

**MCNEESE STATE UNIVERSITY
ALUMNI ASSOCIATION
Lake Charles, Louisiana**

**Annual Financial Report
June 30, 2016**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
McNeese State University Alumni Association
Lake Charles, Louisiana

I have audited the accompanying statements of McNeese State University Alumni Association, (a non-profit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the fiscal 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 of 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 the McNeese State University Alumni Association as of June 30, 2016, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

I have previously audited the McNeese State University Alumni Association's June 30, 2015 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my reported dated August 20, 2015. In my opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to Executive Director on page 15 is 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.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
September 9, 2016

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Statement of Financial Position
As of June 30, 2016
With Summarized Comparative Totals as of June 30, 2015

	2016	2015
Assets		
Current Assets		
Cash and cash equivalents	\$ 357,160	\$ 292,662
Certificates of deposit	166,437	201,426
Prepaid expenses	20,651	12,580
Inventory	5,552	5,552
Total Current Assets	549,800	512,220
Property and Equipment		
Equipment, fixtures & building improvements	139,316	136,426
Less accumulated depreciation	(129,269)	(123,648)
Total Property and Equipment	10,047	12,778
Total Assets	\$ 559,847	\$ 524,998
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 302	\$ -
Transfers payable - MSU events	-	22,079
Total Current liabilities	302	22,079
Net Assets		
Unrestricted net assets		
Board designated	190,000	40,000
Undesignated	291,246	304,269
Net fixed assets	10,047	12,778
Total Unrestricted Net Assets	491,293	357,047
Temporarily restricted	68,252	145,872
Total Net Assets	559,545	502,919
Total Liabilities and Net Assets	\$ 559,847	\$ 524,998

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Statement of Activities
For the Year Ended June 30, 2016
With Summarized Comparative Totals for the Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016 Totals</u>	<u>2015 Totals</u>
Public Support, Revenues, and Reclassifications				
Public support				
Contributions	\$ 175,799	\$ 42,779	\$ 218,578	\$ 274,403
Contributed facilities, salaries and expenses	202,370	-	202,370	194,003
Total public support	<u>378,169</u>	<u>42,779</u>	<u>420,948</u>	<u>468,406</u>
Revenues and reclassifications				
Homecoming	24,330	-	24,330	27,695
Interest	346	-	346	711
License plate revenue	-	24,842	24,842	27,719
Miscellaneous programs	97,084	-	97,084	35,081
Sales of merchandise (net of cost)	75	-	75	175
Visa card income	203	-	203	313
Total revenue and reclassifications	<u>122,038</u>	<u>24,842</u>	<u>146,880</u>	<u>91,694</u>
Net assets released from restrictions				
Satisfaction of program restrictions	<u>145,241</u>	<u>(145,241)</u>	<u>-</u>	<u>-</u>
Total public support, revenues, & reclassifications	<u>645,448</u>	<u>(77,620)</u>	<u>567,828</u>	<u>560,100</u>
Expenses				
Program services:				
Alumni chapters	9,337	-	9,337	64,394
Alumni events	50,668	-	50,668	28,673
Awards	7,654	-	7,654	7,836
Homecoming	22,223	-	22,223	20,990
Scholarships	37,655	-	37,655	161,810
MSU donations	92,279	-	92,279	82,324
Total program services	<u>\$ 219,816</u>	<u>\$ -</u>	<u>\$ 219,816</u>	<u>\$ 366,027</u>

See accompanying notes to financial statements.

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Statement of Activities (Continued)
For the Year Ended June 30, 2016
With Summarized Comparative Totals for the Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016 Totals</u>	<u>2015 Totals</u>
Support services				
General administration				
Auditing and accounting	\$ 4,850	\$ -	\$ 4,850	\$ 4,850
Bank charges	2,749	-	2,749	3,705
Building fund	1,829	-	1,829	2,948
Cable	936	-	936	882
Car allowance	1,620	-	1,620	1,620
Computer software/equipment	24,687	-	24,687	22,612
Computer training	2,045	-	2,045	1,650
Contract labor	416	-	416	702
Depreciation	5,621	-	5,621	6,112
Dues	991	-	991	778
Equipment	1,234	-	1,234	-
Insurance	3,125	-	3,125	2,014
Mavericks expense	2,220	-	2,220	2,528
Meetings	1,174	-	1,174	680
Office	4,591	-	4,591	5,265
Postage	579	-	579	3,175
Printing	12,675	-	12,675	8,841
Promotion	1,051	-	1,051	12,202
Rent	7,748	-	7,748	7,748
Salaries and benefits paid by MSU	194,622	-	194,622	186,255
Supplies	6,730	-	6,730	4,340
Miscellaneous	175	-	175	-
Travel	4,298	-	4,298	3,322
	<u>285,966</u>	<u>-</u>	<u>285,966</u>	<u>282,229</u>
Fundraising	5,420	-	5,420	3,580
Total support services	<u>291,386</u>	<u>-</u>	<u>291,386</u>	<u>285,809</u>
Total expenses	<u>511,202</u>	<u>-</u>	<u>511,202</u>	<u>651,836</u>
Change in net assets before income taxes	134,246	(77,620)	56,626	(91,736)
Income taxes, current portion	-	-	-	-
Change in net assets	<u>134,246</u>	<u>(77,620)</u>	<u>56,626</u>	<u>(91,736)</u>
Net assets - Beginning of Year	357,047	145,872	502,919	594,655
Net assets - End of Year	<u>\$ 491,293</u>	<u>\$ 68,252</u>	<u>\$ 559,545</u>	<u>\$ 502,919</u>

