



**THE ALUMNI ASSOCIATION OF
SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE
EDWARDSVILLE, ILLINOIS**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

For the Year Ended June 30, 2021



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**THE ALUMNI ASSOCIATION OF
SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Alumni Association of Southern Illinois University Edwardsville
Edwardsville, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the Alumni Association of Southern Illinois University Edwardsville (Association), which comprise the Statement of Financial Position as of June 30, 2021, and the related Statement of Activities, Functional Expenses, and Cash Flows for the 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Association'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 Association's internal control. Accordingly, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association, as of June 30, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Sikich LLP

Springfield, Illinois
October 19, 2021

FINANCIAL STATEMENTS

**THE ALUMNI ASSOCIATION OF
SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE**

STATEMENT OF FINANCIAL POSITION

June 30, 2021

CURRENT ASSETS	
Cash and cash equivalents	\$ 60,423
Other receivable	142
Prepaid expenses	3,211
Current investments	250,108
TOTAL CURRENT ASSETS	<u>313,884</u>
Noncurrent assets	
Capital assets - equipment	4,688
Accumulated depreciation	2,813
TOTAL NONCURRENT ASSETS	<u>1,875</u>
TOTAL ASSETS	<u><u>\$ 315,759</u></u>
CURRENT LIABILITIES	
Accounts payable:	
SIUE	\$ 37
TOTAL CURRENT LIABILITIES	<u>37</u>
NET ASSETS	
Without donor restriction	<u>315,722</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 315,759</u></u>

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

**THE ALUMNI ASSOCIATION OF
SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE**

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

REVENUE - WITHOUT DONOR RESTRICTIONS

Activities	\$ 2,080
Contributions	92
Commissions	1,160
Net investment gain	61,394
Total revenues	<u>64,726</u>

EXPENSES

Program service expenses	137,115
Management and general	128,910
Total expenses	<u>266,025</u>

Transfer from affiliate - budget allocations (in-kind contributions) from SIUE	187,740
Transfer from affiliate - Payments from SIUE	75,000
Transfer from affiliate - SIUE Foundation support	39,120
Total transfer from affiliates	<u>301,860</u>

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS 100,561

**NET ASSETS WITHOUT DONOR RESTRICTIONS,
BEGINNING OF YEAR** 215,161

**NET ASSETS WITHOUT DONOR RESTRICTIONS,
END OF YEAR** \$ 315,722

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

**THE ALUMNI ASSOCIATION OF
SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE**

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2021

	Program Services	Management and General	Total
Supplies and materials	\$ -	\$ 90	\$ 90
Giveaways and promotional items	15,827	2,718	18,545
Postage	5,597	-	5,597
Meal and beverage expense	-	202	202
Insurance	-	1,706	1,706
Advertising	1,769	-	1,769
SIUE event sponsorship	1,000	-	1,000
Software support fees	3,790	-	3,790
Leases and rentals	3,092	-	3,092
Professional services	2,520	14,450	16,970
Printing	23,531	262	23,793
Administrative miscellaneous expenses	-	209	209
Other commodities	-	24	24
Salary and benefits paid by SIUE	78,851	108,889	187,740
Depreciation expense	938	-	938
Other fees	200	360	560
Total expenses	<u>\$ 137,115</u>	<u>\$ 128,910</u>	<u>\$ 266,025</u>

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

**THE ALUMNI ASSOCIATION OF
SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE**

STATEMENT OF CASH FLOWS

June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 100,561
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	938
Unrealized and realized (gain) on investments	(58,542)
Decrease in receivables	1,431
(Increase) in prepaid expenses	(2,382)
(Decrease) in accounts payable	(1,112)
Net cash from operating activities	<u>40,894</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments	<u>(12,845)</u>
Net cash from investing activities	<u>(12,845)</u>

CHANGE IN CASH AND CASH EQUIVALENTS

28,049

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

32,374

CASH AND CASH EQUIVALENTS, END OF YEAR

\$ 60,423

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

**THE ALUMNI ASSOCIATION OF
SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE**

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

1. NATURE OF THE ORGANIZATION

The Alumni Association of Southern Illinois University Edwardsville (Association) exists for the primary purpose of building a mutually beneficial relationship with Southern Illinois University Edwardsville (SIUE) alumni for the purpose of supporting those alumni and meeting the educational, research and service goals and responsibilities of SIUE.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies.

