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MCNEESE STATE UNIVERSITY
ALUMNI ASSOCIATION

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2004

(with summarized financial information for 2003)

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 9-1-04

William V. Trimm, CPA
Certified Public Accountant
4909 Common St. Ste 2A
Lake Charles, La. 70607

Table of Contents

Independent Auditor's Report on the Financial Statements..... 1

Financial Statements

Statement of Financial Position..... 2

Statement of Activities..... 3-4

Statement of Cash Flows..... 5

Notes to the Financial Statements.....6-10

**William V. Trimm
Certified Public Accountant
4909 Common St. Ste 2A
Lake Charles, La. 70607**

William V. Trimm, CPA

(a professional corporation)

4909 Common St. Ste 2A
Lake Charles, La. 70601

(337) 479-1225
(337) 479-1229 (fax)
wvt.144@juno.com

William V. Trimm, CPA

Member:

American Institute of Certified
Public Accountants

Louisiana Society of CPA's

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
McNeese State University Alumni Association
Lake Charles, La.

I have audited the accompanying statement of financial position of McNeese State University Alumni Association (a nonprofit organization) as of June 30, 2004, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of McNeese State University Alumni Association's management. My responsibility is to express an opinion on these financial statements based on my audit. The prior year summarized comparative information has been derived from the Alumni Association's 2003 financial statements and, in my report dated September 30, 2003, I expressed an unqualified opinion on those financial statements.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards required 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides 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 McNeese State University Alumni Association (a nonprofit organization), as of June 30, 2004, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

William V. Trimm
Certified Public Accountant

Lake Charles, Louisiana
August 4, 2004

McNeese State University Alumni Association
STATEMENT OF FINANCIAL POSITION
June 30, 2004
(with summarized financial information for 2003)

	2004	2003 (Memorandum Only)
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 291,031	\$ 250,076
Certificates of Deposit	157,107	154,719
Accounts Receivable	200	-
Inventory	5,310	5,207
Total Current Assets	\$ 453,648	\$ 410,002
 Property and Equipment:		
Equipment, Fixtures & Building Improvements	\$ 84,228	\$ 84,228
Less: Accumulated Depreciation	(63,676)	(56,214)
Net Equipment Fixtures & Building Improvements	\$ 20,552	\$ 28,014
Total Assets	\$ 474,200	\$ 438,016
 LIABILITIES AND NET ASSETS		
Current Liabilities:		
Federal Income Tax Payable	\$ 503	\$ 933
Accounts Payable	19,473	23,529
Total Current Liabilities	\$ 19,976	\$ 24,462
 Net Assets:		
Unrestricted Net Assets:		
Board Designated	\$ 80,000	\$ 80,000
Operating/Undesignated	270,639	224,551
Net Fixed Assets	20,552	28,014
Total Unrestricted Net Assets	\$ 371,191	\$ 332,565
Temporarily restricted	\$ 83,033	\$ 80,989
Total Net Assets	\$ 454,224	\$ 413,554
Total Liabilities and Net Assets	\$ 474,200	\$ 438,016

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

McNeese State University Alumni Association
STATEMENT OF ACTIVITIES
Year Ended June 30, 2004
(with summarized financial information for 2003)

	2004			2003
	Unrestricted	Temporarily Restricted	Total	Total
				<i>(memorandum only)</i>
PUBLIC SUPPORT, REVENUES, AND RECLASSIFICATIONS				
Public Support:				
Contributions	\$ 120,960	25,493	\$ 146,453	\$ 151,765
Contributed facilities, salaries and expenses	98,361	-	98,361	81,737
Special Event Fundraiser:	-	-	-	-
ML Golf Tournament, less \$ 11,192 of costs of direct benefit to donors	-	17,257	17,257	15,556
Total public support	\$ 219,321	\$ 42,750	\$ 262,071	\$ 249,058
Revenues and Reclassifications				
Homecoming	\$ 20,654	-	\$ 20,654	\$ 21,005
Interest	3,662	372	4,034	5,367
License plate revenue	-	8,761	8,761	11,375
Gain on disposal of assets	-	-	-	69
Miscellaneous programs	27,891	-	27,891	13,374
Rent income	100	-	100	140
Sales of merchandise(net of cost)	903	-	903	510
Visa card income	14,558	-	14,558	11,206
Total revenue and Reclassifications	\$ 67,768	\$ 9,133	\$ 76,901	\$ 63,046
Net assets released from restrictions:				
Satisfaction of program restrictions	49,774	(49,774)	-	-
Total Public Support, Revenues & Reclassifications	\$ 336,863	\$ 2,109	\$ 338,972	\$ 261,482
EXPENSES				
Program Services:				
Alumni Chapters	\$ 2,621	-	\$ 2,621	\$ 1,722
Alumni Events	17,816	-	17,816	15,503
Awards	5,128	-	5,128	5,450
Homecoming	17,194	-	17,194	15,677
Scholarships	11,000	-	11,000	11,005
MSU Donations	27,953	-	27,953	39,481
Total Program Services	\$ 81,712	\$ -	\$ 81,712	\$ 88,838