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Statement of Cash Flows
For the Year Ended June 30, 2016
With Summarized Comparative Totals for the Year Ended June 30, 2015

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities		
Receipts from contributors, programs, and passthrough events	\$ 343,033	\$ 343,946
Payments for programs, supporting services, and fundraising	(310,980)	(454,431)
Interest earned	346	711
	<u>32,399</u>	<u>(109,774)</u>
Net Cash Provided (Used) by Operating Activities		
Cash Flows From Investing Activities		
(Purchase) redemption of certificates of deposit	34,989	9,914
Fixed asset acquisitions	(2,890)	-
	<u>32,099</u>	<u>9,914</u>
Net Cash Provided (Used) by Investing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	64,498	(99,860)
Cash and Cash Equivalents - Beginning of Year	<u>292,662</u>	<u>392,522</u>
Cash and Cash Equivalents - End of Year	<u>\$ 357,160</u>	<u>\$ 292,662</u>

See accompanying notes to financial statements.

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Statement of Cash Flows (Continued)
For the Year Ended June 30, 2016
With Summarized Comparative Totals for the Year Ended June 30, 2015

	2016	2015
Reconciliation of operating income to net cash provided (used) by operating activities:		
Change in net assets	\$ 56,626	\$ (91,736)
Adjustments to reconcile change in net assets to net cash provided by (used in) operations:		
Depreciation	5,621	6,112
(Increase) decrease in prepaid expenses	(8,071)	(2,710)
(Increase) decrease in inventory	-	-
Increase (decrease) in accounts payable	302	
Increase (decrease) in transfers payable - MSU	(22,079)	(21,440)
	\$ 32,399	\$ (109,774)

See accompanying notes to financial statements.

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Notes to Financial Statements
June 30, 2016

NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

McNeese State University Alumni Association is a nonprofit corporation organized to stimulate and nurture alumni interest in McNeese State University in order to enhance the university in its mission to provide support for students in the education and training needed to participate more effectively in the intellectual, economic, social and cultural life of our society. The Association's support comes from individual donor's contributions.

Method of Accounting and Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with U.S. generally accepted accounting principles. Net assets and revenues, expense, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

The financial statement presentation follows the recommendation of the Financial Accounting Standards Board Accounting Standard Codification (FASB ASC) 958-205-50, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-205-50, the Association is required to report information regarding its financial position and activities according to three classes of net assets:

- Unrestricted net assets, which represent the expendable resources that are available for operations at management's discretion,
- Temporarily restricted net assets, which represent resources restricted by donors as to purpose or by the passage of time, and
- Permanently restricted net assets, which represent resources that are limited by donor-imposed stipulation that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Association.

Accounting Estimates

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

Public Support and Revenue

The Association complies with the Financial Accounting Standards Board Codification (FASB ASC) 958-605, *Accounting for Contributions Received and Contributions Made*. In accordance with FASB ASC 958-605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Restricted net assets are reclassified to unrestricted net assets upon satisfaction or the time or purpose restriction. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Notes to Financial Statements
June 30, 2016

NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Promises to Give

Unconditional promises to give are recognized as receivables and as revenues in the period the Association is notified by the donor of his or her commitment to make a contribution. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all highly liquid debt investments purchased with a maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment is stated at cost or, if donated, at fair market value at the date of donation for contributed assets. It is the Organization's policy to capitalize expenditures for these items in excess of \$500. Depreciation of property and equipment totaled \$5,621 for the fiscal year ended June 30, 2016 and is computed principally by the straight-line method over the following estimated useful lives:

	Years
Building Improvements	10
Equipment, furniture and fixtures	3 - 10

Income Taxes

The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Association has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the code. The Association is subject to income tax on unrelated business income which included the Visa card program. No income taxes were incurred during the fiscal year ended June 30, 2016.

