
**Financial Statements
and Reports**

**For the Year Ended
June 30, 2021**



ALUMNI
ASSOCIATION

(A Discrete Component Unit of Florida State University)

FLORIDA STATE UNIVERSITY ALUMNI ASSOCIATION, INC.
Financial Statements and Reports
For the Years Ended June 30, 2021 and 2020

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Independent Auditor's Report

Board of Directors
Florida State University Alumni Association, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the Florida State University Alumni Association, Inc. (the Association), a discrete component unit of the Florida State University, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

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 opinions 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 the 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 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 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2021, on our consideration of the Association'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 the Association'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 the Association's internal control over financial reporting and compliance.

RSM US LLP

Jacksonville, Florida
November 10, 2021

FLORIDA STATE UNIVERSITY ALUMNI ASSOCIATION, INC.
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2021 and 2020

The management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the Florida State University Alumni Association (Association) for the fiscal years ended June 30, 2021, 2020, and 2019, respectively. This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. It should be read in conjunction with the financial statements and notes to financial statements for the Association which follow this section.

The Association is presented as a discrete component unit of Florida State University (University or FSU) and is a direct support organization (DSO) of the University pursuant to Section 1004.28, Florida Statutes, and Regulation 9.011, Board of Governors. The primary purpose of the Association is to advance the university's greatness while enriching the lives of the Seminole family.

OVERVIEW OF FINANCIAL STATEMENTS

The Association's financial report includes three basic financial statements: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. These financial statements are prepared in accordance with generally accepted accounting principles promulgated by the GASB. The financial statements focus on the financial condition of the Association, the results of operations, and cash flows of the Association as a whole. The accrual basis of accounting is used for presentation which is similar to most private-sector companies. See the notes to the financial statements for a summary of the Association's significant accounting policies.

STATEMENT OF NET POSITION

The Statement of Net Position presents the financial position of the Association at the end of the fiscal year and includes all of the assets and liabilities of the Association. Net position, the difference between assets less liabilities, is one indicator of the current financial position of the Association; however, other non-financial factors, such as the national and international economy must also be considered when assessing the overall health of the Association. The differences in net position that occur over time indicate whether the overall financial condition of the Association has improved or deteriorated. Assets and liabilities are reported at cost with the exception of investments, which are reported at fair value, and capital assets, which are stated at the historical cost less accumulated depreciation. Net position is reported in the following three categories: net investment in capital assets, restricted net position and unrestricted net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation. Restricted net position is comprised of expendable assets and consists of assets that have constraints placed upon their use either by external donors or creditors or through laws or regulations imposed through constitutional provisions or enabling legislation. Unrestricted net position consists of those assets that do not meet the definition of net investment in capital assets or restricted net position.

FLORIDA STATE UNIVERSITY ALUMNI ASSOCIATION, INC.
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2021 and 2020

STATEMENT OF NET POSITION (continued)

The following schedule is a summary of the Association's statements of net position as of June 30, 2021 and the two preceding fiscal years:

Condensed Statements of Net Position

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Assets			
Current assets	\$5,115,871	\$3,113,609	\$2,746,213
Noncurrent assets	64,709	15,650	17,647
Total assets	<u>5,180,580</u>	<u>3,129,259</u>	<u>2,763,860</u>
Liabilities			
Current liabilities	47,834	111,267	242,281
Total liabilities	<u>47,834</u>	<u>111,267</u>	<u>242,281</u>
Net position			
Net investment in capital assets	64,359	15,650	17,647
Unrestricted	5,068,387	3,002,342	2,503,932
Total net position	<u>\$5,132,746</u>	<u>\$3,017,992</u>	<u>\$2,521,579</u>

The Association's assets totaled \$5,180,580 as of June 30, 2021. This balance reflects an increase of \$2,051,321, or 66%, compared to June 30, 2020, and is attributed to higher investment returns and reduced spending due to University restrictions and hiring freezes associated with the coronavirus pandemic (COVID-19). Current assets are comprised of resources available to meet current obligations and include cash, amounts due from related organizations, invested assets held by the Florida State University Foundation (Foundation) and other receivables due within one year. Current assets increased \$2,002,262, or 64%, over the previous year and is primarily due to investment gains of \$210,714 in the reserve fund and \$997,794 in the operations endowment as well as additional transfers of \$389,509 made to the endowment during the fiscal year. Higher performance by the Foundation's investments returned a positive 36% at June 30, 2021 compared to a negative 0.2% at June 30, 2020. Noncurrent assets consist of life membership receivables due beyond one year as well as capital assets. Noncurrent assets increased \$49,059, or 313%, due to upgrades that were made to the kitchen in the Alumni Center as well as the purchase of a golf cart.

Total assets were \$3,129,259 as of June 30, 2020. This balance reflects an increase of \$365,399, or 13%, compared to June 30, 2019, and is attributed to an increase in support from the University for salaries and related benefits during the year. The increased support in funding from the University enabled the Association to transfer the associated expense savings to the endowment which increased current assets \$367,396, or 13%, over the previous year. Noncurrent assets decreased \$1,997, or 11%, and is due to depreciation expense incurred for the year.

FLORIDA STATE UNIVERSITY ALUMNI ASSOCIATION, INC.
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2021 and 2020

STATEMENT OF NET POSITION (continued)

The Association's liabilities totaled \$47,834 at June 30, 2021. This balance reflects a decrease of \$63,433, or 57%, compared to June 30, 2020. The primary factor contributing to this decline was unearned revenue. Payments totaling \$64,583 for commission contracts were received in advance of year end the previous year resulting in a higher than normal balance in unearned revenue.

Total liabilities for the Association were \$111,267 at June 30, 2020. This balance represents a decrease of \$131,014, or 54%, over the prior year and is due to a decrease in accrued expenses for salaries and related benefits. At the end of fiscal year 2020, all positions were funded by the University so there was no amount owed to the University. In previous years when private dollars funded the salaries, there was an offsetting liability recorded for the amount owed to the University at year end.

