

EASTERN ILLINOIS UNIVERSITY ALUMNI ASSOCIATION, INC.
(A COMPONENT UNIT OF EASTERN ILLINOIS UNIVERSITY)

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Eastern Illinois University Alumni Association, Inc.
Charleston, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Eastern Illinois University Alumni Association, Inc. which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 auditors' 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 entity'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 Eastern Illinois University Alumni Association, Inc. as of June 30, 2020 and 2019, and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2020, on our consideration of Eastern Illinois University Alumni Association, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Eastern Illinois University Alumni Association, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Eastern Illinois University Alumni Association, Inc.'s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Peoria, Illinois
October 13, 2020



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Eastern Illinois University Alumni Association, Inc.
Charleston, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Eastern Illinois University Alumni Association, Inc. which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 13, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Eastern Illinois University Alumni Association, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Eastern Illinois University Alumni Association, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Eastern Illinois University Alumni Association, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eastern Illinois University Alumni Association, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Peoria, Illinois
October 13, 2020

EASTERN ILLINOIS UNIVERSITY ALUMNI ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

| | 2020 | 2019 |
|---|--------------|--------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | \$ 68,219 | \$ 26,863 |
| Investments | 2,221,348 | 2,271,759 |
| Accounts Receivable | 5,149 | 3,900 |
| Prepaid Expenses | 895 | 1,372 |
| Total Current Assets | 2,295,611 | 2,303,894 |
| NONCURRENT ASSETS | | |
| Accounts Receivable, Noncurrent Portion | 9,500 | 7,400 |
| Property and Equipment, Net of Accumulated Depreciation | 142,281 | 147,248 |
| Total Noncurrent Assets | 151,781 | 154,648 |
| Total Assets | \$ 2,447,392 | \$ 2,458,542 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 8,204 | \$ 12,204 |
| Deferred Revenue | 22,127 | 21,603 |
| Total Liabilities | 30,331 | 33,807 |
| NET ASSETS | | |
| Without Donor Restrictions | 2,417,061 | 2,424,735 |
| Total Net Assets | 2,417,061 | 2,424,735 |
| Total Liabilities and Net Assets | \$ 2,447,392 | \$ 2,458,542 |

See accompanying Notes to Financial Statements.

EASTERN ILLINOIS UNIVERSITY ALUMNI ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2020 AND 2019

| | Without Donor Restrictions | |
|------------------------------------|----------------------------|---------------------|
| | <u>2020</u> | <u>2019</u> |
| REVENUE, SUPPORT, AND GAINS | | |
| Contributions | \$ 2,118 | \$ 2,755 |
| Membership Dues | 52,775 | 30,272 |
| Royalties | 20,000 | 32,000 |
| Investment Income, Net of Fees | 60,623 | 81,569 |
| Realized Loss on Investments | (13,204) | (8,925) |
| Unrealized Gain on Investments | 3,763 | 23,896 |
| Service Contract With University | 107,692 | 111,030 |
| Other Operating Income | 2,218 | 1,723 |
| Total Revenue, Support, and Gains | <u>235,985</u> | <u>274,320</u> |
| EXPENSES | | |
| Program Services | 183,651 | 181,422 |
| Management and General | 60,008 | 67,873 |
| Total Expenses | <u>243,659</u> | <u>249,295</u> |
| CHANGE IN NET ASSETS | (7,674) | 25,025 |
| Net Assets - Beginning of Year | <u>2,424,735</u> | <u>2,399,710</u> |
| NET ASSETS - END OF YEAR | <u>\$ 2,417,061</u> | <u>\$ 2,424,735</u> |

See accompanying Notes to Financial Statements.

EASTERN ILLINOIS UNIVERSITY ALUMNI ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

| | <u>Program Services</u> | <u>Management and General</u> | <u>Total</u> |
|----------------------------------|-----------------------------|-----------------------------------|-------------------|
| Scholarship Awards | \$ 5,000 | \$ - | \$ 5,000 |
| Gifts/Grants to the University | 37,520 | - | 37,520 |
| Personnel Services | 77,442 | 31,857 | 109,299 |
| Printing | 17,068 | 100 | 17,168 |
| Postage, Telephone, and Supplies | 8,069 | 1,210 | 9,279 |
| Professional Fees | - | 9,701 | 9,701 |
| Meetings and Travel | 30,693 | 8,615 | 39,308 |
| Insurance | 1,629 | 2,824 | 4,453 |
| Bank Fees | - | 763 | 763 |
| Building Repairs and Maintenance | 1,894 | 4,307 | 6,201 |
| Depreciation | 4,336 | 631 | 4,967 |
| | <u>183,651</u> | <u>60,008</u> | <u>243,659</u> |
| Total Expenses by Function | <u>\$ 183,651</u> | <u>\$ 60,008</u> | <u>\$ 243,659</u> |
| Functional Expense Percentage | <u>75.4%</u> | <u>24.6%</u> | <u>100.0%</u> |

See accompanying Notes to Financial Statements.