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

	2004			2003
	Unrestricted	Temporarily Restricted	Total	Total (memorandum only)
Support Services:				
General Administration:				
Auditing and Accounting	\$ 3,800	-	\$ 3,800	\$ 4,500
Advertising	854	-	854	-
Building expense	2,505	-	2,505	-
Car Allowance	1,100	-	1,100	600
Computer expenses	13,758	-	13,758	5,288
Contract labor	764	-	764	-
Depreciation	7,463	-	7,463	8,179
Dues	22	-	22	51
Entertainment	157	-	157	427
Mavericks Expense	2,960	-	2,960	404
Meetings	1,138	-	1,138	1,296
Miscellaneous	316	-	316	114
Office	5,632	-	5,632	5,003
Printing	7,593	-	7,593	7,187
Promotion	4,959	-	4,959	10,925
Reunion Expense	2,401	-	2,401	2,924
Recruiting	2,144	-	2,144	2,454
Repairs	165	-	165	208
Rent	7,231	-	7,231	7,231
Salaries and benefits paid by:				
McNeese State University	91,209	-	91,209	74,585
Alumni Association	19,473	-	19,473	23,529
Sports Medicine expense	13,684	-	13,684	-
Service charges	134	65	199	132
Supplies	12,606	-	12,606	5,200
Travel	2,064	-	2,064	2,142
	<u>\$ 204,132</u>	<u>\$ 65</u>	<u>\$ 204,197</u>	<u>\$ 162,379</u>
Fundraising	<u>\$ 10,352</u>	<u>\$ -</u>	<u>\$ 10,352</u>	<u>\$ 9,838</u>
Total support services	<u>\$ 214,484</u>	<u>\$ 65</u>	<u>\$ 214,549</u>	<u>\$ 172,217</u>
Total expenses	<u>\$ 296,196</u>	<u>\$ 65</u>	<u>\$ 296,261</u>	<u>\$ 261,055</u>
Increase(decrease) in net assets before income taxes	<u>\$ 40,667</u>	<u>\$ 2,044</u>	<u>\$ 42,711</u>	<u>\$ 51,049</u>
Income taxes, current portion	<u>\$ (2,041)</u>	<u>\$ -</u>	<u>\$ (2,041)</u>	<u>\$ (1,534)</u>
Increase(decrease) in net assets	<u>\$ 38,626</u>	<u>\$ 2,044</u>	<u>\$ 40,670</u>	<u>\$ 49,515</u>
Net assets beginning of year	<u>\$ 332,565</u>	<u>\$ 80,989</u>	<u>\$ 413,554</u>	<u>\$ 364,039</u>
Net assets end of year	<u>\$ 371,191</u>	<u>\$ 83,033</u>	<u>\$ 454,224</u>	<u>\$ 413,554</u>

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

McNeese State University Alumni Association
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2004
(with summarized financial information for 2003)

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		(memorandum only)
Cash received from contributors, unrestricted	\$ 120,960	\$ 126,744
Cash received from contributors, temporarily restricted	62,703	47,286
Interest received	4,034	5,367
Miscellaneous revenues collected	63,803	63,055
Golf Tournament expenses and cost of merchandise sold	(11,089)	(12,085)
Cash paid for program services and to satisfy donor restrictions	(81,712)	(88,838)
Cash paid for supporting services	(102,533)	(61,829)
Cash paid for fundraising	(10,352)	(9,838)
Refund of income taxes	-	770
Income taxes paid	(2,471)	-
	<u>\$ 43,343</u>	<u>\$ 70,632</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment	\$ -	\$ (9,069)
Increase in certificates of deposit	(2,388)	(1,843)
	<u>\$ (2,388)</u>	<u>\$ (10,912)</u>
Net cash provided by (used) in operating activities	<u>\$ 43,343</u>	<u>\$ 70,632</u>
Net increase(decrease) in cash and cash equivalents	\$ 40,955	\$ 59,720
Cash and cash equivalents as of beginning of year	<u>250,076</u>	<u>190,356</u>
Cash and cash equivalents as of end of year	<u>\$ 291,031</u>	<u>\$ 250,076</u>

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

McNeese State University Alumni Association
Notes to Financial Statements
June 30, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

McNeese State University Alumni Association is a non-profit corporation 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 from individual donor's contributions.