The following summarizes capital assets for the fiscal year ended June 30, 2021 and the two preceding fiscal years:

Capital Assets

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Buildings and leasehold improvements – net	\$46,854	\$15,650	\$17,125
Furniture and equipment – net	-	-	522
Vehicles - net	<u>17,505</u>	<u>-</u>	<u>-</u>
Total capital assets	<u>\$64,359</u>	<u>\$15,650</u>	<u>\$17,647</u>

The Association's capital assets were \$64,359 as of June 30, 2021, and are included as noncurrent assets on the Statements of Net Position. This balance is net of accumulated depreciation and reflects an increase of \$48,709 compared to June 30, 2020. The increase in capital assets is primarily due to upgrades that were made to the kitchen as well as the purchase of a golf cart. See Note 7 for more details on the Association's capital assets.

Capital assets totaled \$15,650 as of June 30, 2020. This balance reflects a decrease of \$1,997 compared to June 30, 2019. The decrease in capital assets for fiscal year 2020 is attributed to depreciation expense incurred.

Changes in assets and liabilities as of June 30, 2021 resulted in an overall increase in net position of \$1,950,129, or 65%, compared to June 30, 2020. This increase is attributed to the aforementioned investment gains reported in both the reserve fund and the endowment as well as reduced spending due to COVID-19. Total ending net position as of June 30, 2020, increased \$496,413, or 20%, for a year-end balance of \$3,017,992 compared to \$2,521,579 at June 30, 2019.

FLORIDA STATE UNIVERSITY ALUMNI ASSOCIATION, INC.
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2021 and 2020

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses and Changes in Net Position presents the revenue and expense activity for the Association, categorized as operating and non-operating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid. The following table summarizes the Association's changes in net position for the fiscal years ended June 30 and the two preceding fiscal years:

Condensed Statements of Revenues, Expenses and Changes in Net Position

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating revenues	\$3,173,864	\$3,113,072	\$3,036,803
Operating expenses	<u>(2,557,251)</u>	<u>(2,840,469)</u>	<u>(3,305,628)</u>
Net operating revenues (expenses)	<u>616,613</u>	<u>272,603</u>	<u>(268,825)</u>
Non-operating revenues	1,511,075	253,997	372,254
Non-operating expenses	<u>(12,934)</u>	<u>(30,187)</u>	<u>(41,069)</u>
Net non-operating revenues	<u>1,498,141</u>	<u>223,810</u>	<u>331,185</u>
Increase in net position	2,114,754	496,413	62,360
Net position - beginning of year	<u>3,017,992</u>	<u>2,521,579</u>	<u>2,459,219</u>
Total net position - end of year	<u>\$5,132,746</u>	<u>\$3,017,992</u>	<u>\$2,521,579</u>

The Association's operating revenues are comprised of support from the University, transfers from related organizations, memberships, commissions, sponsorships and other miscellaneous operating activity. Operating revenues totaled \$3,173,864 for the fiscal year ended June 30, 2021, an increase of \$60,792, or 2%, as compared to fiscal year 2020. While event revenue declined significantly due to the impact of COVID-19, the Association saw an increase in revenues from transfers from related organizations, memberships, sponsorships and the sale of VIREs advertisements. Transfers from related organizations, in-kind contributions and memberships comprise most of operating revenues representing \$2,873,149, or 91%.

Total operating revenues for the Association were \$3,113,072 for the year ended June 30, 2020, an increase of \$76,269, or 3%, as compared to fiscal year 2019. This increase is primarily the result of a rise in alumni memberships.

The Association's operating expenses include the cost of membership services as well as programmatic events or other activities and administrative expenses for operations. Operating expenses totaled \$2,557,251 for the year ended June 30, 2021, a decrease of \$283,218, or 10%, as compared to fiscal year 2020. The decline in operating expenses is mostly attributed to savings in salaries and related benefits as well as a reduction in travel costs and other expenses for events. Employee vacancies resulted in less salary expense than fiscal year 2020, and COVID-19 prompted the cancellation or postponement of several planned events as a result of University restricted spending and hiring freeze mandates.

FLORIDA STATE UNIVERSITY ALUMNI ASSOCIATION, INC.
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2021 and 2020

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (continued)

Total operating expenses for the Association were \$2,840,469 for the year ended June 30, 2020, a decrease of \$465,159, or 14%, as compared to fiscal year 2019. This decrease was primarily due to savings in salaries and related benefits as well as a reduction in event related costs. With COVID-19 impacting the close of fiscal year 2020, similar expense reductions were experienced as a result of staff vacancies and the cancelation or postponement of planned events.

Net non-operating revenues consists of realized and unrealized gains or losses on investments, contributions from donors and facility rental income. For the year ended June 30, 2021, net non-operating revenues were \$1,498,141, an increase of \$1,274,331, or 569%, as compared to fiscal year 2020. Market returns on the Foundation's investment portfolio was the most significant factor. The Foundation's investments returned a positive 36% at June 30, 2021 compared to a negative 0.2% at June 30, 2020. Net non-operating revenues for the year ended June 30, 2020 totaled \$223,810, a decrease of \$107,375, or 32%, as compared to fiscal year 2019. A decline in rental income and investment performance as a result of the impact of COVID-19 were the contributing factors.

ECONOMIC CONDITIONS AND OUTLOOK

The economic outlook of the Association is affected by several factors, including support received from the University and the Foundation as well as its ability to retain alumni memberships. Florida's economy affects state appropriations to the University which could impact the amount of support the Association receives during the next year; however, it is expected that the University and the Foundation will continue to support the Association at levels consistent with the current year.

Over the past year, COVID-19 has impacted the state of Florida. There is still much uncertainty concerning what influence this may have on the economy as a whole, specifically as it relates to the Association's ability to acquire and retain memberships as well as secure revenue for alumni events or facility rentals. Aside from these considerations, management is not aware of any other factors within management's control that would have a significant impact on future periods.

