

**GEORGIA STATE UNIVERSITY
ALUMNI ASSOCIATION, INC.**

FINANCIAL REPORT

JUNE 30, 2021

GEORGIA STATE UNIVERSITY ALUMNI ASSOCIATION, INC.

FINANCIAL REPORT JUNE 30, 2021

TABLE OF CONTENTS

Page

INDEPENDENT AUDITOR'S REPORT.....	1 and 2
FINANCIAL STATEMENTS	
Statement of financial position	3
Statement of activities.....	4
Statement of functional expenses	5
Statement of cash flows.....	6
Notes to financial statements.....	7-18



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Georgia State University Alumni Association, Inc.
Atlanta, Georgia

We have audited the accompanying financial statements of the **Georgia State University Alumni Association, Inc.** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements 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 organization'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 entity'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 Georgia State University Alumni Association, Inc. as of June 30, 2021, 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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
September 20, 2021

**GEORGIA STATE UNIVERSITY
ALUMNI ASSOCIATION, INC.**

**STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021**

ASSETS

Cash	\$ 548,312
Accounts receivable	29,371
Investments	2,136,413
Prepaid expenses	34,377
Property and equipment, net	1,646
Cash value of life insurance policy	<u>26,326</u>
 Total assets	 <u><u>\$ 2,776,445</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 11,022
Deferred revenues	<u>1,478</u>
 Total liabilities	 <u>12,500</u>

Net assets

Without donor restrictions	2,723,101
With donor restrictions	<u>40,844</u>
 Total net assets	 <u>2,763,945</u>
 Total liabilities and net assets	 <u><u>\$ 2,776,445</u></u>

See Notes to Financial Statements.

**GEORGIA STATE UNIVERSITY
ALUMNI ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Alumni and student member dues	\$ 72,712	\$ -	\$ 72,712
Affinity program income	179,644	20,070	199,714
Support from Georgia State University	134,316	-	134,316
Contributions	24,369	20,914	45,283
Sponsorships	23,570	-	23,570
Net realized and unrealized gains on investments	442,063	-	442,063
Dividends and interest, net	27,969	-	27,969
Other income	666	-	666
Total revenues	<u>905,309</u>	<u>40,984</u>	<u>946,293</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>40,079</u>	<u>(40,079)</u>	<u>-</u>
Total revenues and other support	<u>945,388</u>	<u>905</u>	<u>946,293</u>
EXPENSES			
Program services			
Scholarships	48,718	-	48,718
Student and alumni relations	145,602	-	145,602
Total program services	<u>194,320</u>	<u>-</u>	<u>194,320</u>
Supporting services			
Administration and general	77,422	-	77,422
Fundraising	-	-	-
Total supporting services	<u>77,422</u>	<u>-</u>	<u>77,422</u>
Total expenses	<u>271,742</u>	<u>-</u>	<u>271,742</u>
CHANGE IN NET ASSETS	<u>673,646</u>	<u>905</u>	<u>674,551</u>
NET ASSETS, BEGINNING	<u>2,049,455</u>	<u>39,939</u>	<u>2,089,394</u>
NET ASSETS, ENDING	<u>\$ 2,723,101</u>	<u>\$ 40,844</u>	<u>\$ 2,763,945</u>

See Notes to Financial Statements.

**GEORGIA STATE UNIVERSITY
ALUMNI ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

	Program Services			Supporting Services	Total
	Scholarships	Student and alumni relations	Total program services	Administration and general	
Labor costs	\$ 5,091	\$ 41,419	\$ 46,510	\$ 22,159	\$ 68,669
Accounting and legal	-	-	-	26,827	26,827
Professional services	-	5,790	5,790	-	5,790
Meeting expenses	-	1,696	1,696	628	2,324
Online services	-	18,979	18,979	-	18,979
Student and alumni events	-	30,940	30,940	-	30,940
Promotional items and gifts	120	21,778	21,898	-	21,898
Scholarships	40,079	-	40,079	-	40,079
Rent	2,928	23,826	26,754	12,746	39,500
Equipment rental	-	-	-	2,257	2,257
Insurance	-	-	-	3,088	3,088
Credit card fees	-	-	-	7,057	7,057
Depreciation	-	-	-	952	952
Other expenses	500	1,174	1,674	1,708	3,382
Total Expenses	\$ 48,718	\$ 145,602	\$ 194,320	\$ 77,422	\$ 271,742

See Notes to Financial Statements.

**GEORGIA STATE UNIVERSITY
ALUMNI ASSOCIATION, INC.**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

OPERATING ACTIVITIES

Change in net assets	\$	674,551
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization		952
Unrealized and realized (gains) on investments, net		(470,642)
Decrease in accounts receivable		18,222
(Increase) in cash value of life insurance policy		(693)
Decrease in prepaid expenses		5,929
Increase in accounts payable		5,699
(Decrease) in deferred revenues		(11,875)
		<hr/>
Net cash provided by operating activities		222,143

INVESTING ACTIVITIES

Purchases of investments		(35,030)
Net cash (used in) investing activities		<hr/> (35,030)
Net increase in cash		187,113
Cash at beginning of year		<hr/> 361,199
Cash at end of year	\$	<hr/> <hr/> 548,312

See Notes to Financial Statements.

