

**GRAMBLING UNIVERSITY NATIONAL ALUMNI
ASSOCIATION, INCORPORATED
GRAMBLING, LOUISIANA**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
WITH SUPPLEMENTAL INFORMATION
As of And for The Year Ended December 31, 2019**

BY

**ROSIE D. HARPER
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**GRAMBLING UNIVERSITY NATIONAL ALUMNI
ASSOCIATION, INCORPORATED
GRAMBLING, LOUISIANA**

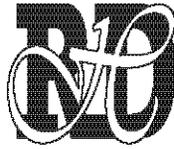
**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
WITH SUPPLEMENTAL INFORMATION
As of And for The Year Ended December 31, 2019**

**GRAMBLING UNIVERSITY NATIONAL ALUMNI
ASSOCIATION, INCORPORATED
Grambling, Louisiana**

**Financial Statements
And Independent Auditor's Report
With Supplemental Information
As of and for the Year Ended
December 31, 2019**

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Independent Auditor's Report

To the Board of Directors of
Grambling University National Alumni Association, Incorporated

I have audited the accompanying financial statements of Grambling University National Alumni Association, Incorporated (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019 and the related statements of activities, cash flows and functional expenses for the year 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit 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 Grambling University National Alumni Association, Incorporated as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Grambling University National Alumni Association, Incorporated
Independent Auditor's Report (Continued)

Report on Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Schedules 1 through 4 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Rosie D. Harper
Certified Public Accountant
September 3, 2020

FINANCIAL STATEMENTS

GRAMBLING UNIVERSITY NATIONAL ALUMNI ASSOCIATION, INCORPORATED
Statement of Financial Position
December 31, 2019

Assets

Cash and Cash Equivalents	\$ 175,349
Accounts Receivable	25,623
Property and Equipment, Net (Note E)	81,529
Investment	125,684
Total Assets	408,185

Liabilities and Net Assets

Liabilities	-
Total Liabilities	-

Net Assets:

Without Donor Restrictions	(234,009)
With Donor Restrictions	642,194
Total Net Assets	408,185
Total Liabilities and Net Assets	\$ 408,185

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

GRAMBLING UNIVERSITY NATIONAL ALUMNI ASSOCIATION, INCORPORATED
Statement of Activities
For the Year Ended
December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support			
Alumni Day/Homecoming	\$ -	\$ -	\$ -
Bayou Classic Revenue	15,740	-	15,740
Contributions	5,257	-	5,257
Life Membership Dues	-	17,790	17,790
Membership Dues	23,270	-	23,270
Chapter Assessments	14,317	-	14,317
National Meeting	2,500	-	2,500
Other Revenue	5,087	-	5,087
Scholarship Revenue	-	1,988	1,988
Total Support	<u>66,171</u>	<u>19,778</u>	<u>85,949</u>
Other Revenue			
Gain on Investment	1,525	-	1,525
Rental Income	3,000	-	3,000
Interest Income	83	-	83
Total Other Revenue	<u>4,608</u>	<u>-</u>	<u>4,608</u>
TOTAL SUPPORT	<u>70,779</u>	<u>19,778</u>	<u>90,557</u>
Net Assets Released from Restrictions			
Restrictions Satisfied by Payments	16,671	(16,671)	-
TOTAL SUPPORT AND RECLASSIFICATION	<u>87,450</u>	<u>3,107</u>	<u>90,557</u>
Expenses			
General and Administrative Expenses	121,777	-	121,777
Fundraiser Expenses	240	-	240
Program Expenses	20,558	-	20,558
Total Expenses	<u>142,575</u>	<u>-</u>	<u>142,575</u>
Change in Net Assets	<u>(55,125)</u>	<u>3,107</u>	<u>(52,018)</u>
Net Assets as of Beginning of Year	(178,884)	639,846	460,962
Other Changes in Net Assets			
Prior Period Adjustment	-	(759)	(759)
Total Other Changes in Net Assets	<u>-</u>	<u>(759)</u>	<u>(759)</u>
Net Assets as of End of Year	<u>\$ (234,009)</u>	<u>\$ 642,194</u>	<u>\$ 408,185</u>