REQUESTS FOR INFORMATION

Questions concerning information provided in the management's discussion and analysis or other required supplemental information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Florida State University Alumni Association, 325 West College Avenue, Tallahassee, Florida 32301.

FLORIDA STATE UNIVERSITY ALUMNI ASSOCIATION, INC.

Statements of Net Position

As of June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$605,154	\$321,874
Due from related organizations	786,425	495,521
Operations endowment	3,645,311	2,258,008
Life memberships receivable - net	40,130	21,065
Other assets	38,851	17,141
Total current assets	<u>5,115,871</u>	<u>3,113,609</u>
Noncurrent assets:		
Capital assets - net	64,359	15,650
Life memberships receivable - net	350	-
Total noncurrent assets	<u>64,709</u>	<u>15,650</u>
TOTAL ASSETS	<u>5,180,580</u>	<u>3,129,259</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	\$16,426	\$14,068
Due to related organizations	21,838	18,043
Unearned revenue	9,570	79,156
Total current liabilities	<u>47,834</u>	<u>111,267</u>
TOTAL LIABILITIES	<u>47,834</u>	<u>111,267</u>
NET POSITION		
Net investment in capital assets	64,359	15,650
Unrestricted	5,068,387	3,002,342
TOTAL NET POSITION	<u>\$5,132,746</u>	<u>\$3,017,992</u>

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

FLORIDA STATE UNIVERSITY ALUMNI ASSOCIATION, INC.
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Transfers from related organizations	\$2,017,310	\$1,974,970
Memberships	509,864	485,102
In-kind contributions	345,975	345,975
Commissions	192,200	176,753
Sponsorships	75,500	62,500
Other income	29,603	16,599
Event revenue	3,412	51,173
TOTAL OPERATING REVENUES	<u>3,173,864</u>	<u>3,113,072</u>
OPERATING EXPENSES		
Salaries and related benefits	1,635,280	1,696,921
Office space and other rentals	354,449	389,574
Printing and marketing	198,363	209,222
Professional services	112,020	139,075
General and administrative	108,773	69,224
License fees	60,591	38,783
Liability and casualty insurance	36,379	49,584
Transfers to related organizations	25,714	59,464
Equipment and supplies	14,968	42,983
Receptions and meetings	10,304	118,288
Travel	410	27,351
TOTAL OPERATING EXPENSES	<u>2,557,251</u>	<u>2,840,469</u>
OPERATING INCOME	<u>616,613</u>	<u>272,603</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income (loss)	1,205,788	(39,575)
Contributions from donors	290,658	216,649
Facility rental income	14,629	76,923
Facility rental expense	(12,934)	(30,187)
TOTAL NONOPERATING REVENUES	<u>1,498,141</u>	<u>223,810</u>
Change in net position	<u>2,114,754</u>	<u>496,413</u>
Net position - beginning of year	<u>3,017,992</u>	<u>2,521,579</u>
NET POSITION – END OF YEAR	<u><u>\$5,132,746</u></u>	<u><u>\$3,017,992</u></u>

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

FLORIDA STATE UNIVERSITY ALUMNI ASSOCIATION, INC.

Statements of Cash Flows

For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from members	\$490,909	\$477,697
Cash received from others	378,516	537,031
Cash paid to vendors and others	<u>(361,595)</u>	<u>(858,257)</u>
Net cash provided by operating activities	<u>507,830</u>	<u>156,471</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Contributions from donors	287,681	210,584
Cash received for rental of facilities	14,629	76,923
Cash paid for rental of facilities	<u>(12,423)</u>	<u>(1,394)</u>
Net cash provided by noncapital financing activities	<u>289,887</u>	<u>286,113</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	<u>(50,185)</u>	<u>-</u>
Net cash used in capital and related financial activities	<u>(50,185)</u>	<u>-</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	257	1,837
Proceeds from sale of investments	-	154,978
Cash paid for purchase of investments	<u>(464,509)</u>	<u>(478,490)</u>
Net cash used in investing activities	<u>(464,252)</u>	<u>(321,675)</u>
 Net change in cash and cash equivalents	283,280	120,909
Cash and cash equivalents - beginning of year	<u>321,874</u>	<u>200,965</u>
Cash and cash equivalents - end of year	<u>\$605,154</u>	<u>\$321,874</u>

FLORIDA STATE UNIVERSITY ALUMNI ASSOCIATION, INC.

Statements of Cash Flows

For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$616,613	\$272,603
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,476	1,997
Investment income from FSU Foundation funds	1,205,531	(41,412)
Donor contributions from FSU Foundation funds	2,977	6,065
Noncash transfers for rental of facilities	(511)	(28,793)
Change in assets and liabilities:		
Due from related organizations	(215,904)	(2,794)
Operations endowment	(997,794)	36,047
Life memberships receivable – net	(19,415)	(8,130)
Other assets	(21,710)	51,902
Accounts payable and accrued expenses	2,358	7,320
Due to related organizations	3,795	(150,990)
Unearned revenue	(69,586)	12,656
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$507,830</u>	<u>\$156,471</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES		
Unrealized gains (losses) on investments	<u>\$1,205,531</u>	<u>(\$41,412)</u>

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

FLORIDA STATE UNIVERSITY ALUMNI ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization – The Florida State University Alumni Association, Inc. (Association) is a direct support organization (DSO) of Florida State University (University or FSU) pursuant to section 1004.28, Florida Statutes, and Regulation 9.011, Board of Governors, established to aid the advancement of the University by connecting them with their alumni. The Association provides programming, communications and recognition services for alumni and friends, while coordinating homecoming and other promotional functions throughout the year. The Association has also created a network of Seminole Clubs servicing the needs of alumni nationwide. The Association provides limited oversight and support to the activities of the Seminole Clubs which are legally separate entities. The Association is governed by a Board of Directors consisting of primarily appointed volunteer members who are elected by the Board. The University Board of Trustees is required to approve all elected board members of the Association. The Association is a non-profit Florida corporation exempt from federal income taxes under code section 501(c)(3) of the Internal Revenue Code, with the exception of any unrelated business income.

