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NORTHEAST LOUISIANA UNIVERSITY
ALUMNI ASSOCIATION

JUNE 30, 1998 AND 1997

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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 DEC 9 1998

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Northeast Louisiana University Alumni Association
Monroe, Louisiana

We have audited the accompanying statements of financial position of Northeast Louisiana University Alumni Association as of June 30, 1998 and 1997, 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. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 audits provide 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 Northeast Louisiana University Alumni Association as of June 30, 1998 and 1997, and the changes in net assets and cash flows for the years then ended, in conformity with generally accepted accounting principles.

Little & Company

Monroe, Louisiana
September 2, 1998

NORTHEAST LOUISIANA UNIVERSITY
ALUMNI ASSOCIATION
STATEMENTS OF FINANCIAL POSITION

	<u>1998</u>	<u>June 30,</u> <u>1997</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 68,566	\$ 89,302
Certificate of Deposit	50,000	50,000
Accounts Receivable	2,500	2,500
Receivable – NLU Foundation and Athletics	781	2,815
Prepaid Items	32,000	48,000
Property and Equipment, Net	9,771	16,398
Art and Collectibles	<u>7,450</u>	<u>7,450</u>
<u>TOTAL ASSETS</u>	<u>\$ 171,068</u>	<u>\$ 216,465</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities</u>		
Accounts Payable	\$ 18,891	\$ 10,694
Deferred Income	<u>80,000</u>	<u>120,000</u>
Total Liabilities	98,891	130,694
<u>Net Assets</u>		
Unrestricted	<u>72,177</u>	<u>85,771</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 171,068</u>	<u>\$ 216,465</u>

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

NORTHEAST LOUISIANA UNIVERSITY
ALUMNI ASSOCIATION
STATEMENTS OF ACTIVITIES

	Year Ended <u>June 30,</u>	
	<u>1998</u>	<u>1997</u>
<u>Changes in Unrestricted Net Assets</u>		
Revenues and Gains:		
Contributions	\$ 313	\$ 1,195
Alumni Dues	83,254	79,784
Student Fees	20,184	22,029
Special Events	11,984	8,919
Visa/Mastercharge	50,000	50,000
Chapter Development	5,534	6,052
NLU "31"	5,717	3,950
Interest	7,128	7,171
Miscellaneous	<u>4,048</u>	<u>1,246</u>
Total Unrestricted Revenues and Gains	188,162	180,346
<u>Net Assets Released from Restrictions</u>		
Satisfaction of Program Restrictions	-	<u>11,880</u>
Total Unrestricted Revenues, Gains and Other Support	188,162	192,226
<u>Expenses</u>		
Academic Support	19,828	20,467
University and Sports Promotion	133,988	100,277
Departmental Expenses	-	11,880
Fund Raising and Promotion	18,375	24,305
Materials and Supplies	17,088	33,616
Management and General	2,849	2,251
Depreciation	<u>9,628</u>	<u>10,987</u>
Total Expenses	<u>201,756</u>	<u>203,783</u>
Decrease in Unrestricted Net Assets	(13,594)	(11,557)
<u>Changes in Temporarily Restricted Net Assets</u>		
Contributions	-	6,884
Net Assets Released from Restrictions	<u>-</u>	<u>(11,880)</u>
Decrease in Temporarily Restricted Net Assets	<u>-</u>	<u>(4,996)</u>
<u>Decrease in Net Assets</u>	(13,594)	(16,553)
<u>Net Assets at Beginning of Year</u>	<u>85,771</u>	<u>102,324</u>
<u>NET ASSETS AT END OF YEAR</u>	<u>\$ 72,177</u>	<u>\$ 85,771</u>

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

NORTHEAST LOUISIANA UNIVERSITY
ALUMNI ASSOCIATION
STATEMENTS OF CASH FLOWS

	Year Ended <u>June 30,</u>	
	<u>1998</u>	<u>1997</u>
<u>Cash Flows From Operating Activities</u>		
Decrease in Net Assets	\$(13,594)	\$(16,553)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	9,628	10,987
Decrease in Receivables	2,034	2,015
Decrease in Prepaid Items	16,000	16,000
Increase (Decrease) in Accounts Payable	8,196	(8,845)
Decrease in Deferred Income	<u>(40,000)</u>	<u>(40,000)</u>
Total Adjustments	<u>(4,141)</u>	<u>(19,843)</u>
Net Cash Used by Operating Activities	(17,736)	(36,396)
 <u>Cash Flows from Investing Activities</u>		
Purchase of Equipment	(3,000)	-
 <u>Cash Flows from Financing Activities</u>	<u>-</u>	<u>-</u>
 <u>Net Decrease in Cash and Cash Equivalents</u>	(20,736)	(36,396)
 <u>Cash and Cash Equivalents - Beginning</u>	<u>89,302</u>	<u>125,698</u>
 <u>CASH AND CASH EQUIVALENTS - END OF YEAR</u>	<u>\$ 68,566</u>	<u>\$ 89,302</u>

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

NORTHEAST LOUISIANA UNIVERSITY ALUMNI ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

Note 1 - Summary of Significant Accounting Policies

A. Nature of Activities

Northeast Louisiana University (NLU) Alumni Association (the Association) is a non-profit organization located in Monroe, Louisiana. The NLU Alumni Association serves to foster a spirit of loyalty and fraternalism among graduates, former students, students and friends of Northeast Louisiana University and to achieve unity of purpose and action in promoting the best interests of the University.

