

WHARTON BUSINESS SCHOOL CLUB OF NEW YORK, INC.

Audited Financial Statements

June 30, 2009

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
Wharton Business School Club of New York, Inc.

We have audited the accompanying statement of financial position of Wharton Business School Club of New York, Inc. ("the Organization") as of June 30, 2009, and the related statements of activities, functional expenses, and cash flows for the fiscal 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 the Organization's June 30, 2008 financial statements and, in our report dated January 29, 2009 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 Wharton Business School Club of New York, Inc. as of June 30, 2009, and the change 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.

Schall & Ashenfarb
Certified Public Accountants, LLC

February 6, 2010

WHARTON BUSINESS SCHOOL CLUB OF NEW YORK, INC.
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2009
(With comparative totals for June 30, 2008)

	<u>6/30/09</u>	<u>6/30/08</u>
Assets		
Cash and cash equivalents (Note 2e)	\$474,634	\$421,334
Prepaid special event expenses	8,817	48,289
Accounts receivable	<u>7,544</u>	<u>21,942</u>
Total assets	<u><u>\$490,995</u></u>	<u><u>\$491,565</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$2,841	20,004
Deferred membership dues (Note 2f)	<u>29,605</u>	<u>38,986</u>
Total liabilities	<u><u>32,446</u></u>	<u><u>58,990</u></u>
Net assets: (Note 2b)		
Unrestricted	453,549	389,575
Temporarily restricted (Note 3)	<u>5,000</u>	<u>43,000</u>
Total net assets	<u><u>458,549</u></u>	<u><u>432,575</u></u>
Total liabilities and net assets	<u><u>\$490,995</u></u>	<u><u>\$491,565</u></u>

*The attached notes and auditors' report
are an integral part of these financial statements.*

WHARTON BUSINESS SCHOOL CLUB OF NEW YORK, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009
(With comparative totals for the year ended June 30, 2008)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 6/30/09</u>	<u>Total 6/30/08</u>
Public support and revenue:				
Program and lecture income	\$ 33,870	\$ -	\$ 33,870	\$ 31,970
Membership income	70,240	-	70,240	75,059
Contributions	9,749	-	9,749	5,000
Benefit income (net of direct benefit to donors of \$97,049) (Note 4)	173,629	5,000	178,629	340,277
Interest income	6,167	-	6,167	5,878
Net assets released from restrictions	<u>43,000</u>	<u>(43,000)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>336,655</u>	<u>(38,000)</u>	<u>298,655</u>	<u>458,184</u>
Expenses:				
Program services	<u>126,938</u>	<u>0</u>	<u>126,938</u>	<u>139,448</u>
Supporting services:				
Management and general	28,633	-	28,633	18,626
Fundraising - annual dinner event	<u>\$117,110</u>		<u>117,110</u>	<u>85,884</u>
Total supporting services	<u>145,743</u>	<u>-</u>	<u>145,743</u>	<u>104,510</u>
Total expenses	<u>272,681</u>	<u>0</u>	<u>272,681</u>	<u>243,958</u>
Change in net assets	63,974	(38,000)	25,974	214,226
Net assets - beginning of year	<u>389,575</u>	<u>43,000</u>	<u>432,575</u>	<u>218,349</u>
Net assets - end of year	<u>\$ 453,549</u>	<u>\$ 5,000</u>	<u>\$458,549</u>	<u>\$432,575</u>

*The attached notes and auditors' report
are an integral part of these financial statements.*

WHARTON BUSINESS SCHOOL CLUB OF NEW YORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009
(With comparative totals for the year ended June 30, 2008)

	Program Services	Supporting Services			Total Expenses 6/30/09	Total Expenses 6/30/08
		Management and General	Fundraising - Annual Dinner Event	Total		
Accounting	\$ -	\$ 12,345	\$ -	\$ 12,345	\$ 12,345	\$ 4,585
Credit card processing charges	6,798	283	7,081	7,364	14,162	11,269
Consulting	-	-	-	-	-	39,905
Salaries and related costs	44,644	8,928	5,952	14,880	59,524	12,855
Program and lecture expense	18,869	-	-	-	18,869	10,630
Liability insurance	-	3,946	-	3,946	3,946	3,586
Office, postage and printing	6,045	929	774	1,703	7,748	5,667
Telephone	521	65	65	130	651	525
Website and newsletter	50,061	2,137	-	2,137	52,198	81,662
Annual dinner event - other direct expenses	-	-	103,238	103,238	103,238	73,274
Total	<u>\$126,938</u>	<u>\$28,633</u>	<u>\$117,110</u>	<u>\$145,743</u>	<u>\$272,681</u>	<u>\$243,958</u>

*The attached notes and auditors' report
are an integral part of these financial statements.*

WHARTON BUSINESS SCHOOL CLUB OF NEW YORK, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009
(With comparative totals for the year ended June 30, 2008)