Reporting Entity – In defining the Association for financial reporting purposes, management has applied the requirements of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity, Omnibus*. These statements establish the standards for defining and reporting on the financial reporting entity and whether it is considered a component unit of another entity. The Association would be a component unit of another entity if it is financially accountable to that unit. Financial accountability occurs when an entity appoints a voting majority of the board of the potential component unit and (1) is able to impose its will on the potential component unit and/or (2) is in a relationship of financial benefit or burden with the potential component unit. An entity would also be considered financially accountable if the potential component unit is fiscally dependent and there is a financial benefit or burden relationship, regardless of whether the entity appoints the voting majority of the potential component unit's board. The Association is a direct support organization of the University and has met all of the financial accountability criteria necessary to be considered a component unit of the University.

A summary of the Association's significant accounting policies follows:

Basis of Presentation – As a discrete component unit of the University, the Association prepares its financial statements according to the provisions of the GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. This Statement establishes accounting and financial reporting standards for public colleges and universities within the financial reporting guidelines of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*.

These standards require public institutions to present management's discussion and analysis (MD&A), basic financial statements, notes to the financial statements, and required supplementary information other than MD&A.

FLORIDA STATE UNIVERSITY ALUMNI ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting – The Association prepares its financial statements using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for government business-type activities. Accordingly, revenues are recognized when earned and expenses are recognized when the liability is incurred, regardless of the timing of the related cash flows.

Net position of the Association is reported in three categories and defined as follows:

Net investment in capital assets – This category of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets net of any related unspent debt proceeds.

Restricted net position – This category represents the net position of the Association which is restricted by constraints placed on the use by either externally imposed creditors, grantors, contributors or laws or regulations of other governments or imposed by law through enabling legislation. The Association had no restricted net position as of June 30, 2021 and 2020, respectively.

Unrestricted net position – This category of net position represents funds that are available without restriction for carrying out the Association's objectives that do not meet the definition of "net investment in capital assets" or "restricted".

The Association's policy is to apply restricted resources before unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available for use.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Income Taxes – The Association is a nonprofit corporation which is generally exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Activities which constitute a trade or business, that are regularly carried on and not substantially related to the Association's exempt purpose, may be considered unrelated business income activities under Section 511(a) of the Internal Revenue Code and subject to income tax. The Association had no unrelated business income tax expense for the years ended June 30, 2021 and 2020, respectively.

FLORIDA STATE UNIVERSITY ALUMNI ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition – Life memberships are recognized as revenue in the year committed and unpaid memberships are recorded as life memberships receivable net of an allowance for doubtful accounts. Annual memberships are recognized as revenue when received. Contributions related to the Westcott brick program are also recognized as revenue in the year received. Intentions to give, such as amounts bequested upon death, are not included in these financial statements.

In-kind Contributions – The Association is provided the use of office space by the University. Contributions with reasonably determinable fair values have been included in revenues as in-kind contributions with the associated expense recorded to office space rental.

Operating and Non-operating Activities – The Association's operating income includes all revenues and expenses associated with the organization's daily activities. Operating revenues consist primarily of transfers from related organizations, membership revenue, affinity commissions and sponsorships. In-kind contributions from the University are considered operating revenues as they directly offset certain operating expenses. Operating expenses include the cost of membership services as well as programmatic events or other activities and administrative expenses associated with the Association's operations. Non-operating activities arise from transactions not associated with the Association's principal activities, such as contributions, rental of facilities and investment gains or losses.

Cash and Cash Equivalents – Cash and cash equivalents consist of deposits held by financial institutions. The Association maintains its accounts with a financial institution that qualifies as a public depository pursuant to Chapter 280, Florida Statutes. The Association considers all highly-liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Due from Related Organizations – Due from related organizations consists of amounts owed from the University or related entities. These balances are primarily related to custodial funds that are invested by the Foundation on the Association's behalf. These amounts are fully collectible and as such, no allowance is recorded. See Note 16 for more details on related party transactions.

Operations Endowment – An endowment was established to provide support for general operations and financial stability of the Association. The endowment is administered and invested by the Foundation with the intent that it will be held in perpetuity; however the Association bears the right to withdraw these funds with a two-thirds vote of their Board of Directors. These amounts are included in Operations endowment on the Statements of Net Position and any activity is included in the accompanying Statements of Revenues, Expenses and Changes in Net Position.

Fair Value Measurements – Long-term investments are reported at fair value using quoted market prices or other fair value techniques, including net asset value (NAV), as required by GASB Statement No. 72, *Fair Value Measurement and Application*.

FLORIDA STATE UNIVERSITY ALUMNI ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Assets – Other assets consists of accounts receivable, prepaid expenses and other advances or deposits. Prepaid expenses are expenses paid in advance of actually incurring them. Accounts receivable are carried at their estimated collectible amounts.

Capital Assets – Capital assets with a cost equal to or greater than \$5,000 are carried at cost or, if donated, at acquisition value as of the date of donation. These assets are depreciated using the straight-line method over the estimated useful lives of the assets. The useful life can range from five to thirty years. Items with a cost less than \$5,000 are expensed when incurred.

Impairment of Capital Assets – The Association reviews its capital assets and considers impairment whenever indicators of impairment are present, such as when the decline in service utility of the capital asset is large in magnitude and the event or change in circumstance is outside the normal life cycle of the capital asset. Pursuant to these guidelines, no impairments have been recognized for the years ended June 30, 2021 and 2020.

Accounts Payable and Accrued Expenses – Accounts payable includes accrued expenses and outstanding liabilities to vendors. Accrued expenses are amounts which were owed to a vendor at the time the financial statements were prepared but for which no invoice has been received.

