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GEORGETOWN UNIVERSITY ALUMNI ASSOCIATION, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
JUNE 30, 2015 AND 2014

MATTHEWS, CARTER & BOYCE
RESPECT. CONFIDENCE. TRUST.

GEORGETOWN UNIVERSITY ALUMNI ASSOCIATION, INC.

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MATTHEWS, CARTER & BOYCE
CPAs • ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Governors
Georgetown University Alumni Association, Inc.
Washington, DC

We have audited the accompanying financial statements of Georgetown University Alumni Association, Inc., which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors consider 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 Georgetown University Alumni Association, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Fairfax, Virginia
November 24, 2015

GEORGETOWN UNIVERSITY ALUMNI ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2015 AND 2014

ASSETS

	2015	2014
CURRENT ASSETS		
Cash and cash equivalents	\$ 446	\$ 446
Accounts receivable, net	6,217	52,080
Accrued interest receivable	-	1,477
Prepaid expenses	86,709	29,845
Total Current Assets	\$ 93,372	\$ 83,848
OTHER ASSETS		
Investments, at fair value	\$ 5,347,648	\$ 5,288,057
Property and equipment, net	485,229	308,735
Total Other Assets	\$ 5,832,877	\$ 5,596,792
TOTAL ASSETS	\$ 5,926,249	\$ 5,680,640

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 892	\$ 89,806
Deferred royalties	321,446	-
Total Current Liabilities	\$ 322,338	\$ 89,806
OTHER LIABILITIES		
Note payable	783,845	\$ 783,845
TOTAL LIABILITIES	\$ 1,106,183	\$ 873,651
NET ASSETS		
Unrestricted:		
Available for operations	\$ 4,692,842	\$ 4,642,920
Board designated - Alumni Serving Alumni Program	82,114	61,748
Board designated - Strategic Initiative Reserve	45,110	96,447
Total Unrestricted Net Assets	\$ 4,820,066	\$ 4,801,115
Permanently restricted	-	5,874
Total Net Assets	\$ 4,820,066	\$ 4,806,989
TOTAL LIABILITIES AND NET ASSETS	\$ 5,926,249	\$ 5,680,640

See notes to financial statements.

GEORGETOWN UNIVERSITY ALUMNI ASSOCIATION, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

	Unrestricted Net Assets	Permanently Restricted Net Assets	Total
	<u> </u>	<u> </u>	<u> </u>
OPERATING REVENUE AND SUPPORT			
In-kind operating support from Georgetown University	\$ 2,136,430	\$ -	\$ 2,136,430
Royalties	476,002	-	476,002
Interest and dividends	107,067	-	107,067
Other	450	-	450
Net assets released from restriction due to satisfaction of program or time restrictions	5,874	(5,874)	-
	<u> </u>	<u> </u>	<u> </u>
Total Operating Revenue and Support	<u>\$ 2,725,823</u>	<u>\$ (5,874)</u>	<u>\$ 2,719,949</u>
EXPENSES			
Program Services:			
Athletics	\$ 42,726	\$ -	\$ 42,726
Law alumni	253,202	-	253,202
Main campus alumni	1,252,294	-	1,252,294
Medical alumni	174,959	-	174,959
Networking	51,512	-	51,512
Regional programs	477,987	-	477,987
Other alumni events and services	54,726	-	54,726
Contributions to the University	-	-	-
Total Program Services	<u>\$ 2,307,406</u>	<u>\$ -</u>	<u>\$ 2,307,406</u>
Supporting Services:			
Board and leadership events	\$ 188,556	\$ -	\$ 188,556
Other general and administrative	163,907	-	163,907
Total Supporting Services	<u>\$ 352,463</u>	<u>\$ -</u>	<u>\$ 352,463</u>
	<u> </u>	<u> </u>	<u> </u>
Total Operating Expenses	<u>\$ 2,659,869</u>	<u>\$ -</u>	<u>\$ 2,659,869</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>\$ 65,954</u>	<u>\$ (5,874)</u>	<u>\$ 60,080</u>
OTHER GAINS AND EXPENSES			
Realized gains on investments	\$ 77,826	\$ -	\$ 77,826
Unrealized losses on investments	(97,904)	-	(97,904)
Investment management fees	(26,925)	-	(26,925)
	<u> </u>	<u> </u>	<u> </u>
Net Other Gains and Expenses	<u>\$ (47,003)</u>	<u>\$ -</u>	<u>\$ (47,003)</u>
CHANGE IN NET ASSETS	<u>\$ 18,951</u>	<u>\$ (5,874)</u>	<u>\$ 13,077</u>
NET ASSETS, BEGINNING OF YEAR	<u>4,801,115</u>	<u>5,874</u>	<u>4,806,989</u>
NET ASSETS, END OF YEAR	<u><u>\$ 4,820,066</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,820,066</u></u>