EASTERN ILLINOIS UNIVERSITY ALUMNI ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

| | <u>Program Services</u> | <u>Management and General</u> | <u>Total</u> |
|----------------------------------|-----------------------------|-----------------------------------|-------------------|
| Scholarship Awards | \$ 5,000 | \$ - | \$ 5,000 |
| Gifts/Grants to the University | 11,520 | - | 11,520 |
| Personnel Services | 80,745 | 31,788 | 112,533 |
| Printing | 15,741 | 152 | 15,893 |
| Postage, Telephone, and Supplies | 12,487 | 700 | 13,187 |
| Professional Fees | - | 12,196 | 12,196 |
| Meetings and Travel | 33,212 | 13,320 | 46,532 |
| Insurance | 1,641 | 2,809 | 4,450 |
| Bank Fees | - | 1,014 | 1,014 |
| Building Repairs and Maintenance | 16,727 | 5,276 | 22,003 |
| Depreciation | 4,349 | 618 | 4,967 |
| | <u>181,422</u> | <u>67,873</u> | <u>249,295</u> |
| Total Expenses by Function | <u>\$ 181,422</u> | <u>\$ 67,873</u> | <u>\$ 249,295</u> |
| Functional Expense Percentage | <u>72.8%</u> | <u>27.2%</u> | <u>100.0%</u> |

See accompanying Notes to Financial Statements.

EASTERN ILLINOIS UNIVERSITY ALUMNI ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

| | 2020 | 2019 |
|---|-------------|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Membership Dues | \$ 49,950 | \$ 51,425 |
| Gifts | 2,118 | 2,755 |
| Royalties | 20,000 | 32,000 |
| Other Receipts | 2,218 | 1,723 |
| Payments of Scholarships and Grants/Awards to Others | (42,520) | (16,520) |
| Payments to Supplies and Vendors | (92,003) | (108,563) |
| Net Cash Used by Operating Activities | (60,237) | (37,180) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest on Investments | 60,623 | 81,569 |
| Proceeds from Investments Sold | 1,121,537 | 338,700 |
| Purchase of Investments | (1,080,567) | (420,458) |
| Net Cash Provided (Used) by Investing Activities | 101,593 | (189) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 41,356 | (37,369) |
| Cash and Cash Equivalents - Beginning of Year | 26,863 | 64,232 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 68,219 | \$ 26,863 |
| RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ (7,674) | \$ 25,025 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities: | | |
| Depreciation | 4,967 | 4,967 |
| Realized Loss on Sale of Investments | 13,204 | 8,925 |
| Unrealized Gain on Sale of Investments | (3,763) | (23,896) |
| Investment Income, Net of Fees | (60,623) | (81,569) |
| Change in Assets and Liabilities: | | |
| Accounts Receivable | (3,349) | (300) |
| Prepaid Expenses | 477 | 1,733 |
| Accounts Payable | (4,000) | 6,482 |
| Deferred Revenue | 524 | 21,453 |
| Net Cash Used by Operating Activities | \$ (60,237) | \$ (37,180) |

See accompanying Notes to Financial Statements.

EASTERN ILLINOIS UNIVERSITY ALUMNI ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Eastern Illinois University Alumni Association, Inc. (the Association), located in Charleston, Illinois, was incorporated under the laws of the State of Illinois as a nonprofit organization. The primary function of the Association is to support and foster the overall mission of the University by inspiring the loyalty and commitment of all alumni. The Association is supported primarily through membership dues, royalty income, and the service contract with Eastern Illinois University.

Financial Reporting Entity

The Association is a component unit of Eastern Illinois University, and the Association's financial statements are also included as part of Eastern Illinois University's financial statements and the State of Illinois Comprehensive Annual Financial Report.