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

GRAMBLING UNIVERSITY NATIONAL ALUMNI ASSOCIATION, INCORPORATED
Statement of Cash Flows
For the Year Ended
December 31, 2019

Operating Activities	
Change in Net Assets	\$ (52,018)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Provision for Depreciation	5,041
Decrease in Accounts Receivable	11,251
Decrease in Accounts Payable/Accrued Liabilities	(4,000)
Gain on Investment	(1,525)
Prior Period Adjustment	(759)
Total Adjustments	<u>10,008</u>
Net Cash Used by Operating Activities	<u>(42,010)</u>
 Net Decrease in Cash	 <u>(42,010)</u>
Cash and Cash Equivalents as of Beginning of Year	<u>217,359</u>
Cash and Cash Equivalents as of the End of Year	<u><u>\$ 175,349</u></u>

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

GRAMBLING UNIVERSITY NATIONAL ALUMNI ASSOCIATION, INCORPORATED
Statement of Functional Expenses

For the Year Ended
December 31, 2019

General and Administrative

Accounting and Auditing	\$ 7,490
Depreciation	5,041
Gifts, Flowers and Courtesies	422
Insurance	6,934
Maintenance and Repairs	123
Office Expense	4,169
Other Expenses	9,708
Printing	2,620
Professional Fees	60,382
Telephone	1,128
Travel	2,372
Utilities	6,698
Write-off Uncollectible Receivables	14,690
Total General and Administrative	121,777

Fundraising

Bayou Classic Expense	150
Golf Classic	90
Total Fundraising	240

Program

Homecoming and Alumni Day	1,313
National Meetings	3,262
Other Program Expense	3,460
Scholarship Awards and Student Support	12,523
Total Program	20,558

Total Functional Expenses	\$ 142,575
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See Accompanying Independent Auditor's Report and Notes to Financial Statements.

Grambling University National Alumni Association, Incorporated
Grambling, Louisiana

Notes to the Financial Statements
As of and for the Year Ended
December 31, 2019

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Grambling University National Alumni Association, Incorporated is a private non-profit Organization domiciled in the State of Louisiana at Grambling. The State of Louisiana chartered the Organization on October 13, 1967. The Organization is recognized as a tax exempt (non-profit) organization under section 501 (c) (3) of the Internal Revenue Service Code.

The Organization goals and objectives are:

- To facilitate better communication and a closer relationship between Grambling State University, its graduates and friends.
- To cooperate with the University's Administration, Field Services, and other Alumni organizations in the promotion of worthwhile activities for the Grambling State University faculty, staff, alumni, students, prospective students and friends.
- To encourage the highest degree of professional ethics and scholarship in the alumni and students.
- To stimulate school loyalty, devotion, and responsibility.
- To further encourage professional enthusiasm, initiative, and growth.
- To provide a National Organization to channel information to support local, state, regional and national programs.
- To provide suitable headquarters, offices and facilities to direct Alumni Affairs and to channel information to support local, state, regional and national programs.
- To study any propositions concerning the mutual relationship of the University and the various allied organizations to the end that both will benefit from their close Organization.
- To legislate through bylaws or by resolution upon any subject of general concern to the members of this organization.
- To promote a "Greater Grambling" through the work of the Alumni Organization.
- To secure financial assistance for Grambling State University through the following methods: Cash, Securities, Requests, Life-Income, Real Estate, Insurance, Specified Property, Annual Dues, and Annual Fund Drives.

Grambling University National Alumni Association, Incorporated
Notes to the Financial Statements (Continued)

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- To establish Alumni chapters throughout the nation to assist Grambling State University in achieving the above goals, as well as, educational excellence, financial security, humanitarian ideals, athletic and social prominence.
- Membership in the Organization is composed of University graduates and attendees, as well as, faculty and staff members. The Board of Directors of the Organization consists of seven (7) members. The members serve without compensation.

