

EASTERN ILLINOIS UNIVERSITY
ALUMNI ASSOCIATION, INC.
(A COMPONENT UNIT OF EASTERN ILLINOIS UNIVERSITY)
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018
AND
INDEPENDENT AUDITORS' REPORT



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EASTERN ILLINOIS UNIVERSITY
ALUMNI ASSOCIATION, INC.

FINANCIAL STATEMENTS

Years Ended June 30, 2019 and 2018

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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. (the Association), which comprise the statement of financial position as of June 30, 2019, 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.

Auditors' 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 and standards applicable to financial audit 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, 2019, 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.

Emphasis-of-Matter

Accounting Standards Update

As noted in Note 9 to the financial statements, Eastern Illinois University Alumni Association, Inc. adopted the Financial Accounting Standards Board Accounting Standards Update 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Other Matters

Prior Period Financial Statements

The 2018 financial statements of Eastern Illinois University Alumni Association, Inc. were audited by other auditors whose report dated February 13, 2019, expressed an unmodified opinion on those statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2019, 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 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 29, 2019



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, 2019, 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 29, 2019.

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Peoria, Illinois
October 29, 2019

EASTERN ILLINOIS UNIVERSITY
ALUMNI ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2019 and 2018

	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 26,863	\$ 64,232
Investments	2,271,759	2,175,030
Accounts receivable	3,900	3,750
Prepaid expense	1,372	3,105
Total current assets	2,303,894	2,246,117
Noncurrent assets:		
Accounts receivable, noncurrent portion	7,400	7,250
Property and equipment, net of accumulated depreciation	147,248	152,215
Total noncurrent assets	154,648	159,465
Total assets	\$ 2,458,542	\$ 2,405,582
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 12,204	\$ 5,722
Deferred revenue	21,603	150
Total current liabilities	33,807	5,872
NET ASSETS		
Without Donor Restrictions	2,424,735	2,399,710
Total net assets	2,424,735	2,399,710
Total liabilities and net assets	\$ 2,458,542	\$ 2,405,582

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

EASTERN ILLINOIS UNIVERSITY
ALUMNI ASSOCIATION, INC.

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2019 and 2018

	Year ended June 30, 2019	Year ended June 30, 2018
	<u>Without Donor Restrictions</u>	<u>Without Donor Restrictions</u>
Revenues and gains:		
Contributions	\$ 2,755	\$ 1,030
Membership dues	30,272	53,115
Royalties	32,000	30,000
Investment income, net of fees	81,569	70,551
Realized loss on investments	(8,925)	(1,169)
Unrealized gain on investments	23,896	1,859
Service contract with University	111,030	108,556
Other operating income	<u>1,723</u>	<u>986</u>
Total revenues and gains	<u>274,320</u>	<u>264,928</u>
Expenses:		
Program services	181,422	148,165
Management and general	<u>67,873</u>	<u>73,346</u>
Total expenses	<u>249,295</u>	<u>221,511</u>
Change in net assets	25,025	43,417
Net assets, beginning of year	<u>2,399,710</u>	<u>2,356,293</u>
Net assets, end of year	<u><u>\$ 2,424,735</u></u>	<u><u>\$ 2,399,710</u></u>

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

EASTERN ILLINOIS UNIVERISTY
ALUMNI ASSOCIATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30, 2019 and 2018

	Year ended June 30, 2019			Year ended June 30, 2018		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Scholarship awards	\$ 5,000	\$ -	\$ 5,000	\$ 5,000	\$ -	\$ 5,000
Gifts/grants to the University	11,520	-	11,520	13,273	-	13,273
Personnel services	80,745	31,788	112,533	69,644	40,552	110,196
Printing	15,741	152	15,893	7,781	262	8,043
Postage, telephone and supplies	12,487	700	13,187	9,076	1,376	10,452
Dues and subscriptions	-	-	-	-	100	100
Professional fees	-	12,196	12,196	-	10,773	10,773
Meetings and travel	33,212	13,320	46,532	24,932	11,951	36,883
Insurance	1,641	2,809	4,450	1,528	2,755	4,283
Bank fees	-	1,014	1,014	-	394	394
Building repairs and maintenance	16,727	5,276	22,003	12,044	4,590	16,634
Depreciation	4,349	618	4,967	4,887	593	5,480
Total functional expenses	<u>\$181,422</u>	<u>\$ 67,873</u>	<u>\$ 249,295</u>	<u>\$148,165</u>	<u>\$ 73,346</u>	<u>\$ 221,511</u>
Functional expense percentage	<u>72.8%</u>	<u>27.2%</u>	<u>100.0%</u>	<u>66.9%</u>	<u>33.1%</u>	<u>100.0%</u>

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

EASTERN ILLINOIS UNIVERSITY
ALUMNI ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Membership dues	\$ 51,425	\$ 51,515
Gifts	2,755	1,030
Royalties	32,000	30,000
Other receipts	1,723	986
Payments of scholarships and grants/awards to others	(16,520)	(18,273)
Payments to suppliers and vendors	(108,563)	(96,363)
Net cash used by operating activities	(37,180)	(31,105)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	81,569	70,551
Proceeds from investments sold	338,700	439,150
Purchase of investments	(420,458)	(513,445)
Net cash used by investing activities	(189)	(3,744)
Net decrease in cash and cash equivalents	(37,369)	(34,849)
Cash and cash equivalents, beginning of year	64,232	99,081
Cash and cash equivalents, end of the year	\$ 26,863	\$ 64,232
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH (USED) BY OPERATING ACTIVITIES		
Change in net assets	\$ 25,025	\$ 43,417
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	4,967	5,480
Realized loss on sale of investments	8,925	1,169
Unrealized gain on sale of investments	(23,896)	(1,859)
Investment income, net of fees	(81,569)	(70,551)
Change in assets and liabilities:		
Increase in accounts receivable	(300)	(1,750)
(Increase) decrease in prepaid expense	1,733	(1,978)
Increase (decrease) in accounts payable	6,482	(5,183)
Increase in deferred revenue	21,453	150
Net cash used by operating activities	\$ (37,180)	\$ (31,105)