The Association seeks to enlist the volunteer involvement of NLU alumni and friends in support for the University as a means of assisting NLU in reaching its full potential as a teaching, research and service institute of higher education in Louisiana.

The Association endeavors to provide the leadership and support services, through its financial and human resources, which will enhance the University's efforts to satisfy the economic, cultural and educational needs of the region and state.

B. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

C. Basis of Accounting

The financial statements of Northeast Louisiana University Alumni Association have been prepared on the accrual basis and in conformity with the standards promulgated by the American Institute of Certified Public Accountants in its *Audit Guide for Not-for-Profit Organizations*.

D. Accounting Pronouncement

In June 1993, the Financial Accounting Standards Board (the FASB) issued Statements of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made* and No. 117, *Financial Statements of Not-for-Profit Organizations*. As of July 1, 1996, the Association adopted both of these pronouncements.

SFAS No. 116 establishes accounting standards for contributions and generally requires unconditional promises to give – including multiyear promises – be recognized at fair value in the period the promise is made. Conditional promises to give are recognized when they become unconditional.

NORTHEAST LOUISIANA UNIVERSITY ALUMNI ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

Note 1 - Summary of Significant Accounting Policies (continued)

SFAS No. 117 will change the focus of the Association's financial statements from disaggregated reporting by fund groups to reporting on the organization as a whole. The statement requires the Association to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, the Association has continued to use fund accounting as described below.

E. Financial Statement Classification

The assets, liabilities, and net assets of the Foundation are reported in two classes as follows:

1. Unrestricted -- includes all resources to be used in support of the Association's operations at the sole direction of the Association.
2. Temporarily Restricted -- includes amounts that have been donated for the use of specific University departments, organizations or other beneficiaries. The donations and earnings, if any, were held by the Association until requested by the applicable department, organization or beneficiaries and may not be spent at the discretion of the Association.

During fiscal 1997, all of the remaining \$4,917 of temporarily restricted funds were transferred to the Northeast Louisiana University Foundation.

F. Contributions

In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor-imposed restrictions. Contributions are recognized as support when received or when an unconditional promise to give is received.

G. Tax Status

Northeast Louisiana University Alumni Association is a nonprofit corporation exempted from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

H. Functional Allocation of Expenses

The direct costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities. Program services expenses are those directly related to the purposes for which the Alumni Association exists. Supporting services expenses reflect other expenses incurred in operating the programs.

NORTHEAST LOUISIANA UNIVERSITY ALUMNI ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

Note 1 - Summary of Significant Accounting Policies (continued)

I. Property and Equipment

Property and equipment is recorded at cost or fair market value at date of purchase or donation, respectively. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives range from 5 to 7 years.

J. Contributed Facility

The Association occupies without charge office space in the Anna Gray Noe Alumni Building, which is owned by Northeast Louisiana University. No amount has been reflected in the financial statements for the value of the use of the facility.

K. Cash Flows

For purposes of the statement of cash flows, the Alumni Association considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Note 2 - Art and Collectibles

Art and collectibles consisted of prints by Glen Gore donated to the Association by the NLU Foundation. The prints are stated at the estimated fair value at the time of donation.

Note 3 - Financial Instruments Disclosure

At June 30, 1998, the Association had various checking accounts and a certificate of deposit at local financial institutions with bank statement balances totaling \$65,827, which was federally insured. The Association had \$65,000 in a commercial repo account consisting of insured mortgage-backed securities.

Note 4 - Affinity Card Program

During fiscal 1996, the Association negotiated an Affinity Card contract with a local financial institution whereby the financial institution agreed to provide VISA and MasterCard services to NLU alumni and friends. The financial institution agreed to pay \$200,000 and an additional royalty fee of \$2,500 each quarter during the initial five-year term of agreement. The Association board of directors voted to pay the NLU Athletic Scholarship 40% of the initial \$200,000 royalty fee. The NLU Athletic Scholarship was paid \$80,000 during fiscal 1996, of which \$16,000 was recorded as an expense and \$64,000 was a prepaid expense included on the statement of financial position at June 30, 1996. At June 30, 1998 and 1997, \$32,000 and \$48,000 remains as a prepaid expense on the accompanying Statements of Financial Position. At June 30, 1998 and 1997, deferred income of \$80,000 and \$120,000, representing the remaining fee income to be recognized over the remaining years of the contract, was included on the accompanying statements of financial position.

NORTHEAST LOUISIANA UNIVERSITY ALUMNI ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

Note 4 - Affinity Card Program (continued)

The Association recognized fee income and expenses during fiscal 1998 and 1997 as follows:

	<u>1998</u>	Year Ended <u>June 30,</u>	<u>1997</u>
<u>Income</u>			
Fee Income – Affinity Program	<u>\$ 50,000</u>		<u>\$ 50,000</u>
<u>Total Program Income</u>	<u>\$ 50,000</u>		<u>\$ 50,000</u>
<u>Expenses</u>			
Expenses – Affinity Program	<u>\$ 16,000</u>		<u>\$ 16,000</u>
<u>Total Program Expenses</u>	<u>\$ 16,000</u>		<u>\$ 16,000</u>

The \$16,000 expenses – Affinity Program are included in University and Sports Promotion on the accompanying statements of activities.