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

**Annual Financial Report  
June 30, 2017**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date DEC 20 2017

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# STEVEN M. DEROUEN & ASSOCIATES

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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, 2017, 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, 2017, 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, 2016 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my reported dated September 9, 2016. In my opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2016, 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  
October 18, 2017

**MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION**  
**Lake Charles, Louisiana**  
**Statement of Financial Position**  
**As of June 30, 2017**  
**With Summarized Comparative Totals as of June 30, 2016**

	2017	2016
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 264,853	\$ 357,160
Certificates of deposit	166,961	166,437
Prepaid expenses	23,745	20,651
Inventory	5,552	5,552
Total Current Assets	461,111	549,800
<b>Property and Equipment</b>		
Equipment, fixtures & building improvements	142,413	139,316
Less accumulated depreciation	(130,865)	(129,269)
Total Property and Equipment	11,548	10,047
Total Assets	\$ 472,659	\$ 559,847
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 1,010	\$ 302
Total Current liabilities	1,010	302
<b>Net Assets</b>		
<b>Unrestricted net assets</b>		
Board designated	30,000	190,000
Undesignated	376,621	291,246
Net fixed assets	11,548	10,047
Total Unrestricted Net Assets	418,169	491,293
Temporarily restricted	53,480	68,252
Total Net Assets	471,649	559,545
Total Liabilities and Net Assets	\$ 472,659	\$ 559,847

**MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION**  
**Lake Charles, Louisiana**  
**Statement of Activities**  
**For the Year Ended June 30, 2017**  
**With Summarized Comparative Totals for the Year Ended June 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017 Totals</u>	<u>2016 Totals</u>
<b>Public Support, Revenues, and Reclassifications</b>				
Public support				
Contributions	\$ 183,557	\$ 27,671	\$ 211,228	\$ 218,578
Contributed facilities, salaries and expenses	212,865	-	212,865	202,370
Total public support	<u>396,422</u>	<u>27,671</u>	<u>424,093</u>	<u>420,948</u>
Revenues and reclassifications				
Homecoming	22,963	-	22,963	24,330
Interest	219	-	219	346
License plate revenue	-	39,285	39,285	24,842
Miscellaneous programs	50,472	-	50,472	97,084
Sales of merchandise (net of cost)	75	-	75	75
Visa card income	20	-	20	203
Total revenue and reclassifications	<u>73,749</u>	<u>39,285</u>	<u>113,034</u>	<u>146,880</u>
Net assets released from restrictions				
Satisfaction of program restrictions	<u>81,728</u>	<u>(81,728)</u>	<u>-</u>	<u>-</u>
Total public support, revenues, & reclassifications	<u>551,899</u>	<u>(14,772)</u>	<u>537,127</u>	<u>567,828</u>
<b>Expenses</b>				
Program services:				
Alumni chapters	30,153	-	30,153	9,337
Alumni events	41,391	-	41,391	50,668
Awards	8,300	-	8,300	7,654
Homecoming	17,443	-	17,443	22,223
Scholarships	33,350	-	33,350	37,655
MSU donations	197,283	-	197,283	92,279
Total program services	<u>\$ 327,920</u>	<u>\$ -</u>	<u>\$ 327,920</u>	<u>\$ 219,816</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, 2017**  
**With Summarized Comparative Totals for the Year Ended June 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017 Totals</u>	<u>2016 Totals</u>
Support services				
General administration				
Auditing and accounting	\$ 4,850	\$ -	\$ 4,850	\$ 4,850
Bank charges	2,912	-	2,912	2,749
Building fund	-	-	-	1,829
Cable	1,060	-	1,060	936
Car allowance	1,620	-	1,620	1,620
Computer software/equipment	28,672	-	28,672	24,687
Computer training	2,160	-	2,160	2,045
Contract labor	830	-	830	416
Depreciation	1,596	-	1,596	5,621
Dues	555	-	555	991
Equipment	2,559	-	2,559	1,234
Insurance	1,676	-	1,676	3,125
Mavericks expense	2,789	-	2,789	2,220
Meetings	1,483	-	1,483	1,174
Office	6,620	-	6,620	4,591
Postage	919	-	919	579
Printing	6,741	-	6,741	12,675
Promotion	4,289	-	4,289	1,051
Rent	16,328	-	16,328	7,748
Salaries and benefits paid by MSU	196,537	-	196,537	194,622
Supplies	2,970	-	2,970	6,730
Miscellaneous	40	-	40	175
Travel	2,952	-	2,952	4,298
	<u>290,158</u>	<u>-</u>	<u>290,158</u>	<u>285,966</u>
Fundraising	6,945	-	6,945	5,420
Total support services	<u>297,103</u>	<u>-</u>	<u>297,103</u>	<u>291,386</u>
Total expenses	<u>625,023</u>	<u>-</u>	<u>625,023</u>	<u>511,202</u>
Change in net assets	<u>(73,124)</u>	<u>(14,772)</u>	<u>(87,896)</u>	<u>56,626</u>
Net assets - Beginning of Year	491,293	68,252	559,545	502,919
Net assets - End of Year	<u>\$ 418,169</u>	<u>\$ 53,480</u>	<u>\$ 471,649</u>	<u>\$ 559,545</u>

**MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION**  
**Lake Charles, Louisiana**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2017**  
**With Summarized Comparative Totals for the Year Ended June 30, 2016**

	<u>2017</u>	<u>2016</u>
<b>Cash Flows From Operating Activities</b>		
Receipts from contributors, programs, and passthrough events	\$ 324,043	\$ 343,033
Payments for programs, supporting services, and fundraising	(412,948)	(310,980)
Interest earned	219	346
	<u>          </u>	<u>          </u>
Net Cash Provided (Used) by Operating Activities	<u>(88,686)</u>	<u>32,399</u>
<b>Cash Flows From Investing Activities</b>		
(Purchase) redemption of certificates of deposit	(524)	34,989
Fixed asset acquisitions	(3,097)	(2,890)
	<u>          </u>	<u>          </u>
Net Cash Provided (Used) by Investing Activities	<u>(3,621)</u>	<u>32,099</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(92,307)	64,498
Cash and Cash Equivalents - Beginning of Year	<u>357,160</u>	<u>292,662</u>
Cash and Cash Equivalents - End of Year	<u>\$ 264,853</u>	<u>\$ 357,160</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, 2017**  
**With Summarized Comparative Totals for the Year Ended June 30, 2016**

	<u>2017</u>	<u>2016</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>		
Change in net assets	\$ (87,896)	\$ 56,626
Adjustments to reconcile change in net assets to net cash provided by (used in) operations:		
Depreciation	1,596	5,621
(Increase) decrease in prepaid expenses	(3,094)	(8,071)
Increase (decrease) in accounts payable	708	302
Increase (decrease) in transfers payable - MSU	-	(22,079)
	<u>                    </u>	<u>                    </u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>\$ (88,686)</u></b>	<b><u>\$ 32,399</u></b>

See accompanying notes to financial statements.

**MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION**  
**Lake Charles, Louisiana**  
**Notes to Financial Statements**  
**June 30, 2017**

**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, 2017**

**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 \$1,596 for the fiscal year ended June 30, 2017 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, 2017.

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, 2017**

**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, 2017, 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, 2017:

Fixtures	\$ 92,514
Equipment	48,427
Building Improvements	1,472
Less: Accumulated Depreciation	<u>(130,865)</u>
Total	<u>\$ 11,548</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, 2017**

**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, 2017 are as follows:

<b><u>Public Support</u></b>	
Contributed facilities, salaries and expenses	\$ 212,865
<b><u>Expenses</u></b>	
Rent	16,328
Salaries and benefits	<u>196,537</u>
Total	<u>\$ 212,865</u>

**NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS**

At June 30, 2017, temporarily restricted net assets are available for the following purposes or periods:

Periods after June 30, 2017:	
Alumni chapters	\$ 39,682
Scholarships	<u>13,798</u>
Total temporarily restricted net assets	<u>\$ 53,480</u>

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

Purpose restriction accomplished:	
Alumni chapters	\$ 32,257
Restricted donations	7,249
Scholarships	<u>42,222</u>
Total temporarily restricted net assets	<u>\$ 81,728</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, 2017**

**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, 2016, 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, 2017, 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)	\$ 166,961	\$ 166,961	\$ -0-

**MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION**  
**Lake Charles, Louisiana**  
**Notes to Financial Statements**  
**June 30, 2017**

***NOTE 9 - SUBSEQUENT EVENT***

The Association evaluated its June 30, 2017 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 to Executive Director**

**June 30, 2017**

**Agency Head Name: Joyce Patterson, Director for Alumni Affairs**

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 0.00
Benefits-health insurance	0.00
Benefits-retirement	0.00
Benefits-Life, ADD, LTD	0.00
Car allowance	540.00
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

