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

FINANCIAL REPORT

JUNE 30, 2014

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 07 2015

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.  
FINANCIAL REPORT  
JUNE 30, 2014

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report on the Financial Statements	1-2
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to the Financial Statements	6 - 10

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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, 2014 and June 30, 2013, 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 policies 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**

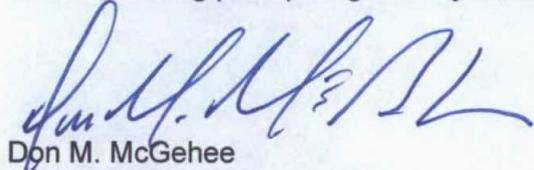
My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether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

**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, 2014 and June 30, 2013, 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 19, 2014

# LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

## STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
CURRENT ASSETS		
Cash	\$ 76,189	\$ 70,665
Investments	256,982	225,546
Prepaid Expenses	<u>1,634</u>	<u>2,061</u>
TOTAL CURRENT ASSETS	334,805	298,272
FIXED ASSETS - Net of Accumulated Depreciation	<u>31,014</u>	<u>40,870</u>
<b>TOTAL ASSETS</b>	<u>\$ 365,819</u>	<u>\$ 339,142</u>
<b>LIABILITIES AND NET ASSETS</b>		
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ <u>3,074</u>	\$ <u>747</u>
TOTAL LIABILITIES	<u>3,074</u>	<u>747</u>
NET ASSETS		
Unrestricted	<u>362,745</u>	<u>338,395</u>
TOTAL NET ASSETS	<u>362,745</u>	<u>338,395</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 365,819</u>	<u>\$ 339,142</u>

See accompanying notes to financial statements.

# LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

## STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
<b>CHANGES IN NET ASSETS:</b>		
<b>Revenues, Support, and Gains</b>		
Alumni Activities and Events	\$ 129,346	\$ 126,721
Contributions	2,310	6,525
Brick and Print Sales	10,470	20,830
Gain on Sale of Vehicle	0	2,923
Gain on Sale of Investments	38	45
Investment Dividends and Interest	6,680	8,228
Interest Income	169	188
Merchandise and Catalog Sales	4,778	3,890
Membership Dues	116,405	120,485
Lifetime Membership Dues	33,000	24,925
Other Income	1,800	3,350
Royalties	4,116	3,250
University Support	253,838	290,699
Unrealized Gains	24,838	8,336
<b>Total Revenues, Support, and Gains</b>	<b>587,788</b>	<b>620,395</b>
<b>Expenses</b>		
<b>Program Services</b>		
Alumni Activities and Events	392,611	388,977
Alumni News	15,644	28,704
President's Inauguration	5,000	0
Hall of Distinguished Alumni	2,371	11
Scholarships	16,000	16,000
<b>Supporting Services</b>		
<b>Administrative Services</b>		
Accounting	7,300	7,200
Building Use	15,360	15,360
Computer Use and Maintenance	24,731	19,840
Office Supplies	5,758	1,967
Other	3,391	5,778
Salaries and Benefits	38,773	37,843
Alumni Promotions and Souvenirs	11,468	11,823
<b>Fund-Raising</b>		
Membership Mail Out	13,378	10,867
Cost of Merchandise and Catalog Sales	4,900	3,280
Cost of Bricks Sold	6,753	13,112
<b>Total Expenses</b>	<b>563,438</b>	<b>560,762</b>
<b>INCREASE IN NET ASSETS</b>	<b>24,350</b>	<b>59,633</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>338,395</b>	<b>278,762</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 362,745</b>	<b>\$ 338,395</b>

See accompanying notes to financial statements.

# LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Members and Others	\$ 302,226	\$ 304,957
Interest Income and Dividends Received	6,848	8,415
Cash Payments for Goods and Services	(296,990)	(261,148)
Interest Payments	0	(305)
<b>Net Cash Provided by Operating Activities</b>	12,084	51,919
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Vehicle	0	(26,174)
Purchase of Investments	(6,680)	(8,238)
Proceeds from Sale of Investments	120	250
<b>Net Cash Used by Investing Activities</b>	(6,560)	(34,162)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Notes Payable	0	(11,118)
<b>Net Cash Used by Financing Activities</b>	0	(11,118)
<b>NET INCREASE IN CASH</b>	5,524	6,639
<b>CASH AT BEGINNING OF YEAR</b>	70,665	64,026
<b>CASH AT END OF YEAR</b>	\$ 76,189	\$ 70,665
 <b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
<b>Change in Net Assets</b>	\$ 24,350	\$ 59,633
<b>Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:</b>		
Depreciation	9,856	9,848
(Gain) Loss on Sale of Assets	(38)	(2,968)
Unrealized (Gain) Loss on Investments	(24,838)	(8,336)
(Increase) Decrease in Prepaid Expenses	427	1,195
Increase (Decrease) in Accounts Payable	2,327	(2,383)
Increase (Decrease) in Accrued Interest Payable	0	(50)
Increase (Decrease) in Deferred Revenue	0	(5,020)
<b>Total Adjustments</b>	(12,266)	(7,714)
<b>Net Cash Provided by Operating Activities</b>	\$ 12,084	\$ 51,919

### SUPPLEMENTAL DISCLOSURES

#### Noncash Investing Transactions:

A trade-in allowance of \$21,000 was applied to the cost of the vehicle purchased in 2013.

