

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

**Annual Financial Report
June 30, 2023**

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of McNeese State University Alumni Association (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of McNeese State University Alumni Association as of June 30, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of McNeese State University Alumni Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about McNeese State University Alumni Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 McNeese State University Alumni Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about McNeese State University Alumni Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our 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 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 our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
November 29, 2023

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Statement of Financial Position
As of June 30, 2023

Assets		
Current Assets		
Cash and cash equivalents	\$	442,563
Certificates of deposit		120,659
License plate proceeds receivable		7,817
Prepaid expenses		17,532
Total Current Assets		588,571
 Property and Equipment		
Equipment, fixtures & building improvements		164,101
Less accumulated depreciation		(143,210)
Total Property and Equipment		20,891
Total Assets		609,462
 Liabilities and Net Assets		
Current Liabilities		
Accounts payable		19,863
Unearned event revenue		10,500
Total Current Liabilities		30,363
 Net Assets		
Without Donor Restrictions		343,035
With Donor Restrictions		236,064
Total Net Assets		579,099
Total Liabilities and Net Assets	\$	609,462

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Statement of Activities
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Totals
Public Support, Revenues, and Reclassifications			
Public support			
Contributions	\$ 137,356	\$ 40,787	\$ 178,143
Contributed facilities, salaries and expenses	134,257	-	134,257
Total public support	271,613	40,787	312,400
Revenues and reclassifications			
Interest	2,247	-	2,247
License plate revenue	-	46,434	46,434
Miscellaneous programs and events	56,291	10,500	66,791
Total revenue and reclassifications	58,538	56,934	115,472
Net assets released from restrictions			
Satisfaction of program restrictions	14,399	(14,399)	-
	344,550	83,322	427,872
Expenses			
Program services (direct expenses):			
Alumni chapters	13,636	-	13,636
Alumni events	44,224	-	44,224
Awards	7,233	-	7,233
MSU donations	37,757	-	37,757
Total program services	\$ 102,850	\$ -	\$ 102,850

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Statement of Activities (Continued)
For the Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Support services			
General administration			
Auditing and accounting	\$ 21,700	\$ -	\$ 21,700
Bank charges	6,720	-	6,720
Computer software/equipment	36,544	-	36,544
Computer training	200	-	200
Depreciation	2,219	-	2,219
Dues	915	-	915
Insurance	3,328	-	3,328
Mavericks expense	300	-	300
Meetings	633	-	633
Office	7,336	-	7,336
Rent	26,376	-	26,376
Salaries and benefits paid by MSU	97,281	-	97,281
Miscellaneous	7,197	-	7,197
Total support services	<u>210,749</u>	<u>-</u>	<u>210,749</u>
Fundraising expenses	<u>270</u>	<u>-</u>	<u>270</u>
Total expenses	<u>313,869</u>	<u>-</u>	<u>313,869</u>
Change in net assets	<u>30,681</u>	<u>83,322</u>	<u>114,003</u>
Net assets - Beginning of Year	312,354	152,742	465,096
Net assets - End of Year	<u>\$ 343,035</u>	<u>\$ 236,064</u>	<u>\$ 579,099</u>

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Statement of Cash Flows
For the Year Ended June 30, 2023

Cash Flows From Operating Activities

Receipts from contributors, programs, and passthrough events	\$ 430,555
Payments for programs, supporting services, and fundraising	(286,197)
Interest earned	2,247
	146,605

Net Cash Provided (Used) by Operating Activities	146,605
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Cash Flows From Investing Activities

(Purchase) redemption of certificates of deposit	(551)
Fixed asset acquisitions	(11,057)
	(11,608)

Net Cash Provided (Used) by Investing Activities	(11,608)
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Net Increase (Decrease) in Cash and Cash Equivalents	134,997
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Cash and Cash Equivalents - Beginning of Year	307,566
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Cash and Cash Equivalents - End of Year	\$ 442,563
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MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Statement of Cash Flows (Continued)
For the Year Ended June 30, 2023

**Reconciliation of operating income to net cash
provided (used) by operating activities:**

Change in net assets	\$	114,003
Adjustments to reconcile change in net assets to net cash provided by (used in) operations:		
Depreciation		2,219
(Increase) decrease in prepaid expenses		3,008
(Increase) decrease in license plate proceeds receivable		(7,817)
(Increase) decrease in inventory		5,360
Increase (decrease) in accounts payable		19,332
Increase (decrease) in unearned event revenue		10,500
		<hr/>
Net Cash Provided (Used) by Operating Activities	\$	146,605
		<hr/> <hr/>

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Notes to Financial Statements
June 30, 2023

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 donors' contributions.

