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**GRAMBLING UNIVERSITY NATIONAL ALUMNI
ASSOCIATION, INCORPORATED
GRAMBLING, LOUISIANA**

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 9/6/06

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
WITH SUPPLEMENTAL INFORMATION
As of And for The Year Ended December 31, 2005**

BY

**ROSIE D. HARPER
CERTIFIED PUBLIC ACCOUNTANT, LLP**

141 DESIARD STREET, SUITE 325
OFFICE 318-387-8008

• MONROE, LOUISIANA 71201
FAX 318-387-0806

**GRAMBLING UNIVERSITY NATIONAL ALUMNI
ASSOCIATION, INCORPORATED
GRAMBLING, LOUISIANA**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
WITH SUPPLEMENTAL INFORMATION
As of And for The Year Ended December 31, 2005**

**GRAMBLING UNIVERSITY NATIONAL
ALUMNI ASSOCIATION, INCORPORATED
Grambling, Louisiana**

**Financial Statements
and Independent Auditor's Report
with Supplemental Information
As of and for the Year Ended December 31, 2005**

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ROSIE D. HARPER
Certified Public Accountant LLP

141 DeSiard Street, Suite 325
Monroe, Louisiana 71201

Office 318-387-8008
FAX 318-387-0806

Independent Auditor's Report

To the Board of Directors of
Grambling University National Alumni Association, Incorporated

I have audited the accompanying statement of financial position of Grambling University National Alumni Association, Incorporated (a nonprofit organization) as of December 31, 2005, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. 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 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 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 Grambling University National Alumni Association, Incorporated as of December 31, 2005, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information and schedules are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Rosie D. Harper
Certified Public Accountant

Monroe, Louisiana
June 30, 2006

FINANCIAL STATEMENTS

GRAMBLING UNIVERSITY NATIONAL ALUMNI ASSOCIATION, INCORPORATED
Statement of Financial Position
December 31, 2005

Assets	
Cash and Cash Equivalents	\$ 171,707
Accounts Receivable	921,473
Property and Equipment, Net (Note B)	169,884
Total Assets	<u>1,263,064</u>
 Liabilities and Net Assets	
Liabilities:	
Accrued Liabilities	889,190
Note Payable	110,894
Total Liabilities	<u>1,000,084</u>
 Net Assets:	
Unrestricted	(107,424)
Temporarily Restricted	7,304
Permanently Restricted	363,100
Total Net Assets	<u>262,980</u>
Total Liabilities and Net Assets	<u>\$ 1,263,064</u>

See Accompanying Auditors' Report and Notes to Financial Statements.

GRAMBLING UNIVERSITY NATIONAL ALUMNI ASSOCIATION, INCORPORATED

Statement of Activities
For the Year Ended
December 31, 2005

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support				
Membership Dues	\$ 31,090	\$ -	\$ 21,920	\$ 53,010
Chapter Assessments	2,120	-	-	2,120
National Meeting	30,501	-	-	30,501
Fundraisers	75,086	-	-	75,086
Bayou Classic Revenue	-	863,119	-	863,119
Scholarship Contributions	-	14,725	-	14,725
Other Support	77,784	-	-	77,784
Total Support	<u>216,581</u>	<u>877,844</u>	<u>21,920</u>	<u>1,116,345</u>
Other Revenue				
Interest Income	1,552	1,106	12	2,670
Total Other Revenue	<u>1,552</u>	<u>1,106</u>	<u>12</u>	<u>2,670</u>
Net Assets Released from Restrictions				
Restrictions Satisfied by Payments	249,086	(243,395)	(5,691)	-
Total Net Assets Released from Restrictions	<u>249,086</u>	<u>(243,395)</u>	<u>(5,691)</u>	<u>-</u>
Total Support, Other Revenue and Reclassifications	<u>467,219</u>	<u>635,555</u>	<u>16,241</u>	<u>1,119,015</u>
Expenses				
General and Administrative Expenses	73,963	-	-	73,963
Fundraiser Expenses	190,857	-	-	190,857
Program Expense	273,415	-	-	273,415
Total Expenses	<u>538,235</u>	<u>-</u>	<u>-</u>	<u>538,235</u>
Change in Net Assets	<u>(71,016)</u>	<u>635,555</u>	<u>16,241</u>	<u>580,780</u>
Net Assets as of Beginning of Year	<u>(36,408)</u>	<u>540,587</u>	<u>346,859</u>	<u>851,038</u>
Other Changes in Net Assets				
Prior Period Adjustments	-	(38,699)	-	(38,699)
Transfer to Black & Gold Foundation	-	(209,822)	-	(209,822)
Transfer to Grambling State University	-	(920,317)	-	(920,317)
Total Other Changes in Net Assets	<u>-</u>	<u>(1,168,838)</u>	<u>-</u>	<u>(1,168,838)</u>
Net Assets as of End of Year	<u>\$ (107,424)</u>	<u>\$ 7,304</u>	<u>\$ 363,100</u>	<u>\$ 262,980</u>

