

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

FINANCIAL REPORT

JUNE 30, 2020

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.
FINANCIAL REPORT
JUNE 30, 2020

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(A Professional Accounting Corporation)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Louisiana Tech University Alumni Association, Inc.
T.S. Box 3183
Ruston, Louisiana 71272-0001

I have audited the accompanying financial statements of Louisiana Tech University Alumni Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and June 30, 2019, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

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. as of June 30, 2020 and June 30, 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the the United States of America.



Don M. McGehee
Certified Public Accountant

December 29, 2020

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 48,503	\$ 25,672
Investments	216,637	230,694
Prepaid Expenses	<u>1,758</u>	<u>4,504</u>
TOTAL CURRENT ASSETS	266,898	260,870
FIXED ASSETS - Net of Accumulated Depreciation	<u>26,458</u>	<u>34,813</u>
TOTAL ASSETS	<u>\$ 293,356</u>	<u>\$ 295,683</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 10,790	\$ 7,514
Current Maturities of Long-Term Debt	<u>5,889</u>	<u>5,889</u>
TOTAL CURRENT LIABILITIES	16,679	13,403
LONG-TERM DEBT	<u>19,137</u>	<u>25,026</u>
TOTAL LIABILITIES	<u>35,816</u>	<u>38,429</u>
NET ASSETS		
Without Donor Restrictions	<u>257,540</u>	<u>257,254</u>
TOTAL NET ASSETS	<u>257,540</u>	<u>257,254</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 293,356</u>	<u>\$ 295,683</u>

See accompanying notes to financial statements.

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CHANGES IN NET ASSETS:		
Revenues, Support, and Gains		
Alumni Activities and Events	\$ 118,749	\$ 104,855
Contributions	2,149	28,940
Brick and Print Sales	6,600	5,400
Investment Dividends and Interest	6,953	8,649
Interest Income	47	48
Chapter Dues	2,000	720
Membership Dues	81,927	87,535
Lifetime Membership Dues	18,100	14,000
Other Income	33,190	3,165
Royalties	113	763
University Support	436,798	482,835
Net Realized and Unrealized Gains on Investments	5,080	2,883
Total Revenues, Support, and Gains	711,706	739,793
Expenses and Losses		
Program Services		
Alumni Activities and Events	541,369	527,898
Alumni News	27,913	28,325
Hall of Distinguished Alumni	0	1,802
Scholarships	15,000	15,150
Student Activity Promotions	13,535	12,644
Supporting Services		
Administrative Services		
Accounting	7,500	7,500
Building Use	15,360	15,360
Computer Use and Maintenance	9,137	24,656
Office Supplies	6,195	5,006
Other	7,760	6,141
Salaries and Benefits	47,844	114,219
Alumni Promotions and Souvenirs	2,122	5,533
Fund-Raising		
Membership Mail Out	14,258	15,321
Cost of Bricks Sold	3,427	4,646
Loss on Sale of Assets	0	6,021
Total Expenses and Losses	711,420	790,222
CHANGE IN NET ASSETS	286	(50,429)
NET ASSETS - BEGINNING OF YEAR	257,254	307,683
NET ASSETS - END OF YEAR	\$ 257,540	\$ 257,254

See accompanying notes to financial statements.

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Members and Others	\$ 262,827	\$ 245,378
Interest Income and Dividends Received	7,000	8,696
Cash Payments for Goods and Services	<u>(260,244)</u>	<u>(291,021)</u>
Net Cash Provided (Used) by Operating Activities	<u>9,583</u>	<u>(36,947)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Vehicle	0	(35,331)
Purchase of Investments	(84,459)	(12,249)
Proceeds from Sale of Investments	103,596	54,712
Proceeds from Trade-In of Vehicle Applied to Debt	<u>0</u>	<u>14,555</u>
Net Cash Provided by Investing Activities	<u>19,137</u>	<u>21,687</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Notes Payable	(5,889)	(19,827)
New Borrowings	<u>0</u>	<u>35,331</u>
Net Cash Provided (Used) by Financing Activities	<u>(5,889)</u>	<u>15,504</u>
NET INCREASE IN CASH	22,831	244
CASH AT BEGINNING OF YEAR	<u>25,672</u>	<u>25,428</u>
CASH AT END OF YEAR	<u>\$ 48,503</u>	<u>\$ 25,672</u>
 RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES:		
Change in Net Assets	\$ 286	\$ (50,429)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	8,355	8,553
Loss on Trade-in of Vehicle	0	6,021
Net Realized and Unrealized (Gain) Loss on Investments	(5,080)	(2,883)
(Increase) Decrease in Prepaid Expenses	2,746	1,759
Increase (Decrease) in Accounts Payable	<u>3,276</u>	<u>32</u>
Total Adjustments	<u>9,297</u>	<u>13,482</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 9,583</u>	<u>\$ (36,947)</u>

SUPPLEMENTAL DISCLOSURES

Noncash Investing Transactions:

A trade-in allowance of \$21,000 less the pay-off of the loan balance remaining on the vehicle traded-in leaves \$6,445 that was applied to the cost of the new vehicle purchased in 2019.