See notes to financial statements.

GEORGETOWN UNIVERSITY ALUMNI ASSOCIATION, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Unrestricted Net Assets</u>	<u>Permanently Restricted Net Assets</u>	<u>Total</u>
OPERATING REVENUE AND SUPPORT			
In-kind operating support from Georgetown University	\$ 2,239,638	\$ -	\$ 2,239,638
Royalties	418,397	-	418,397
Interest and dividends	60,933	-	60,933
	<hr/>	<hr/>	<hr/>
Total Operating Revenue and Support	\$ 2,718,968	\$ -	\$ 2,718,968
EXPENSES			
Program Services:			
Athletics	\$ 33,644	\$ -	\$ 33,644
Law alumni	300,729	-	300,729
Main campus alumni	1,181,362	-	1,181,362
Medical alumni	175,739	-	175,739
Networking	127,473	-	127,473
Regional programs	415,957	-	415,957
Other alumni events and services	89,730	-	89,730
Contributions to the University	60,085	-	60,085
Total Program Services	<hr/>	<hr/>	<hr/>
Total Program Services	\$ 2,384,719	\$ -	\$ 2,384,719
Supporting Services:			
Board and leadership events	\$ 307,041	\$ -	\$ 307,041
Other general and administrative	223,397	-	223,397
Total Supporting Services	<hr/>	<hr/>	<hr/>
Total Supporting Services	\$ 530,438	\$ -	\$ 530,438
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	\$ 2,915,157	\$ -	\$ 2,915,157
CHANGE IN NET ASSETS FROM OPERATIONS			
	<hr/>	<hr/>	<hr/>
	\$ (196,189)	\$ -	\$ (196,189)
OTHER GAINS AND EXPENSES			
Realized gains on investments	\$ 24,539	\$ -	\$ 24,539
Unrealized gains on investments	469,565	-	469,565
Investment management fees	(21,176)	-	(21,176)
	<hr/>	<hr/>	<hr/>
Net Other Gains and Expenses	\$ 472,928	\$ -	\$ 472,928
CHANGE IN NET ASSETS			
	<hr/>	<hr/>	<hr/>
	\$ 276,739	\$ -	\$ 276,739
NET ASSETS, BEGINNING OF YEAR			
	<hr/>	<hr/>	<hr/>
	4,524,376	5,874	4,530,250
NET ASSETS, END OF YEAR			
	<hr/>	<hr/>	<hr/>
	\$ 4,801,115	\$ 5,874	\$ 4,806,989

See notes to financial statements.

GEORGETOWN UNIVERSITY ALUMNI ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2015