See Accompanying Auditors' Report and Notes to Financial Statements.

GRAMBLING UNIVERSITY NATIONAL ALUMNI ASSOCIATION, INCORPORATED

Statement of Cash Flows

For the Year Ended

December 31, 2005

Operating Activities

Change in Net Assets	\$ 580,780
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Increase in Accounts Receivable	(199,262)
Increase in Accounts Payable/Accrued Liabilities	586,267
Provision for Depreciation	9,897
Total Adjustments	<u>396,902</u>
Net Cash Used by Operating Activities	<u>977,682</u>

Investing Activities

Payments for Building Improvements	<u>(5,501)</u>
Net Cash Used by Investing Activities	<u>(5,501)</u>

Financing Activities

Transfers to Black & Gold Foundation	(209,822)
Transfers to Grambling State University	(920,318)
Proceeds from Bank Loan	99,025
Payments on Bank Loan Principal	<u>(5,943)</u>
Net Cash Provided by Financing Activities	<u>(1,037,058)</u>

Net Increase in Cash (64,877)

Cash and Cash Equivalents as of Beginning of Year 275,283

Other Changes in Cash Flow

Prior Period Adjustments	<u>(38,699)</u>
Total Other Changes in Cash Flow	<u>(38,699)</u>

Cash and Cash Equivalents as of the End of Year \$ 171,707

Supplemental Data:

Interest Paid	<u>\$ 472</u>
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See Accompanying Auditors' Report and Notes to Financial Statements.

GRAMBLING UNIVERSITY NATIONAL ALUMNI ASSOCIATION, INCORPORATED
Statement of Functional Expenses
For the Year Ended
December 31, 2005

	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Program</u>	<u>Total</u>
General and Administrative				
Accounting/Auditing	\$ 1,901	\$ -	\$ -	\$ 1,901
Bank Service Charges	842	-	-	842
Bayou Classic Expense	-	8,689	-	8,689
Bayou Classic Concert Expense	-	180,493	-	180,493
Contributions	3,300	-	-	3,300
Depreciation	9,897	-	-	9,897
Gifts, Flowers & Courtesies	2,870	-	-	2,870
Homecoming/Alumni Day	-	-	4,063	4,063
Insurance	1,714	-	-	1,714
Interest Expense	472	-	-	472
Membership Pins	-	1,675	-	1,675
Maintenance	1,408	-	-	1,408
Miscellaneous	8,369	-	-	8,369
National Meetings	-	-	25,634	25,634
Office Expense	7,087	-	-	7,087
Operating	-	-	19,986	19,986
Other Program Expenses	-	-	413	413
Other Student Assistance	-	-	38,702	38,702
Postage and Delivery	2,472	-	-	2,472
Printing	2,838	-	-	2,838
Professional Fees	14,076	-	50,381	64,457
Scholarship Awards	-	-	133,232	133,232
Storage	300	-	-	300
Subscriptions	1,213	-	-	1,213
Telephone	4,326	-	-	4,326
Travel for Officers	7,958	-	-	7,958
Travel-Office Staff	2,483	-	-	2,483
Utilities	437	-	-	437
Vendors	-	-	1,004	1,004
Total Functional Expenses	<u>\$ 73,963</u>	<u>\$ 190,857</u>	<u>\$ 273,415</u>	<u>\$ 538,235</u>

See Accompanying Auditors' Report and Notes to Financial Statements.