See accompanying notes to financial statements.

# LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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. 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.

#### **DEFERRED REVENUE**

Deferred revenue results from current period ticket sale collections related to events which are to occur in the next period and from sales of merchandise in the current period which will be purchased and available for delivery in a subsequent period. These unearned amounts are reported as deferred revenue until they meet the criteria (i.e., occurrence or purchase) for revenue recognition.

#### **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, 2014

### 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, 2014 and 2013 were \$6,855 and \$2,353, 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 2011, 2012, and 2013 are subject to examination by the IRS, generally for three years after they were filed.

#### COMPARATIVE DATA

Certain amounts for 2013 have been reclassified/restated to conform to the 2014 presentation.

### NOTE 2 - CASH

At June 30, 2014 and 2013, the Association has cash totaling \$76,189 and \$70,665, respectively, as follows:

	June 30, 2014	June 30, 2013
Cash on Hand	\$ 300	\$ 300
Interest-Bearing Demand Deposits	75,889	70,365
Total	\$ 76,189	\$ 70,665

Deposits are carried at cost which approximates market value. At June 30, 2014 and 2013, the Association has \$135,182 and \$70,611, respectively, in deposits (collected bank balances). The entire June 30, 2014 and 2013 bank balances are secured by federal depository insurance.

### NOTE 3 - INVESTMENTS

The following summarizes the Association's investments as of:

	June 30, 2014		
	Cost	Fair Value	Carrying Value
Cash Equivalents	\$ 0	\$ 0	\$ 0
Mutual Funds-Fixed Income	118,087	127,528	127,528
Mutual Funds-Equity	79,600	129,454	129,454
Total	\$ 197,687	\$ 256,982	\$ 256,982
	June 30, 2013		
	Cost	Fair Value	Carrying Value
Cash Equivalents	\$ 9	\$ 9	\$ 9
Mutual Funds-Fixed Income	113,611	121,369	121,369
Mutual Funds-Equity	77,470	104,168	104,168
Total	\$ 191,090	\$ 225,546	\$ 225,546

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

**NOTE 3 - INVESTMENTS (CONTINUED)**

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

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
	<u>Unrestricted</u>	<u>Unrestricted</u>
Interest and Dividends	\$ 6,680	\$ 8,228
Realized Gains/(Losses)	38	45
Unrealized Gains/(Losses)	<u>24,838</u>	<u>8,336</u>
Net Investment Return	<u>\$ 31,556</u>	<u>\$ 16,609</u>

**NOTE 4 - FIXED ASSETS**

At June 30, 2014 and 2013, the costs and related accumulated depreciation of fixed assets consisted of the following:

	<u>DEPRECIATION</u>		
	<u>LIFE RANGE</u>	<u>2014</u>	<u>2013</u>
Furniture and Equipment	3 Yrs.	\$ 18,713	\$ 18,713
Automobile	5 Yrs.	47,174	47,174
Less: Accumulated Depreciation		<u>(34,873)</u>	<u>(25,017)</u>
Net		<u>\$ 31,014</u>	<u>\$ 40,870</u>

**NOTE 5 - 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:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Alumni News	\$ 15,600	\$ 28,496
Program Salaries and Benefits	175,177	200,072
Computer Usage	8,928	8,928
Building Usage	15,360	15,360
Support Salaries and Benefits	<u>38,773</u>	<u>37,843</u>
Total	<u>\$ 253,838</u>	<u>\$ 290,699</u>

**LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 6 - 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, 2014 are as follows:

	June 30, 2014	
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1 Inputs)
Investments		
Cash Equivalents	\$ 0	\$ 0
Mutual Funds-Fixed Income	127,528	127,528
Mutual Funds-Equity	<u>129,454</u>	<u>129,454</u>
Total Investments	<u>\$ 256,982</u>	<u>\$ 256,982</u>

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, 2013 are as follows:

	June 30, 2013	
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1 Inputs)
Investments		
Cash Equivalents	\$ 9	\$ 9
Mutual Funds-Fixed Income	121,369	121,369
Mutual Funds-Equity	<u>104,168</u>	<u>104,168</u>
Total Investments	<u>\$ 225,546</u>	<u>\$ 225,546</u>

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, 2014 and 2013.

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.

**LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

**NOTE 8 - EVALUATION OF SUBSEQUENT EVENTS**

The Association has evaluated subsequent events through December 19, 2014, the date which the financial statements were available to be issued.