	Program Services							Supporting Services				Total	
	Athletics	Law Alumni	Main Campus Alumni	Medical Alumni	Networking	Regional Programs	Other Alumni Events & Services	Contributions to the University	Total Program Services	Board & Leadership Events	Other General and Administrative		Total Supporting Services
Accounting/audit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,614	\$ 17,614	\$ 17,614
Alumni elections	-	-	12,732	-	-	-	-	-	12,732	-	-	-	12,732
Bad Debt Expense	-	-	-	-	-	-	-	-	-	-	10,000	10,000	10,000
Conferences and workshops	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions/ASAP Grants	-	10,516	175,292	5,000	-	-	-	-	190,808	-	75	75	190,883
Depreciation	-	-	-	-	-	-	-	-	-	-	27,684	27,684	27,684
Dues and subscriptions	-	-	3,371	-	-	-	-	-	3,371	-	-	-	3,371
General services	8,846	7,333	50,500	3,338	10,477	28,706	967	-	110,167	3,511	14,530	18,041	128,208
Insurance	-	-	3,152	-	-	-	-	-	3,152	-	11,155	11,155	14,307
Maintenance and repairs	-	-	-	-	-	-	-	-	-	-	7,540	7,540	7,540
Marketing	-	4,057	44,999	497	-	-	-	-	49,553	-	2,292	2,292	51,845
Miscellaneous	1,526	(1,686)	10,938	1,695	297	761	-	-	13,531	3,584	(5,391)	(1,807)	11,724
Professional services	-	2,525	56,551	-	-	1,302	3,750	-	64,128	1,200	1,246	2,446	66,574
Rentals and leases	-	76	160,114	13,320	528	12,594	-	-	186,632	1,121	145	1,266	187,898
Retreat and board meetings	-	-	(150)	-	-	-	-	-	(150)	-	308	308	158
Strategic plan (Discretionary)	-	-	40,973	-	-	-	-	-	40,973	-	-	-	40,973
Supplies, printing and postage	18,905	52,794	57,225	26,315	17,148	53,336	8,188	-	233,911	5,962	40,698	46,660	280,571
Taxes	-	-	130	-	-	-	-	-	130	-	-	-	130
Telecommunications	765	3,048	206	2,331	1,274	15,279	-	-	22,903	3,957	-	3,957	26,860
Travel, entertainment, reimbursements and transfers	12,684	174,539	635,812	122,463	21,788	366,009	41,821	-	1,375,116	169,221	3,600	172,821	1,547,937
Utilities	-	-	449	-	-	-	-	-	449	-	32,411	32,411	32,860
TOTAL	\$ 42,726	\$ 253,202	\$ 1,252,294	\$ 174,959	\$ 51,512	\$ 477,987	\$ 54,726	\$ -	\$ 2,307,406	\$ 188,556	\$ 163,907	\$ 352,463	\$ 2,659,869

See notes to financial statements.

GEORGETOWN UNIVERSITY ALUMNI ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2014

	Program Services							Supporting Services				Total	
	Athletics	Law Alumni	Main Campus Alumni	Medical Alumni	Networking	Regional Programs	Other Alumni Events & Services	Contributions to the University	Total Program Services	Board & Leadership Events	Other General and Administrative		Total Supporting Services
Accounting/Audit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,076	\$ 14,076	\$ 14,076
Alumni elections	-	-	16,303	-	-	-	-	-	16,303	-	-	-	16,303
Bad Debt Expense	-	-	(842)	-	-	-	-	-	(842)	6,919	1,479	8,398	7,556
Conferences and workshops	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions/ASAP Grants	-	29,500	197,831	15,247	-	2,500	2,345	60,085	307,508	556	-	556	308,064
Depreciation	-	-	-	-	-	-	-	-	-	-	24,438	24,438	24,438
Dues and subscriptions	-	-	-	-	-	-	-	-	-	-	2,530	2,530	2,530
General services	8,622	14,990	63,957	6,029	32,328	7,356	3,198	-	136,480	37,825	8,514	46,339	182,819
Insurance	-	-	-	-	-	-	-	-	-	-	13,564	13,564	13,564
Maintenance and repairs	-	-	-	-	-	-	-	-	-	-	4,830	4,830	4,830
Marketing	-	1,494	597	-	-	-	24,430	-	26,521	-	5,872	5,872	32,392
Miscellaneous	-	158	13,881	11,887	15	97,870	21	-	123,832	342	3,392	3,734	127,566
Professional services	-	8,300	191	-	-	516	10,000	-	19,007	616	97,772	98,388	117,395
Rentals and leases	-	527	153,736	7,905	1,628	11,606	-	-	175,402	9,533	840	10,373	185,775
Retreat and board meetings	-	-	-	-	-	-	-	-	-	57,306	-	57,306	57,306
Strategic plan (Discretionary)	-	10,000	34,837	-	-	-	-	-	44,837	-	4,725	4,725	49,562
Supplies, printing and postage	14,835	49,955	54,522	33,457	29,184	77,113	1,789	-	260,855	13,167	10,532	23,699	284,554
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Telecommunications	1,183	2,180	-	1,465	1,453	13,927	-	-	20,208	3,783	2,100	5,883	26,091
Travel, entertainment, reimbursements and transfers	9,004	183,626	646,348	99,749	62,865	205,069	47,947	-	1,254,608	176,994	4,107	181,101	1,435,710
Utilities	-	-	-	-	-	-	-	-	-	-	24,626	24,626	24,626
TOTAL	\$ 33,644	\$ 300,729	\$ 1,181,362	\$ 175,739	\$ 127,473	\$ 415,957	\$ 89,730	\$ 60,085	\$ 2,384,719	\$ 307,041	\$ 223,397	\$ 530,438	\$ 2,915,157

