

MCNEESE STATE UNIVERSITY
ALUMNI ASSOCIATION

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2011

(with summarized financial information for 2010)

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 JAN 11 2012

William V. Trimm, CPA
Certified Public Accountant
1901 Sampson Street

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
McNeese State University Alumni Association
Lake Charles, La.

I have audited the accompanying statement of financial position of McNeese State University Alumni Association (a nonprofit organization) as of June 30, 2011, and the related statements of activities and cash flows for the year then ended, which collectively comprise the Association's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of McNeese State University Alumni Association. My responsibility is to express an opinion on these financial statements based on my audit. The prior year summarized comparative information has been derived from the Alumni Association's 2010 financial statements and, in my report dated October 29, 2010 I expressed an unqualified opinion on those financial statements.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards required that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of McNeese State University Alumni Association (a nonprofit organization), as of June 30, 2011, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

William V. Frimm
Certified Public Accountant

Lake Charles, Louisiana
October 24, 2011

McNeese State University Alumni Association
STATEMENT OF FINANCIAL POSITION
June 30, 2011
(with summarized financial information for 2010)

	2011	2010 (Memorandum Only)
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 340,518	\$ 321,344
Certificates of Deposit	267,431	265,677
Prepaid Federal Income Tax	131	231
Inventory	<u>5,622</u>	<u>5,657</u>
Total Current Assets	\$ 613,702	\$ 592,909
Property and Equipment:		
Equipment, Fixtures & Building Improvements	\$ 108,847	\$ 108,847
Less: Accumulated Depreciation	<u>(98,536)</u>	<u>(96,625)</u>
Net Equipment Fixtures & Building Improvements	<u>\$ 10,311</u>	<u>\$ 12,222</u>
Total Assets	<u>\$ 624,013</u>	<u>\$ 605,131</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Federal Income Tax Payable	<u>\$ 452</u>	<u>\$ -</u>
Total Current Liabilities	\$ 452	\$ -
Net Assets:		
Unrestricted Net Assets:		
Board Designated	\$ 80,000	\$ 80,000
Operating/Undesignated	\$ 390,348	326,460
Net Fixed Assets	<u>10,311</u>	<u>12,222</u>
Total Unrestricted Net Assets	\$ 480,659	\$ 418,682
Temporarily restricted	<u>\$ 142,902</u>	<u>\$ 186,449</u>
Total Net Assets	<u>\$ 623,561</u>	<u>\$ 605,131</u>
Total Liabilities and Net Assets	<u>\$ 624,013</u>	<u>\$ 605,131</u>

The accompanying notes are an integral part of these financial statements.

McNeese State University Alumni Association
STATEMENT OF ACTIVITIES
Year Ended June 30, 2011
(with summarized financial information for 2010)

	2011			2010
	Unrestricted	Temporarily Restricted	Total	(Memorandum only) Total
PUBLIC SUPPORT, REVENUES, AND RECLASSIFICATIONS				
Public Support:				
Contributions	\$ 143,164	17,127	\$ 160,291	\$ 194,463
Contributed facilities, salaries and expenses	<u>181,940</u>	<u>-</u>	<u>181,940</u>	<u>178,010</u>
Total public support	\$ 325,104	\$ 17,127	\$ 342,231	\$ 372,473
Revenues and Reclassifications				
Homecoming	\$ 21,363	-	\$ 21,363	\$ 23,800
Interest	1,559	7	1,566	6,724
License plate revenue	-	21,916	21,916	24,071
Miscellaneous programs	74,367	-	74,367	-
Sales of merchandise(net of cost)	115	-	115	297
Visa card income	<u>11,298</u>	<u>-</u>	<u>11,298</u>	<u>12,334</u>
Total revenue and Reclassifications	\$ 108,702	\$ 21,923	\$ 130,625	\$ 67,226
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>82,597</u>	<u>(82,597)</u>	<u>-</u>	<u>-</u>
Total Public Support, Revenues & Reclassifications	\$ 516,403	\$ (43,547)	\$ 472,856	\$ 439,699
EXPENSES				
Program Services:				
Alumni Chapters	\$ 2,960	-	\$ 2,960	\$ 5,806
Alumni Events	35,504	-	35,504	28,163
Awards	27,898	-	27,898	28,439
Homecoming	16,384	-	16,384	17,689
Scholarships	53,712	-	53,712	21,501
MSU Donations	<u>30,720</u>	<u>-</u>	<u>30,720</u>	<u>115,162</u>
Total Program Services	\$ 167,178	\$ -	\$ 167,178	\$ 216,760

The accompanying notes are an integral part of these financial statements.