Acquisition of Vehicle by Assuming Liability		
Cost of Vehicle	\$ 0	\$ 41,776
Trade-in Allowance	<u>0</u>	<u>(6,445)</u>
Liability Assumed	<u>\$ 0</u>	<u>\$ 35,331</u>

See accompanying notes to financial statements.

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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) to advance and strengthen 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, 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 supported primarily through membership dues, fees for alumni activities and events, and support from Louisiana Tech University. The Association is exempt from federal income tax as an organization described in Section 501 (c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

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 and lifetime memberships in the period received. Interest income, royalties, service fees, and other income are recognized on the accrual basis. Support and contributions are measured at their fair values. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Support that is restricted by the donor is reported as a change in net assets without donor restrictions, if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. There were no net assets with donor restrictions for the year ended June 30, 2020 or 2019. Prior year unrestricted net assets are reclassified in this presentation as net assets without donor restrictions.

DONATED GOODS, SERVICES, COMPUTERS, AND FACILITIES

A number of volunteers have donated their time and skills to the Association's program services and to the fund-raising campaigns during the year; however, the value of these donated services is 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 values.

FIXED ASSETS AND DEPRECIATION

Fixed assets, with an original cost of \$1,500 or more, are capitalized 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 consists 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.

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by the passage of time or by use) in the reporting period in which the income and gains are recognized.

ADVERTISING COSTS

Advertising costs for the year ended June 30, 2020 and 2019 were \$914 and \$1,550, respectively, which were expensed as incurred. Advertising costs are considered a component of alumni activities and events.

INCOME TAXES

The Association's Forms 990, Return of Organization Exempt from Income Tax, for the years ending in 2019, 2018, and 2017 are subject to examination by the IRS, generally for three years after they were filed. As of December 29, 2020, the Association's Form 990 for the year ending June 30, 2020 had not been filed.

COMPARATIVE DATA

Certain amounts for 2019 have been reclassified/restated to conform to the 2020 presentation.

NOTE 2 - CASH

At June 30, 2020 and 2019, the Association has cash totaling \$48,503 and \$25,672, respectively, as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Cash on Hand	\$ 300	\$ 300
Interest-Bearing Demand Deposits	<u>48,203</u>	<u>25,372</u>
Total	<u>\$ 48,503</u>	<u>\$ 25,672</u>

Deposits are carried at cost which approximates market value. At June 30, 2020 and 2019, the Association has \$46,560 and \$55,700, respectively, in deposits (collected bank balances). The entire June 30, 2020 and 2019 bank balances are secured by federal depository insurance.

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Association holds investments for the purpose of investing excess operating cash. There are three levels of fair value measurements. Quoted prices in active markets (Level 1 inputs) generally are available for equity securities with readily determinable fair values. Valuation techniques based on significant other observable inputs, such as quoted market prices for similar investments, are considered Level 2 inputs. Level 3 inputs are based on unobservable inputs used to estimate fair value. The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2020 are as follows:

	<u>June 30, 2020</u>	
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1 Inputs)</u>
Investments		
Cash Equivalents	\$ 7,042	\$ 7,042
Mutual Funds-Fixed Income	89,367	89,367
Mutual Funds-Equity	<u>120,228</u>	<u>120,228</u>
Total Investments	<u>\$ 216,637</u>	<u>\$ 216,637</u>

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 3 - INVESTMENTS AND FAIR VALE MEASUREMENTS (CONTINUED)

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2019 are as follows:

	June 30, 2019	
Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1 Inputs)	
Investments		
Cash Equivalents	\$ 11,892	\$ 11,892
Mutual Funds-Fixed Income	112,272	112,272
Mutual Funds-Equity	106,530	106,530
Total Investments	\$ 230,694	\$ 230,694

The Association recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the years ended June 30, 2020 and 2019.

The following schedule summarizes the investment return on the Association's investments for the years ended:

	June 30, 2020 Unrestricted	June 30, 2019 Unrestricted
Interest and Dividends	\$ 6,953	\$ 8,649
Net Realized and Unrealized Gains/(Losses)	5,080	2,883
Net Investment Return	\$ 12,033	\$ 11,532

NOTE 4 - FIXED ASSETS

At June 30, 2020 and 2019, the costs and related accumulated depreciation of fixed assets consisted of the following:

	DEPRECIATION LIFE RANGE		2020	2019
Furniture and Equipment	3 Yrs.	\$	18,713	\$ 18,713
Automobile	5 Yrs.		41,776	41,776
Less: Accumulated Depreciation			(34,031)	(25,676)
Net			\$ 26,458	\$ 34,813

NOTE 5 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Association's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date as of June 30:

	2020	2019
Cash at Year End	\$ 48,503	\$ 25,672
Investments	216,637	230,694
Total	265,140	256,366
Less: Amounts Unavailable for General Expenditures within One Year, Due to: Donor-restricted payments	0	0
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ 265,140	\$ 256,366

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

As part of the Association's liquidity management, cash in excess of daily requirements is invested in mutual funds that are approved by the Board of Directors. Budget versus actual comparisons are presented at each board meeting and reviewed by the Board. Cash flow is monitored by management on a daily basis.