Due to Related Organizations – Due to related organizations consists of amounts owed to the University or related entities. These balances consist primarily of costs that are reimbursed to the Foundation for use of the accounting and fundraising software and related credit card processing system. See Note 16 for more details on related party transactions.

Unearned Revenue – Unearned revenue consists of cash received before eligibility requirements are met, excluding time requirements. Amounts recorded as unearned revenue primarily relate to deposits for use of the facilities at the Alumni Center as well as VIRES advertisements and advances received for commission contracts.

Budget – As set forth in the bylaws of the articles of incorporation, the Association adopts an annual budget for all revenues and expenses which the Board of Directors approves. This budget must then be approved by the President of the University and sent to the University Board of Trustees for review and final approval.

Recent Accounting Pronouncements – In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is

FLORIDA STATE UNIVERSITY ALUMNI ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The new guidance was effective for fiscal years beginning after December 15, 2019; however, early adoption is permitted. In response to the coronavirus pandemic (COVID-19), GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which extended this effective date by 18 months.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The new guidance is effective for fiscal years beginning after June 15, 2022; however, early adoption is permitted.

The Association is currently evaluating the impact of the adoption of these standards on its financial statements. The GASB has issued new accounting guidance or modifications to, or interpretations of, existing accounting guidance. Management has considered the new un-adopted guidance and does not believe that any other new or modified guidance will have a material impact on the Association's reported financial position or activities.

Reclassifications - Certain amounts in the 2020 financial statements have been reclassified in order to conform with the 2021 presentation. These reclassifications had no impact on total assets, total liabilities, total net position, or change in net position as previously reported.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on hand and deposits held by financial institutions. The Association maintains its accounts with a financial institution that qualifies as a public depository pursuant to Chapter 280, Florida Statutes. A qualified public depository has a branch office(s) authorized to receive deposits in Florida, maintains FDIC deposit insurance, meets the specific statutory requirements of Section 280.17, Florida Statutes, and has been approved by the Florida Treasury's Bureau of Collateral Management to accept public funds for deposit. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. Any losses to public depositors are satisfied first through any applicable deposit insurance, and then through the sale of collateral pledged or deposited by the defaulting depository. When necessary, assessments may also be made against other qualified public depositories of the same type as the depository in default. There were no uninsured amounts as of June 30, 2021 and 2020, respectively. Cash balances were \$605,154 and \$321,874 as of June 30, 2021 and 2020, respectively.

FLORIDA STATE UNIVERSITY ALUMNI ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

3. DUE FROM RELATED ORGANIZATIONS

Due from related organizations consists of the following at June 30:

	<u>2021</u>	<u>2020</u>
Foundation	\$779,141	\$495,221
University	<u>7,284</u>	<u>300</u>
Amounts due from related organizations	<u>\$786,425</u>	<u>\$495,521</u>

These balances primarily consist of custodial funds that are invested by the Foundation on the Association's behalf and include a reserve fund and other funds that are generated through the fundraising efforts of the Association. These amounts are included in due from related organizations on the Statements of Net Position and any activity is included in the accompanying Statements of Revenues, Expenses and Changes in Net Position.

Invested amounts included as due from related organizations consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Reserve fund	\$764,936	\$479,222
Cash	<u>14,205</u>	<u>14,205</u>
Total amounts invested by Foundation	<u>\$779,141</u>	<u>\$493,427</u>

4. OPERATIONS ENDOWMENT HELD BY FSU FOUNDATION

The Association established an endowment to provide support for general operations and financial stability of the organization. The endowment is administered and invested by the Foundation with the intent that it will be held in perpetuity; however the Association bears the right to withdraw these funds with a two-thirds vote of their Board of Directors. Endowment balances totaled \$3,645,311 and \$2,258,008 as of June 30, 2021 and 2020, respectively.

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Association, through an agreement with the Foundation, invests its surplus funds in the long-term investment portfolio of the Foundation with the intent of achieving the highest possible return. The Foundation diversifies its investments among various financial instruments and asset categories, and uses multiple investment strategies and investment managers. Key decisions in this regard are made by the Foundation's Investment Committee, which has oversight responsibility for the Foundation's investment program. The Foundation's Investment Committee identifies appropriate asset categories for investments, determines the allocation of assets to each category, and approves the investment strategies employed.

FLORIDA STATE UNIVERSITY ALUMNI ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

The Association prepares its financial statements according to the provisions of the GASB Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. Fair value is defined as 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 the fair value, the Foundation uses various methods including market, income and cost approaches. Based on these approaches, the Foundation often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable inputs. The Foundation uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on observability of the inputs used in the valuation techniques, the Foundation 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.

The Association categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and are disclosed in one of the following three categories:

- Level 1 inputs are quoted prices in active markets for identical assets;
- Level 2 inputs are observable, either directly or indirectly, such as quoted prices for similar assets, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the asset. The Association has no investments valued using level 2 inputs;
- Level 3 inputs are significant unobservable inputs. The Association has no investments valued using level 3 inputs.

All transfers between fair value hierarchy levels are recognized by the Foundation at the end of each reporting period. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement in its entirety, requires judgment, and considers factors specific to the investment. The inputs or methodology used for valuing financial instruments are not necessarily an indication of the risks associated with investment in those instruments.

The following is a description of the valuation methodologies used for instruments measured at fair value:

Marketable securities - The fair value of marketable securities reflects market closing prices reported from publicly traded exchanges.

FLORIDA STATE UNIVERSITY ALUMNI ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

Commingled funds - Depending on the redemption options available, as a practical expedient it may be possible that for investments in other funds or investment partnerships, the reported NAV represents fair value based on observable data such as ongoing redemption and/or subscription activity. The Foundation does not classify investments whose fair value is determined using the NAV as a practical expedient within the fair value hierarchy.