	2011			2010
	Unrestricted	Temporarily Restricted	Total	Total (memorandum only)
Support Services:				
General Administration:				
Auditing and Accounting	\$ 8,000	-	\$ 8,000	\$ 8,000
Bank charges	1,865	-	1,865	1,376
Brick Campaign Expense	1,156	-	1,156	1,112
Building Fund	23,843	-	23,843	111
Cable	875	-	875	681
Car Allowance	1,620	-	1,620	1,530
Computer Software/Equipment	16,430	-	16,430	19,936
Computer Training	900	-	900	4,125
Contract labor	3,122	-	3,122	1,784
Database Management	977	-	977	-
Depreciation	1,911	-	1,911	3,212
Dues	270	-	270	114
Equipment	74	-	74	1,199
Insurance	1,325	-	1,325	1,155
Mavericks Expense	4,106	-	4,106	3,560
Meetings	1,736	-	1,736	1,722
Office	2,489	-	2,489	2,640
Petty Cash	-	-	-	-
Postage	227	-	227	4,729
Printing	4,505	-	4,505	9,216
Promotion	2,073	-	2,073	5,093
Resale	343	-	343	603
Rent	7,748	-	7,748	7,748
Salaries and benefits paid by:MSU	174,192	-	174,192	170,262
Sports Medicine Expense	5,000	-	5,000	7,495
Student Alumni Expense	33	-	33	-
Supplies	3,660	-	3,660	1,646
Travel	6,105	-	6,105	7,488
	<u>\$ 274,585</u>	<u>\$ -</u>	<u>\$ 274,585</u>	<u>\$ 266,537</u>
Fundraising	<u>\$ 9,942</u>	<u>\$ -</u>	<u>\$ 9,942</u>	<u>\$ 4,353</u>
Total support services	<u>\$ 284,527</u>	<u>\$ -</u>	<u>\$ 284,527</u>	<u>\$ 270,890</u>
Total expenses	<u>\$ 451,705</u>	<u>\$ -</u>	<u>\$ 451,705</u>	<u>\$ 487,651</u>
Increase(decrease) in net assets before income taxes	\$ 64,899	\$ (43,547)	\$ 21,152	\$ (47,952)
Income taxes, current portion	\$ (2,722)	\$ -	\$ (2,722)	\$ (2,438)
Increase(decrease) in net assets	\$ 61,977	\$ (43,547)	\$ 18,430	\$ (50,390)
Net assets beginning of year	<u>\$ 418,682</u>	<u>\$ 186,449</u>	<u>\$ 605,131</u>	<u>\$ 655,521</u>
Net assets end of year	<u>\$ 480,659</u>	<u>\$ 142,902</u>	<u>\$ 623,561</u>	<u>\$ 605,131</u>

The accompanying notes are an integral part of these financial statements.

McNeese State University Alumni Association
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011
(with summarized financial information for 2010)

	<u>2011</u>	<u>2010</u> (memorandum only)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributors, unrestricted	\$ 143,230	\$ 181,189
Cash received from contributors, temporarily restricted	39,043	37,674
Interest received	1,566	6,724
Miscellaneous revenues collected	107,111	36,432
Cash paid for program services and to satisfy donor restrictions	(167,178)	(216,760)
Cash paid for supporting services	(90,735)	(85,316)
Cash paid for fundraising	(9,942)	(4,353)
Income taxes paid	<u>(2,170)</u>	<u>(2,545)</u>
Net cash provided by (used) in operating activities	<u>\$ 20,925</u>	<u>\$ (46,955)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of capital assets	\$ -	\$ -
Increase in certificates of deposit	<u>(1,751)</u>	<u>(3,414)</u>
Net cash used in investing activities	<u>\$ (1,751)</u>	<u>\$ (3,414)</u>
Net increase(decrease) in cash and cash equivalents	\$ 19,174	\$ (50,369)
Cash and cash equivalents as of beginning of year	<u>321,344</u>	<u>371,713</u>
Cash and cash equivalents as of end of year	<u>\$ 340,518</u>	<u>\$ 321,344</u>

The accompanying notes are an integral part of these financial statements.