See notes to financial statements.

GEORGETOWN UNIVERSITY ALUMNI ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 13,077	\$ 276,739
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	27,684	24,438
Realized loss on investments	(77,826)	(24,539)
Unrealized (gain) loss on investments	97,904	(469,565)
Allowance for doubtful accounts	10,000	-
Change in asset accounts:		
Accounts receivable	35,863	(43,745)
Accrued interest receivable	1,477	1,427
Prepaid expenses	(56,864)	13,558
Accounts payable	(88,914)	88,838
Deferred royalties	321,446	(200,000)
	<u>\$ 283,847</u>	<u>\$ (332,849)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment	\$ (204,178)	\$ -
Proceeds from sale of investments	515,018	1,213,021
Purchases of investments	<u>(594,687)</u>	<u>(880,172)</u>
	<u>\$ (283,847)</u>	<u>\$ 332,849</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	\$ -	\$ -
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>446</u>	<u>446</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 446</u></u>	<u><u>\$ 446</u></u>

There were no non-cash investing or financing activities for the years ended June 30, 2015 or 2014.

See notes to financial statements.

GEORGETOWN UNIVERSITY ALUMNI ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 1. Organization and Significant Accounting Policies

Organization

Georgetown University Alumni Association, Inc. (the "Association") was incorporated in 1947 under the laws of the State of Delaware to serve Georgetown University (the "University") and its alumni. The Association has headquarters in Washington, D.C., with regional Alumni clubs throughout the United States and worldwide. The Association's Board of Governors has primary responsibility for planning and oversight of all alumni activities.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America whereby revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Net assets and revenue are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Association and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets not subject to donor-imposed stipulations. The Association's unrestricted net assets include Board designated net assets (Strategic Initiative Reserve and Alumni Serving Alumni Program (ASAP) grants) which are maintained primarily to provide a source of revenue to the Association to be used for expenditures pursuant to directives by the Board of Governors.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met by either actions of the Association and/or the passage of time. There were no temporarily restricted net assets as of June 30, 2015 or 2014.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Association. The Association's permanently restricted net assets represent resources that have been donated by members requiring that the principal be invested and the income be used for operating purposes. This amount was \$0 and \$5,874 for the years ended June 30, 2015 and 2014, respectively, see Note 10.

Cash and Cash Equivalents

The Association considers money market funds and highly liquid investments with original maturities of less than three months to be cash equivalents. The cash and cash equivalents held in accounts professionally managed by investment advisors is included in investments in the statements of financial position.

GEORGETOWN UNIVERSITY ALUMNI ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 1. Organization and Significant Accounting Policies (Continued)

Contributions, accounts receivable and allowance for doubtful accounts

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Unconditional contributions receivable are recognized as revenues in the period the pledge is received. Conditional contributions receivable are recognized when the conditions on which they depend are substantially met.

In the ordinary course of business the Association grants credit to contributors and others. The accounts receivable are recorded at the lower of cost or fair value. The risk of loss on the accounts receivable is the balance due at the time of default. The Association uses the allowance method to determine uncollectible contributions and other receivables. The allowance is based upon prior years' experience and management's analysis of specific promises made. The allowance for doubtful accounts was \$10,000 and \$0 as of June 30, 2015 or 2014, respectively. The Association does not accrue interest on its accounts receivable.

