

WHARTON BUSINESS SCHOOL CLUB OF NEW YORK, INC.

Audited Financial Statements

June 30, 2007



100 W. 42nd Street, 14th Floor
New York, New York 10018

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, 2007, 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.

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, 2007, 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.

A handwritten signature in cursive script that reads "Schall & Ashenfarb".

Schall & Ashenfarb
Certified Public Accountants, LLC

May 9, 2008

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WHARTON BUSINESS SCHOOL CLUB OF NEW YORK, INC.
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2007

Assets

Cash and cash equivalents (Note 2e)	\$231,918
Prepaid special event expenses	<u>27,625</u>
Total assets	<u><u>\$259,543</u></u>

Liabilities and Net Assets

Liabilities:

Deferred membership dues (Note 2f)	<u>\$41,194</u>
Total liabilities	<u><u>41,194</u></u>

Net assets:

Unrestricted (Note 2b)	214,349
Temporarily restricted (Note 3)	<u>4,000</u>
Total net assets	<u><u>218,349</u></u>

Total liabilities and net assets	<u><u>\$259,543</u></u>
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*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, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenue:			
Program and lecture income	\$33,840		\$33,840
Membership income	71,385		71,385
Contributions	900		900
Benefit income (net of direct benefit to donors of \$75,488) (Note 4)	245,654	\$4,000	249,654
Interest income	<u>68</u>		<u>68</u>
Total public support and revenue	<u>351,847</u>	<u>4,000</u>	<u>355,847</u>
Expenses:			
Program services	105,602		105,602
Supporting services:			
Management and general	18,356		18,356
Fundraising	7,178		7,178
Annual dinner event	<u>72,293</u>		<u>72,293</u>
Total supporting services	<u>97,827</u>	<u>0</u>	<u>97,827</u>
Total expenses	<u>203,429</u>	<u>0</u>	<u>203,429</u>
Change in net assets	148,418	4,000	152,418
Net assets - beginning of year	<u>65,931</u>	<u>0</u>	<u>65,931</u>
Net assets - end of year	<u><u>\$214,349</u></u>	<u><u>\$4,000</u></u>	<u><u>\$218,349</u></u>

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WHARTON BUSINESS SCHOOL CLUB OF NEW YORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2007

	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Annual Dinner Event	
Accounting		\$4,660			\$4,660
Credit card processing charges	\$7,752	1,368			9,120
Consulting	31,116	6,667	\$6,667		44,450
Program and lecture expense	14,938			0	14,938
Liability insurance		3,586			3,586
Office, postage and printing	3,695	1,986	422		6,103
Telephone	713	89	89		891
Website and newsletter	47,388				47,388
Annual dinner event - other direct expenses				\$72,293	72,293
Total	\$105,602	\$18,356	\$7,178	\$72,293	\$203,429

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WHARTON BUSINESS SCHOOL CLUB OF NEW YORK, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

Cash flows from operating activities:	
Change in net assets	\$152,418
(Increase)/decrease in assets:	
Miscellaneous receivable	2,109
Prepaid special event expenses	8,588
Increase/(decrease) in liabilities:	
Accounts payable	(3,962)
Deferred membership dues	535
Total adjustments	<u>7,270</u>
Net cash provided by operating activities/net increase in cash and cash equivalents	159,688
Cash and cash equivalents - beginning	<u>72,230</u>
Cash and cash equivalents - ending	<u><u>\$231,918</u></u>

*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, 2007

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. They have 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 follows Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, organizations are required to report 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, 2007.

- c. Contributions
The Organization follows SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. 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
In accordance with SFAS No. 116, 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 three months or less to be cash and cash equivalents.
- f. Deferred Membership Dues
Membership dues collected that relates 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. As of June 30, 2007 the Organization did not have any uninsured balances.
- 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.

Note 3 - Temporarily Restricted Net Assets

As of June 30, 2007 temporarily restricted net assets of \$4,000 consists of contributions received for the next fiscal year's annual dinner event.

Note 4 - Benefit Income

During the fiscal year ended June 30, 2007, the organization held a fundraising event. In accordance with SFAS No. 117, 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	\$321,142
Less: costs of direct benefits to donors	<u>(75,488)</u>
	245,654
Less: other costs	<u>(72,293)</u>
Net benefit income	<u>\$173,361</u>