Public Support and Revenue

In order to comply with restrictions that donors place on grants and other gifts as well as designations made by its governing board, the principles of reporting net assets are used. Revenue and public support consist mainly of membership dues, fundraising, and contributions. Dues and other contributions of cash and other assets are reported as net assets with donor restrictions if they are received with donor restrictions or restrictions designated by the governing board. Contributions and grants are considered to be unrestricted unless restricted by the donor and are reported as net assets without donor restrictions.

Total Columns

Total columns are presented to facilitate financial analysis. Data in these columns do not present financial position results of operations and changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. Under state law, the agency may deposit funds in demand accounts, interest bearing accounts, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The Organization had no cash equivalents during the audit period. On December 31, 2019, the Organization had cash totaling \$175,349 as follows:

	<u>2019</u>
Without Donor Restrictions	\$ 8,708
With Donor Restrictions	<u>166,641</u>
Total	<u>\$ 175,349</u>

Income Taxes

The Grambling University National Alumni Association, Incorporated is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Organization and has concluded that as of June 27, 2019 there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by Internal Revenue Service for the years ended December 31, 2017, 2018, and 2019; however, there are currently no audits for any tax period in progress.

Grambling University National Alumni Association, Incorporated
Notes to the Financial Statements (Continued)

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation

The Organization follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$5,000. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

Building and Improvements	30 years
Furniture and Equipment	7 years

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B. INVESTMENTS AND FAIR VALUE MEASUREMENT

On July 30, 2010, the Organization invested \$101,314 into a fixed rate annuity which will mature in 2029. For the year ended December 31, 2019, the value of the annuity was as follows:

<u>Annuity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Renewal Terms</u>	<u>Gain</u>	<u>Owner/ Beneficiary</u>	<u>Annuitant</u>
Protective Life Insurance	\$ 125,684	2.00%	Guaranteed Minimum Interest Rate	\$ 1,525	GUNAA	Bobby Rabon
	<u>\$ 125,684</u>					

The value of annuity is reported at contract value which approximates fair value.

As of August 4, 2017, the annuity could be withdrawn without incurring a surrender charge. A fixed rate annuity is similar to a certificate of deposit, but the funds are invested with an insurance company rather than a bank. Annuities generally pay a higher interest rate than a certificate of deposit. The income payments are determined by measuring the life of the annuitant. The Alumni is both the owner and beneficiary of the annuity.

NOTE C. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE D. PERPETUALLY RESTRICTED FUNDS HELD BY UNIVERSITY

For the year ended December 31, 2002, the Organization transferred \$60,000 from the Life Membership Fund to Grambling State University to establish an endowed professorship. The Life Membership Fund is used to account for life membership dues and life endowment contributions. The principal of the assets accounted for in the Life Membership Fund is restricted in perpetuity. Since the funds were used to establish a perpetually restricted endowed professorship, the perpetual restriction of the funds is maintained.

Grambling University National Alumni Association, Incorporated
Notes to the Financial Statements (Continued)

NOTE E. ACCOUNTS RECEIVABLE

As of December 31, 2019, the Organization had the following accounts receivables:

Grambling University Athletic Foundation	\$ 9,000
Bayou Classic Hotel Rebate	<u>16,623</u>
Total	<u><u>\$ 25,623</u></u>

NOTE F. PROPERTY AND EQUIPMENT

For the year ended December 31, 2019, the Organization had net property equipment totaling \$81,529. The following schedule reflects the balances in property and equipment as of December 31, 2019:

	1/1/2019	Additions	Deletions	12/31/2019
Depreciable Assets				
Furniture and Fixtures	\$ 23,965	\$ -	\$ -	\$ 23,965
Equipment	8,024	-	-	8,024
Building	148,484	-	-	148,484
Total Depreciable Assets	180,473	-	-	180,473
Less Accumulated Depreciation				
Depreciation	(143,313)	(5,041)	-	(148,354)
Total Accumulated Depreciation	<u>(143,313)</u>	<u>(5,041)</u>	<u>-</u>	<u>(148,354)</u>
Net Depreciable Assets	37,160	-	-	32,119
Other Property and Equipment				
Land	49,410	-	-	49,410
Net Property and Equipment	<u>\$ 86,570</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,529</u>

NOTE G. LIQUIDITY MANAGEMENT

As of December 31, 2019, the following financial assets could be made readily available within one year of the statement of financial position date to meet general expenditures:

Cash	\$ 8,708
Accounts Receivable	<u>25,623</u>
Total	<u><u>\$ 34,331</u></u>

As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due.

