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

FINANCIAL REPORT

JUNE 30, 2018

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 JAN 09 2019

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.
FINANCIAL REPORT
JUNE 30, 2018

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DON M. MCGEHEE
(A Professional Accounting Corporation)

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Ruston, Louisiana 71273-1344

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, 2018 and June 30, 2017, 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, 2018 and June 30, 2017, 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.

A handwritten signature in blue ink, appearing to read "Don M. McGehee".

Don M. McGehee
Certified Public Accountant

December 27, 2018

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 25,428	\$ 16,790
Investments	270,274	307,990
Prepaid Expenses	<u>6,263</u>	<u>1,372</u>
TOTAL CURRENT ASSETS	301,965	326,152
FIXED ASSETS - Net of Accumulated Depreciation	<u>28,611</u>	<u>38,148</u>
TOTAL ASSETS	<u>\$ 330,576</u>	<u>\$ 364,300</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 7,482	\$ 6,732
Current Maturities of Long-Term Debt	<u>5,137</u>	<u>5,137</u>
TOTAL CURRENT LIABILITIES	12,619	11,869
LONG-TERM DEBT	<u>10,274</u>	<u>15,379</u>
TOTAL LIABILITIES	<u>22,893</u>	<u>27,248</u>
NET ASSETS		
Unrestricted	<u>307,683</u>	<u>337,052</u>
TOTAL NET ASSETS	<u>307,683</u>	<u>337,052</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 330,576</u>	<u>\$ 364,300</u>

See accompanying notes to financial statements.

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CHANGES IN NET ASSETS:		
Revenues, Support, and Gains		
Alumni Activities and Events	\$ 76,021	\$ 112,319
Contributions	50,234	1,017
Brick and Print Sales	4,750	4,400
Gain on Sale of Vehicle	0	10,206
Investment Dividends and Interest	6,094	6,980
Interest Income	37	87
Merchandise and Catalog Sales	0	608
Membership Dues	109,015	87,052
Lifetime Membership Dues	15,500	15,250
Other Income	1,814	2,543
Royalties	1,785	833
University Support	468,399	331,176
Net Realized and Unrealized Gains on Investments	6,837	17,021
Total Revenues, Support, and Gains	740,486	589,492
Expenses		
Program Services		
Alumni Activities and Events	592,103	488,667
Alumni News	13,817	8,778
Hall of Distinguished Alumni	2,286	1,169
Scholarships	15,000	16,457
Student Activity Promotions	6,892	309
Supporting Services		
Administrative Services		
Accounting	6,750	6,300
Building Use	15,360	15,360
Computer Use and Maintenance	32,229	23,096
Office Supplies	4,892	5,320
Other	7,872	6,434
Salaries and Benefits	48,177	44,513
Alumni Promotions and Souvenirs	15,356	20,501
Fund-Raising		
Membership Mail Out	6,440	6,742
Cost of Merchandise and Catalog Sales	0	511
Cost of Bricks Sold	2,681	2,604
Total Expenses	769,855	646,761
CHANGE IN NET ASSETS	(29,369)	(57,269)
NET ASSETS - BEGINNING OF YEAR	337,052	394,321
NET ASSETS - END OF YEAR	\$ 307,683	\$ 337,052

See accompanying notes to financial statements.

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Members and Others	\$ 259,119	\$ 224,022
Interest Income and Dividends Received	6,131	7,067
Cash Payments for Goods and Services	<u>(296,060)</u>	<u>(307,225)</u>
Net Cash Used by Operating Activities	<u>(30,810)</u>	<u>(76,136)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Vehicle	0	(25,685)
Purchase of Investments	(276,510)	(6,980)
Proceeds from Sale of Investments	<u>321,063</u>	<u>240</u>
Net Cash Provided (Used) by Investing Activities	<u>44,553</u>	<u>(32,425)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Notes Payable	(5,105)	(5,169)
New Borrowings	<u>0</u>	<u>25,685</u>
Net Cash Provided (Used) by Financing Activities	<u>(5,105)</u>	<u>20,516</u>
NET INCREASE (DECREASE) IN CASH	8,638	(88,045)
CASH AT BEGINNING OF YEAR	<u>16,790</u>	<u>104,835</u>
CASH AT END OF YEAR	<u>\$ 25,428</u>	<u>\$ 16,790</u>
 RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES:		
Change in Net Assets	\$ (29,369)	\$ (57,269)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	9,537	9,537
Gain on Sale of Vehicle	0	(10,206)
Net Realized and Unrealized (Gain) Loss on Investments	(6,837)	(17,021)
(Increase) Decrease in Prepaid Expenses	(4,891)	48
Increase (Decrease) in Accounts Payable	<u>750</u>	<u>(1,225)</u>
Total Adjustments	<u>(1,441)</u>	<u>(18,867)</u>
Net Cash Used by Operating Activities	<u>\$ (30,810)</u>	<u>\$ (76,136)</u>
 SUPPLEMENTAL DISCLOSURES		
Noncash Investing Transactions:		
A trade-in allowance of \$22,000 was applied to the cost of the vehicle purchased in 2017.		
Acquisition of Vehicle by Assuming Liability		
Cost of Vehicle	\$ 0	\$ 47,685
Trade-in Allowance	<u>0</u>	<u>(22,000)</u>
Liability Assumed	<u>\$ 0</u>	<u>\$ 25,685</u>

See accompanying notes to financial statements.

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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 unrestricted net assets 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 temporarily restricted or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

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, 2018

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.

