

DESOTO HIGH SCHOOL ALUMNI ASSOCIATION
Mansfield, Louisiana

FINANCIAL REPORT

DECEMBER 31, 2015

DeSoto High School Alumni Association
Financial Report
December 31, 2015

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Certified Public Accountants

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors
of the DeSoto High School Alumni Association

Management is responsible for the accompanying financial statements of the DeSoto High School Alumni Association (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America, and the accompanying schedule of compensation, benefits and other payments to the executive director, which is presented only for supplementary analysis purposes. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements and supplementary schedule, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements and the supplementary schedule.

Johnson, Thomas + Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's
Natchitoches, Louisiana

February 22, 2016

DeSoto High School Alumni Association
Statement of Financial Position
Year Ended December 31, 2015

ASSETS:

Current Assets:

Cash & Cash Equivalents	\$ 30,228
Prepaid Expenses	<u>789</u>
Total Current Assets	<u>\$ 31,017</u>

Non-current Assets:

Fixed Assets:

Furniture & Equipment	\$ 40,674
Leasehold Improvements	99,913
Less: Accumulated Depreciation	<u>(75,219)</u>

Fixed Assets, Net \$ 65,368

Other Assets:

Deposits \$ 975

Total Assets \$ 97,360

LIABILITIES:

Current Liabilities:

Accounts Payable \$ 1,083

NET ASSETS:

Unrestricted \$ 96,277

Total Liabilities and Net Assets \$ 97,360

DeSoto High School Alumni Association
Statement of Activities
Year Ended December 31, 2015

	<u>Unrestricted</u>
REVENUES:	
Memberships	\$ 2,420
Rent of Facilities	10,484
Projects & Events	2,535
Contributions	23,001
Grants	43,800
Total Revenues	<u>\$82,240</u>
EXPENSES:	
Program Expenses:	
Summer Recreation Program	\$14,065
Administration & General:	
Payroll & Related Expense	7,053
Contract Labor	1,707
Legal & Professional Fees	3,890
Office Supplies	2,856
Public Relations	1,034
Repairs & Maintenance	9,760
Insurance	4,357
Utilities	9,205
Telephone	2,492
Depreciation	7,715
Other	<u>1,205</u>
Total Expenses	<u>\$65,339</u>
Increase in Net Assets	\$16,901
Net Assets – Beginning of Year	<u>79,376</u>
Net Assets – End of Year	<u>\$96,277</u>

See accompanying notes and independent accountant's compilation report.

DeSoto High School Alumni Association
Statement of Cash Flows
Year Ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in Net Assets	\$16,901
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	7,715
Decrease in Accounts Payable	<u>(103)</u>
Net Cash Provided by Operating Activities	<u>\$24,513</u>

CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES:

Purchase of Fixed Assets	<u>\$(1,509)</u>
Net Increase in Cash	\$23,004
Cash at Beginning of Year	<u>7,224</u>
Cash at End of Year	<u>\$30,228</u>

See accompanying notes and independent accountant's compilation report.

NOTES TO FINANCIAL STATEMENTS

DeSoto High School Alumni Association
Notes to Financial Statements
December 31, 2015

Introduction:

The DeSoto High School Alumni Association (Association) is a nonprofit corporation organized on July 25, 1994 under the provisions of Louisiana Revised Statute (La. R.S.) 1950, Title 12, Chapter 2, as amended.

All residents of DeSoto Parish and particularly graduates of DeSoto Parish Training School and DeSoto High School are entitled to membership in the Association. The purpose of the Association is to provide quality and innovative educational, recreational, and inspirational programs that further the common good and general welfare of the community and to bring about civic betterments and social improvements. The Association encourages programs designed to improve living conditions in DeSoto Parish. It is an advocate for the advancement of early education and for the stimulation and motivation of young people in shaping behavior for positive growth.

The Association is governed by a board of directors which shall consist of no less than seven and no more than nineteen members of the Association and a board of trustees consisting of no less than five nor more than fifteen members of the Association elected by the full membership at annual meetings. Members of the board of directors and board of trustees are elected to staggered three year terms.

The Association operates the DeSoto Multi Cultural Community Center. Its support comes primarily from membership dues, individual donor's contributions, and government grants.

Note 1. Significant Accounting Policies:

The accounting and reporting policies of the Association conform to generally accepted accounting principles as applicable to non-profit organizations and are applied on a consistent basis between periods.

The following is a summary of certain significant accounting policies and practices:

- A. Financial Statement Presentation - The Association has adopted FASB Accounting Standard Codification 958-205 "Not-for-Profit Organizations." Under FASB ASC 958-205, 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. In addition, the Association is required to present a statement of cash flows. As of December 31, 2015, the Association had no temporarily or permanently restricted net assets.
- B. Basis of Accounting - The Association uses the accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when they are incurred.