The Association had invested \$4,410,247 and \$2,560,344 with the Foundation for the years ended June 30, 2021 and 2020, respectively. In addition, amounts totaling \$0 and \$176,886 were transferred to the Foundation for investment as of June 30, 2021 and 2020, respectively. These amounts are included in Due from FSU Foundation and Operation endowed held by FSU Foundation on the Statements of Net Position.

The Association's proportionate share of the Foundation's assets measured at fair value on a recurring basis as of June 30, 2021 and 2020 are summarized as follows:

<u>Description</u>	June 30, 2021			Fair Value
	Level 1	Level 2	Level 3	
Marketable securities				
Short-term investment fund	\$67,720	\$ -	\$ -	\$67,720
Total assets in the fair value hierarchy	\$67,720	\$ -	\$ -	\$67,720
Investments measured at NAV*	\$ -	\$ -	\$ -	\$4,342,527
Total investments	\$67,720	\$ -	\$ -	\$4,410,247

<u>Description</u>	June 30, 2020			Fair Value
	Level 1	Level 2	Level 3	
Marketable securities				
Short-term investment fund	\$52,849	\$ -	\$ -	\$52,849
Securities held for resale	5			5
Commingled funds				
International equities – emerging markets	37,313	-	-	37,313
Total assets in the fair value hierarchy	\$90,167	\$ -	\$ -	\$90,167
Investments measured at NAV*	\$ -	\$ -	\$ -	\$2,470,177
Total investments	\$90,167	\$ -	\$ -	\$2,560,344

*In accordance with GASB 72 certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy.

FLORIDA STATE UNIVERSITY ALUMNI ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

The following tables disclose all investments whose fair value is estimated using NAV, using the practical expedient.

<u>Description</u>	June 30, 2021			
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Fixed income (a)				
Domestic institutional pooled fund	\$353,231		Daily	2 days
Equities (b)				
Institutional pooled funds	2,138,282		Daily / 1-6 months	2-60 days
Hedge funds				
Long/short equity (c)				
U.S. long/short	25,889		Annually	60 days
Global long/short	100,244		Quarterly/Annually/ Every 3 months	45-65 days
Absolute return (d)				
Diversified arbitrage	70,028		Quarterly	45 days
Event driven/open mandate	185,595		Quarterly/Annually/ Every 12 months	30-90 days
Credit strategies/distressed	65,205		Quarterly/Annually/ Every 24 months	45-90 days
Global macro	188		Monthly	10 days
Limited partnerships (e)				
Venture capital	411,834	\$53,000		
Private equity	564,653	425,657		
Distressed assets	67,838	70,256		
Real estate	72,539	42,156		
Natural resources	208,089	123,660		
Real assets (f)				
Global real estate institutional pooled fund	78,912		Daily	2 days
Investments measured at NAV	\$4,342,527	\$714,729		

FLORIDA STATE UNIVERSITY ALUMNI ASSOCIATION, INC.
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

Description	June 30, 2020			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Fixed income (a)				
Domestic institutional pooled fund	\$218,526		Daily	2 days
Equities (b)				
Institutional pooled funds	1,305,043		Daily / 1-6 months	2-60 days
Hedge funds				
Long/short equity (c)				
U.S. long/short	17,094		Annually	60 days
Global long/short	98,138		Quarterly/Annually/ Every 3 months	45-65 days
Absolute return (d)				
Diversified arbitrage	55,204		Quarterly	45 days
Event driven/open mandate	121,548		Quarterly/Annually/ Every 12 months	30-90 days
Credit strategies/distressed	45,444		Quarterly/Annually/ Every 24 months	45-90 days
Global macro	152		Monthly	10 days
Limited partnerships (e)				
Venture capital	204,086	\$80,590		
Private equity	179,219	289,462		
Distressed assets	35,827	12,884		
Real estate	39,025	11,508		
Natural resources	103,349	85,805		
Real assets (f)				
Global real estate institutional pooled fund	47,522		Daily	2 days
Investments measured at NAV	\$2,470,177	\$480,249		

(a) Fixed Income - This category includes investments in domestic and global institutional pooled funds.

(b) Equities - This category includes investments in U.S., global ex. U.S., and emerging markets institutional pooled funds.

(c) Long/short equity - This category includes investments in offshore funds that invest both long and short in domestic and international equity securities. The funds can also opportunistically invest in other domestic and international securities and instruments where the managers deem appropriate.

(d) Absolute return - This category includes investments in offshore funds, except for one unit trust fund, that are designed to produce results that are largely independent of, or have low correlation to, the broader markets.

(e) Limited partnerships - This category includes investments in several limited partnership funds that invest in private equity, venture capital, distressed assets, natural resources and real estate.

(f) Real assets - This category includes investments in a global REIT and a global natural resources fund.

FLORIDA STATE UNIVERSITY ALUMNI ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

The following are required risk disclosures applicable to the Association's investments:

Credit Risk – Credit risk exists when there is a possibility that the issuer or other counterparty to an investment may be unable to fulfill its obligations. The Association's investments are held by the Florida State University Foundation, Inc. (Foundation) and follows the policies of the Foundation with regards to credit risk.

Interest Rate Risk – Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The Association's investments are held by the Foundation and follows the policies of the Foundation with regards to interest rate risk.

Concentration of Credit Risk – Per GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an Amendment of GASB Statement No. 3*, concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Association's investments are held by the Foundation and follows the policies of the Foundation with regards to concentration of credit risk.

Custodial Credit Risk – The custodial credit risk for investments is the risk that in the event of the failure of the counterparty (e.g. broker, dealer) to a transaction, the Association will not be able to recover the value of its investment or collateral securities that are in possession of another party. The Association's investments are held by the Foundation and follow the policies of the Foundation in regards to custodial credit risk.