The Association receives donated materials, supplies, telecommunications and utilities from the University as pledged by the President of the University on June 26, 1992. The amount of the support determined each year is measured by actual expenditures by the University on the Association's behalf. The donated materials, supplies, telecommunications and utilities are used in nearly every program of the Association as well as for general and administrative expenses. Contributed materials, supplies, telecommunications and utilities are recognized as revenues and expenses in the statement of activities. For the years ended June 30, 2015 and 2014, the contributions totaled \$2,136,430 and \$2,239,638, respectively.

Donated services were also provided by the University as pledged by the President of the University on June 26, 1992. The value of such donations is not reflected in the accompanying financial statements, as it does not meet the requirements for recording contributions as defined in FASB ASC 958. The amount of contributed services as valued by the University was \$3,077,705 and \$2,874,141, for the years ended June 30, 2015 and 2014, respectively.

Investments

Investments in equity securities, money market funds, mutual funds and bonds are recorded at fair value based on quoted market rates. Fair value of certificate of deposits are estimated by the investment managers using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities on time deposits. Money market accounts are recorded at fair value which equals cost. Realized and unrealized gains and losses are included in other gains and expenses in the statements of activities. Interest and dividends are recorded as earned.

GEORGETOWN UNIVERSITY ALUMNI ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 1. Organization and Significant Accounting Policies (Concluded)

Property and Equipment

Property and equipment are stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets. The useful lives used for the purpose of computing depreciation are 40 years for building and leasehold improvements, 5 years for equipment and website costs, and 15 years for furniture and fixtures. Expenditures which extend the useful life of an asset are capitalized while repairs and maintenance costs are expensed as they are incurred.

Deferred Revenue

Royalties from credit card and directory contracts are reported as income when earned under the terms of the royalty agreement. Royalty fees collected in advance are reported as deferred royalties.

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 of revenue and expenses during the reporting periods and reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Functional allocation of expenses

The costs of providing various programs and other activities of the Association have been summarized on a functional basis in the accompanying financial statements. Costs that can be identified with a particular program or support function are charged directly to that program or function. Other allocable costs have been allocated to program services and to management and general based upon management's best estimates.

Note 2. Income Taxes

The Association is a 501(c)(3) organization and is exempt from federal and state income tax under Section 501(a) of the Internal Revenue Code (the "Code"). Under the provisions of the Code, the Association is, however, subject to tax on business income unrelated to the Association's exempt purpose. For the years ended June 30, 2015 and 2014, the Association had no liability for tax on unrelated business income. The Association files information returns as required. Currently, returns for the years subsequent to 2011 are open and subject to examination. The Association is not currently under audit by any income tax jurisdiction.

The Association recognizes the effects of income tax positions only if those positions are more likely than not of being sustained. The Association does not believe its income tax returns include any uncertain tax positions.

GEORGETOWN UNIVERSITY ALUMNI ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 3. Property and Equipment

Property and equipment consisted of the following:

	<u>2015</u>	<u>2014</u>
Building and equipment	\$ 883,460	\$ 879,342
Website	198,379	-
Furniture and fixtures	<u>189,453</u>	<u>187,773</u>
	\$ 1,271,292	\$ 1,067,115
Less: accumulated depreciation	<u>(786,063)</u>	<u>(758,380)</u>
Net Property and Equipment	<u>\$ 485,229</u>	<u>\$ 308,735</u>

The website has not been placed in service as of June 30, 2015.

