

WHARTON BUSINESS SCHOOL CLUB OF NEW YORK, INC.

Audited Financial Statements

June 30, 2014

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Wharton Business School Club of New York, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses and cash flows for the year 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 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 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 auditor considers internal control relevant to the organization'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 organization'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.

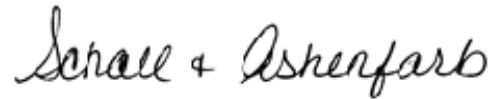
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wharton Business School Club of New York, Inc. as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 1, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

Schall & Ashenfarb
Certified Public Accountants, LLC

May 12, 2015

WHARTON BUSINESS SCHOOL CLUB OF NEW YORK, INC.
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2014
(With comparative totals for June 30, 2013)

	<u>6/30/14</u>	<u>6/30/13</u>
Assets		
Cash and cash equivalents (Notes 2e and 2g)	\$923,739	\$926,418
Prepaid special event expenses	37,462	29,154
Accounts receivable	29,930	8,327
Other assets	<u>364</u>	<u>421</u>
Total assets	<u><u>\$991,495</u></u>	<u><u>\$964,320</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$17,761	\$38,750
Deferred membership dues (Note 2f)	<u>40,111</u>	<u>28,700</u>
Total liabilities	<u><u>57,872</u></u>	<u><u>67,450</u></u>
Net assets: (Note 2b)		
Unrestricted	918,623	890,870
Temporarily restricted (Note 3)	<u>15,000</u>	<u>6,000</u>
Total net assets	<u><u>933,623</u></u>	<u><u>896,870</u></u>
Total liabilities and net assets	<u><u>\$991,495</u></u>	<u><u>\$964,320</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, 2014
(With comparative totals for the year ended June 30, 2013)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 6/30/14</u>	<u>Total 6/30/13</u>
Public support and revenue:				
Program and lecture income	\$35,217		\$35,217	\$38,507
Membership income	60,929		60,929	70,334
Contributions			0	2,142
Benefit income (net of direct benefit to donors of \$38,694 and \$62,623 respectively) (Note 4)	151,157	\$15,000	166,157	177,877
Interest income	874		874	1,521
Other income	9,125		9,125	13,100
Net assets released from restrictions	<u>6,000</u>	<u>(6,000)</u>	<u>0</u>	<u>0</u>
 Total public support and revenue	 <u>263,302</u>	 <u>9,000</u>	 <u>272,302</u>	 <u>303,481</u>
 Expenses:				
Program services	<u>104,771</u>		<u>104,771</u>	<u>120,946</u>
Supporting services:				
Management and general	42,558		42,558	56,957
Fundraising - annual dinner event	<u>88,220</u>		<u>88,220</u>	<u>106,535</u>
Total supporting services	<u>130,778</u>	<u>0</u>	<u>130,778</u>	<u>163,492</u>
Total expenses	<u>235,549</u>	<u>0</u>	<u>235,549</u>	<u>284,438</u>
 Change in net assets	 27,753	 9,000	 36,753	 19,043
 Net assets - beginning of year	 <u>890,870</u>	 <u>6,000</u>	 <u>896,870</u>	 <u>877,827</u>
 Net assets - end of year	 <u><u>\$918,623</u></u>	 <u><u>\$15,000</u></u>	 <u><u>\$933,623</u></u>	 <u><u>\$896,870</u></u>

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WHARTON BUSINESS SCHOOL CLUB OF NEW YORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014
(With comparative totals for the year ended June 30, 2013)

	Program Services	Supporting Services		Total Expenses 6/30/14	Total Expenses 6/30/13
		Management and General	Fundraising - Annual Dinner Event		
Accounting		\$9,735		\$9,735	\$9,762
Credit card processing charges	\$5,747		\$639	639	6,297
General & administrative expenses		17,166		17,166	30,305
Program & lecture expenses	27,504			-	19,767
Liability insurance		5,346		5,346	4,735
Rent		9,400		9,400	10,226
Office, postage and printing	2,430	911		3,341	3,549
Telephone				-	121
Website and newsletter	60,713			-	96,289
Other professional fees	8,000			-	-
Annual dinner event - other expenses	377		87,581	87,581	103,387
Total	\$104,771	\$42,558	\$88,220	\$130,778	\$284,438

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WHARTON BUSINESS SCHOOL CLUB OF NEW YORK, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014
(With comparative totals for the year ended June 30, 2013)

	<u>6/30/14</u>	<u>6/30/13</u>
Cash flows from operating activities:		
Change in net assets	\$36,753	\$19,043
Adjustments to reconcile change in net assets to net cash provided by/(used for) operating activities:		
(Increase)/decrease in assets:		
Prepaid special event expenses	(8,308)	4,774
Accounts receivable	(21,603)	(4,962)
Other assets	57	1,145
Increase/(decrease) in liabilities:		
Accounts payable	(20,989)	23,999
Deferred membership dues	11,411	(11,745)
Total adjustments	<u>(39,432)</u>	<u>13,211</u>
Net cash provided by/(used for) operating activities/net (decrease)/increase in cash and cash equivalents	(2,679)	32,254
Cash and cash equivalents - beginning	<u>926,418</u>	<u>894,164</u>
Cash and cash equivalents - ending	<u><u>\$923,739</u></u>	<u><u>\$926,418</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, 2014

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 Business School Club of New York 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 accompanying financial statements have been prepared using the accrual basis of accounting which is the process of recognizing revenue and expenses when earned or incurred rather than when received or paid. All significant receivables, payables and other liabilities have been reflected.

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, 2014.

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 are 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 with a financial institution that management deems to be creditworthy. Accounts are insured by FDIC. At year-end, the Organization had uninsured balances in the amount of \$400,749. The Organization has not experienced any losses due to the failure of these institutions.

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, 2013, from which the summarized information was derived.

j. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through May 1, 2015, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements.

Note 3 - Temporarily Restricted Net Assets

As of June 30, 2014, temporarily restricted net assets of \$15,000 consist of benefit income received for the next fiscal year's annual dinner event.

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

The following schedule summarizes this activity:

	<u>Balance 6/30/13</u>	<u>Contributions</u>	<u>Released from Restrictions</u>	<u>Balance 6/30/14</u>
Annual dinner event support	<u>\$6,000</u>	<u>\$15,000</u>	<u>(\$6,000)</u>	<u>\$15,000</u>
Total	<u>\$6,000</u>	<u>\$15,000</u>	<u>(\$6,000)</u>	<u>\$15,000</u>

Note 4 - Benefit Income

During the fiscal year ended June 30, 2014, 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:

	<u>6/30/14</u>	<u>6/30/13</u>
Income (inclusive of \$6,000 and \$15,000, respectively released from restrictions)	\$195,851	\$249,500
Less: costs of direct benefits to donors	<u>(38,694)</u>	<u>(62,623)</u>
	157,157	186,877
Less: other costs	<u>(88,220)</u>	<u>(106,535)</u>
Net benefit income	<u>\$68,937</u>	<u>\$80,342</u>