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America. The Association also follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) Topic 958, *Financial Statements of Not-for-Profit Organizations*. In accordance with this guidance, the Association is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets available subject to donor-imposed or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Association reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Notes to Financial Statements
June 30, 2023

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

Net Assets (Continued)

Net assets with donor restrictions are restricted for the following purposes or periods:

Subject to expenditure for specified purpose:

Program activities:	
Alumni Chapters	\$ 81,265
Scholarships	130,641
Special Events	10,500
McNeese State University Department Donations	13,658
	\$ 236,064

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors as follows for the year ended June 30, 2023:

Purpose restrictions satisfied:	
Alumni Chapter Activities	\$ 14,399
Total	\$ 14,399

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.

Pledges

Unconditional promises to give or pledges that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give or pledges that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the pledge is received. Amortization of the discount is included in contribution revenue. There were no pledges that are to be collected in future years as of June 30, 2023. Conditional promises to give are not included as support until such time as the conditions are substantially met.

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Notes to Financial Statements
June 30, 2023

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

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 are 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 \$2,219 for the fiscal year ended June 30, 2023 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 and state 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. Accordingly, no provision for federal and state income taxes is included in the financial statements.

McNeese State University Alumni Association's Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the IRS, generally for three years after it is 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 (salaries paid by McNeese State University) 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 and the contributed facilities are measured at similar property fair value rental rates. The McNeese State University Foundation allows the Alumni Association to utilize their fundraising and donor management software at no cost. The software is measured at the fair value/actual cost of the program.

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Notes to Financial Statements
June 30, 2023

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

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, 2023, 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, prepaid expenses, license plate proceeds receivable, accounts payable, and unearned event revenue approximate their fair values based on their short-term nature.

Revenue Recognition

On January 1, 2019, the Association adopted Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*. This literature is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The accounting guidance also requires additional disclosure regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts including significant judgements and changes in judgements, as well as assets recognized from costs incurred to obtain or fulfill a contract.

Fundraising and event revenues representing reciprocal transfers (exchange transactions) are recognized when the performance obligation is satisfied. The Association's estimate of the transaction price is determined based on the cost expended to provide such goods or services.

The following table presents the Association's net revenue disaggregated based on the revenue source:

<u>For the year ended June 30, 2023</u>	
Fundraising event exchange transactions	<u>\$ 28,757</u>
Total revenue from contracts with customers	<u>\$ 28,757</u>

Unearned event revenue related to fundraising event collections received during the fiscal year ended June 30, 2023 for events taking place in the subsequent year totaled \$10,500.

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Notes to Financial Statements
June 30, 2023

NOTE 2 - FIXTURES, EQUIPMENT, AND BUILDING IMPROVEMENTS

The following is a summary of fixtures, equipment, and building improvements as of June 30, 2023:

Fixtures	\$ 100,109
Equipment	56,390
Building Improvements	7,602
Less: Accumulated Depreciation	<u>(143,210)</u>
Total	<u>\$ 20,891</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.

NOTE 4 - CONCENTRATION OF CREDIT RISK

The Association maintains cash balances at several financial institutions located in Southwest Louisiana. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2023, the Association had unsecured cash balances totaling \$3,614.

NOTE 5 - 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, 2023 are as follows:

<u>Public Support</u>	
Contributed facilities, salaries and expenses	\$ 134,257
 <u>Expenses</u>	
Rent	26,376
Computer software/equipment	10,600
Salaries and benefits	<u>97,281</u>
Total	<u>\$ 134,257</u>

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Notes to Financial Statements
June 30, 2023

NOTE 6 - 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, 2023, 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:

	Cost	Fair Value	Unrealized Gain(Loss)
Certificates of Deposit (Level 2 Cost Basis)	\$ 120,659	\$ 120,659	\$ -0-

NOTE 7 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Association has \$327,158 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$206,499 and certificates of deposit totaling \$120,659. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position. The Association has a goal to maintain financial assets which consist of cash on hand and investments to meet 60 days of normal operating expenses, which are, on average, approximately \$30,000. The Association has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, the Association deposits cash in excess of daily requirements in interest bearing certificates of deposit.

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Notes to Financial Statements
June 30, 2023

NOTE 8 - DIVERSION

During the fiscal years ending June 30, 2021 and 2022, the Association incurred an unauthorized and misuse of financial assets by a former employee serving the Association. While the total amount of the unauthorized and misuse is unknown at the financial statement date, the amount currently in question that was incurred during these fiscal years is estimated to total \$208,265.

During the fiscal year ending June 30, 2024, the Association received a \$125,000 repayment from the former employee that was related to the unauthorized and misuse of assets. The total unauthorized and misuse of financial assets is an estimate subject to change in the near term and the final alleged loss has not yet been determined.

NOTE 9 - SUBSEQUENT EVENT

The Association evaluated its June 30, 2023 financial statements for subsequent events through the date of the audit report, 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
June 30, 2023

Agency Head Name: Sarah Leonards, Associate Director for Alumni

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