Note 4. Investments and Fair Value Measurement

Investments consisted of the following:

	<u>June 30, 2015</u>		<u>June 30, 2014</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 44,523	\$ 44,523	\$ 728,275	\$ 728,274
Certificates of deposit	1,100,000	1,103,281	1,500,000	1,501,730
Mutual funds:				
Emerging markets	430,999	434,220	356,539	382,648
Real estate	213,255	193,134	183,712	189,993
ETF's and closed end funds:				
Master LP's	168,246	148,348	105,611	112,157
Equities		321,806	298,972	108,775
108,334				
Large Cap	1,975,694	2,250,052	1,244,335	1,525,880
Small Cap	200,028	244,796	174,820	222,434
Mid Cap	253,189	316,294	175,203	226,186
Common stocks	<u>238,209</u>	<u>314,028</u>	<u>212,913</u>	<u>290,421</u>
	<u>\$ 4,945,949</u>	<u>\$ 5,347,648</u>	<u>\$ 4,790,183</u>	<u>\$ 5,288,057</u>

The investments are held in the following accounts:

	<u>June 30, 2015</u>		<u>June 30, 2014</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
GIF	\$ 125,559	\$ 165,368	\$ 123,127	\$ 160,530
GUSIF	154,321	190,331	139,225	179,330
Long Range	3,608,048	3,930,647	2,375,699	2,794,336
Operating	<u>1,058,021</u>	<u>1,061,302</u>	<u>2,152,132</u>	<u>2,153,861</u>
	<u>\$ 4,945,949</u>	<u>\$ 5,347,648</u>	<u>\$ 4,790,183</u>	<u>\$ 5,288,057</u>

GEORGETOWN UNIVERSITY ALUMNI ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 4. Investments and Fair Value Measurement (Continued)

The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurement, provides the framework for measuring fair value. That framework includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2 Inputs to the valuation methodology include: a) quoted prices for similar assets or liabilities in active markets; b) quoted prices for identical or similar assets or liabilities in inactive markets; c) inputs other than quoted prices that are observable for the asset or liability; and d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If an asset or liability has a specific (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2015 or 2014.

Level 1 assets:

Money market funds: Valued at the quoted market prices at year end.

Mutual funds: Valued at the net asset value ("NAV") of shares held by the Association at year end.

Common stocks: Valued at quoted market prices at year end.

U.S. Government Bonds: Valued at quoted market prices at year end.

Level 2 Assets:

Certificate of deposits: Valued at discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities on time deposits.

GEORGETOWN UNIVERSITY ALUMNI ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 4. Investments and Fair Value Measurement (Concluded)

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

Marketable securities are exposed to various risks such as interest rates, market, and credit risks. Due to the level of risk associated with certain investment securities, it is as least reasonably possible that changes in the values of investment will occur in the near term and those changes could materially affect the amounts reported in the statements of financial position.

Note 5. Note Payable

The Association is indebted to the University in the amount of \$783,845. The note is secured by a building and bears interest at a rate of 5% per annum. In accordance with the terms of the settlement agreement pertaining to litigation against the Association that was dismissed in August 1992, the University has waived the Association's obligation to make monthly debt service payments of \$3,533 of principal and interest as long as no litigation is commenced respecting the structure or governance of the Association or its relationship with the University. The final payment due in February 2037 has also been waived with the same stipulations as the waiver of the monthly debt service payments.

Note 6. Commitments

Lease

The Association has entered into a lease agreement with the University for the property on which the Reed Alumni residence is located. The lease provides for annual rent in the amount of \$13,950, adjusted annually for increases in the Consumer Price Index. The term of the lease is fifty years, expiring in September 2036, at which time the ownership of the building will be transferred to the University.

In accordance with the terms of the settlement agreement pertaining to litigation against the Association that was dismissed in August 1992, the University has waived the Association's obligation to make monthly rent payments as long as no litigation is commenced respecting the structure or governance of the Association or its relationship with the University.

GEORGETOWN UNIVERSITY ALUMNI ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 6. Commitments (Concluded)

Royalties

The Association has entered into royalty agreements with varying terms that expire through March 2019. Some of the royalty agreements contain provisions for minimum annual royalty payments. The following table details the minimum commitments to be received in fiscal years:

June 2016	\$	460,000
June 2017		265,000
June 2018		245,000
June 2019		-
June 2020		-
		<u>970,000</u>

Note 7. Board Designated Net Assets

The Board of Directors has designated a portion of the Association's unrestricted net assets for the Strategic Initiative Reserve to help with the five-year Strategic Plan Initiative that commenced at the beginning of the 2007 fiscal year. The amount designated by the Board for the Strategic Initiative Reserve totaled \$45,110 and \$96,447 as of June 30, 2015 and 2014, respectively.