Grambling University National Alumni Association, Incorporated
Grambling, Louisiana
Notes to the Financial Statements
As of and for the Year Ended December 31, 2005

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Grambling University National Alumni Association, Incorporated is a private non-profit Organization domiciled in the State of Louisiana at Grambling, Louisiana. The State of Louisiana chartered the Organization on October 13, 1967. The Organization is recognized as a tax exempt (non-profit) organization under section 501 (c) (3) of the Internal Revenue Service Code.

The Organization goals and objectives are:

- To facilitate better communication and a closer relationship between Grambling State University, its graduates and friends.
- To cooperate with the University's Administration, Field Services, and other Alumni organizations in the promotion of worthwhile activities for the Grambling State University faculty, staff, alumni, students, prospective students and friends.
- To encourage the highest degree of professional ethics and scholarship in the alumni and students.
- To stimulate school loyalty, devotion, and responsibility.
- To further encourage professional enthusiasm, initiative, and growth.
- To provide a National Organization to channel information to support local, state, regional and national programs.
- To provide suitable headquarters, offices and facilities to direct Alumni Affairs and to channel information to support local, state, regional and national programs.
- To study any propositions concerning the mutual relationship of the University and the various allied organizations to the end that both will benefit from their close Organization.
- To legislate through bylaws or by resolution upon any subject of general concern to the members of this organization.
- To promote a "Greater Grambling" through the work of the Alumni Organization.
- To secure financial assistance for Grambling State University through the following methods: Cash, Securities, Requests, Life-Income, Real Estate, Insurance, Specified Property, Annual Dues, and Annual Fund Drives.

Grambling University National Alumni Association, Incorporated
Notes to the Financial Statements (Continued)

- To establish Alumni chapters throughout the nation to assist Grambling State University in achieving the above goals, as well as, educational excellence, financial security, humanitarian ideals, athletic and social prominence.
- Membership in the Organization is composed of University graduates and attendees, as well as, faculty and staff members. The Board of Directors of the Organization consists of seven (7) members. The members serve without compensation.

Basis of Presentation

For the period ending December 31, 2005, the Organization followed provisions of Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations*. Statement No. 117 requires the Organization to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. It also requires recognition of contributions, including contributed services meeting certain criteria, at fair values. Statement No. 117 establishes standards for general-purpose external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities, and a statement of cash flows.

Public Support and Revenue

Revenue and public support consists mainly of membership dues, fundraising, and contributions. In accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made", contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by time 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. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a time restrictions expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. Under state law, the agency may deposit funds in demand accounts, interest bearing accounts, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The Organization had no cash equivalents during the audit period. On December 31, 2005, the Organization had cash totaling \$171,707 as follows:

Unrestricted	\$ 656
Temporarily Restricted	7,044
Permanently Restricted	164,007
Total	<u>\$ 171,707</u>

Grambling University National Alumni Association, Incorporated
Notes to the Financial Statements (Continued)

Income Taxes

The Grambling University National Alumni Association, Incorporated is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements.

Depreciation

The Organization follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$500. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

Building and improvements	30 years
Furniture and equipment	7 years

Budget Practices

The Organization prepares an annual budget that is approved by the Board of Directors. As a result, a "budgeted and actual" comparative statement is presented as supplemental information.

Estimates

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

NOTE B. PROPERTY AND EQUIPMENT

For the period ended December 31, 2005, the Organization had net property equipment totaling \$169,884. The following schedule reflects the balances in property and equipment at December 31, 2005:

	<u>1/1/2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2005</u>
Depreciable Assets				
Furniture & Fixtures	\$ 23,965	\$ -	\$ -	\$ 23,965
Equipment	8,024	-	-	8,024
Building	142,983	5,501	-	148,484
Vehicle	21,098	-	-	21,098
Total Depreciable Assets	196,070	5,501	-	201,571
Less Accumulated Depreciation				
Depreciation	(71,200)	(9,897)	-	(81,097)
Total Accumuated Depreciation	(71,200)	(9,897)	-	(81,097)
Net Depreciable Assets	124,870	-	-	120,474
Other Property & Equipment				
Land	49,410	-	-	49,410
Net Property & Equipment	\$ 174,280	\$ -	\$ -	\$ 169,884

