  
BATON ROUGE, LOUISIANA

SCHEDULE OF EXPENSES (ADDED CASH BASIS)  
YEAR ENDED DECEMBER 31, 1985

	Unrestricted		Restricted Funds	Endowed Funds	Led-Cook Building Fund
	Annual Operating Fund	Unrelated Business Income Fund			
<b>EXPENSES</b>					
Cost of merchandise sold	\$ -	\$ 104,157	\$ -	\$ -	\$ -
Data processing	1,336	156	-	-	-
Depreciation	44,061	2,425	-	-	185,134
Dues and subscriptions	4,577	634	-	-	-
Fund raising expense	-	-	-	-	37,167
Gifts of appreciation	20,422	-	-	-	-
Insurance	3,593	-	-	-	-
Interest expense	20,909	4,911	-	-	54,623
Investment management and trustee fees	-	-	15,986	-	-
Miscellaneous operating services	26,164	15,734	31,975	-	22,148
Official functions and entertainment	33,238	-	-	-	-
Other support	26,736	-	-	-	-
Repairs and maintenance	31,971	5,425	-	-	12,624
Postage	116,694	10,486	-	-	1,872
Printing	181,597	10,172	-	-	655
Professorships and academic awards	47,917	-	-	-	-
Professional and contractual services	41,993	-	-	-	-
Professional supplies	64,087	-	37	-	2,716
Rent	3,781	43	-	-	1,808
Salaries	484,296	98,033	-	-	90,314
Scholarships	171,149	-	226,969	-	-
Special events ticket purchases	100,000	41,587	-	-	-
Staff benefits	57,284	12,578	-	-	3,260
Supplies	76,183	16,824	-	-	14,341
Telephone	41,823	4,624	-	-	2,842
Travel and sports trips	84,147	183,246	-	-	4,250
Utilities	-	-	-	-	98,223
	<u>\$ 1,792,542</u>	<u>\$ 511,787</u>	<u>\$ 272,947</u>	<u>\$ -</u>	<u>\$ 548,892</u>

Total All Funds		Intermediation Only	
	1985		1984
\$	184,157	\$	181,621
	1,482		30,198
	241,620		168,998
	3,173		3,201
	37,867		-
	28,422		39,842
	3,832		8,511
	88,443		65,861
	13,888		15,065
	186,212		75,772
	35,238		38,178
	36,736		63,683
	90,020		3,888
	128,142		128,079
	383,784		258,668
	-47,817		34,322
	-61,902		11,968
	66,838		34,616
	7,548		18,875
	672,843		620,638
	402,318		379,583
	142,886		88,346
	79,425		69,482
	181,549		95,588
	48,539		67,470
	272,041		384,186
	95,233		-
<b>\$</b>	<b>3,035,087</b>	<b>\$</b>	<b>2,618,026</b>