NOTE 6 - LONG-TERM DEBT

Long-term debt at June 30, 2020 and 2019, is as follows:

	2020	2019
A note payable to Ford Credit with an interest rate of 0.00%, due in 72 monthly installments of \$491 (including principal and interest) to September 14, 2024, secured by security interest in the vehicle	\$ 25,026	\$ 30,915
Less: Current Maturities	(5,889)	(5,889)
Long Term Debt, Net of Current Maturities	\$ 19,137	\$ 25,026

The annual debt service requirements for all debt outstanding as of June 30, 2020, are as follows:

	Principal	Interest
2021	\$ 5,889	\$ 0
2022	5,889	0
2023	5,889	0
2024	5,889	0
2025	1,470	0
Totals	\$ 25,026	\$ 0

NOTE 7 - UNIVERSITY SUPPORT

Louisiana Tech University does not charge the Association for the use of facilities, the use of computer equipment, goods provided, and services provided to meet the Association's operating needs because of the benefits received from the Association. The Association reflects the fair value of these donated items and services requiring specialized skills in the financial statements as both support and expense. The following schedule summarizes the donated goods, services, computers and facilities for the years ended:

	June 30, 2020	June 30, 2019
Program Salaries and Benefits	\$ 364,666	\$ 344,328
Computer Usage	8,928	8,928
Building Usage	15,360	15,360
Support Salaries and Benefits	47,844	114,219
Total	\$ 436,798	\$ 482,835

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 8 - RELATED PARTY TRANSACTIONS

Louisiana Tech University Foundation, Inc. (Foundation) is a related party to the Association. The Foundation contributed \$28,125 to the Association for the year ended June 30, 2019.

NOTE 9 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis between program services and supporting services. Certain costs have been allocated among program services and supporting services. Salaries and benefits are allocated based on the time and effort expended between program and supporting services. A schedule of functional expenses for the year ended June 30, 2020 is shown below:

	Program Services	Supporting Services		2020 Total
	Alumni Activities and Events	Management and General	Fundraising	
Salaries and Benefits	\$ 364,666	\$ 47,844	\$ 0	\$ 412,510
Meetings and Events	159,858	132	0	159,990
Office Expense	12,821	10,603	14,258	37,682
Publishing	27,913	0	0	27,913
Computer Use and Maintenance	0	9,137	0	9,137
Building Usage	0	15,360	0	15,360
Scholarships	15,000	0	0	15,000
Depreciation	8,355	0	0	8,355
Professional Services	0	7,500	0	7,500
Insurance	4,942	0	0	4,942
Repairs and Maintenance	0	5,343	0	5,343
Miscellaneous	0	0	3,427	3,427
Travel	3,347	0	0	3,347
Advertising	914	0	0	914
Total Expenses	\$ 597,816	\$ 95,919	\$ 17,685	\$ 711,420

A schedule of functional expenses for the year ended June 30, 2019 is shown below:

	Program Services	Supporting Services		2019 Total
	Alumni Activities and Events	Management and General	Fundraising	
Salaries and Benefits	\$ 345,176	\$ 114,219	\$ 0	\$ 459,395
Meetings and Events	163,286	715	0	164,001
Office Expense	13,464	10,618	15,321	39,403
Publishing	28,325	0	0	28,325
Computer Use and Maintenance	0	24,656	0	24,656
Building Usage	0	15,360	0	15,360
Scholarships	15,150	0	0	15,150
Depreciation	8,552	0	0	8,552
Professional Services	0	7,500	0	7,500
Insurance	6,367	0	0	6,367
Repairs and Maintenance	0	5,347	0	5,347
Miscellaneous	0	0	4,646	4,646
Travel	3,949	0	0	3,949
Advertising	1,550	0	0	1,550
Total Expenses	\$ 585,819	\$ 178,415	\$ 19,967	\$ 784,201

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 10 - RECENT ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers (Topic 606)," which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount to which an entity expects to be entitled for the transfer of promised goods or services to customers. The new standard is effective for fiscal years beginning after December 15, 2019, though early adoption is permitted. The new revenue standard may be applied retrospectively as of the date of adoption. The Association is currently evaluating the impact of adopting the new revenue standard on its financial statements.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)." ASU 2016-02 establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2021. A modified retrospective transition approach is required for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, which certain practical expedients available. The Association is currently evaluating the impact of adopting the new leases standard on its financial statements.

NOTE 11 - EVALUATION OF SUBSEQUENT EVENTS

The Association has evaluated subsequent events through December 29, 2020, the date which the financial statements were available to be issued. As a result of the spread of the COVID-19 Coronavirus and the resulting stay-at-home orders issued by the State of Louisiana in which the Association operates, the Association has been unable to hold many of their normal alumni activities and events in 2020. *The duration of the reduction in activities and events may be only temporary, but it will depend on future developments, including the duration and spread of the outbreak and the length of stay-at-home orders, all of which are highly uncertain and cannot be reasonably estimated at this time.*