Basis of accounting:

The financial statements of The Alumni Association of Southern Illinois University Edwardsville have been prepared on the accrual basis of accounting and accordingly, revenues are recognized when earned, and expenses are recorded when incurred.

Cash and cash equivalents:

Cash and cash equivalents include cash and temporary investments which have a maturity date of three months or less at the date of purchase. Cash equivalents include cash held by investment custodians and money market accounts stated at cost, which approximates fair value. No cash was paid for interest or income taxes for the year ended June 30, 2021.

Investments:

Investments in marketable securities with readily determinable fair value are reported at their fair values. Fair value is determined by reference to quoted market prices and other relevant information generated by market transactions. Unrealized and realized gains and losses as well as investment income from dividends and interest are included in the Statement of Activities. Gains and investment income that are limited to specific uses by donor-imposed restrictions are reported in net assets without donor restrictions when the restrictions are met in the same reporting period as the gains and income are recognized. Investment return is recorded net of external and direct internal investment expenses.

Other receivable:

Other receivable consists of investment income earned as of June 30, 2021 and received after year end. As of June 30, 2021 management considers all receivables to be collectible and has not recorded an allowance.

**THE ALUMNI ASSOCIATION OF
SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE**
NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets:

Capital assets are stated at cost. Donated capital assets are stated at estimated fair value at the time the donation is received. Acquisition of capital assets in excess of \$500 are capitalized. Restrictions, if any, expire when the asset is placed in service. Depreciation is provided on a straight-line basis over the useful life of the asset, generally three to seven years.

Basis of presentation:

The Association is required to report information regarding its financial position and activities as follows:

Net assets without donor restriction represent resources over which the Board of Directors has discretionary control that are used to carry out the operations of the Association in accordance with its bylaws.

Net assets with donor restriction represent resources currently available for use, but expendable only for those operating purposes specified by the donor or grantor. Resources of this fund originate from gifts and investment income earned on certain restricted funds. When a restriction expires, net assets with restrictions are reclassified to net assets without restriction and reported in the statement of activities as net assets released from restrictions.

Revenue recognition:

Activities revenue includes events, programs and functions held by the Association in which a fee is charged to attend. The Association records activities revenue at the point in time which is when the event takes place. Any amounts received prior to the event date are recorded as unearned revenue. Commission revenue is from an On-Campus marketing agreement. The Association recognizes the commission revenue when the marketing services are performed which is when the performance obligation is satisfied and the income is earned.

Various economic factors could affect the recognition and cash flows, including the demand for ability to hold events, event program attendance and prompt payment.

Significant Judgements

There are no significant judgements involved in the recognition of revenue from activities and commissions.

**THE ALUMNI ASSOCIATION OF
SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE**
NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes

The Internal Revenue Service (IRS) has issued a determination letter, dated September 1973, indicating that the Association qualifies for federal income tax exemption under Section 501(c)(3) of the Internal Revenue Code except for income taxes associated with unrelated business income. The IRS has further determined that the Association is not a private foundation.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts 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 these estimates.

Functional Allocation of Expenses

The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and benefits are allocated on the basis of estimates of time and effort.

Subsequent Events

The Association has evaluated subsequent events through October 19, 2021, which is the date that these financial statements were available for issuance and determined that there were no significant non-recognized events through that date.

Future Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07 on Topic 958, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gift-in-kind. The standard is effective for annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. The Association is currently assessing the impact of this new standard.

3. CONCENTRATIONS OF CREDIT RISK

The Association maintains cash balances in financial institutions, which at times may exceed federally insured limits. The Association had no cash balances that exceeded the federally insured limits as of June 30, 2021.

