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# LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

FINANCIAL REPORT

JUNE 30, 2017

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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, 2017 and June 30, 2016, 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.

(318) 255-9544 / FAX (318) 255-9634

**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, 2017 and June 30, 2016, 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 22, 2017

# LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2017 AND 2016

| | 2017 | 2016 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS | | |
| Cash | $ 16,790 | $ 104,835 |
| Investments | 307,990 | 284,229 |
| Prepaid Expenses | 1,372 | 1,420 |
| TOTAL CURRENT ASSETS | 326,152 | 390,484 |
| FIXED ASSETS - Net of Accumulated Depreciation | 38,148 | 11,794 |
| **TOTAL ASSETS** | $ 364,300 | $ 402,278 |
| **LIABILITIES AND NET ASSETS** | | |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | $ 6,732 | $ 7,957 |
| Current Maturities of Long-Term Debt | 5,137 | 0 |
| TOTAL CURRENT LIABILITIES | 11,869 | 7,957 |
| LONG-TERM DEBT | 15,379 | 0 |
| TOTAL LIABILITIES | 27,248 | 7,957 |
| NET ASSETS | | |
| Unrestricted | 337,052 | 394,321 |
| TOTAL NET ASSETS | 337,052 | 394,321 |
| **TOTAL LIABILITIES AND NET ASSETS** | $ 364,300 | $ 402,278 |

See accompanying notes to financial statements.

# LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

| | 2017 | 2016 |
|---|---|---|
| **CHANGES IN NET ASSETS:** | | |
| Revenues, Support, and Gains | | |
| Alumni Activities and Events | $ 112,319 | $ 112,021 |
| Contributions | 1,017 | 1,106 |
| Brick and Print Sales | 4,400 | 4,000 |
| Gain on Sale of Vehicle | 10,206 | 0 |
| Gain on Sale of Investments | 60 | 42 |
| Investment Dividends and Interest | 6,980 | 6,688 |
| Interest Income | 87 | 146 |
| Merchandise and Catalog Sales | 608 | 317 |
| Membership Dues | 87,052 | 96,495 |
| Lifetime Membership Dues | 15,250 | 16,750 |
| Other Income | 2,543 | 3,304 |
| Royalties | 833 | 3,651 |
| University Support | 331,176 | 301,068 |
| Unrealized Gains | 16,961 | 8,592 |
| Total Revenues, Support, and Gains | 589,492 | 554,180 |
| Expenses | | |
| Program Services | | |
| Alumni Activities and Events | 488,667 | 412,557 |
| Alumni News | 8,778 | 31,048 |
| Hall of Distinguished Alumni | 1,169 | 1,272 |
| Scholarships | 16,457 | 15,000 |
| Student Activity Promotions | 309 | 1,718 |
| Supporting Services | | |
| Administrative Services | | |
| Accounting | 6,300 | 6,200 |
| Building Use | 15,360 | 15,360 |
| Computer Use and Maintenance | 23,096 | 21,508 |
| Office Supplies | 5,320 | 3,644 |
| Other | 6,434 | 4,847 |
| Salaries and Benefits | 44,513 | 44,293 |
| Alumni Promotions and Souvenirs | 20,501 | 12,671 |
| Fund-Raising | | |
| Membership Mail Out | 6,742 | 396 |
| Cost of Merchandise and Catalog Sales | 511 | 0 |
| Cost of Bricks Sold | 2,604 | 3,456 |
| Total Expenses | 646,761 | 573,970 |
| **INCREASE IN NET ASSETS** | (57,269) | (19,790) |
| **NET ASSETS - BEGINNING OF YEAR** | 394,321 | 414,111 |
| **NET ASSETS - END OF YEAR** | $ 337,052 | $ 394,321 |

See accompanying notes to financial statements.

# LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

| | 2017 | 2016 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Cash Received from Members and Others | $ 224,022 | $ 237,643 |
| Interest Income and Dividends Received | 7,067 | 6,834 |
| Cash Payments for Goods and Services | (307,225) | (262,494) |
| **Net Cash Used by Operating Activities** | (76,136) | (18,017) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchase of Vehicle | (25,685) | 0 |
| Purchase of Investments | (6,980) | (6,688) |
| Proceeds from Sale of Investments | 240 | 240 |
| **Net Cash Used by Investing Activities** | (32,425) | (6,448) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Principal Payments on Notes Payable | (5,169) | 0 |
| New Borrowings | 25,685 | 0 |
| **Net Cash Provided by Financing Activities** | 20,516 | 0 |
| **NET DECREASE IN CASH** | (88,045) | (24,465) |
| **CASH AT BEGINNING OF YEAR** | 104,835 | 129,300 |
| **CASH AT END OF YEAR** | $ 16,790 | $ 104,835 |
| **RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED USED BY OPERATING ACTIVITIES:** | | |
| **Change in Net Assets** | $ (57,269) | $ (19,790) |
| **Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:** | | |
| Depreciation | 9,537 | 9,435 |
| Gain (Loss) on Sale of Assets | (10,266) | (42) |
| Unrealized (Gain) Loss on Investments | (16,961) | (8,592) |
| (Increase) Decrease in Prepaid Expenses | 48 | 2 |
| Increase (Decrease) in Accounts Payable | (1,225) | 970 |
| **Total Adjustments** | (18,867) | 1,773 |
| **Net Cash Used by Operating Activities** | $ (76,136) | $ (18,017) |

See accompanying notes to financial statements.

