



LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.  
FINANCIAL REPORT  
For the Year Ended June 30, 1997

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
Louisiana Tech University Alumni Association, Inc.  
P.O. Box 3153  
Huston, Louisiana 71273

I have audited the accompanying statements of financial position of Louisiana Tech University Alumni Association as of June 30, 1997 and June 30, 1996, 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, 1997 and June 30, 1996, and the changes in net assets and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

As discussed in Note 9 to the financial statements, in 1997 the Association changed its method of accounting for contributions and its method of financial reporting and financial statement presentation.

  
Don M. McGhee  
Certified Public Accountant

October 31, 1997

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 1997 and June 30, 1996

ASSETS	1997	1996
Current Assets		
Cash	\$ 33,533	\$ 11,236
Certificates of Deposit	0	47,807
Accounts and Interest Receivable	1,261	1,489
Inventories and Prepaid Expenses	5,957	2,702
Total Current Assets	40,751	63,234
Equipment - Net of Accumulated Depreciation	25,941	39,052
<b>TOTAL ASSETS</b>	<b>\$ 66,692</b>	<b>\$ 102,286</b>
<b>LIABILITIES AND NET ASSETS</b>		
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 3,122	\$ 0
Current Maturities of Long-Term Debt	4,071	7,307
Accrued Interest	34	67
Deferred Revenue	49,977	42,482
Due to Related Party	0	170
Total Current Liabilities	57,194	50,026
Long-Term Debt	7,167	17,252
<b>TOTAL LIABILITIES</b>	<b>64,361</b>	<b>67,278</b>
NET ASSETS		
Unrestricted	7,681	35,008
<b>TOTAL NET ASSETS</b>	<b>7,681</b>	<b>35,008</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 66,692</b>	<b>\$ 102,286</b>

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, 1997 and June 30, 1996)

	<u>1997</u>	<u>1996</u>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
Revenues and Gains		
Alumni Activities and Events	\$ 88,369	\$ 29,224
Contributions	984	628
Donated Goods, Services, Computers, and Facilities	223,617	0
Frame Sales	360	0
Gain on Sale/Transfer of Asset	3,816	3,919
Interest Income	1,778	3,628
Merchandise and Catalog Sales	17	1,028
Membership Dues	111,365	111,319
Other Income	1,325	1,224
Royalties	3,462	6,279
Total Unrestricted Revenue and Gains	<u>485,129</u>	<u>187,969</u>
Expenses		
Program Services		
Academic Excellence Week	2,409	0
Alumni Activities and Events	247,668	32,593
Alumni House Expansion	668	25,000
Alumni News	88,584	12,000
Library Fund	2,000	2,000
Guest for Quality Fund	5,000	5,000
Scholarships	12,750	12,000
Student Activity Promotions	5,480	3,425
Supporting Services		
Administrative Expenses		
Accounting	2,720	3,199
Building Use	15,360	0
Computer Use and Maintenance	12,546	0
Conferences	164	37
Office Supplies	1,867	3,102
Other	128	309
Salaries and Benefits	24,457	0
Telephone	194	300
Alumni Promotions and Souvenirs	5,091	4,902
Membership Mail Out	11,792	15,915
Cost of Merchandise and Catalog Sales	35	3,719
Cost of Frame Sales	174	0
Total Expenses	<u>442,699</u>	<u>182,542</u>
Decrease in Unrestricted Net Assets	(27,827)	(26,278)
Net Assets, Beginning of Year	<u>35,008</u>	<u>61,287</u>
Net Assets, End of Year	\$ <u>7,691</u>	\$ <u>35,008</u>

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, 1997 and June 30, 1996

	<u>1997</u>	<u>1996</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Members and Others	\$ 205,795	\$ 140,500
Cash Received from Sales	357	1,070
Interest Received	3,267	5,119
Cash Payments for Goods and Services	(224,813)	(160,607)
Interest Payments	(1,126)	(7,496)
Net Cash Used by Operating Activities	<u>(16,520)</u>	<u>(22,413)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Office Equipment	(3,702)	(23,504)
Purchase of Furniture	(660)	(14,003)
Purchase of Certificates of Deposit	0	(30,573)
Proceeds from Sale of Certificates of Deposit	47,808	0
Proceeds from Sale of Car	3,052	7,003
Net Cash Provided (Used) by Investing Activities	<u>52,178</u>	<u>(61,443)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
New Borrowings	0	18,534
Principal Payments on Notes Payable	(13,362)	(7,540)
Net Cash Provided (Used) by Financing Activities	<u>(13,362)</u>	<u>9,994</u>
Net Increase (Decrease) in Cash	22,297	(62,004)
Cash at Beginning of Year	<u>11,230</u>	<u>69,240</u>
Cash at End of Year	\$ <u>33,527</u>	\$ <u>11,236</u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS</b>		
<b>TO NET CASH USED BY OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ (27,327)	\$ (26,275)
<b>Adjustments to Reconcile Change in Net Assets to</b>		
<b>Net Cash Provided by Operating Activities –</b>		
Depreciation	12,587	11,258
Gain on Sale of Asset	(3,916)	(3,916)
(Increase)Decrease in Accounts and Interest Receivable	239	(1,488)
(Increase)Decrease in Inventory and Prepaid Expenses	(2,606)	(2,378)
Increase (Decrease) in Accounts Payable	3,122	(7,758)
Increase (Decrease) in Accrued Interest	(43)	(3)
Increase in Deferred Revenue	1,495	635
Increase/Decrease in Due to Related Party	(173)	173
Total Adjustments	<u>10,668</u>	<u>(3,171)</u>
Net Cash Used by Operating Activities	\$ <u>(16,512)</u>	\$ <u>(23,482)</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 1997