McNeese State University Alumni Association's Forms 990, *Return of Organization Exempt from Income Tax*, and Forms 990-T, *Exempt Organization Business Income Tax Return*, are subject to examination by the IRS, generally for three years after they are filed.

Contributed Services and Facilities

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. McNeese State University owns the facility that houses the McNeese State University Alumni Association. Office space is provided at no cost to the Association.

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Notes to Financial Statements
June 30, 2016

NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Inventory

Supply inventories are stated at lower of cost or market. Cost is determined using the specific identification method.

Fair Values of Financial Instruments

The Association has a number of financial instruments, none of which is held for trading purposes. The Association estimates that the fair value of all financial instruments as of June 30, 2016, do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Association using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the agency could realize in a current market exchange. The recorded values of cash and cash equivalents, certificate of deposits, prepaid expenses, and accrued expenses approximate their fair values based on their short-term nature. The recorded values of any notes payable would approximate their fair value, as interest is insignificant.

NOTE 2 - FIXTURES, EQUIPMENT, AND BUILDING IMPROVEMENTS

The following is a summary of fixtures, equipment, and building improvements as of June 30, 2016:

Fixtures	\$	90,451
Equipment		47,393
Building Improvements		1,472
Less: Accumulated Depreciation		<u>(129,269)</u>
Total	\$	<u>10,047</u>

NOTE 3 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other 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.

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Notes to Financial Statements
June 30, 2016

NOTE 4 - CONTRIBUTED FACILITIES, SALARIES, AND EXPENSES

The facilities and salaries contributed by McNeese State University are done so under the Affiliation Agreement between the University and the Alumni Association. The value of the contributed services, facilities, and expenses and the corresponding expenditures included in the financial statements for the year ended June 30, 2016 are as follows:

<u>Public Support</u>	
Contributed facilities, salaries and expenses	\$ 202,370
<u>Expenses</u>	
Rent	7,748
Salaries and benefits	194,622
Total	<u>\$ 202,370</u>

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2016, temporarily restricted net assets are available for the following purposes or periods:

Periods after June 30, 2016:	
Alumni chapters	\$ 51,518
Scholarships	16,734
Total temporarily restricted net assets	<u>\$ 68,252</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donors as follows:

Purpose restriction accomplished:	
Alumni chapters	\$ 13,944
Restricted donations	18,840
Brick campaign	18,768
Scholarships	93,689
Total temporarily restricted net assets	<u>\$ 145,241</u>

NOTE 6 - PRIOR YEAR BALANCES

Certain prior year amounts may have been reclassified to conform to current year presentation.

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Notes to Financial Statements
June 30, 2016

NOTE 7 - PRIOR-YEAR SUMMARIZED INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

NOTE 8 - INVESTMENTS

The Association applies GAAP for fair value measurements of financial assets that are recognized at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair market hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Association has the ability to access.

Level 2 inputs are inputs (other than quoted prices included in Level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available).

As of June 30, 2016, the Association's investments measured on a recurring basis consisted of certificates of deposit with fair market value (Level 2) and costs bases as follows:

	Amortized Cost	Fair Value	Unrealized Loss
Certificates of Deposit (Level 2 Cost Basis)	\$ 166,437	\$ 166,437	\$ -0-

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Notes to Financial Statements
June 30, 2016

NOTE 9 - SUBSEQUENT EVENT

The Association evaluated its June 30, 2016 financial statements for subsequent events through September 9, 2016, the date the financial statements were available to be issued. The Association is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

SUPPLEMENTAL INFORMATION

McNeese State University Alumni Association

Schedule of Compensation, Benefits and Other Payments to Executive Director

June 30, 2016

Agency Head Name: Joyce Patterson, Director for Alumni Affairs

Purpose	Amount
Salary	0.00
Benefits-health insurance	0.00
Benefits-retirement	0.00
Benefits-Life, ADD, LTD	0.00
Car allowance	0.00
Vehicle provided by government	0.00
Per diem	0.00
Reimbursements – Auto Mileage Reimb	0.00
Travel	0.00
Registration fees	0.00
Conference travel	0.00
Continuing professional education fees	0.00
Housing	0.00
Unvouchered expenses	0.00
Special meals	0.00