

**Southeastern Louisiana University
Alumni Association, Inc.**

Financial Report

Year Ended June 30, 2018

Table Of Contents

	Page
Report of Certified Public Accountants	1
Financial Statements	
Statement Of Financial Position	3
Statement Of Activities And Changes In Net Assets	4
Statement Of Cash Flows	5
Notes To Financial Statements	6

PEDELAHORE & CO., LLP

Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Southeastern Louisiana University Alumni Association, Inc.
Hammond, Louisiana

We have audited the accompanying financial statements of Southeastern Louisiana University Alumni Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, and cash flows 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southeastern Louisiana University Alumni Association, Inc. as of June 30, 2018, 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.

Redelashore & Co., LLP

October 15, 2018
New Orleans, Louisiana

Southeastern Louisiana University Alumni Association, Inc.
Statement Of Financial Position
June 30, 2018

Assets

Current Assets

Cash	\$ 247,020
Current portion of receivables, net	29,862
Prepaid expenses	<u>8,159</u>
Total current assets	<u>285,041</u>

Noncurrent Assets

Long-term portion of receivables	27,890
Property and equipment, net	<u>311,361</u>
	<u>339,251</u>
	<u>\$ 624,292</u>

Liabilities And Net Assets

Current Liabilities

Accounts payable	\$ 10,998
Due to Southeastern Development Foundation	6,930
Deferred membership dues	29,827
Current portion of long term debt	<u>4,269</u>
Total current liabilities	<u>52,024</u>

Long Term Liabilities

Deferred membership dues	<u>188,745</u>
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Net Assets

Unrestricted	362,531
Temporarily restricted	<u>20,992</u>
	<u>383,523</u>
	<u>\$ 624,292</u>

The Notes To Financial Statements are an integral part of these statements.

Southeastern Louisiana University Alumni Association, Inc.
Statement Of Activities And Changes In Net Assets
Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Total
Revenue And Other Support			
Membership dues	\$ 54,578	\$ -	\$ 54,578
Student fees	122,814	-	122,814
Special events	25,212	-	25,212
Alumni Scholarship Fund	-	-	-
Royalties	18,130	-	18,130
Donations	18,958	40	18,998
Other Income	25,166	-	25,166
Interest Income	2,086	-	2,086
Total revenues and other support	266,944	40	266,984
Net Assets Released From Restrictions			
Satisfaction of program restrictions	40	(40)	-
Total revenues and other support	266,984	-	266,984
Expenses			
Program Services:			
Alumni Center	43,746	-	43,746
University Promotions	26,817	-	26,817
Special events	46,835	-	46,835
Chapter expenses	3,783	-	3,783
Supporting Services			
Management and general	163,762	-	163,762
Membership expenses	5,773	-	5,773
	290,716	-	290,716
Changes In Net Assets	(23,732)	-	(23,732)
Net Assets - Beginning Of Year	386,263	20,992	407,255
Net Assets - End Of Year	\$ 362,531	\$ 20,992	\$ 383,523

The Notes To Financial Statements are an integral part of these statements.

Southeastern Louisiana University Alumni Association, Inc.
Statement Of Cash Flows
Year Ended June 30, 2018

Cash Flows From Operating Activities

Change in net assets	\$ (23,732)
Adjustments to reconcile net income to net cash provided (used) by operating activities:	
Depreciation	19,037
Decrease (increase) in:	
Accounts receivable	17,352
Prepaid expenses	(2,913)
Increase (decrease) in:	
Accounts payable	(3,611)
Deferred revenue	<u>4,570</u>
Net cash provided by (used in) operating activities	<u>10,703</u>

Cash Flows From Financing Activities

Repayment of notes payable	<u>(7,258)</u>
Net cash provided by (used in) financing activities	<u>(7,258)</u>

Net Increase (Decrease) In Cash And Cash Equivalents

Cash Equivalents	\$ 3,445
Cash and cash equivalents at beginning of year	<u>243,575</u>
Cash and cash equivalents at end of year	<u><u>\$ 247,020</u></u>

Supplemental Disclosures of Cash Flow Information:

Cash Payment for:	
Interest	<u><u>\$ 374</u></u>

The Notes To Financial Statements are an integral part of these statements.