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.

## 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, 2017 and 2016 were $7,750 and $126, 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 2016, 2015, and 2014 are subject to examination by the IRS, generally for three years after they were filed. As of December 22, 2017, the Association's Form 990 for the year ending June 30, 2017 had not been filed.

## NOTE 2 - CASH

At June 30, 2017 and 2016, the Association has cash totaling $16,790 and $104,835, respectively, as follows:

| | June 30, 2017 | June 30, 2016 |
|---|---|---|
| Cash on Hand | $ 300 | $ 300 |
| Interest-Bearing Demand Deposits | 16,490 | 104,535 |
| Total | $ 16,790 | $ 104,835 |

Deposits are carried at cost which approximates market value. At June 30, 2017 and 2016, the Association has $60,726 and $158,786, respectively, in deposits (collected bank balances). The entire June 30, 2017 and 2016 bank balances are secured by federal depository insurance.

## NOTE 3 - INVESTMENTS

The following summarizes the Association's investments as of:

| | June 30, 2017 | | |
|---|---|---|---|
| | Cost | Fair Value | Carrying Value |
| Mutual Funds-Fixed Income<br>Vanguard Inter-Term Bond Index Fund | $ 130,148 | $ 138,958 | $ 138,958 |
| Mutual Funds-Equity<br>Vanguard 500 Index Fund | 87,526 | 169,032 | 169,032 |
| Total | $ 217,674 | $ 307,990 | $ 307,990 |

| | June 30, 2016 | | |
|---|---|---|---|
| | Cost | Fair Value | Carrying Value |
| Mutual Funds-Fixed Income<br>Vanguard Inter-Term Bond Index Fund | $ 126,177 | $ 140,448 | $ 140,448 |
| Mutual Funds-Equity<br>Vanguard 500 Index Fund | 84,698 | 143,781 | 143,781 |
| Total | $ 210,875 | $ 284,229 | $ 284,229 |

## NOTE 3 - INVESTMENTS (CONTINUED)

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

| | June 30, 2017 Unrestricted | June 30, 2016 Unrestricted |
|---|---|---|
| Interest and Dividends | $ 6,980 | $ 6,688 |
| Realized Gains/(Losses) | 60 | 42 |
| Unrealized Gains/(Losses) | 16,961 | 8,592 |
| Net Investment Return | $ 24,001 | $ 15,322 |

## NOTE 4 - FIXED ASSETS

At June 30, 2017 and 2016, the costs and related accumulated depreciation of fixed assets consisted of the following:

| | DEPRECIATION LIFE RANGE | 2017 | 2016 |
|---|---|---|---|
| Furniture and Equipment | 3 Yrs. | $ 18,713 | $ 18,713 |
| Automobile | 5 Yrs. | 47,685 | 47,174 |
| Less: Accumulated Depreciation | | (28,250) | (54,093) |
| Net | | $ 38,148 | $ 11,794 |

## NOTE 5 - LONG-TERM DEBT

Long-term debt at June 30, 2017 and 2016, is as follows:

| | 2017 | 2016 |
|---|---|---|
| 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. | $ 20,516 | $ 0 |
| Less: Current Maturities | (5,137) | 0 |
| Long Term Debt, Net of Current Maturities | $ 15,379 | $ 0 |

The annual debt service requirements for all debt outstanding as of June 30, 2017, are as follows:

| | Principal | Interest |
|---|---|---|
| 2018 | $ 5,137 | $ 0 |
| 2019 | 5,137 | 0 |
| 2020 | 5,137 | 0 |
| 2021 | 5,105 | 0 |
| Totals | $ 20,516 | $ 0 |

## 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 they receive from the Association. The Association reflects the fair value of these donated items and services requiring specialized skills in its financial statements as both support and expense. The following schedule summarizes the donated goods, services, computers and facilities for the years ended:

| | June 30, 2017 | June 30, 2016 |
|---|---|---|
| Alumni News | $ 0 | $ 31,048 |
| Program Salaries and Benefits | 262,375 | 201,439 |
| Computer Usage | 8,928 | 8,928 |
| Building Usage | 15,360 | 15,360 |
| Support Salaries and Benefits | 44,513 | 44,293 |
| Total | $ 331,176 | $ 301,068 |

## NOTE 7 - FAIR VALUE MEASUREMENTS

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 |

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, 2016 are as follows:

| | June 30, 2016 | |
|---|---|---|
| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1 Inputs) |
| Investments | | |
| Mutual Funds-Fixed Income | $ 140,448 | $ 140,448 |
| Mutual Funds-Equity | 143,781 | 143,781 |
| Total Investments | $ 284,229 | $ 284,229 |

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, 2017 and 2016.

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 8 - 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 9 - EVALUATION OF SUBSEQUENT EVENTS

The Association has evaluated subsequent events through December 22, 2017, the date which the financial statements were available to be issued.