Basis of Accounting and Financial Statement Presentation

For financial statement purposes, the Association recognizes revenues and records expenses using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

The financial statement presentation follows the recommendation of the *Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets:

- Unrestricted net assets, which represent the expendable resources that are available for operations at management's discretion;
- Temporarily restricted net assets, which represent resources restricted by donors as to purpose or by the passage of time; and
- Permanently restricted net assets, which represent resources that are limited by donor-imposed stipulation that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Association. The Association did not have any permanently restricted net assets this year.

Use of Estimates

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

McNeese State University Alumni Association
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Public Support and Revenue

The Organization complies with the Financial Accounting Standards Board's Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restriction. Contributions that are restricted by the donor are reported as increases in net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

Inventory

The inventory is stated at the lower of cost or market value. Cost is determined using the specific identification method.

Prior Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2003, from which the summarized information was derived.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all demand deposits to be cash and cash equivalents, except for certificates of deposit.

Promises to Give

Unconditional promises to give are recognized as receivables and as revenues in the period the Association is notified by the donor of his or her commitment to make a contribution. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

McNeese State University Alumni Association
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property and Equipment

Property and equipment are stated at cost or, if donated, at fair market value at the date of donation for contributed assets. Depreciation is computed on the straight-line basis over the estimated lives of property and equipment, which range from 3 to 10 years. Depreciation amounted to \$ 7,463 for the year ended June 30, 2004. The Association follows the practice of capitalizing all expenditures for property and equipment in excess of \$ 500.

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 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 included the Visa card program. Income taxes were \$ 2,041 for the year ended June 30, 2004.

Contributed Services and Facilities

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. McNeese State University (the University) owns the facility that houses the McNeese State University Alumni Association (the Association). Office space is provided at no cost to the Association.

NOTE 2: FIXTURES, EQUIPMENT & BUILDING IMPROVEMENTS

The following is a summary of fixtures, equipment, and building improvements as of June 30, 2004:

Fixtures	\$ 77,035
Equipment	5,720
Building Improvements	1,473
Less: Accumulated Depreciation	<u>(63,676)</u>
Total	<u>20,552</u>

McNeese State University Alumni Association
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

NOTE 3: 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.

NOTE 4: CONTRIBUTED FACILITIES, SALARIES AND EXPENSES

The value of the contributed services, facilities and expenses and the corresponding expenditures included in the financial statements for the year ended June 30, 2004 are as follows:

<u>Public Support</u>	
Contributed facilities, salaries and expenses	<u>\$ 98,361</u>
<u>Expenses</u>	
Rent	\$ 7,152
Salaries and benefits	91,209
Total	<u>\$ 98,361</u>

NOTE 5: TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2004 temporarily restricted net assets are available for the following purposes or periods:

Periods after June 30, 2004	
Alumni Chapters	\$ 2,165
Scholarships	<u>80,868</u>
Total temporarily restricted net assets	<u>\$ 83,033</u>

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

Purpose restriction accomplished	
Alumni Chapters	\$ 2,622
MSU Donations	22,468
Sports Medicine	13,684
Scholarships	<u>11,000</u>
	<u>\$ 49,774</u>

McNeese State University Alumni Association
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

NOTE 6: CONCENTRATION OF CREDIT RISK FOR CASH HELD AT BANKS

The Association maintains cash balances in several financial institutions. The deposits are insured by the Federal Deposit Insurance Corporation up to a total of \$ 100,000 per financial institution. Funds held at the McNeese State University Federal Credit Union exceeded the FDIC Insurance limit by a total of \$ 93,156 at June 30, 2004. Accordingly, the Association is "at risk" for this amount of cash. Management believes that this risk is minimal.

NOTE 7: COMPENSATED ABSENCES

Employees of the McNeese State University Alumni Association are entitled to paid vacation, sick days and personal days off, depending on job classification, *length of service and other factors*. In addition, management also has contracts or agreements with the McNeese State University Alumni Association that provided for compensated absences. It is impracticable to estimate the amount of compensation for future absences therefore no liability has been recorded in the accompanying financial statements. The McNeese State University Alumni Association's policy is to recognize the costs of compensated absences when actually paid to employees.