DeSoto High School Alumni Association
Notes to Financial Statements
December 31, 2015

- C. Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- D. Fixed Assets - Depreciation on all exhaustible fixed assets is charged as an expense against the operations of the Association. It is the Association's policy to capitalize expenditures for items with cost in excess of \$800. Assets are recorded at cost if purchased or at market value at time of donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets ranging from five to fifteen years. Depreciation expense for the current year is \$7,715. Accumulated depreciation was \$75,219 at December 31, 2015.
- E. Compensated Absences- Full-time employees of the Association earn from five to twenty-five days of vacation leave each year, depending on the length of service. Employees are not allowed to carry forward earned vacation and forfeit without pay leave not taken during the calendar year. Full-time employees also earn two personal days each year. Personal days not used in any calendar year are forfeited without pay. Payment in lieu of time off is prohibited.
- Sick leave is provided to full-time employees at the rate of one-half day per month and may be accumulated to a maximum of ten days. Sick leave does not vest with the employee.
- F. Public Support and Revenue- The Association has adopted FASB ASC 958-605, "Not-For-Profit Entities – Revenue Recognition." Membership fees and unconditional promises to give are recorded as unrestricted support as received. Grants and other contributions are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
- G. Income Taxes - The Association is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in these financial statements. The Association's Form 990, *Return of Organization Exempt from Income Tax*, for the years ending 2012 - 2015 are subject to examination by the IRS, generally for three years after they were filed.
- H. Long-Term Liabilities- The Association had no long-term debt as of December 31, 2015.
- I. Cash and Equivalents - For the purpose of the statements of cash flows, the Association considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

DeSoto High School Alumni Association
Notes to Financial Statements
December 31, 2015

Note 2. Cash and Cash Equivalents:

The cash and cash equivalents of the Association are subject to the following risk:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Association will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Association that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Association's name.

At December 31, 2015, cash and cash equivalents totaled \$30,228, all of which was secured by FDIC Insurance.

Note 3. Fixed Assets:

The following is a summary of changes in fixed assets for the Association for the year ended December 31, 2015:

	Beginning Balance	Additions	Deletions	Ending Balance
Fixed Assets, Depreciated				
Furniture and Equipment	\$ 40,674	\$ -	\$ -	\$ 40,674
Leasehold Improvements	98,404	1,509		99,913
Total Fixed Assets	<u>139,078</u>	<u>1,509</u>	<u>-</u>	<u>140,587</u>
Less: Accumulated Depreciation	67,504	7,715		75,219
Total Fixed Assets, Net	<u>\$ 71,574</u>	<u>\$ (6,206)</u>	<u>\$ -</u>	<u>\$ 65,368</u>

Depreciation expense totaled \$7,715 for the year ended December 31, 2015.

Note 4. Donated Services:

The Association receives a significant amount of donated services from unpaid volunteers who assist in fund-raising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition under FASB ASC 958-605-50 have not been satisfied.

DeSoto High School Alumni Association
Notes to Financial Statements
December 31, 2015

Note 5. Compensation Paid to Board Members:

The Board of Directors is a voluntary board; therefore, no compensation is paid to any member.

Note 6. Cooperative Endeavor Agreement:

On September 6, 2006, the DeSoto High School Alumni Association entered into a cooperative endeavor agreement pursuant to the provisions of Section 14(C) of Article VII of the Louisiana Constitution of 1974 with the DeSoto Parish School Board. Under the terms of the agreement, the DeSoto Parish School Board agreed to transfer and deliver the former DeSoto Junior High School buildings and site located at 1216 Old Jefferson Highway, Mansfield, Louisiana to the Association.

The Association assumed full control and use of the DeSoto Junior High School buildings and site and is solely responsible for the costs and expense to operate and maintain the property and is required to carry specified insurance coverage.

The Association agreed to assist the School Board, at its sole cost and expense, to provide various programs including but not limited to: after-school study hall, remediation courses for elementary and secondary school students, summer school courses for students, tutoring for elementary and secondary school students, physical education such as softball and basketball and counseling programs such as drug education.

In the event that the Association fails to provide education programs as set forth in the agreement, fails to adequately maintain the property, or fails to obtain and maintain the required insurance coverage, the property and all of its buildings, appurtenances, and accessories revert back to the full control and use of the DeSoto Parish School Board.

The Association has the right to terminate the agreement at any time by giving the School Board thirty days written notice of its intent to terminate the agreement.

Note 7. Related Party Transactions:

No procedures were performed to search for related party transactions.

Note 8. Contingencies, Risks and Uncertainties:

The Association is exposed to various risks of loss related to torts; theft of and damage to assets; errors and omissions; injuries to employees; and natural disasters. The Association carries commercial insurance for all risks of loss, including workers' compensation. No procedures were performed to search for pending litigation involving the Association.

Note 9. Subsequent Events:

No procedures were performed to search for subsequent events.

SUPPLEMENTARY INFORMATION

DeSoto High School Alumni Association
Supplementary Information
Schedule of Compensation, Benefits and Other Payments to the Executive Director
December 31, 2015

Executive Director: Mrs. Dicie Gray

<u>Type of Payment</u>	<u>Amount</u>
Salary	\$6,497
Benefits- SS & Med.	497
Reimbursements for Supplies	<u>2,156</u>
Total	<u>\$9,150</u>

See independent accountant's compilation report.