Basis of Presentation

The financial statement presentation follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 *Not-for-Profit Entities*. Under FASB ASC 958, the Association is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets with donor restrictions can be temporary in nature, which includes contributed net assets for which donor-imposed time and/or purpose restrictions have not been met. Other donor-imposed restrictions are permanent in nature, which includes contributed net assets which require, by donor restriction, that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions. For the years ended June 30, 2020 and 2019, no net assets with donor restrictions existed.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Association considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are comprised of mutual funds. Unrealized gains and losses are included in the change in net assets.

The Association follows FASB ASC 820-10 *Fair Value Measurements*, which provides a framework for measuring fair value under accounting principles generally accepted in the United States of America. FASB ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date.

EASTERN ILLINOIS UNIVERSITY ALUMNI ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

FASB ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. FASB ASC 820-10 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels as described below.

Level 1 – Inputs to the valuation methodology derived from unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Other observable inputs including quoted prices for similar assets or liabilities in active or inactive markets, and inputs that are principally derived from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology which are unobservable and significant to the fair value measurements. These inputs are only used when Level 1 or Level 2 inputs are not available.

Accounts Receivable

The Association records uncollateralized amounts owed on installment membership as receivables. They have adjusted these receivables for all known uncollectible accounts and no allowance for bad debts is considered necessary at June 30, 2020 and 2019.

Revenue Recognition

Revenue from contracts with customers is recognized when the services are performed in an amount that reflects the consideration expected to be entitled in exchange for these services.

The timing of revenue recognition, billings, and cash collections can result in receivables, contract assets, and contract liabilities. Accounts receivable are recorded when the right to consideration becomes unconditional and are presented separately in the statements of financial position. The Association does not have significant contract assets as of June 30, 2020 and 2019. Contract liabilities, which relate to amounts that are received as of June 30, 2020 and 2019 prior to a portion of the membership period, were \$22,127 and \$21,603, respectively, and are included in deferred revenue on the statements of financial position.

EASTERN ILLINOIS UNIVERSITY ALUMNI ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The following table represents the Association's significant revenue streams disaggregated according to the timing of the transfer of services by source for the years ending June 30:

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| Revenue Recognized at a Point in Time: | | |
| Contributions | \$ 2,118 | \$ 2,755 |
| Royalties | 20,000 | 32,000 |
| Total | <u>\$ 22,118</u> | <u>\$ 34,755</u> |
| Revenue Recognized Over Time: | | |
| Membership Dues | \$ 52,775 | \$ 30,272 |
| Service Contract with University | 107,692 | 111,030 |
| Total | <u>\$ 160,467</u> | <u>\$ 141,302</u> |

Contributions

Contributions received are recognized as net assets without or with donor restrictions, depending on the absence or existence and nature of any donor-imposed restrictions.

Royalties

The Association receives royalty revenue annually based on an annual contract that allows USI Affinity to use the Association's name in promoting it to the Association members. The revenue amount is based on competition and is a constantly-changing environment and is recorded when received.

Service Contract with University

The Association has an agreement with Eastern Illinois University to coordinate the University's alumni activities. The University provides the Association with in-kind services in an amount not to exceed the Association's cost of coordinating these activities.

Membership Dues

Membership revenue is recognized during the time when the membership term falls. The remaining membership revenue is deferred and then recognized in the fiscal year for which that period of the membership term falls.

Income Taxes

The Association is a nonprofit corporation and is exempt from income taxes under Section 501(c)3 of the Internal Revenue Code and has been determined not to be a private foundation.

EASTERN ILLINOIS UNIVERSITY ALUMNI ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting for Uncertain Tax Positions

The Association accounts for uncertainty in income taxes in accordance with FASB ASC 740-10 *Accounting for Uncertainty in Income Taxes*. FASB ASC 740-10 provides guidance for the financial statement recognition, measurement and disclosure of tax positions when it is more likely than not that the positions will be sustained upon examination of tax authorities.

The Association files informational returns in the U.S. federal jurisdiction and the state of Illinois. The Association's federal and state informational returns are subject to possible examination by the regulatory authorities until the related statutes of limitations on those information returns have expired. In general, both the federal informational return and state informational return have three year statutes of limitations. The Association is not currently subject to an examination of the Association's informational returns by these regulatory authorities. As of June 30, 2020, the Association has no unrecognized tax benefits.