ADVERTISING COSTS

Advertising costs for the year ended June 30, 2018 and 2017 were \$500 and \$7,750, 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 2017, 2016, and 2015 are subject to examination by the IRS, generally for three years after they were filed. As of December 27, 2018, the Association's Form 990 for the year ending June 30, 2018 had not been filed.

COMPARATIVE DATA

Certain amounts for 2017 have been reclassified/restated to conform to the 2018 presentation.

NOTE 2 - CASH

At June 30, 2018 and 2017, the Association has cash totaling \$25,428 and \$16,790, respectively, as follows:

	June 30, 2018	June 30, 2017
Cash on Hand	\$ 300	\$ 300
Interest-Bearing Demand Deposits	25,128	16,490
Total	\$ 25,428	\$ 16,790

Deposits are carried at cost which approximates market value. At June 30, 2018 and 2017, the Association has \$25,905 and \$60,726, respectively, in deposits (collected bank balances). The entire June 30, 2018 and 2017 bank balances are secured by federal depository insurance.

NOTE 3 - INVESTMENTS

The following summarizes the Association's investments as of:

	June 30, 2018		
	Cost	Fair Value	Carrying Value
Cash Equivalents	\$ 6,336	\$ 6,336	\$ 6,336
Mutual Funds-Fixed Income	135,541	134,083	134,083
Mutual Funds-Equity	127,942	129,855	129,855
Total	\$ 269,819	\$ 270,274	\$ 270,274
	June 30, 2017		
	Cost	Fair Value	Carrying Value
Mutual Funds-Fixed Income	\$ 130,148	\$ 138,958	\$ 138,958
Mutual Funds-Equity	87,526	169,032	169,032
Total	\$ 217,674	\$ 307,990	\$ 307,990

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 3 - INVESTMENTS (CONTINUED)

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

	June 30, 2018	June 30, 2017
	<u>Unrestricted</u>	<u>Unrestricted</u>
Interest and Dividends	\$ 6,094	\$ 6,980
Net Realized and Unrealized Gains/(Losses)	<u>6,837</u>	<u>17,021</u>
Net Investment Return	<u>\$ 12,931</u>	<u>\$ 24,001</u>

During the current year, the investment custodian used by the Association closed their trust department. The Association sold all investments and new investments were purchased by a new investment custodian.

NOTE 4 - FIXED ASSETS

At June 30, 2018 and 2017, the costs and related accumulated depreciation of fixed assets consisted of the following:

	DEPRECIATION LIFE RANGE	2018	2017
Furniture and Equipment	3 Yrs.	\$ 18,713	\$ 18,713
Automobile	5 Yrs.	47,685	47,685
Less: Accumulated Depreciation		<u>(37,787)</u>	<u>(28,250)</u>
Net		<u>\$ 28,611</u>	<u>\$ 38,148</u>

NOTE 5 - LONG-TERM DEBT

Long-term debt at June 30, 2018 and 2017, is as follows:

	2018	2017
A note payable to Ford Credit with an interest rate of 0.00%, due in 60 monthly installments of \$428 (including principal and interest) to June 11, 2021, secured by security interest in the vehicle.	\$ 15,411	\$ 20,516
Less: Current Maturities	<u>(5,137)</u>	<u>(5,137)</u>
Long Term Debt, Net of Current Maturities	<u>\$ 10,274</u>	<u>\$ 15,379</u>

The annual debt service requirements for all debt outstanding as of June 30, 2018, are as follows:

	Principal	Interest
2019	\$ 5,137	\$ 0
2020	5,137	0
2021	<u>5,137</u>	<u>0</u>
Totals	<u>\$ 15,411</u>	<u>\$ 0</u>

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 6 - 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, 2018	June 30, 2017
Program Salaries and Benefits	\$ 395,934	\$ 262,375
Computer Usage	8,928	8,928
Building Usage	15,360	15,360
Support Salaries and Benefits	48,177	44,513
Total	\$ 468,399	\$ 331,176

NOTE 7 - RELATED PARTY TRANSACTIONS

Louisiana Tech University Foundation, Inc. (Foundation) is a related party to the Association. The Foundation contributed \$50,000 to the Association for the year ended June 30, 2018.

NOTE 8 - FAIR VALUE MEASUREMENTS

The Association uses the framework established in FASB Accounting Standards Topic 820, "Fair Value Measurement" to determine the fair value of their investments at year end. This framework includes 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, 2018 are as follows:

	June 30, 2018	
Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1 Inputs)	
Investments		
Cash Equivalents	\$ 6,336	\$ 6,336
Mutual Funds-Fixed Income	134,083	134,083
Mutual Funds-Equity	129,855	129,855
Total Investments	\$ 270,274	\$ 270,274

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, 2017 are as follows:

	June 30, 2017	
Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1 Inputs)	
Investments		
Mutual Funds-Fixed Income	\$ 138,958	\$ 138,958
Mutual Funds-Equity	169,032	169,032
Total Investments	\$ 307,990	\$ 307,990

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 8 - FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2018 and 2017.

Investments are reported at fair value on a recurring basis determined by reference to quoted market prices and other relevant information generated by market transactions.

NOTE 9 - 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 activities. Accordingly, certain expenses have been allocated among the programs and supporting services benefited.

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, 2018, 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, 2019. 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.

In August, 2016, the FASB issued ASU 2016-14, "Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities," with the stated purpose of improving financial reporting by those entities. Among other provisions, this ASU reduces the number of classes of net assets from three to two, requires the presentation of expenses in both natural and functional classifications, and requires additional disclosures concerning liquidity and the availability of financial resources. The new standard is effective for fiscal years beginning after December 15, 2017, and requires the use of the retrospective transition method. 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 27, 2018, the date which the financial statements were available to be issued.