**THE ALUMNI ASSOCIATION OF
SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE**
NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. FAIR VALUE MEASUREMENTS

Generally Accepted Accounting Principles (GAAP) establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. GAAP requires the Association to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of inputs, which are as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3: Significant unobservable inputs.

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

If an investment that is measured using net assets value (NAV) has a readily determinable fair value (that is, it can be traded at the measurement date at its published NAV), it is included in Level 1 of the hierarchy. Otherwise, investments measured using NAVs are not included in Level 1, 2, or 3, but are separately reported.

Valuation Technique:

Following is a description of the valuation techniques used for assets measured at fair value on a recurring basis. There have been no changes to the techniques used during the year ended June 30, 2021.

- Common stock: Valued at the closing quoted price in an active market.
- Mutual funds: Valued at the NAV of shares on the last trading day of the fiscal year.

The following table presents assets measured at fair value on a recurring basis at June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Common Stocks	\$ 8,561	\$ -	\$ -	\$ 8,561
Mutual funds	<u>241,547</u>	<u>-</u>	<u>-</u>	<u>241,547</u>
Total assets at fair value	<u>\$ 250,108</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250,108</u>

**THE ALUMNI ASSOCIATION OF
SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE**
NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. TRANSACTIONS WITH RELATED PARTIES

The Association has entered into an agreement with the Board of Trustees of SIUE and the SIUE Foundation, which specifies the relationship between the organizations in accordance with the Legislative Audit Commission's University Guidelines, 1997. Under the terms of the agreement, the SIUE Foundation provides coordination of alumni services on behalf of SIUE and provides various services to the Association without charge. For the year ended June 30, 2021, the SIUE Foundation expended \$39,120 to support the Association's activities. This amount is reflected as transfer from affiliate SIUE Foundation support in the accompanying Statement of Activities.

The Association also uses various services of SIUE and directly reimburses SIUE at a cost equal to that charged by SIUE to other users. For the year ended June 30, 2021 the amount payable to SIUE was \$37. This amount is reflected as accounts payable, SIUE, in the accompanying Statement of Financial Position.

Association staff are employed by SIUE. The Association recognizes as revenue and expense those on-behalf in-kind contributions for salaries and fringe benefits made by SIUE for personnel of the Association. For the year ended June 30, 2021 the amount reflected as transfer from affiliate budget allocations (in-kind contributions) from SIUE in the accompanying Statement of Activities and salaries and benefits paid by SIUE in the accompanying Statement of Functional Expenses of \$187,740.

Pursuant to the conversion away from a dues based organization the Association receives support from SIUE in the amount of \$75,000 annually to help offset the decrease in membership revenue. This amount is reflected as transfer from affiliate payments from SIUE in the accompanying Statement of Activities.

Transactions with the University for the year ended June 30, 2021 are as follows:

	Year Ending June 30, 2021			
	Southern Illinois University			
SIUE Alumni Association	Due from SIUE-AA	Due to SIUE-AA	Operating Expenses	Non-operating Revenues
Accounts payable	\$ 37	\$ -	\$ -	\$ -
Operating revenue - transfer from affiliate	-	-	262,740	-
Operating expense	-	-	-	187,740

**THE ALUMNI ASSOCIATION OF
SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE**
NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. RISK MANAGEMENT

The Association is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health and natural disasters. With the exception of employee health risks, the Association has purchased commercial insurance to cover these risks. The employee health coverage is purchased by SIUE and is included in the salaries and benefits paid by SIUE. Settlements have not exceeded insurance coverages for each of the past three fiscal years.

7. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Association's assets as of June 30, 2021 available for general use within one year of the statement of financial position date:

Cash and cash equivalents	\$ 60,423
Other receivable	142
Investments	<u>250,108</u>
Financial assets available to meet cash needs for general use within one year	<u>\$ 310,673</u>

As cash is needed for general use within the next year, cash from the Association's bank account is used.

8. RISKS AND UNCERTAINTIES

Beginning around March 2020, The Covid-19 virus was declared a global pandemic and it continues to spread rapidly. Business continuity, Association programs, activities and funding sources could be severely impacted for several months and beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluation its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.