

**OFFICIAL
FILE COPY**
DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

99900676
5567
9

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

FINANCIAL REPORT
JUNE 30, 1998

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 Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date SEP 30 1998

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.
FINANCIAL REPORT
For the Year Ended June 30, 1998

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report on the Financial Statements	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to the Financial Statements	5 – 7

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.
P.O. Box 3183
Ruston, Louisiana 71273

I have audited the accompanying statements of financial position of Louisiana Tech University Alumni Association as of June 30, 1998 and June 30, 1997, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the corporation'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 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. at June 30, 1998 and June 30, 1997, and the changes in net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.



Don M. McGehee
Certified Public Accountant

September 9, 1998

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 1998 and June 30, 1997

<u>ASSETS</u>	<u>1998</u>	<u>1997</u>
Current Assets		
Cash	\$ 45,179	\$ 33,533
Accounts Receivable	90	1,251
Inventory	2,255	2,948
Prepaid Expenses	624	2,359
	<hr/>	<hr/>
Total Current Assets	48,148	40,091
Equipment – Net of Accumulated Depreciation	14,807	25,941
	<hr/>	<hr/>
TOTAL ASSETS	\$ 62,955	\$ 66,032
	<hr/>	<hr/>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 16,100	\$ 3,122
Current Maturities of Long–Term Debt	4,406	4,071
Accrued Interest	11	24
Deferred Revenue	36,649	43,977
	<hr/>	<hr/>
Total Current Liabilities	57,166	51,194
Long–Term Debt	2,711	7,157
	<hr/>	<hr/>
TOTAL LIABILITIES	59,877	58,351
	<hr/>	<hr/>
NET ASSETS		
Unrestricted	3,078	7,681
	<hr/>	<hr/>
TOTAL NET ASSETS	3,078	7,681
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 62,955	\$ 66,032
	<hr/>	<hr/>

The accompanying notes are an integral part of this statement.

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 1998 and June 30, 1997

	1998	1997
CHANGES IN UNRESTRICTED NET ASSETS		
Revenues and Gains		
Alumni Activities and Events	\$ 108,533	\$ 88,392
Contributions	1,899	984
Donated Goods, Services, Computers, and Facilities	170,420	203,617
Frame Sales	275	350
Gain on Sale/Transfer of Asset	0	3,816
Interest Income	740	1,778
Merchandise and Catalog Sales	407	17
Membership Dues	113,863	111,385
Other Income	0	1,328
Royalties	5,477	3,462
Total Unrestricted Revenues and Gains	401,614	415,129
Expenses		
Program Services		
Academic Excellence Week	0	2,409
Alumni Activities and Events	244,883	247,888
Alumni House Expansion	0	898
Alumni News	39,279	88,584
Hall of Distinguished Alumni	5,000	0
Library Fund	2,000	2,000
Louisiana CASE Meeting Sponsored	6,963	0
Quest for Quality Fund	5,000	5,000
Scholarships	12,000	12,750
Student Activity Promotions	5,569	8,480
Supporting Services		
Administrative Expenses		
Accounting	3,390	2,720
Building Use	15,360	15,360
Computer Use and Maintenance	13,756	12,546
Office Supplies	1,635	1,887
Other	114	290
Salaries and Benefits	22,854	24,457
Telephone	204	194
Alumni Promotions and Souvenirs	6,884	5,031
Membership Mail Out	20,352	11,752
Cost of Merchandise and Catalog Sales	280	36
Cost of Frame Sales	694	174
Total Expenses	406,217	442,456
Decrease in Unrestricted Net Assets	(4,603)	(27,327)
Net Assets, Beginning of Year	7,681	35,008
Net Assets, End of Year	\$ 3,078	\$ 7,681

The accompanying notes are an integral part of this statement.