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

EASTERN ILLINOIS UNIVERSITY
ALUMNI ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2019 and 2018

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 not-for-profit 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.

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, 2019 and 2018, no net assets with donor restrictions existed.

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

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.

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.

EASTERN ILLINOIS UNIVERSITY
ALUMNI ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2019 and 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

FAIR VALUE -- 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. 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 for the years ended June 30, 2019 and 2018.

INCOME TAXES -- The Association is a non-profit 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.

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, 2019, 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.

EASTERN ILLINOIS UNIVERSITY
ALUMNI ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Years Ended June 30, 2019 and 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

2 CONCENTRATION OF CREDIT RISK

At June 30, 2019 and 2018, the carrying amount of the Association's cash deposits was \$26,863 and \$64,232, 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.

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.

EASTERN ILLINOIS UNIVERSITY
ALUMNI ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Years Ended June 30, 2019 and 2018

3 INVESTMENTS - continued

	Cost	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)
June 30, 2019			
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>
	Cost	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)
June 30, 2018			
Equity mutual funds	\$ 1,056,871	\$ 1,145,135	\$ 1,145,135
Bond mutual funds	1,065,075	1,029,895	1,029,895
Total investments	<u>\$ 2,121,946</u>	<u>\$ 2,175,030</u>	<u>\$ 2,175,030</u>

The following schedule summarized the investment return and its classification in the statements of activities for the years ended June 30, 2019 and 2018:

	2019	2018
	Without Donor Restrictions	Without Donor Restrictions
Investment income	\$ 93,611	\$ 82,547
Investment fees	(12,042)	(11,996)
Realized losses	(8,925)	(1,169)
Unrealized gains	23,896	1,859
Total investment return	<u>\$ 96,540</u>	<u>\$ 71,241</u>

EASTERN ILLINOIS UNIVERSITY
ALUMNI ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Years Ended June 30, 2019 and 2018

4 LIQUIDITY

The Association has \$2,302,522 of financial assets available within one year of the balance sheet. 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:

Cash and cash equivalents	\$ 26,863
Accounts receivable, current portion	3,900
Short-term investments	2,271,759
	\$ 2,302,522

5 PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2019 and 2018 was as follows:

	Year ended June 30, 2019		
	2018	Additions	2019
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.

EASTERN ILLINOIS UNIVERSITY
ALUMNI ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Years Ended June 30, 2019 and 2018

5 PROPERTY AND EQUIPMENT - continued

	Year ended June 30, 2018		
	2017	Additions	2018
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	120,154	5,480	125,634
Equipment	6,748	-	6,748
Total accumulated depreciation	126,902	5,480	132,382
Property and equipment being depreciated, net	124,338	(5,480)	118,858
Total property and equipment, net	\$ 157,695	\$ (5,480)	\$ 152,215

Depreciation expense for the year ended June 30, 2018 was \$5,480.

6 SIGNIFICANT TRANSACTIONS WITH THE PRIMARY GOVERNMENT

During the years ended June 30, 2019 and 2018, 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 2019 and 2018 contracts with the University, the Association incurred \$134,305 and \$112,955 respectively, in expenses, which include gifts/grants without donor restrictions of \$16,520 and \$18,273 respectively, to the University. Also, the University provided in-kind support in the form of personnel and office space valued at \$111,030 and \$108,556 for the years ended June 30, 2019 and 2018, 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 \$52,283 and \$52,650 for the years ended June 30, 2019 and 2018, respectively. The value of the facilities are not reflected in the financial statements.

EASTERN ILLINOIS UNIVERSITY
ALUMNI ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Years Ended June 30, 2019 and 2018

7 ROYALTIES

The Association has an agreement with an insurance company to provide products to Alumni during fiscal years 2019 and 2018. In fiscal year 2019, the Association received \$32,000 in royalties from AIA Insurance and \$30,000 from them in fiscal year 2018.

8 SUBSEQUENT EVENTS

Management has considered subsequent events occurring through the date of the Independent Auditors' Report which is the date these financial statements were available to be issued. Management believes no such events require any additional disclosures.

9 CHANGE IN ACCOUNTING POLICY

The Association has implemented Accounting Standards Update No. 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities* (amends ASC Topic 958). This standard requires a Not-for-Profit Entity to present on the face of the statements of financial position and statements of activities, amounts for two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. This update also adds a disclosure about the Association's liquidity in qualitative and quantitative factors. In addition, this standard requires disclosure on the methods used to allocate costs among program and supporting functions.

The Association also changed their accounting policy over revenue recognition of the membership dues. Prior to the year ended June 30, 2019, the Association considered the entire amount of dues to be revenue at the time it was billed to the member. Beginning July 1, 2018, the Association now recognizes membership revenue over the membership term and defers the portion not considered earned.