McNeese State University Alumni Association
Reconciliation of Changes in Net Assets to Net Cash
Provided by Operations
(with summarized financial information for 2010)

	<u>2011</u>	<u>2010</u>
		(memorandum only)
Change in net assets	\$ 18,430	\$ (50,389)
Adjustments to reconcile excess of revenues over expenses to net cash provided by (used in) operations		
Depreciation	1,911	3,212
Change in operating assets:		
Prepaid federal income tax	100	(107)
Inventory	32	329
Change in operating liabilities	452	-
Net cash provided by (used in) operating activities	\$ 20,925	\$ (46,955)

The accompanying notes are an integral part of these financial statements.

McNeese State University Alumni Association
Notes to Financial Statements
June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

McNeese State University Alumni Association is a non-profit 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.

Basis of Accounting and Financial Statement Presentation

For financial statement purposes, the Association recognizes revenues and records expenses using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

The financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement 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. The Association did not have any permanently restricted net assets this year.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

McNeese State University Alumni Association
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Date of Management's Review of Subsequent Events

Management has evaluated subsequent events through October 24, 2011, the date which the financial statements were available to be issued.

Public Support and Revenue

The Organization 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 of the time or purpose restriction. Contributions that are restricted by the donor are reported as increases in net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

Inventory

The inventory is stated at the lower of cost or market value. Cost is determined using the specific identification method.

Prior Year 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 organization's financial statements for the year ended June 30, 2010, from which the summarized information was derived.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all demand deposits to be cash and cash equivalents, except for certificates of deposit.

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.

McNeese State University Alumni Association
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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. Depreciation is computed on the straight-line basis over the estimated lives of property and equipment, which range from 3 to 10 years. Depreciation amounted to \$ 1,911 for the year ended June 30, 2011. The Association follows the practice of capitalizing all expenditures for property and equipment in excess of \$ 500.

Income Taxes

McNeese State University Alumni Association is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the agency has been determined by the Internal Revenue Service not be a private foundation within the meaning of Section 509(a) of the code. The organization is subject to income tax on unrelated business income which included the Visa card program. Income taxes were \$ 2,722 for the year ended June 30, 2011.

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 (the University) owns the facility that houses the McNeese State University Alumni Association (the Association). Office space is provided at no cost to the Association.

NOTE 2: FIXTURES, EQUIPMENT & BUILDING IMPROVEMENTS

The following is a summary of fixtures, equipment, and building improvements as of June 30, 2011:

Fixtures	\$ 83,056
Equipment	24,319
Building Improvements	1,472
Less: Accumulated Depreciation	<u>(98,536)</u>
Total	<u>10,311</u>

McNeese State University Alumni Association
NOTES TO FINANCIAL STATEMENTS
 June 30, 2011

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: 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, 2011 are as follows:

<u>Public Support</u>	
Contributed facilities, salaries and expenses	<u>\$ 181,940</u>
<u>Expenses</u>	
Rent	\$ 7,748
Salaries and benefits	<u>174,192</u>
Total	<u>\$ 181,940</u>

NOTE 5: TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2011 temporarily restricted net assets are available for the following purposes or periods:

Periods after June 30, 2011	
Alumni Chapters	\$ 16,648
Scholarships	98,080
Brick Campaign	<u>28,174</u>
Total temporarily restricted net assets	<u>\$ 142,902</u>

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

Purpose restriction accomplished	
Alumni Chapters	\$ 2,959
Brick Campaign	1,156
Restricted Donations	19,770
Sports Medicine	5,000
Scholarships	<u>53,712</u>
	<u>\$ 82,597</u>

McNeese State University Alumni Association
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 6: CONCENTRATION OF CREDIT RISK FOR CASH HELD AT BANKS

The Association maintains cash balances in several financial institutions. The deposits are insured by the National Credit Union Administration and the Federal Deposit Insurance Corporation. The accounts are insured up to \$ 250,000. McNeese State University Alumni Association accounts are not at risk for being over the limits of financial institution insurance. Funds held for McNeese State University Alumni Association at Merrill-Lynch totaled \$82,264 at June 30, 2011. These funds are insured by the Securities Investor Protection Corporation and are insured up to \$ 250,000.

NOTE 7: COMPENSATED ABSENCES

Employees of the McNeese State University Alumni Association are entitled to paid vacation, sick days and personal days off, depending on job classification, length of service and other factors. In addition, management also has contracts or agreements with the McNeese State University that provided for compensated absences. Because of these agreements and the obligation of McNeese State University as it relates to the compensated absences, the financial statements of the McNeese State University Alumni Association do not reflect these obligations.

NOTE 8: ADVERTISING

The McNeese University Alumni Association expenses advertising costs as they are incurred. There were no advertising expenses for the year ended June 30, 2011.