The Board of Directors has also designated a portion of the Association's unrestricted net assets for the Alumni Serving Alumni Program (ASAP) that commenced during the 2014 fiscal year. The amount designated by the Board for the ASAP grants totaled \$82,114 and \$61,748 as of June 30, 2015 and 2014, respectively.

Note 8. Related Party and Concentration

The Association receives a substantial amount of support from the University. If this support were terminated the Association would potentially suffer a serious impact to its operations. However, in accordance with the terms of the settlement agreement pertaining to litigation against the Association that was dismissed in August 1992, the University receives the support, and has waived debt payment obligations as noted in Note 5 and lease payments as noted in Note 6. Total support from the University for the years ended June 30, 2015 and 2014 was \$5,214,135 and \$5,113,779, respectively, see Note 1.

The Association contributes amounts to the University to support University programs and grants and also pays amounts to the University for reimbursement of expenses. Such amounts for the years ended June 30, 2015 and 2014 totaled \$438,335 and \$302,910. The Association owed the University \$0 as of June 30, 2015. The University owed the Association \$6,217 as of June 30, 2015 and this amount is included in Accounts receivable.

GEORGETOWN UNIVERSITY ALUMNI ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 9. Presentation of Prior Year Financial Statements

Certain amounts and descriptions in the prior year financial statements have been modified for comparative purposes to conform to the presentation of the current year financial statements.

Note 10. Permanently Restricted Net Assets

In prior years the Association had included \$5,874 in permanently restricted net assets. Upon investigation of these amounts no evidence could be found to support that the amounts represented permanently restricted net assets. There was certain support that indicated that similar amounts had been contributed with the intent that the funds benefit Georgetown University. Therefore, in the year ended June 30, 2015 the amount was contributed to the University.

Note 11. Subsequent Events

In preparing these financial statements, the Association's management has evaluated events and transactions for potential recognition or disclosure through November 24, 2015, the date the financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required recognition or disclosure.

SUPPLEMENTAL INFORMATION

GEORGETOWN UNIVERSITY ALUMNI ASSOCIATION, INC.

SCHEDULES OF REVENUE AND EXPENSES

(EXCLUDING IN-KIND REVENUE AND EXPENSES)

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
OPERATING REVENUE AND SUPPORT		
Royalties	\$ 476,002	\$ 418,397
Interest and dividends	107,067	60,933
Other	450	#REF!
	<u>583,519</u>	<u>#REF!</u>
Total Operating Revenue and Support	\$ 583,519	#REF!
OPERATING EXPENSES		
Accounting/audit	\$ 17,614	\$ 14,076
Alumni elections	12,732	16,303
Bad Debt Expense	10,000	-
Catering	55,744	-
Conferences and workshops	-	7,556
ASAP Grants and expenses	190,883	308,064
Depreciation	27,684	24,438
Dues and subscriptions	3,371	2,530
Insurance	14,307	13,564
Maintenance and repairs	7,540	4,830
Marketing	51,845	32,392
Miscellaneous	(3,908)	3,694
Professional services	58,157	65,962
Retreat and board meeting	158	57,306
Strategic planning initiative	40,973	99,863
Supplies, printing and postage	4,284	6,756
Taxes	130	-
Telecommunications	206	-
Travel and entertainment	22,691	14,595
Utilities	9,028	3,590
	<u>523,439</u>	<u>675,519</u>
Total Operating Expenses	\$ 523,439	\$ 675,519
CHANGE IN NET ASSETS FROM OPERATIONS	<u>\$ 60,080</u>	<u>#REF!</u>
OTHER GAINS AND EXPENSES		
Realized gains on investments	\$ 77,826	\$ 24,539
Unrealized gains (losses) on investments	(97,904)	469,565
Investment management fees	(26,925)	(21,176)
	<u>(47,003)</u>	<u>472,928</u>
Total Other Income	\$ (47,003)	\$ 472,928
CHANGE IN NET ASSETS	<u>\$ 13,077</u>	<u>#REF!</u>

See notes to financial statements.