GEORGIA STATE UNIVERSITY ALUMNI ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of activities:

The Georgia State University Alumni Association, Inc. (the "Association"), is a not-for-profit association exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3). The Association was formed and incorporated under the laws of the State of Georgia in 1929 to offer programs to inform alumni of Georgia State University (the "University") about the life and vitality of the University and to promote and advance the interests of the University.

Significant accounting policies:

Basis of presentation:

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Association presents its financial statements in accordance with the Financial Accounting Standards Board (FASB)'s Not-For-Profit presentation and disclosure guidance. Under this guidance, the Association is required to report information regarding its financial position and activities according to two categories of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions consists of net assets that are not subject to donor-imposed stipulations, which are used to account for resources available to carry out the purposes of the Association. The principal sources of funds generated for net assets without donor restrictions are contributions and program revenues. Board designated net assets are without donor restriction but are designated by the Board to be spent for specific purposes.

As of June 30, 2021, the Board of Directors had designated net assets without donor restrictions of \$538,186, to be used for Alumni member events and programs.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies: (Continued)

Basis of presentation: (Continued)

Net assets with donor restrictions consists of net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Membership dues revenue and program & event registration income:

Alumni and student member dues revenues are recognized upon receipt, as they are considered contributions. Membership dues revenue are not considered to be renewed nor revenue earned until dues are paid. Therefore, receivables are not recorded for unpaid dues.

Affinity Program Income:

The Association enters into various licensing agreements in the normal course of business. Affinity program income is recognized when earned in accordance with the licensing agreements. The agreements provide nonexclusive rights and licenses to market products to University alumni and to use mailing lists and certain trademarks owned by the University. In return, the Association receives royalties based on specific criteria regarding certain sales and revenues generated from marketing using the mailing lists and trademarks. Total affinity program income included 83% derived from one organization for the year ended June 30, 2021.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies: (Continued)

Contributions:

Contributions received, including unconditional promises to give, are recognized as revenues in the period received at their estimated fair value. Conditional promises to give are recognized when the conditions are substantially met.

Cash and cash equivalents:

Cash and cash equivalents include cash and highly liquid investments that are readily convertible into cash and have a maturity of ninety days or less when purchased. At times, cash and cash equivalents may exceed federally insured amounts. The Association believes it mitigates risks by depositing cash and investing in cash equivalents with major financial institutions.

Donated facilities and services:

Donated facilities and services revenue is reflected under revenues and other support in the accompanying statement of activities at their estimated values at the date of receipt. Donated facilities and services expense, which primarily represents use of office space, salaries, and supplies paid by the University on behalf of the Association, is reflected in the accompanying statement of activities and statement of functional expenses. Donated facilities and supplies totaled \$134,316 for the year ended June 30, 2021.

Accounts receivable:

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to an allowance for doubtful accounts, based on their assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through the allowance for doubtful accounts. At June 30, 2021, management expected full collection on outstanding accounts receivable. Therefore, there was no allowance for doubtful accounts. During the year ended June 30, 2021, the Association recognized no bad debt expense.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies: (Continued)

Property and equipment:

Property and equipment is stated at cost. Depreciation and amortization is computed using the straight-line method over the assets' estimated useful lives of ten years for equipment and fifteen years for leasehold improvements.

Life insurance policy:

The recorded cash value of life insurance policy approximates fair value as the instrument bears interest at market rates. The face value of the insurance policy is \$25,000.

Investments:

The Association's investments are held on its behalf by the Georgia State University Foundation, Inc., with its long-term investment Trustee, Northern Trust, and is accounted for as an agency relationship.

Investments consist primarily of equity mutual funds and are carried at fair value. Investment expenses incurred totaled \$21,610, for the year ended June 30, 2021.

Interest income is included in the accompanying statement of activities.

Use of estimates:

The Association prepares its financial statements in accordance with generally accepted accounting principles which require management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements, as well as the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies: (Continued)

Fair value of financial instruments:

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents - The carrying amount approximates fair value because of the short-term maturity of these instruments.

Investments - Investments are carried at fair value based on quoted market prices for those or similar investments, third party pricing service for identical or similar investments, or from other valuation methodologies including option pricing models, discounted cash flows, and similar techniques.

The Association follows FASB's fair value measurements and disclosure guidance, which provides a framework for measuring fair value under generally accepted accounting principles. This guidance applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in the FASB issued guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Association uses various methods including market, income, and cost approaches.

Based on these approaches, the Association often utilizes certain assumptions that market participants would use in pricing the assets or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Association utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Association is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies: (Continued)

Fair value of financial instruments: (Continued)

Level 1 – Valuations for assets and liabilities traded in active markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities.