Southeastern Louisiana University Alumni Association, Inc.
Notes To Financial Statements
Year Ended June 30, 2018

Note 1. Summary Of Significant Accounting Policies

General

The Southeastern Louisiana University Alumni Association, Inc. (the Association) is a non-profit organization exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. The mission of the Association is to preserve and strengthen the bonds of friendship existing among Southeastern Louisiana's University's former students; to foster, preserve and perpetuate the University's ideals and traditions so as to enhance its prestige as an institution of learning; and establish strong ties between the University and its former students in order to promote its educational and physical growth.

The Southeastern Louisiana University Alumni Association, Inc. was incorporated December 5, 1948, under provisions of Louisiana Revised Statutes 12:101-155 as a non-profit corporation.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets:

- Unrestricted net assets are not subject to donor-imposed stipulations.
- Temporarily restricted net assets are subject to donor-imposed stipulations that can be fulfilled by actions of the Association and/or the passage of time.
- Permanently restricted net assets are subject to donor-imposed stipulations that must be maintained permanently by the Association.

Southeastern Louisiana University Alumni Association, Inc.
Notes To Financial Statements
Year Ended June 30, 2018

Note 1. Summary Of Significant Accounting Policies (continued)

Revenue Recognition

Revenues are reported as increases in unrestricted, temporarily restricted or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Expenses are reported as decreases in unrestricted net assets.

Contributions made, including unconditional promises to give, are recognized as expenses in the period made at their fair values.

Accounts Receivables

Accounts receivable are recorded as cost, net of an allowance for doubtful accounts. A general allowance for doubtful accounts is based on management's estimate of the collectability of accounts receivable according to prior experience. Management considers accounts receivable delinquent based on contractual terms. Receivables are presented net of an allowance for doubtful accounts of \$7,000 at June 30, 2018.

The non-current portion of the receivable balance of \$27,890 has scheduled payments over the following fiscal years based on agreed upon terms with contributors as follows:

2019	\$14,235
2020	8,117
2021	2,963
2022	2,575

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases of liabilities, or expense depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Southeastern Louisiana University Alumni Association, Inc.
Notes To Financial Statements
Year Ended June 30, 2018

Note 1. Summary Of Significant Accounting Policies (continued)

Contributed Services

During the year ended June 30, 2018, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Property and Equipment

Property and equipment is recorded at cost except for donated property. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicated restrictions regarding their use are contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained the Association reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Association reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-lined method.

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 are charged to the programs and supporting services benefited.

Southeastern Louisiana University Alumni Association, Inc.
Notes To Financial Statements
Year Ended June 30, 2018

Note 1. Summary Of Significant Accounting Policies (continued)

Income Taxes

The Association is exempt from income taxes per Section per 501(c)(3) as a nonprofit entity and, accordingly, the financial statements do not reflect a provision for income taxes.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Association may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on technical merits of the position. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended June 30, 2018.

Also, the Association's federal income tax returns are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitations on those returns. In general, both the federal and state income tax returns have a three year statute of limitations.

Concentration of Credit Risk

The Association maintains its cash in bank deposit accounts at high credit quality financial institutions. The balances, at times, may exceed federally insured limits. At June 30, 2018, all of the Association's bank deposits were insured by the Federal Deposit Insurance Corporation.

Subsequent Events

The Association evaluated subsequent events and transactions or potential recognition or disclosure in the financial statements through October 15, 2018, the date which financial statements were available to be issued.

Southeastern Louisiana University Alumni Association, Inc.
Notes To Financial Statements
Year Ended June 30, 2018

Note 2. Restrictions on Net Assets

Temporarily restricted assets are available for the following purposes:

The Alumni Center	\$ 7,164
ROTC Scholarship	58
Alumni Scholarship Fund	<u>13,770</u>
	<u>\$ 20,992</u>

Changes in Temporarily Restricted Net Assets for the fiscal year ended June 30, 2018 are as follows:

Temporarily Restricted Net Assets at July 1, 2017	\$ 20,992
Increase in Temporarily Restricted Net Assets	40
Net Assets Released from Restrictions:	
Alumni Scholarship Fund	<u>(40)</u>
Temporarily Restricted Net Assets at June 30, 2018	<u>\$ 20,992</u>

Note 3. Property and Equipment

Property and equipment as of June 30, 2018 consist of the following:

Building	\$ 761,481
Less: Accumulated Depreciation	<u>(450,120)</u>
	<u>\$ 311,361</u>

Depreciation of \$19,037 was charged to Program Services – Alumni Center for the fiscal year ended June 30, 2018.

