

**FAYETTEVILLE STATE UNIVERSITY  
NATIONAL ALUMNI ASSOCIATION, INC.  
FAYETTEVILLE, NORTH CAROLINA**

**INDEPENDENT AUDITORS' REPORT**

**AND**

**FINANCIAL STATEMENTS**

**Year ended June 30, 2012**

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## INDEPENDENT AUDITORS' REPORT

### The Officers

Fayetteville State University National Alumni Association, Inc.  
Fayetteville, North Carolina

We have audited the accompanying statement of financial position of Fayetteville State University National Alumni Association, Inc. (a nonprofit organization) as of June 30, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Fayetteville State University National Alumni Association, Inc.'s financial statements for the year ended June 30, 2011 and, in our report dated September 23, 2011; we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fayetteville State University National Alumni Association, Inc. as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Buie, Norman & Company, P.A.*

BUIE, NORMAN & COMPANY, P.A.  
Certified Public Accountants

September 4, 2012

**FAYETTEVILLE STATE UNIVERSITY  
NATIONAL ALUMNI ASSOCIATION, INC.**

**STATEMENT OF FINANCIAL POSITION**

June 30, 2012

(With comparative totals as of June 30, 2011)

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
<b>Current assets:</b>		
Cash	\$ 11,222	\$ 18,539
Certificate of deposit	10,564	10,541
Sales tax receivable	36	648
Total current assets	21,822	29,728
<b>Property and equipment:</b>		
Property and equipment	1,858	1,858
	1,858	1,858
Less: accumulated depreciation	1,053	740
Net property and equipment	805	1,118
Total assets	\$ 22,627	\$ 30,846
<u>LIABILITIES AND NET ASSETS</u>		
<b>Current liabilities:</b>		
Accounts payable	\$ -	\$ 467
Total current liabilities	-	467
<b>Net assets:</b>		
Unrestricted	22,627	30,379
Total liabilities and net assets	\$ 22,627	\$ 30,846

See accompanying notes to financial statements.

**FAYETTEVILLE STATE UNIVERSITY  
NATIONAL ALUMNI ASSOCIATION, INC.**

**STATEMENT OF ACTIVITIES**

Year Ended June 30, 2012

(With comparative totals for the year ended June 30, 2011)

	2012	2011
<b>Support:</b>		
Bricks	\$ -	\$ 500
CIAA	2,455	1,700
Contributions	1,370	4,030
Down East Classic	-	1,125
Goal Clubs	1,300	9,500
Homecoming activities	7,884	20,947
Institutional trust fund	-	1,000
Membership dues	44,100	33,480
National convention	510	12,633
Scholarships	6,400	4,310
<b>Total support</b>	<b>64,019</b>	<b>89,225</b>
<b>Revenue:</b>		
Interest income	24	115
Miscellaneous income	156	754
<b>Total revenue</b>	<b>180</b>	<b>869</b>
<b>Total support and revenue</b>	<b>64,199</b>	<b>90,094</b>
<b>Expenses:</b>		
Program services	64,283	96,826
Management and general	7,668	15,815
<b>Total expenses</b>	<b>71,951</b>	<b>112,641</b>
<b>Change in net assets</b>	<b>(7,752)</b>	<b>(22,547)</b>
<b>Net assets:</b>		
Beginning of year	30,379	52,926
End of year	<b>\$ 22,627</b>	<b>\$ 30,379</b>

See accompanying notes to financial statements.

**FAYETTEVILLE STATE UNIVERSITY  
NATIONAL ALUMNI ASSOCIATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended June 30, 2012  
(With comparative totals for the year ended June 30, 2011)**

	2012			2011
	Program Services	Management and General Services	Total Expenses	Total Expenses
Bank charges	\$ -	\$ 117	\$ 117	\$ 188
Conferences	2,919	730	3,649	25,618
Depreciation	-	313	313	313
Homecoming activities	34,838	-	34,838	40,371
Honoraria/speaker fees	1,450	-	1,450	1,450
Insurance	-	183	183	183
Office expenses	-	551	551	1,842
Professional fees	-	3,250	3,250	5,000
Project expenses	9,976	-	9,976	12,176
Scholarships	4,225	-	4,225	4,085
Tailgate & tickets	875	-	875	3,250
Travel	-	2,524	2,524	3,165
University donations	10,000	-	10,000	15,000
Total expenses	<u>\$ 64,283</u>	<u>\$ 7,668</u>	<u>\$ 71,951</u>	<u>\$ 112,641</u>

See accompanying notes to financial statements.