Property and Equipment

Property and equipment are recorded at cost at the date of acquisition, or fair value at the date of donation in the case of gifts. For equipment, the Association's capitalization policy includes all items with a unit cost of \$500 or more and for land, buildings and improvements their capitalization policy is \$5,000 or more. Renovations to buildings and equipment that significantly increase the value or extend the useful life of the asset are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 15 to 25 years for land improvements and building improvements, and 4 to 7 years for equipment.

Impairment of Long-Lived Assets

The Association reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

Functional Expense Allocation

The financial statements report certain categories of expenses that are attributable to program or supporting functions of the Association. The Association uses a percentage of time spent on the direct conduct or supervision of programs that fulfill the Association's mission compared to the time spent on administrative duties to allocate salaries. Depreciation and insurance expenses are allocated based on the percentage of the employee's time spent on the direct conduct or supervision of program services. All other program and supporting service allocations are determined by management on an equitable basis.

EASTERN ILLINOIS UNIVERSITY ALUMNI ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Management has considered subsequent events occurring through October 13, 2020 which is the date these financial statements were available to be issued. Management believes no such events require any additional disclosures.

NOTE 2 CONCENTRATION OF CREDIT RISK

At June 30, 2020 and 2019, the carrying amount of the Association's cash deposits was \$68,219 and \$26,863, respectively. The cash deposits are held with the Eastern Illinois University, with the majority of the cash balances being held with The Illinois Funds. Investments in The Illinois Funds, a money market pool created by the Illinois State Legislature under the control of the Illinois State Treasurer, is reported at \$1 per share value, which equals the Association's fair value of the pool.

NOTE 3 INVESTMENTS

The Association's board of director's takes oversight of the Association's investment policy. Investments shown below were measured at fair value as described in Note 1. The policy is structured to provide guidance to external managers as they strive to meet the Association's goals. They seek to limit the overall level of risk commensurate with the chosen policy asset allocation. The Association has no legal or contractual restrictions on the type of investments they purchase. On the statements of activities, investment income is netted with investment fees.

| | <u>Cost</u> | <u>Fair Value</u> | <u>Level 1</u> |
|----------------------|---------------------|---------------------|---------------------|
| <u>June 30, 2020</u> | | | |
| Equity Mutual Funds | \$ 1,158,928 | \$ 1,234,811 | \$ 1,234,811 |
| Bond Mutual Funds | 971,467 | 986,537 | 986,537 |
| Total Investments | <u>\$ 2,130,395</u> | <u>\$ 2,221,348</u> | <u>\$ 2,221,348</u> |
| <u>June 30, 2019</u> | | | |
| Equity Mutual Funds | \$ 1,151,904 | \$ 1,228,171 | \$ 1,228,171 |
| Bond Mutual Funds | 1,045,284 | 1,043,588 | 1,043,588 |
| Total Investments | <u>\$ 2,197,188</u> | <u>\$ 2,271,759</u> | <u>\$ 2,271,759</u> |

The following schedule summarized the investment return and its classification in the statements of activities for the years ended June 30, 2020 and 2019:

| | <u>Without Donor Restrictions</u> | |
|-------------------------|-----------------------------------|------------------|
| | <u>2020</u> | <u>2019</u> |
| Investment Income | \$ 72,722 | \$ 93,611 |
| Investment Fees | (12,099) | (12,042) |
| Realized Losses | (13,204) | (8,925) |
| Unrealized Gains | 3,763 | 23,896 |
| Total Investment Return | <u>\$ 51,182</u> | <u>\$ 96,540</u> |

EASTERN ILLINOIS UNIVERSITY ALUMNI ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 4 LIQUIDITY

The Association had \$2,296,716 and \$2,302,522 of financial assets available within one year of the balance sheet as of June 30, 2020 and 2019. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Association invests cash in excess of daily requirements in various short-term investments.

The Association's financial assets available within one year of the balance sheet date for general expenditure are as follows:

| | 2020 | 2019 |
|--------------------------------------|---------------------|---------------------|
| Cash and Cash Equivalents | \$ 68,219 | \$ 26,863 |
| Accounts Receivable, Current Portion | 5,149 | 3,900 |
| Short-Term Investments | 2,221,348 | 2,271,759 |
| Total | <u>\$ 2,294,716</u> | <u>\$ 2,302,522</u> |