Grambling University National Alumni Association, Incorporated
Notes to the Financial Statements (Continued)

NOTE H. CHANGE IN NET ASSETS

Net assets represent the difference between assets and liabilities. They are classified based on the presence or absence of donor-imposed restrictions as either net assets with donor restrictions or net assets without donor restrictions. Net assets with donor restrictions are those whose use has been limited by donor-imposed time restrictions, purpose restrictions, or by law or donor to be maintained by the organization in perpetuity. Net assets without donor restrictions are all other net assets. Net assets as of December 31, 2019 were as follows:

	Without Donor	With Donor Restrictions					
	Restrictions	With Temporary Restrictions				With Perpetual Restrictions	
	General Fund	Building Fund	Gaming	Scholarship	Total	Membership	All Funds
Beginning Net Assets	\$ (178,884)	\$ 37,159	\$ 6,984	\$ 4,513	\$ 48,656	\$ 591,190	\$ 460,962
Prior Period Adjustment	-	-	(759)	-	(759)	-	(759)
Change in Net Assets	(55,125)	(5,041)	(6,225)	(3,417)	(14,683)	17,790	(52,018)
Ending Balance	\$ (234,009)	\$ 32,118	\$ -	\$ 1,096	\$ 33,214	\$ 608,980	\$ 408,185

NOTE I. PRIOR PERIOD ADJUSTMENT

For the year ended December 31, 2019, the Organization had the following prior period adjustment:

	<u>Gaming</u>
Understated Expenses	\$ (759)
Total	<u>\$ (759)</u>

NOTE J. INTERFUND TRANSACTIONS

The Statement of Financial Position focuses on the Organization as a whole. Therefore, inter-fund receivables (“Due From”) and inter-fund liabilities (“Due To”) are eliminated from the financial statements because they are not assets or liabilities of the Organization as a whole. However, since the Organization maintains separate funds to account for activities within those funds; inter-fund liabilities and receivables are recognized at the fund level. The Organization maintained the following funds for the years ended December 31, 2019:

General Fund

All assets that are not restricted by the donor or the Board of Directors have been included in the General Fund.

Scholarship Fund

The Scholarship Fund is used to account for contributions that have been restricted for providing scholarships to university students.

Grambling University National Alumni Association, Incorporated
Notes to the Financial Statements (Continued)

NOTE J. INTERFUND TRANSACTIONS (continued)

Building Fund

The Building Fund is used to account for all contributions designated by donor or the board for the purpose of maintaining and operating the Alumni properties as well as the fixed assets owned by the Alumni. All assets are perpetually restricted for that same purpose.

Life Membership Fund

The Life Membership Fund is used to account for life membership dues and life endowments. The principal of the assets accounted for in the Life Membership Fund is perpetually restricted by donors. However, the earnings are without donor restrictions and transferred to the General Fund when paid.

At December 31, 2019, the “Due To” and “Due From” accounts for each of the funds were as follows:

<u>12/31/2019</u>	<u>Due To</u>	<u>Due From</u>
General Fund		
Scholarship Fund	\$ -	\$ 97
Life Membership Fund	\$268,244	
Total General Fund	<u>\$ 268,244</u>	<u>\$ 97</u>
Scholarship Fund		
General Fund	\$ 97	\$ -
Total Scholarship Fund	<u>\$ 97</u>	<u>\$ -</u>
Life Membership Fund		
General Fund	\$ -	\$ 268,244
Total Life Membership Fund	<u>\$ -</u>	<u>\$ 268,244</u>
Total Interfund Transactions	<u>\$ 268,341</u>	<u>\$ 268,341</u>

NOTE K. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 3, 2020 and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTAL INFORMATION

GRAMBLING UNIVERSITY NATIONAL ALUMNI ASSOCIATION, INCORPORATED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Years Ended
December 31, 2019

SUMMARY OF AUDIT RESULTS

The auditor's report expresses an unmodified opinion on the financial statements of Grambling University National Alumni Association, Incorporated.