If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of these instruments.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

For the year ended June 30, 2021, the application of valuation techniques applied to similar assets and liabilities has been consistent.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies: (Continued)

Income tax status:

The Association qualifies as a tax-exempt organization as described in Internal Revenue Code Section 501(c)(3) and has been classified by the Internal Revenue Service as a publicly supported organization and not as a private Association. However, income from certain activities not directly related to the Association's tax-exempt purpose is subject to taxation as unrelated business income. The Association follows the statutory requirements for its income tax accounting and generally avoids risks associated with potentially problematic tax positions that may be challenged upon examination. Management believes any liability resulting from taxing authorities imposing additional income taxes from activities deemed to be unrelated to the Association's tax-exempt status would not have a material effect on the Association's financial statements.

The Association files Form 990 in the U.S. federal jurisdiction and the State of Georgia.

Functional allocation of expenses:

The cost of providing the various programs and other activities have been summarized on a functional basis on the statement of activities and statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Furthermore, all other costs have been allocated among the programs and supporting services benefited as required by FASB's *Not-for Profit* presentation and disclosure guidance. Donated labor costs, rent, and postage and shipping include certain expenses that are allocated on the basis of estimates of time and effort.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies: (Continued)

Recent accounting pronouncements:

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (ASC Topic 606) affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets (unless those contracts are within the scope of other standards). The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the good or services. This ASU requires entities to make new judgements and estimates and provide expanded disclosures about revenue.

For the year ending June 30, 2021, the Association adopted ASU 2014-09 and has adjusted the presentation in these financial statements accordingly. The adoption of ASU 2014-09 did not have an impact on the timing of revenue recognition. The Association recognizes program and event registration income in accordance with ASC Topic 606. Program and event registration income is recognized when the events take place and the transaction is executed, as that is the point in time the Association fulfills the performance obligation.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. LIQUIDITY AND AVAILABILITY

The Association manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Association are expected to be met on a monthly basis from the program and event registration income revenues generated, affinity revenues, and contributions. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position as of June 30, 2021, comprise the following:

Cash and cash equivalents	\$ 548,312
Accounts receivable	29,371
Investments	<u>2,136,413</u>
Total financial assets	2,714,096
Cash restricted by donor with purpose restrictions	<u>(40,844)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,673,252</u>

The Association's investments are held on its behalf by the Georgia State University Foundation, Inc. with its long-term investments Trustee, Northern Trust, and is invested as described in Note 1. As of June 30, 2021, the market value of these investments at was \$2,136,413. Included in that amount as of June 30, 2021, is the Association's board designated funds of \$538,186 to be used for Alumni member events and programs. These funds could be made available if necessary.

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2021, consists of the following:

Equipment	\$ 874
Furniture	16,036
Leasehold improvements	<u>8,960</u>
	25,870
Less accumulated depreciation	<u>24,224</u>
	<u>\$ 1,646</u>

Depreciation expense totaled \$952 for the year ended June 30, 2021.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity mutual funds	\$ 1,737,812	\$ -	\$ -	\$ 1,737,812
Government agencies mutual funds	53,514	-	-	53,514
Fixed income funds	107,257	-	-	107,257
Real estate investment trust	41,908	-	-	41,908
Corporate bond mutual funds	182,555	-	-	182,555
Cash and cash equivalents	13,367	-	-	13,367
Total investments	\$ 2,136,413	\$ -	\$ -	\$ 2,136,413

NOTE 5. RELATED PARTY TRANSACTIONS

The Association is affiliated with the University as well as the Foundation and various other University associations. Listed below are the various transactions conducted between the Association, the University, and the Foundation.

Georgia State University

The University shares the cost of operations of the Association by providing the services of certain University employees. The University allocated the salaries of four full time employees based on their estimated time spent on Association activities. During the year ended June 30, 2021, the University contributed services of \$68,669 to the Association.

The Association has an agreement with the University whereby royalties received from vendors for products for sales of merchandise with any trademarks of the University are initially remitted to the University. The University is then responsible for remitting the agreed upon percentage of the royalties to the Association. During the year ended June 30 2021, the University remitted \$18,398, to the Association under the terms of this agreement.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RELATED PARTY TRANSACTIONS (Continued)

In addition, support contributed by the University on behalf of the Association has been recorded at its estimated fair value. Contributed rent in the amount of \$39,500 was recorded for the year ended June 30, 2021. Donated supplies in the amount of \$26,147 for the year ended June 30, 2021, respectively, have been reflected in the statement of activities for office supplies, telephone service, printing, postage, copy machine lease charges, and other miscellaneous supplies provided by the University.

Georgia State University Foundation, Inc.

During the year ended June 30, 2021, the Association contributed \$40,079, to the Foundation for scholarships.

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following as of June 30, 2021:

Subject to expenditure for specified purpose:

Scholarships	<u>\$ 40,844</u>
Total subject to expenditure for specified purpose:	<u>\$ 40,844</u>

At June 30, 2021, net assets with donor restrictions consisted of cash.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2021.

Satisfaction of purpose restrictions:

Scholarships	<u>\$ 40,079</u>
Total subject to expenditure for specified purpose:	<u>\$ 40,079</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. EFFECTS OF COVID-19 CORONAVIRUS

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively impact the change in net assets. Other financial impacts could occur though the extent of potential impact is unknown at this time.

NOTE 8. SUBSEQUENT EVENTS

The Association has evaluated subsequent events occurring through September 20, 2021 the date on which the financial statements were available to be issued.