	<u>6/30/09</u>	<u>6/30/08</u>
Cash flows from operating activities:		
Change in net assets	\$25,974	\$214,226
(Increase)/decrease in assets:		
Prepaid special event expenses	39,472	(20,664)
Accounts receivable	14,398	(21,942)
Increase/(decrease) in liabilities:		
Accounts payable	(17,163)	20,004
Deferred membership dues	(9,381)	(2,208)
Total adjustments	<u>27,326</u>	<u>(24,810)</u>
Net cash provided by operating activities/net increase in cash and cash equivalents	53,300	189,416
Cash and cash equivalents - beginning	<u>421,334</u>	<u>231,918</u>
Cash and cash equivalents - ending	<u><u>\$474,634</u></u>	<u><u>\$421,334</u></u>
Supplemental Information:		
Interest and taxes paid - \$0		

*The attached notes and auditors' report
are an integral part of these financial statements.*

WHARTON BUSINESS SCHOOL CLUB OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Note 1 - Organization

Wharton Business School Club of New York, Inc. ("the Organization"), located in New York City, is operated as a not-for-profit entity and is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The Organization has not been designated as a private foundation.

The Organization's mission is to provide excellent business, career, academic, and social opportunities and services to all members of the Wharton School in the NY metropolitan area; to promote the Wharton School throughout the NY metropolitan area; to encourage and support the Wharton School; to nurture the relationship between NY metropolitan area alumni and the Wharton School; and to set the standard by which other Wharton Clubs shall be judged.

Note 2 - Significant Accounting Policies

a. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting, and accordingly reflect all significant receivables, payables, and other liabilities.

b. Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

- *Unrestricted net assets* – represents all activity without donor imposed restrictions as well as activity with donor imposed restrictions that expire within the same period.
- *Temporarily restricted net assets* – accounts for activity based on specific donor restrictions that are expected to be satisfied by passage of time or performance of activities.
- *Permanently restricted net assets* – represents donor restricted contributions, which must remain intact permanently according to that donor's specific request. The Organization did not have any permanently restricted contributions or net assets during the year ended June 30, 2009.

c. Contributions

A contribution is defined as an unconditional transfer of assets or a settlement of liabilities in a voluntary, nonreciprocal transfer. Contributions received with restrictions that expire in the same period are reported as unrestricted. All other donor-restricted support is reported as an increase in temporarily restricted net assets.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

d. Contributions Receivable

The Organization records unconditional promises to give as revenue in the period received at the present value of the expected cash inflow. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Organization establishes a reserve for bad debts based on historical experience. Pledges are written-off against the reserve at the point in time where management deems that all reasonable collection efforts have been exhausted.

e. Cash and Cash Equivalents

The Organization considers all liquid investments with an initial maturity of twelve months or less to be cash and cash equivalents.

f. Deferred Membership Dues

Membership dues collected that relate to future periods is deferred and recognized as income in the period earned.

g. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of temporary cash investments. The Organization places its temporary cash investments with financial institutions that have \$100,000 limits of insurance from the FDIC. Subsequent to the date of the financial statements, the FDIC limits of insurance have temporarily been raised to \$250,000 per depositor until December 31, 2013. As of June 30, 2009, the Organization had no uninsured balances in excess of these limits.

h. Expense Allocation/Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, results could differ from those estimates.

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

i. Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2008, from which the summarized information was derived.

j. Accounting for Uncertainty of Income Taxes

The FASB issued FASB Interpretation No. 48 ("FIN 48"), *Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109*. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes*. FIN 48 prescribes a recognition threshold and measurement standard for the financial statement recognition and measurement of an income tax position taken or expected to be taken on a tax return. In addition, FIN 48 provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The effective date of applying FIN 48 has been postponed until December 31, 2009. The Organization has elected to defer the application of FIN 48 and the effects have yet to be determined.

Note 3 - Temporarily Restricted Net Assets

As of June 30, 2009, temporarily restricted net assets of \$5,000 consist of contributions received for the next fiscal year's annual dinner event.

As mentioned in Note 2b, contributions received with donor restrictions are recorded as temporarily restricted until the restrictions are satisfied.

The following schedule summarizes this activity:

	Balance <u>6/30/08</u>	<u>Contributions</u>	Released from <u>Restrictions</u>	Balance <u>6/30/09</u>
Annual dinner event support	<u>\$43,000</u>	<u>\$5,000</u>	<u>(\$43,000)</u>	<u>\$5,000</u>

Note 4 - Benefit Income

During the fiscal year ended June 30, 2009, the Organization held a fundraising event. Direct expenses of the event that benefited donors have been netted with benefit income in the public support section, and other direct costs have been shown as annual dinner event expenses. The financial summary of the event is as follows:

Income (inclusive of \$43,000 released from restrictions)	\$313,678
Less: costs of direct benefits to donors	<u>(97,049)</u>
	216,629
Less: other costs	<u>(117,110)</u>
Net benefit income	<u>\$99,519</u>