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2020 was as follows:

| <u>June 30, 2020</u> | Beginning of Year | Additions | Disposals | End of Year |
|--|----------------------|-------------------|-------------|-------------------|
| Property and Equipment Not Being Depreciated: | | | | |
| Land | \$ 33,357 | \$ - | \$ - | \$ 33,357 |
| Other Depreciable Property and Equipment: | | | | |
| Buildings and Improvements | 244,492 | - | | 244,492 |
| Equipment | 6,748 | - | 6,748 | - |
| Total Property and Equipment Being Depreciated | 251,240 | - | 6,748 | 244,492 |
| Less: Accumulated Depreciation for: | | | | |
| Buildings and Improvements | 130,601 | 4,967 | - | 135,568 |
| Equipment | 6,748 | - | 6,748 | - |
| Total Accumulated Depreciation | 137,349 | 4,967 | 6,748 | 135,568 |
| Property and Equipment Being Depreciated, Net | 113,891 | (4,967) | - | 108,924 |
| Total Property and Equipment, Net | <u>\$ 147,248</u> | <u>\$ (4,967)</u> | <u>\$ -</u> | <u>\$ 142,281</u> |

Depreciation expense for the year ended June 30, 2020 was \$4,967.

EASTERN ILLINOIS UNIVERSITY ALUMNI ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 5 PROPERTY AND EQUIPMENT (CONTINUED)

Property and equipment at June 30, 2019 was as follows:

| <u>June 30, 2019</u> | <u>Beginning of Year</u> | <u>Additions</u> | <u>Disposals</u> | <u>End of Year</u> |
|---|------------------------------|------------------|------------------|------------------------|
| Property and Equipment Not Being Depreciated: | | | | |
| Land | \$ 33,357 | \$ - | \$ - | \$ 33,357 |
| Other Depreciable Property and Equipment: | | | | |
| Buildings and Improvements | 244,492 | - | - | 244,492 |
| Equipment | 6,748 | - | - | 6,748 |
| Total Property and Equipment Being Depreciated | 251,240 | - | - | 251,240 |
| Less: Accumulated Depreciation for: | | | | |
| Buildings and Improvements | 125,634 | 4,967 | - | 130,601 |
| Equipment | 6,748 | - | - | 6,748 |
| Total Accumulated Depreciation | 132,382 | 4,967 | - | 137,349 |
| Property and Equipment Being Depreciated, Net | 118,858 | (4,967) | - | 113,891 |
| Total Property and Equipment, Net | \$ 152,215 | \$ (4,967) | \$ - | \$ 147,248 |

Depreciation expense for the year ended June 30, 2019 was \$4,967.

NOTE 6 SIGNIFICANT TRANSACTIONS WITH THE PRIMARY GOVERNMENT

During the years ended June 30, 2020 and 2019, the Association had an agreement with Eastern Illinois University to coordinate the University's alumni activities. The University agreed to provide the Association with money or in-kind services in an amount not to exceed the Association's cost of coordinating these activities. The Association has also agreed to pay the University for all facilities, services, and resources used. The payment is to be either in the form of money or its equivalent in services or resources.

In fulfilling its fiscal years 2020 and 2019 contracts with the University, the Association incurred \$135,967 and \$138,265, respectively, in total paid expenses, which include gifts/grants without donor restrictions of \$42,520 and \$16,520 respectively, paid to the University. In addition, the University provided in-kind support in the form of personnel and office space valued at \$107,692 and \$111,030 for the years ended June 30, 2020 and 2019, respectively. This information is shown as revenue under the caption of "Service Contract with the University", and expenses are allocated between "Program Service" and Management and General" caption on the statements of activities. In addition, the Association provided the use of its facilities at no charge to the University for both years. The value of the facilities were \$52,729 and \$52,283 for the years ended June 30, 2020 and 2019, respectively. The value of the facilities are not reflected in the financial statements.

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NOTE 7 ROYALTIES

The Association has an agreement with an insurance company to provide products to Alumni during fiscal years 2020 and 2019. In fiscal year 2020, the Association received \$20,000 in royalties from USI Affinity and \$32,000 from them in fiscal year 2019.

NOTE 8 CHANGE IN ACCOUNTING POLICIES

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. No cumulative-effect adjustments in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the Association's reported historical revenue.

In June 2018, FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning July 1, 2018. The new guidance does not require prior period results to be restated. The implementation of this standard did not significantly impact the Association's financial statements.

NOTE 9 RISKS AND UNCERTAINTIES

The World Health Organization has declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Association, COVID-19 may impact various parts of its fiscal year 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Management believes the Association is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.