



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

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

**For the Year Ended June 30, 2022**



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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

### **Opinion**

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, 2022, and the related Statement of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

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, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

As discussed in Note 5 to the financial statements, the Association adopted new accounting guidance, Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* as of July 1, 2021. Our opinion is not modified with respect to this matter.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Sikich LLP*

Springfield, Illinois  
October 21, 2022

## **FINANCIAL STATEMENTS**

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

STATEMENT OF FINANCIAL POSITION

June 30, 2022

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<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 41,832
Other receivable	175
Prepaid expenses	33,158
Current investments	217,530
<b>TOTAL CURRENT ASSETS</b>	<u>292,695</u>
Noncurrent assets	
Capital assets - equipment	4,688
Accumulated depreciation	3,751
<b>TOTAL NONCURRENT ASSETS</b>	<u>937</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 293,632</u></u>
<b>CURRENT LIABILITIES</b>	
Accounts payable:	
SIUE	\$ 718
<b>TOTAL CURRENT LIABILITIES</b>	<u>718</u>
<b>NET ASSETS</b>	
Without donor restriction	<u>292,914</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 293,632</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, 2022

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<b>REVENUE - WITHOUT DONOR RESTRICTIONS</b>	
Activities	\$ 2,595
Contributions	95
Commissions	1,454
Net investment loss	(47,422)
Total revenues	<u>(43,278)</u>
<b>EXPENSES</b>	
Program service expenses	200,343
Management and general	94,873
Total expenses	<u>295,216</u>
Transfer from affiliate - budget allocations (in-kind contributions) from SIUE	163,601
Transfer from affiliate - Payments from SIUE	75,000
Transfer from affiliate - SIUE Foundation support	77,085
Total transfer from affiliates	<u>315,686</u>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>(22,808)</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING OF YEAR</b>	<u>315,722</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS, END OF YEAR</b>	<u><u>\$ 292,914</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 FUNCTIONAL EXPENSES

For the Year Ended June 30, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Travel	\$ 386	\$ -	\$ 386
Supplies and materials	2,111	-	\$ 2,111
Giveaways and promotional items	20,294	-	20,294
Uniforms and apparel	913	-	913
Postage	1,715	-	1,715
Meal and beverage expense	21,066	4,260	25,326
Insurance	-	1,653	1,653
Advertising	2,108	-	2,108
SIUE event sponsorship	8,993	-	8,993
Assets transferred to SIUE	1,500	-	1,500
Software support fees	3,515	-	3,515
Leases and rentals	6,116	-	6,116
Professional services	12,729	14,450	27,179
Printing	27,934	-	27,934
Administrative miscellaneous expenses	-	13	13
Other commodities	371	-	371
Salary and benefits paid by SIUE	89,654	73,947	163,601
Depreciation expense	938	-	938
Other fees	-	550	550
Total expenses	<u>\$ 200,343</u>	<u>\$ 94,873</u>	<u>\$ 295,216</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, 2022

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<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ (22,808)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	938
Unrealized and realized loss on investments	51,081
(Increase) in receivables	(33)
(Increase) in prepaid expenses	(29,947)
Increase in accounts payable	681
Net cash from operating activities	<u>(88)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of investments	<u>(18,503)</u>
Net cash from investing activities	<u>(18,503)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	(18,591)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>60,423</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 41,832</u></u>

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, 2022

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**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, 2022.

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, 2022 and received after year end. As of June 30, 2022 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)

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**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)

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**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 21, 2022, 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.

Recently Issued Accounting Standards

The Association has adopted new accounting guidance, Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* as of July 1, 2021, with no effect on net assets.

**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, 2022.

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

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**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, 2022.

- 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, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Common Stocks	\$ 7,545	\$ -	\$ -	\$ 7,545
Mutual funds	209,985	-	-	209,985
Total assets at fair value	<u>\$ 217,530</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 217,530</u>

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

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**5. CONTRIBUTED NONFINANCIAL ASSETS**

The Association received contributions of nonfinancial assets, for the year ended June 30, 2022. The total contributed nonfinancial assets was \$163,601, reflected as transfer from affiliate budget allocations (in-kind contributions) from SIUE.

Any contributions of auction items (if any) are monetized and contributions of other non-financial assets are used in the Association's program services.

The Association receives contributed services from SIUE in the form of personnel salaries and benefits. The personnel salaries and benefits are reported using the personnel's current rates for the salaries and benefits. The contributed services were utilized in the Association's program services, as well as the Association's management and general function.

**6. 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, 2022, the SIUE Foundation expended \$77,085 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, 2022 the amount payable to SIUE was \$718. 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, 2022 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 \$163,601.

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.

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

**6. TRANSACTIONS WITH RELATED PARTIES (Continued)**

Transactions with the University for the year ended June 30, 2022 are as follows:

	Year Ending June 30, 2022			
	Due from		Southern Illinois University	
SIUE Alumni Association	SIUE-AA	SIUE-AA	Operating Expenses	Non-operating Revenues
Accounts payable	\$ 718	\$ -	\$ -	\$ -
Operating revenue - transfer from affiliate	-	-	238,601	-
Operating expense	-	-	-	163,601

**7. CONCENTRATION**

The Association received approximately all of its support from the related parties of SIUE and SIUE Foundation. Any significant reduction in the level of this support could have an effect on the Association's programs.

**8. 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.

**9. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Association's assets as of June 30, 2022 available for general use within one year of the statement of financial position date:

Cash and cash equivalents	\$ 41,832
Other receivable	175
Investments	<u>217,530</u>
Financial assets available to meet cash needs for general use within one year	<u>\$ 259,537</u>

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