6. OTHER ASSETS

Other assets consists of the following at June 30:

	<u>2021</u>	<u>2020</u>
Accounts receivable	\$20,215	\$4,420
Prepaid expenses	18,636	12,721
Total other assets	<u>\$38,851</u>	<u>\$17,141</u>

FLORIDA STATE UNIVERSITY ALUMNI ASSOCIATION, INC.
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

7. CAPITAL ASSETS

A summary of changes in capital assets at June 30 is shown below:

June 30, 2021	Beginning Balance	Increases	Decreases	Ending Balance
Depreciable Capital Assets				
Leasehold improvements	\$36,507	\$32,680	\$ -	\$69,187
Furniture and equipment	100,188	-	(12,900)	87,288
Computer equipment	15,246	-	-	15,246
Vehicles	49,112	17,505	-	66,617
Total Depreciable Capital Assets	201,053	50,185	(12,900)	238,338
Less: Accumulated Depreciation				
Leasehold improvements	(20,857)	(1,476)	-	(22,333)
Furniture and equipment	(100,188)	-	12,900	(87,288)
Computer equipment	(15,246)	-	-	(15,246)
Vehicles	(49,112)	-	-	(49,112)
Total Accumulated Depreciation	(185,403)	(1,476)	12,900	(173,979)
Total Capital Assets - net	\$15,650	\$48,709	\$ -	\$64,359
June 30, 2020	Beginning Balance	Increases	Decreases	Ending Balance
Depreciable Capital Assets				
Leasehold improvements	\$36,507	\$ -	\$ -	\$36,507
Furniture and equipment	100,188	-	-	100,188
Computer equipment	21,591	-	(6,345)	15,246
Vehicles	49,112	-	-	49,112
Total Depreciable Capital Assets	207,398	-	(6,345)	201,053
Less: Accumulated Depreciation				
Leasehold improvements	(19,382)	(1,475)	-	(20,857)
Furniture and equipment	(100,188)	-	-	(100,188)
Computer equipment	(21,069)	(522)	6,345	(15,246)
Vehicles	(49,112)	-	-	(49,112)
Total Accumulated Depreciation	(189,751)	(1,997)	6,345	(185,403)
Total Capital Assets - net	\$17,647	(\$1,997)	\$ -	\$15,650

Total depreciation expense for the years ended June 30, 2021 and 2020 was \$1,476 and \$1,997, respectively. This amount was charged to general and administrative expense on the accompanying Statements of Revenues, Expenses and Changes in Net Position.

FLORIDA STATE UNIVERSITY ALUMNI ASSOCIATION, INC.
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

8. DUE TO RELATED ORGANIZATIONS

Due to related organizations consists of the following at June 30:

	<u>2021</u>	<u>2020</u>
Foundation	\$21,561	\$14,529
University	277	3,514
Total due to related organizations	<u>\$21,838</u>	<u>\$18,043</u>

9. UNEARNED REVENUE

Unearned revenue consists of the following at June 30:

	<u>2021</u>	<u>2020</u>
Deposits for facility rentals	\$6,625	\$5,563
Deposits for VIRES advertisements	2,945	9,010
Advance for commission contracts	-	64,583
Total unearned revenue	<u>\$9,570</u>	<u>\$79,156</u>

10. RETIREMENT PLAN

The Association personnel are employees of the University and are eligible to enroll as members of the State administered Florida Retirement System (FRS). Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 605, Florida Administrative Code; wherein plan eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined contribution plan, referred to as the FRS Investment Plan (Investment Plan).

Benefits of the Plan vest as of six years of service or eight years for new employees enrolled after July 1, 2011. All members are eligible for normal retirement benefits based on the plan definition of normal retirement date which is determined on the date they enrolled in the plan. The Plan also includes an early retirement provision, but imposes a penalty for each year a member retires before the specified retirement age. The Plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments.

FLORIDA STATE UNIVERSITY ALUMNI ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

10. RETIREMENT PLAN *(continued)*

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. Upon termination of employment, the participant receives the total DROP benefits and begins to receive previously determined retirement benefits.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. University employees already participating in the State University System Optional Retirement Program or DROP are not eligible to participate in this program. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services. An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement's Web site (www.frs.myflorida.com).

It has been determined that the Association is not a payor fund for the purposes of liquidating the pension liability. An actuarial valuation has been performed for the plan. The Association's employees were included in the actuarial analysis and are part of the total pension liability and net pension liability disclosed in the footnotes and required supplementary information of the University's Annual Report. The University does not determine a separate liability for the Association employees and as a result, there is no net pension liability recorded in these financial statements.

The cost of the defined benefit pension plan for the Association's current employees is paid by the University and recorded by the Association as an operating transfer from related organizations and an operating expense. Retirement contributions were \$107,186 and \$105,869 for the years ended June 30, 2021 and 2020, respectively.

FLORIDA STATE UNIVERSITY ALUMNI ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

11. OTHER POSTEMPLOYMENT BENEFITS PAYABLE

Pursuant to the provisions of Section 112.0801, Florida Statutes, all employees who retire from the University are eligible to participate in the State Group Health Insurance Program, an agent multiple-employer defined-benefit plan (Plan). The University subsidizes the premium rates paid by retirees by allowing them to participate in the Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the Plan on average than those of active employees. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. A stand-alone report is not issued and the Plan information is not included in the report of a public employee retirement system or another entity.

Plan benefits are pursuant to the provisions of Section 112.0801, Florida Statutes, and benefits and contributions can be amended by the Florida Legislature. Premiums necessary for funding the Plan each year on a pay-as-you-go basis are established by the Governor's recommended budget and the General Appropriations Act. The University provided required contributions toward the annual OPEB cost, comprised of benefit payments made on behalf of retirees for claims expenses (net of reinsurance), administrative expenses, and reinsurance premiums.

It has been determined that the Association is not a payor fund for the purpose of liquidating the net OPEB liability. An actuarial valuation has been performed for the plan. The Association's employees were included in the actuarial analysis of the valuation of the OPEB Plan and are part of the OPEB disclosed in the footnotes and required supplementary information of the University's Annual Report. The University does not determine a separate liability for the Association employees and as a result, there is no OPEB cost, percentage of annual OPEB cost contributed to the Plan, or the net OPEB liability recorded in these financial statements.