Finding 12-19-01 Disbursement of perpetually restricted funds (Repeat Finding).

The Alumni maintains a perpetually restricted fund for Lifetime Membership. The principal fund is perpetually restricted by donors from being expended except for the earnings which are without donor restrictions (can be expended at the discretion of the governing body). During the year ending December 31, 2019, the Alumni deposited Lifetime Membership funds of \$17,790 into the General Fund account. For the year ended December 31, 2019, after transfers from the general fund and general fund interest earned and annuity gains by the Lifetime Membership, the General Fund's debt to the Lifetime Membership Fund increased by \$9,781 as follows:

Net Deposits	\$	17,790
Transfers from General Fund		(6,500)
Interest Owed to General Fund		(84)
Transfer from Lifetime to General Fund (Bank		100
Gain on Annuity Owed to General Fund		(1,525)
Increase in Due to Lifetime Membership	\$	<u>9,781</u>

Historically, the Alumni has borrowed from or failed to transfer funds as required to the Lifetime Membership accounts. As a result, the interfund liability has continued to increase. As of December 31, 2019, the amount currently owed to Lifetime Membership Fund from the General Fund is \$268,244.

Recommendation:

As funds are received, the Alumni should immediately transfer perpetually restricted funds to the proper accounts. These funds should not be expended or borrowed. The Alumni should create and implement a plan to repay all arrear deposits owed to the Life Membership Fund.

Management Response:

We concur with the finding and agree that all funds received for Life Membership are to be deposited into the Life Membership Permanently Restricted Account. As of September 8, 2019, all Life Membership funds, received with other funds, deposited into the General Account. An analysis of the Life Membership funds deposited to the Operating Account was performed. Funds determined to be Life Membership funds were transferred as of December 2019. Funds received in December 2019 and each month thereafter, were transferred, monthly to the Life Membership Permanently Restricted Account. Each month, thereafter, this process was performed to ensure that funds were transferred to the appropriate account.

As we reviewed that amount owed to the Life Membership funds, the current Administration is currently reviewing ways to repay the amount owed. At the time of this audit, the current Administration is reviewing the debt and how the debt was allowed to get to this extreme amount. One method that has been repeatedly discussed is to ask individual Life Members to forgive the debt from the General Fund. If Life Members do not approve this measure, it is this Administration priority to establish a repayment plan. A Committee will be established to review various methods that will be utilized to bring this debt to conclusions.

**Grambling University National Alumni Association, Incorporated
 Schedule of Findings and Questioned Costs (Continued)**

Finding 12-19-01 Disbursement of perpetually restricted funds (Repeat Finding) (continued).

In reviewing the investment, the current Administration has found that little had been done to obtain a better return on investment of the Life Membership funds. With the exception of the Annuity, which brings in a return of investment of approximately 2% annum, the funds in the bank are not that successful. As a result, a committee will be re-established to seek better investment opportunities.

As noted in past audits, the Life Membership program was established over 35-years ago under the E. Faye Williams administration. This program was designed to create an endowment for GUNAA. The current Administration has noticed that with many members taking advantage of this program, it is in turn, leaving the Organization with fewer members as Regular members, which mean less income for the organization for general operating use. The current Administration is reviewing this concern and will be determining strategies to implement to bring in additional funds to operate the Organization.

Finding 12-19-02 Contract Management

On September 21, 2018, the Alumni entered a contract with the Royal Sonesta Hotel in Houston, Texas for the site of the 2019 National Convention during July 17-21, 2019. The contract had a cancellation clause which stated:

Days Prior to Arrival	% of Anticipated Revenue plus applicable taxes and service charges
0-90	100% -\$40,147
91-120	75% - \$30,110
121-180	50%-\$20,074
181-more	25% - \$10,037

The Board decided to move the 2019 National Convention to Grambling State University on January 22, 2019, but apparently failed to cancel the contract with the Royal Sonesta. If the cancellation was made at the time of the decision to move the convention, the Alumni would have been obligated for \$20,074. Since a timely cancellation may not have occurred, the Alumni is facing a contingent liability of \$40,147. An attorney for the Royal Sonesta wrote the Alumni on July 3, 2019 demanding payment of the cancellation fees.

