

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

**Annual Financial Report
June 30, 2013**

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STEVEN M. DEROUEN & ASSOCIATES

Certified Public Accountants

4827 IHLES ROAD
P. O. BOX 4265
LAKE CHARLES, LA 70606
(337) 513-4915 OFFICE/ (337) 205-6927 FAX
steve@sderouencpa.com

Member American Institute of
Certified Public Accountants

Member Louisiana Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
SWLA Center for Health Services
Lake Charles, Louisiana

Report on the Financial Statements

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, 2013, 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, 2013, 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.

Other Matters

The financial statements of the McNeese State University Alumni Association as of June 30, 2012, were audited by other auditors whose report dated October 31, 2012, expressed an unmodified opinion on those financial statements. In my opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
August 26, 2013

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Statements of Financial Position
As of June 30, 2013
With Summarized Comparative Totals as of June 30, 2012

	2013	2012
Assets		
Current Assets		
Cash and cash equivalents	\$ 403,414	\$ 360,877
Certificates of deposit	269,319	268,839
Prepaid expenses	9,735	9,360
Inventory	5,551	5,551
Total Current Assets	688,019	644,627
Property and Equipment		
Equipment, fixtures & building improvements	136,425	132,980
Less accumulated depreciation	(111,423)	(105,030)
	25,002	27,950
Total Assets	\$ 713,021	\$ 672,577
Liabilities and Net Assets		
Current Liabilities		
Federal income tax payable	\$ -	\$ 99
Total Current liabilities	-	99
Net Assets		
Unrestricted net assets		
Board designated	181,714	80,000
Undesignated	360,388	421,451
Net fixed assets	25,002	27,950
Total Unrestricted Net Assets	567,104	529,401
Temporarily restricted	145,917	143,077
Total Net Assets	713,021	672,478
Total Liabilities and Net Assets	\$ 713,021	\$ 672,577

See accompanying notes to the financial statements

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Statement of Activities
For the Year Ended June 30, 2013
With Summarized Comparative Totals for the Year Ended June 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2013 Totals</u>	<u>2012 Totals</u>
Public Support, Revenues, and Reclassifications				
Public support				
Contributions	\$ 147,819	\$ 34,352	\$ 182,171	\$ 169,437
Contributed facilities, salaries and expenses	186,720	-	186,720	\$ 189,762
Total public support	334,539	34,352	368,891	359,199
Revenues and reclassifications				
Homecoming	30,206	-	30,206	29,991
Interest	876	2	878	1,990
License plate revenue	-	25,021	25,021	24,540
Miscellaneous programs	41,034	-	41,034	48,078
Sales of merchandise (net of cost)	75	-	75	230
Visa card income	-	-	-	4,242
Total revenue and reclassifications	72,191	25,023	97,214	109,071
Net assets released from restrictions				
Satisfaction of program restrictions	56,535	(56,535)	-	-
Total public support, revenues, & reclassifications	463,265	2,840	466,105	468,269
Expenses				
Program services:				
Alumni chapters	12,151	-	12,151	14,545
Alumni events	38,100	-	38,100	35,309
Awards	10,226	-	10,226	12,106
Homecoming	18,002	-	18,002	19,028
Scholarships	37,456	-	37,456	28,465
MSU donations	46,347	-	46,347	44,320
Total program services	162,282	-	162,282	153,773

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Statement of Activities (Continued)
For the Year Ended June 30, 2013
With Summarized Comparative Totals for the Year Ended June 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2013 Totals</u>	<u>2012 Totals</u>
Support services				
General administration				
Auditing and accounting	\$ 7,775	\$ -	\$ 7,775	\$ 9,225
Bank charges	1,915	-	1,915	2,046
Brick campaign expense	-	-	-	50
Building fund	570	-	570	1,966
Cable	854	-	854	769
Car allowance	1,619	-	1,619	1,620
Computer software/equipment	19,688	-	19,688	11,150
Computer training	3,375	-	3,375	1,200
Contract labor	2,404	-	2,404	2,792
Depreciation	6,393	-	6,393	6,494
Dues	463	-	463	1,310
Equipment	217	-	217	305
Insurance	1,125	-	1,125	1,125
Mavericks expense	5,477	-	5,477	4,448
Meetings	1,668	-	1,668	1,260
Office	4,488	-	4,488	4,738
Postage	1,304	-	1,304	1,330
Printing	3,480	-	3,480	4,555
Promotion	3,593	-	3,593	5,148
Resale	-	-	-	417
Rent	7,748	-	7,748	7,748
Salaries and benefits paid by MSU	178,972	-	178,972	182,014
Supplies	2,786	-	2,786	4,205
Miscellaneous	142	-	142	-
Travel	2,737	-	2,737	4,532
	<u>258,793</u>	<u>-</u>	<u>258,793</u>	<u>260,447</u>
Fundraising	4,094	-	4,094	4,631
Total support services	<u>262,887</u>	<u>-</u>	<u>262,887</u>	<u>265,078</u>
Total expenses	<u>425,169</u>	<u>-</u>	<u>425,169</u>	<u>418,851</u>
Change in net assets before income taxes	38,096	2,840	40,936	49,417
Income taxes, current portion	(393)	-	(393)	(500)
Change in net assets	<u>37,703</u>	<u>2,840</u>	<u>40,543</u>	<u>48,917</u>
Net assets - Beginning of Year	529,401	143,077	672,478	623,561
Net assets - End of Year	<u>\$ 567,104</u>	<u>\$ 145,917</u>	<u>\$ 713,021</u>	<u>\$ 672,478</u>