The Louisiana Tech University Alumni Association, Inc. (Association) is a Louisiana nonprofit corporation chartered on January 10, 1996. This corporation is organized, and it shall be operated exclusively for the following purposes: (a) advancement and strengthening of the ties of affection and esteem of the Alumni to Louisiana Tech University and to each other; (b) to encourage attendance at Louisiana Tech University and to further interest in, and improvements of, that institution; (c) to maintain and administer scholarships, and the necessary loan funds, fellowships, faculty, grants and other emoluments to aid, facilitate, and enhance the educational and cultural prestige of the institution its staff, faculty, and student body; (d) to promote the educational and cultural welfare of the institution and to develop, expand and improve the facilities thereof, and (e) to solicit and accept grants and bequests, funds and property for the purpose of carrying out these purposes and to generally receive and expend funds for 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. Contributors 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, 1997

**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.

**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, 1997 and June 30, 1996, the carrying amount of deposits was \$29,566 and \$53,043, respectively, and the bank balance was \$40,810 and \$71,703, respectively. The entire June 30, 1997 and 1996 bank balance was covered by federal depository insurance.

**NOTE 3 – EQUIPMENT**

At June 30, 1996 and June 30, 1995, the costs and related accumulated depreciation of equipment consisted of the following:

	<u>1997</u>	<u>1996</u>
Furniture and Equipment	\$ 42,349	\$ 53,275
Less Accumulated Depreciation	<u>(16,308)</u>	<u>(14,102)</u>
Net	\$ <u>26,041</u>	\$ <u>39,173</u>

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

Louisiana Tech University provides use of facilities, use of computer equipment, goods, and services for 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 1,513 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, 1997

**NOTE 5 – DEFERRED REVENUE**

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

	1997	1996
Deferred Revenue, Beginning of Year	\$ 42,462	\$ 41,567
Membership Dues Received	112,060	112,248
Membership Dues Expired	<u>(111,285)</u>	<u>(111,215)</u>
Deferred Revenue, End of Year	<u>\$ 43,237</u>	<u>\$ 42,482</u>

**NOTE 6 – LONG-TERM DEBT**

The Association's obligation at June 30, 1997 and 1996, under long-term debt consisted of the following:

	1997	1996
Van note payable due in monthly installments of \$404 through January, 2000, at an interest rate of 7.75% to Central Bank,	\$ 11,228	\$ 15,048
Skylink note payable due in monthly installments of \$350 through December, 1998, at an interest rate of 7.50% to Central Bank,	<u>0</u>	<u>9,541</u>
Total Long-Term Debt	11,228	24,589
Less current maturities included in current liabilities	<u>(4,071)</u>	<u>(7,337)</u>
Total Long-Term Debt, net of current maturities	<u>\$ 7,157</u>	<u>\$ 17,252</u>

Maturities of long-term debt are as follows:

YEAR ENDING	AMOUNT
June 30, 1996	\$ 4,071
June 30, 1998	4,448
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.

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 1997

**NOTE 5 – CHANGE IN ACCOUNTING METHOD**

During 1997, the Association adopted the accounting treatment prescribed by Statement on Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made, and SFAS No. 117, Financial Statements for Not-For-Profit Organizations. In accordance with SFAS No. 116, contributions received are recorded as unrestricted support depending on the existence and/or nature of any donor restrictions. As permitted by SFAS No. 116, the Association may recognize the cumulative effect of the provisions of this new statement in its 1997 statement of activities. The cumulative effect adjustment to net assets would be zero, since the increase in revenue would be offset by an identical increase in expenses as of June 30, 1997. There would be no adjustment made to net assets as of June 30, 1996, for contributions not previously reported.