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 1998 and June 30, 1997

	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Members and Others	\$ 223,605	\$ 205,795
Cash Received from Sales	1,375	367
Interest Received	740	3,267
Cash Payments for Goods and Services	(207,531)	(224,813)
Interest Payments	(734)	(1,135)
Net Cash Provided (Used) by Operating Activities	17,455	(16,519)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Equipment	(686)	(3,702)
Purchase of Tent	(1,012)	(980)
Proceeds from Sale of Certificates of Deposit	0	47,808
Proceeds from Sale of Car	0	9,052
Net Cash Provided (Used) by Investing Activities	(1,698)	52,178
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal Payments on Notes Payable	(4,111)	(13,362)
Net Cash Used by Financing Activities	(4,111)	(13,362)
Net Increase in Cash	11,646	22,297
Cash at Beginning of Year	33,533	11,236
Cash at End of Year	\$ 45,179	\$ 33,533
RECONCILIATION OF CHANGE IN NET ASSETS		
TO NET CASH USED BY OPERATING ACTIVITIES:		
Change in Net Assets	\$ (4,603)	\$ (27,327)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities –		
Depreciation	12,832	12,587
Gain on Sale of Asset	0	(3,816)
(Increase)Decrease in Accounts Receivable	1,161	238
(Increase)Decrease in Inventory	693	(2,949)
(Increase)Decrease in Prepaid Expenses	1,735	344
Increase (Decrease) in Accounts Payable	12,978	3,122
Increase (Decrease) in Accrued Interest	(13)	(43)
Increase(Decrease) in Deferred Revenue	(7,328)	1,495
Increase(Decrease) in Due to Related Party	0	(170)
Total Adjustments	22,058	10,808
Net Cash Provided (Used) by Operating Activities	\$ 17,455	\$ (16,519)

The accompanying notes are an integral part of this statement.

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

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, interest income, royalties, service fees, and other income 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 membership dues received in the current period that are pro-rated for membership extending into the next period. The membership period is for one year beginning from the month dues are received.

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.

INVENTORY

Inventory consists of picture frames being held for sale to graduates and it is valued at the lower of cost, using the FIFO (i.e. first-in, first-out) method, or market.

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 consist 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.

ADVERTISING COSTS

Advertising costs are expensed as incurred.

COMPARATIVE DATA

Certain amounts for 1997 have been reclassified/restated to conform to the 1998 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, 1998 and June 30, 1997, the carrying amount of deposits was \$43,979 and \$29,998, respectively, and the bank balance was \$56,668 and \$40,810, respectively. The entire June 30, 1998 and 1997 bank balance was covered by federal depository insurance. Cash on hand at June 30, 1998 and 1997 was \$1,200 and \$3,535, respectively.

NOTE 3 – EQUIPMENT

At June 30, 1998 and June 30, 1997, the costs and related accumulated depreciation of equipment consisted of the following:

	1998	1997
Furniture and Equipment	\$ 43,948	\$ 42,249
Less Accumulated Depreciation	(29,141)	(16,308)
Net	<u>\$ 14,807</u>	<u>\$ 25,941</u>

NOTE 4 – DONATED GOODS, SERVICES, COMPUTERS, AND FACILITIES

Louisiana Tech University provides use of facilities, use of computer equipment, goods, and services to 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 approximately 1,506 hours of 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.

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

NOTE 5 – DEFERRED REVENUE

The activity in the deferred revenue account is reported as follows:

	1998	1997
Deferred Revenue, Beginning of Year	\$ 43,977	\$ 42,482
Membership Dues Received	110,120	112,880
Membership Dues Expired	<u>(117,448)</u>	<u>(111,385)</u>
Deferred Revenue, End of Year	\$ <u>36,649</u>	\$ <u>43,977</u>

NOTE 6 – LONG-TERM DEBT

The Association's obligation at June 30, 1998 and 1997, under long-term debt consisted of the following:

	1998	1997
Van note payable due in monthly installments of \$404 through January, 2000, at an interest rate of 7.75% to Central Bank.	\$ <u>7,117</u>	\$ <u>11,228</u>
Total Long-Term Debt	7,117	11,228
Less current maturities included in current liabilities	<u>(4,406)</u>	<u>(4,071)</u>
Total Long-Term Debt, net of current maturities	\$ <u>2,711</u>	\$ <u>7,157</u>

Maturities of long-term debt are as follows:

<u>YEAR ENDING</u>	<u>AMOUNT</u>
June 30, 1999	\$ 4,406
June 30, 2000	2,711

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, 1998.