See accompanying notes to financial statements

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Statement of Cash Flows
For the Year Ended June 30, 2013
With Summarized Comparative Totals for the Year Ended June 30, 2012

	<u>2013</u>	<u>2012</u>
Cash Flows From Operating Activities		
Receipts from contributors and programs	\$ 278,506	\$ 276,549
Payments for programs, supporting services, and fundraising	(232,430)	(231,656)
Interest earned	878	1,990
Income taxes	(492)	(984)
	<u>46,462</u>	<u>45,899</u>
Cash Flows From Investing Activities		
(Purchase) redemption of certificates of deposit	(480)	(1,409)
Fixed asset acquisitions	(3,445)	(24,131)
	<u>(3,925)</u>	<u>(25,540)</u>
Net Cash Provided (Used) by Investing Activities		
	<u>42,537</u>	<u>20,359</u>
Net Increase in Cash and Cash Equivalents		
	<u>360,877</u>	<u>340,518</u>
Cash and Cash Equivalents - Beginning of Year		
	<u>\$ 403,414</u>	<u>\$ 360,877</u>
Cash and Cash Equivalents - End of Year		

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Statements of Cash Flows (Continued)
For the Year Ended June 30, 2013
With Summarized Comparative Totals for the Year Ended June 30, 2012

	2013	2012
Reconciliation of operating income to net cash provided (used) by operating activities:		
Change in net assets	\$ 40,543	\$ 48,917
Adjustments to reconcile change in net assets to net cash provided by (used in) operations:		
Depreciation	6,393	6,494
(Increase) decrease in prepaid expenses	(375)	(9,229)
(Increase) decrease in inventory	-	70
Increase (decrease) in accrued expenses	(99)	(353)
 Net Cash Provided (Used) by Operating Activities	\$ 46,462	\$ 45,899

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Notes to Financial Statements
May 31, 2013

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 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 in its State of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, 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's Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, 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
May 31, 2013

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 \$6,393 for the fiscal year ended June 30, 2013 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. Income taxes were \$393 for the year ended June 30, 2013.

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*, for the years ending 2010, 2011, and 2012 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
May 31, 2013

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, 2013, 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 notes payable 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, 2013:

Fixtures	\$ 90,450
Equipment	44,503
Building Improvements	1,472
Less: Accumulated Depreciation	<u>(111,423)</u>
Total	\$ <u>25,002</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
May 31, 2013

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, 2013 are as follows:

<u>Public Support</u>	
Contributed facilities, salaries and expenses	\$ 186,720
 <u>Expenses</u>	
Rent	7,748
Salaries and benefits	178,972
Total	<u>\$ 186,720</u>

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2013, temporarily restricted net assets are available for the following purposes or periods:

Periods after June 30, 2013:	
Alumni chapters	\$ 23,684
Scholarships	94,049
Brick Campaign	28,184
Total temporarily restricted net assets	<u>\$ 145,917</u>

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

Purpose restriction accomplished:	
Alumni chapters	\$ 12,284
Restricted donations	6,295
Sports medicine	500
Scholarships	37,456
Total temporarily restricted net assets	<u>\$ 56,535</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
May 31, 2013

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, 2012, from which the summarized information was derived.

NOTE 8 - SUBSEQUENT EVENT

The Association evaluated its June 30, 2013 financial statements for subsequent events through August 26, 2013, 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.