Various members of the board have contacted the hotel’s attorney to negotiate a settlement for a lesser amount, but as of September 3, 2020, no settlement has been made.

Recommendation:

The Alumni should prepare and implement a plan to effectively manage all contracts to minimize risks and exposure to liability. The Board should consider hiring an attorney to settle the dispute with the Royal Sonesta hotel.

Management Response:

We agree that legal counsel should be sought to negotiate a resolve for the Royal Sonesta Hotel in Houston. Going forward, we will establish a review procedure of all contracts so that all GUNAA interests are negotiated with minimal financial obligations for cancellations or any unforeseen circumstances.

QUESTIONED COSTS

There were no questioned costs.

GRAMBLING UNIVERSITY NATIONAL ALUMNI ASSOCIATION, INCORPORATED

Summary Schedule of Prior Audit Findings

For the Year Ended
December 31, 2019

Finding 12-18-01 Disbursement of permanently restricted funds (Repeat Finding).

The Alumni maintains a permanently restricted fund for Lifetime Membership. The principal fund is permanently restricted by donors from being expended except for the earnings which are without donor restrictions (can be expended at the discretion of the governing body). During the year ending December 31, 2018, the Alumni deposited net Lifetime Membership funds of \$75,435 into the General Fund account. These funds were not transferred to the Lifetime Membership accounts.

Historically, the Alumni has borrowed from or failed to transfer funds as required to the Lifetime Membership accounts. As a result, the interfund liability has continued to increase. As of December 31, 2018, the amount currently owed to Lifetime Membership Fund from the General Fund is \$258,463.

UNCLEARED

GRAMBLING UNIVERSITY NATIONAL ALUMNI ASSOCIATION, INCORPORATED

Schedule of Board Members
For the Year Ended
December 31, 2019

Year 2019	Title	Term	City, State	Compensation
Thomas Jones	President	September 2019-December 2020	Mansfield, LA	-
Cathy Conwright	Vice President	September 2019-December 2020	DeSoto, TX	-
Diana Cooper	Secretary	September 2019-December 2020	Inglewood, CA	-
David Hines	Treasurer	September 2019-December 2020	Dallas, TX	-
Joyce Price	Financial Secretary	September 2019-December 2020	Plaquemine, LA	-
Kimberlie Page	Business Manager	September 2019-December 2020	Addison, TX	-
Russell Leday	Immediate Past President	September 2019-December 2020	San Antonio, TX	-
Russell Leday	President	January 2017-August 2019	San Antonio, TX	-
Cathy Conwright	Vice President	January 2017-August 2019	DeSoto, TX	-
Angela D. Abrams	Secretary	January 2017-August 2019	Alpharetta, GA	-
Joyce Price	Treasurer	January 2017-August 2019	Plaquemine, LA	-
Hope Crawford	Financial Secretary	January 2017-August 2019	Los Angeles, CA	-
Michael Hamilton	Business Manager	January 2017-August 2019	Houston, TX	-
Melissa Bickham	Immediate Past President	January 2017-August 2019	Stone Mountain, GA	-

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

GRAMBLING UNIVERSITY NATIONAL ALUMNI
ASSOCIATION, INCORPORATED
Schedule of Compensation - Key Management

Schedule 4

For the Year Ended
December 31, 2019

	<u>Gray, Tanya C.</u>	<u>Cato, Betty</u>
	<u>Assistant Office</u>	<u>Office Manager/</u>
Job Title	<u>Manager</u>	<u>Bookkeeper</u>
Salary	\$ 21,168	\$ 31,280
Per Diem	-	-
Reimbursements	-	-
Travel	-	-
Registration Fees	-	-
Conference Travel	-	-
Total Compensation	<u>\$ 21,168</u>	<u>\$ 31,280</u>

See Accompanying Independent Auditor's Report and Notes to Financial Statements.