Southeastern Louisiana University Alumni Association, Inc.
Notes To Financial Statements
Year Ended June 30, 2018

Note 4. Notes Payable

The details of notes payable as of June 30, 2018 are as follows:

First Guaranty Bank

Unsecured note in the original amount of \$30,675, with an interest rate of 4.90% per annum. On February 6, 2013, the Association refinanced the remaining balance of \$17,068 and borrowed an additional \$22,932 for a total note of \$40,000 with First Guaranty Bank with an interest rate of 4.50% per annum until February 6, 2019, payable in 72 payments of \$636

\$ 4,269

Less: Current Portion

(4,269)

\$ -

Interest expense for the year ended June 30, 2018 was \$374.

Note 5. Lease

In connection with the construction of the Alumni Center, the Association (Tenant) entered into an agreement with the Board of Trustees for State Colleges and Universities (Landlord), a political subdivision of the State of Louisiana on October 7, 1993, to lease property located in Hammond, Louisiana. The Association had previously constructed a building on the leased premises, which they occupy as their Administrative offices. The term of lease commenced on the day of execution of the agreement for a term of 99 years. The consideration of the lease is the construction of improvements by the Tenant's improvement through the remaining term of the lease. Conditions of the lease also provide that the leased premises are to be used by the Association and the Southeastern Louisiana University. The Landlord agrees to assume responsibility for maintenance, repair, and replacement obligations and all obligations to pay utilities, sewer, telephone, and other communication services used on the leased premises, all taxes, and insurance in amounts reasonably satisfactory to the Tenant. The agreement also provides for subleasing a portion of the premises to Southeastern Louisiana University.

Southeastern Louisiana University Alumni Association, Inc.
Notes To Financial Statements
Year Ended June 30, 2018

Note 5. Lease (continued)

Sublease Agreement

On October 7, 1993, the Association entered into a sublease agreement with Southeastern Louisiana University. The sublease refers to the premises leased in the preceding paragraph. The sublease provides for the Association to reserve approximately 3,000 square feet of office space together with the non-exclusive use of restroom facilities, work area, conference room, and banquet room. Beginning in the fiscal year ended June 30, 2010, annual lease payments amount to \$1 per year.

Note 6. Related Parties

The Southeastern Development Foundation, Inc. ("Foundation"), a non-profit organization, occupies offices in the Alumni Center. These offices are leased from the Association by Southeastern Louisiana University ("University") who provides for the use by the Foundation. The Foundation obtains donations for the University and also for the Association. Financial services for the Association are performed by Southeastern Louisiana University Development Foundation employees. The Association paid \$6,930 to the Foundation for the year ended June 30, 2017, for these services. As of June 30, 2018, the Association had a balance due to the Foundation of \$6,930.

Student fees are collected by the University on behalf of the Association. For the years ended June 30, 2018, student fees amount to \$122,814 which made up approximately 46% of revenue. The University also provides administrative and accounting services for the Association, which are included in expense in the Statement of Activities. As of June 30, 2018, the Association had a balance due from the University of \$17,321. These balances are included in receivables in the Statement of Financial Position. These are open balances with no set repayment terms or interest rates.

Note 7. Contractual Commitments

The Association entered into an agreement with an organization to market certain insurance products to its members. The agreement requires the Association to transfer member and graduate lists to the organization along with including the organization's logo on certain types of the Association's communications with its members in exchange or royalty and sponsorship payments. The agreement includes total payments of \$95,000. The payments are in various agreed upon amounts from March 2014 through March 2019 and are contingent upon the Association providing the necessary information and meeting certain terms of the agreement. At June 30, 2018, the remaining commitment under the terms of this agreement was \$23,000.