Grambling University National Alumni Association, Incorporated
Notes to the Financial Statements (Continued)

NOTE C. ACCRUED LIABILITIES

At December 31, 2005, the Organization had accrued liabilities totaling \$889,190 consisting of the following:

Net Assets to be Transferred from Bayou Classic Fund to Grambling State University	\$	816,952
Sundry Payables		<u>72,238</u>
Total Accrued Liabilities	\$	<u><u>889,190</u></u>

NOTE D. NOTES PAYABLE

The Organization entered into a \$20,000 (twenty thousand dollars) loan agreement with the Shreveport Federal Credit Union to purchase an automobile to be used by the Grambling State University's president. The terms of the loan are three years at 2.9% interest with monthly payments of \$581 (five hundred eighty one dollars). Principal payments due on the vehicle at December 31, 2005 are as follows:

<u>Fiscal Year</u>	<u>Principal Payable</u>
December 31, 2006	\$ 6,713
December 31, 2007	<u>5,156</u>
Total	<u><u>\$ 11,869</u></u>

The Organization entered into a \$99,025 (ninety-nine thousand twenty-five dollars) loan agreement with the Shreveport Federal Credit Union for Bayou Classic activity expenses. The terms of the loan are three years at 5% interest with three monthly payments of \$1,139 (one thousand one hundred thirty nine dollars) and one balloon payment of \$97,958. The loan matures on April 30, 2006. Principal payments due at December 31, 2005 are as follows:

<u>Fiscal Year</u>	<u>Principal Payable</u>
December 31, 2006	\$ 99,025
Total	<u><u>\$ 99,025</u></u>

NOTE E. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and 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.

Grambling University National Alumni Association, Incorporated
Notes to the Financial Statements (Continued)

NOTE F. PRIOR PERIOD ADJUSTMENT

For the period ending December 31, 2005, the Organization had the following prior period adjustments:

Understatement of Expenses	
Professional Services	\$ 21,536
Band Allocation	6,568
Friday Night Expense	8,617
Promotional Operating	1,978
Total Prior Period Adjustment	<u>\$ 38,699</u>

NOTE G. TRANSFERRING OF FUNDS

The State Farm Bayou Classic is an annual affair held the weekend after the Thanksgiving holiday. The main event in the Bayou Classic is a collegiate football game between Grambling State University and Southern University. Since 1999, all rights to the selling of promotional interests, including title sponsorship in the Bayou Classic was held by Grambling University National Alumni Association, Inc. (GUNAA), Grambling, Louisiana and Southern University System Foundation, Baton Rouge, Louisiana. On February 15, 2005, the Grambling State University officially terminated its affiliation agreement with Grambling University National Alumni Association, Inc., effective at the close of business on June 23, 2005. On April 28, 2005, the Grambling Black & Gold Foundation, Inc. (Foundation) was formed, which is a separate and independent non-profit from Grambling University National Alumni Association, Inc. As of December 31, 2005, Bayou Classic Funds in the amount of \$209,922 held in the name of GUNAA, were transferred to the Grambling Black & Gold Foundation, Inc., and \$103,365 was transferred to Grambling State University. At December 31, 2005, the remaining net assets of \$816,952, which consisted of Bayou Classic revenue receivable, were to be transferred to Grambling State University.

SUPPLEMENTAL INFORMATION

GRAMBLING UNIVERSITY NATIONAL ALUMNI ASSOCIATION, INCORPORATED
Schedule of Payments to Grambling State University (GSU) Employees
FY December 31, 2005

Employees	Payments
Case, Carl	\$ 100
Cowan, Janice	7,000
Garcia, Anthony	300
Jackson, Vickie	5,000
Joe, Vickie	1,200
LeDay, Russell	3,600
Lilly, Terry	1,500
Simmons, Herbert Jr.	2,000
Wiley, Christopher	150
Total Payments to GSU Employees	\$ 20,850

See Accompanying Auditors' Report.