**FAYETTEVILLE STATE UNIVERSITY  
NATIONAL ALUMNI ASSOCIATION, INC.  
STATEMENT OF CASH FLOWS  
Year Ended June 30, 2012  
(With comparative totals for the year ended June 30, 2011)**

	<u>2012</u>	<u>2011</u>
Operating activities:		
Change in net assets	\$ (7,752)	\$ (22,547)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	313	313
(Increase) decrease in assets:		
Sales tax receivable	612	(648)
Accrued interest receivable	-	-
Increase (decrease) in:		
Accounts payable	<u>(467)</u>	<u>467</u>
Net cash provided by (used in) operating activities	<u>(7,294)</u>	<u>(22,415)</u>
Net increase (decrease) in cash and cash equivalents	(7,294)	(22,415)
Cash and cash equivalents:		
Beginning of year	<u>29,080</u>	<u>51,495</u>
End of year	<u>\$ 21,786</u>	<u>\$ 29,080</u>

See accompanying notes to financial statements.

**FAYETTEVILLE STATE UNIVERSITY  
NATIONAL ALUMNI ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 1 - ORGANIZATIONAL STRUCTURE AND PURPOSE**

Fayetteville State University National Alumni Association, Inc. (the Association) is a nonprofit organization incorporated under the laws of the state of North Carolina. Its purpose is to provide scholarships to students at Fayetteville State University, promote and coordinate alumni support, assist in recruiting students, develop personal and professional growth of members, and support athletics and other projects at Fayetteville State University.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of the Association is presented to assist in understanding the Association's financial statements. The financial statements and notes are representations of the Association's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

**Property and Equipment**

Property and equipment are stated at cost or, if contributed, at the fair value at the date of the gift. Repairs and maintenance are expensed currently and betterments and improvements are capitalized. The Association utilizes the straight-line method of depreciation.

**Cash and Cash Equivalents**

Cash flow statements are presented using the indirect method. For purposes of cash flow presentation, the Association considers currency on hand, demand deposits with financial institutions, and all highly liquid debt instruments purchased with a maturity date of six months or less to be cash equivalents.

**Revenue Recognition**

Financial statements are presented using the accrual basis of accounting, recognizing revenue when earned and expenses when incurred. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires within the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily or permanently restricted net assets are reclassified to unrestricted net assets.

**Contributions**

The Association employs *Accounting for Contributions Received and Contributions Made*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. There were no temporarily or permanently restricted contributions for the year ended June 30, 2012.

**Functional Expenses**

Expenses are allocated on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses common to several functions are allocated by various statistical bases.



**FAYETTEVILLE STATE UNIVERSITY**  
**NATIONAL ALUMNI ASSOCIATION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Income Taxes**

The Association is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code (IRC). Therefore, no provision for income taxes is made in the accompanying financial statements. The organization files federal Form 990, *Return of Organization Exempt from Income Tax*. In addition, the Internal Revenue Service has determined that the Association is not a "private foundation" within the meaning of §509(a) of the IRC. There was no unrelated business income during the fiscal year.

On July 1, 2010, the Association adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Association has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Association believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Association's financial condition, results of operations or cash flows. Accordingly, the Association has not recorded any reserves, or related accruals for interest and penalties for income tax positions at June 30, 2012.

The Association is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Association believes it is no longer subject to income tax examinations for years prior to 2008.

The Association's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

**Financial Statement Presentation**

The Association employs *Financial Statements of Not-for-Profit Organizations*. The Association presents a statement of cash flows. Also, the Association reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. There were no temporarily or permanently restricted net assets as of June 30, 2012.

**Statement of Cash Flows**

The Association presents its cash flow statements using the indirect method. For the purpose of the statement of cash flows, cash and cash equivalents are defined as demand deposits with financial institutions and all highly liquid debt instruments purchased with a maturity date of three months or less.

**Estimates**

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

**FAYETTEVILLE STATE UNIVERSITY  
NATIONAL ALUMNI ASSOCIATION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

**NOTE 3 - CREDIT CONCENTRATION**

The Association employs *Disclosure of Information about Financial Instruments with Off-Balance-Sheet Risk and Financial Instruments with Concentrations of Credit Risk*, to disclose significant concentrations of credit risk regardless of the degree of risk. At June 30, 2012, the Association maintained bank deposits in one bank located in Fayetteville, North Carolina. Accounts are secured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2012, bank deposits totaled approximately \$11,872; all of which was insured.

**NOTE 4 - SUBSEQUENT EVENTS**

Subsequent events were considered through September 4, 2012, the date the financial statements were issued.