12. TRANSFERS FROM RELATED ORGANIZATIONS

Transfers from related organizations consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
University	\$1,861,659	\$1,821,943
FSU Foundation	125,000	125,000
FSU Student Groups	9,659	12,032
Others	20,992	15,995
Total transfers from related organizations	<u>\$2,017,310</u>	<u>\$1,974,970</u>

These transfers include both cash and noncash support. See Note 16 for more details concerning related party transactions.

FLORIDA STATE UNIVERSITY ALUMNI ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

13. IN-KIND CONTRIBUTIONS

The University provides support to the Association in the form of contributed facilities. The Association occupies approximately 22,000 square feet of office and meeting facilities in Tallahassee, Florida, the use of which is provided without charge by the University. The rental value of the facilities was estimated based on current rental rates for comparable properties in the area. In-kind contributions are valued at fair value at the date of the donation. In-kind contributions of \$345,975 have been recognized as revenues and expenses in the accompanying Statements of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2021 and 2020.

14. RISK MANAGEMENT PROGRAMS

The Association is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Coverage for directors and officers, property and general liability coverage are provided through commercial insurance carriers, and management continuously reviews the limits of coverage to ensure that they are adequate. No settlements have exceeded coverage in place during the previous three fiscal years.

15. RESERVE FUND

The Board of Directors of the Association established a reserve fund. The purpose of this fund is to ensure that there are adequate reserves in place to offset significant declines in revenue that might occur from time to time. The reserve fund would allow for funding of existing programs and other necessary expenditures to provide stability for the Association during the reduced revenue period. The amount of unrestricted net position reserved for this purpose was \$764,936 and \$479,222 for the years ended June 30, 2021 and 2020, respectively.

16. RELATED ORGANIZATIONS

The Association serves to promote the welfare of the University by cultivating a mutually beneficial relationship between FSU and its alumni. As a result, the Association maintains integral relationships with many related organizations of the University. These relationships take various forms from providing or receiving support to sharing resources or providing reimbursement for the use of software or other expenditures. Further details outlining each relationship are provided below:

Florida State University (University) – The University provides support to the Association for salaries and related benefits as well as some operational expenses. Amounts totaling \$1,861,659 and \$1,821,943 were included as transfers from related organizations in the accompanying Statements of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2021 and 2020, respectively. The University also provides office space valued at \$345,975

FLORIDA STATE UNIVERSITY ALUMNI ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

16. RELATED ORGANIZATIONS (continued)

which is recorded as in-kind contributions in the accompanying Statements of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2021 and 2020, respectively.

In addition to operational support, the University provides programmatic support to the Association for publication of the VIRES magazine and for various events that are held in partnership with student groups, colleges or University units across campus. Amounts totaling \$30,651 and \$28,027 were included as transfers from related organizations in the accompanying Statements of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2021 and 2020, respectively. Amounts owed to the Association from the University were \$7,284 and \$300 as of June 30, 2021 and 2020, respectively. The total amount owed from the Association to the University was \$277 and \$3,514 as of June 30, 2021 and 2020, respectively.

Florida State University Foundation, Inc. (Foundation) – The Foundation serves to aid in the advancement of the University through charitable giving. In its efforts to assist in the fundraising efforts of the University, the Foundation provides programmatic support to the Association. This support is used for programmatic initiatives which cultivate charitable giving with its alumni such as publication of the VIRES magazine as well as hosted events with colleges on campus and Seminole Club chapters nationwide. Amounts totaling \$125,000 were included as transfers from related organizations in the accompanying Statements of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2021 and 2020, respectively.

The Foundation also manages all of the service contracts related to the accounting and fundraising software shared by DSOs of the University. As part of this contract, the Association reimburses the Foundation for the costs attributed to their use of the software as well as other operating expenses. Amounts owed to the Association from the Foundation were \$779,141 and \$495,221 as of June 30, 2021 and 2020, respectively. The total amount owed from the Association to the Foundation for these purposes was \$21,561 and \$14,529 as of June 30, 2021 and 2020, respectively.

Seminole Boosters, Inc. (Boosters) – The Boosters serve to increase and promote the education, health, and physical welfare of University students by providing financial support from the private sector for the Intercollegiate Athletic Program. In this regard, the Boosters work in conjunction with the Association on athletic-based programming activities held on behalf of the University which include tailgate and other Alumni gatherings at athletic events around the country.

The Association also entered into a memorandum of understanding (MOU) with the Boosters pertaining to the Bank of America affinity card contract for the University. According to the terms of the agreement, the Association is responsible for promoting and marketing the affinity card to alumni. As a result of their efforts, they are entitled to a portion of the royalties that this revenue stream generates. Amounts totaling \$20,954 and \$0 were included in affinity commissions in the accompanying Statements of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2021 and 2020, respectively.

FLORIDA STATE UNIVERSITY ALUMNI ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

16. RELATED ORGANIZATIONS *(continued)*

Seminole Club Chapters – There are 53 Seminole Club Chapters nationwide. These chapters build strong relationships among alumni, students, parents, and the community as a whole. Monetary support is provided by the Association to these chapters to promote advancement for the University through various outreach and engagement activities that are held throughout the year. The Association provided support of \$25,714 and \$59,464 to Seminole Clubs for the years ended June 30, 2021 and 2020, respectively. These amounts are included in transfers to related organizations on the accompanying Statements of Revenues, Expenses and Changes in Net Position.

**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**

RSM US LLP

Independent Auditor's Report

Board of Directors
Florida State University Alumni Association, Inc.

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 the Florida State University Alumni Association (the Association), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements, and have issued our report thereon dated November 10, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) as a basis for designing 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 the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association'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 the Association'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 financial statements. 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.

RSM VS LLP

Jacksonville, Florida
November 10, 2021