

Wharton Business School Club of New York, Inc.

Financial Statements

June 30, 2016

TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditor's Report	1 - 2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 9
Supplemental Schedule of Functional Expenses	10

Independent Auditor's Report

The Board of Directors
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", a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and of 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.

Auditor's 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 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 auditor's 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 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 Wharton Business School Club of New York, Inc. at June 30, 2016 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of functional expenses on page 10 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Wharton Business School Club of New York, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated April 29, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Rogoff & Company PC

New York, NY
March 28, 2017

Wharton Business School Club of New York, Inc.

Statement of Financial Position

June 30, 2016
(with comparative totals as of June 30, 2015)

	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 1,072,052	\$ 970,258
Accounts receivable	24,784	42,587
Prepaid annual awards event expenses	30,302	48,802
Other prepaid expenses	<u>13,254</u>	<u>2,904</u>
Total assets	<u>\$ 1,140,392</u>	<u>\$ 1,064,551</u>
<u>Liabilities and Net Assets</u>		
Liabilities		
Accounts payable and accrued expenses	\$ 18,543	\$ 8,595
Deferred membership dues	47,426	46,040
Deferred events income	<u>1,900</u>	<u>-</u>
Total liabilities	67,869	54,635
Net assets		
Unrestricted net assets	<u>1,072,523</u>	<u>1,009,916</u>
Total liabilities and net assets	<u>\$ 1,140,392</u>	<u>\$ 1,064,551</u>

The accompanying notes are an integral part of these financial statements.

Wharton Business School Club of New York, Inc.

Statement of Activities

Year Ended June 30, 2016
(with comparative totals for the year ended June 30, 2015)

	<u>2016</u>	<u>2015</u>
Support and revenue		
Program and lecture revenue	\$ 48,124	\$ 62,727
Membership dues	88,368	84,964
Annual awards event		
Revenue	206,650	198,477
Less cost of direct benefits	(69,580)	(44,154)
Interest income	1,352	898
Other income	3,305	641
Total support and revenue	<u>278,219</u>	<u>303,553</u>
Expenses		
Program and lecture expense	<u>102,183</u>	<u>101,705</u>
Supporting services		
General administration	49,559	32,624
Fund raising - annual awards event	<u>63,870</u>	<u>92,931</u>
	<u>113,429</u>	<u>125,555</u>
Total expenses	<u>215,612</u>	<u>227,260</u>
Change in unrestricted net assets	62,607	76,293
Unrestricted net assets - beginning of year	<u>1,009,916</u>	<u>933,623</u>
Unrestricted net assets - end of year	<u>\$ 1,072,523</u>	<u>\$ 1,009,916</u>

The accompanying notes are an integral part of these financial statements.

Wharton Business School Club of New York, Inc.

Statement of Cash Flows

Year Ended June 30, 2016
(with comparative totals for the year ended June 30, 2015)

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ 62,607	\$ 76,293
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Decrease (increase) in:		
Accounts receivable	17,803	(12,657)
Prepaid annual awards event expenses	18,500	(11,340)
Other prepaid expenses	(10,350)	(2,540)
Increase (decrease) in:		
Accounts payable and accrued expenses	9,948	(9,166)
Deferred membership dues	1,386	5,929
Deferred events income	<u>1,900</u>	<u>-</u>
Net cash provided by operating activities	101,794	46,519
Cash and cash equivalents, beginning of year	<u>970,258</u>	<u>923,739</u>
Cash and cash equivalents, end of year	<u>\$ 1,072,052</u>	<u>\$ 970,258</u>

The accompanying notes are an integral part of these financial statements.

Wharton Business School Club of New York, Inc.

Notes to Financial Statements

June 30, 2016

Note 1. Nature of Activities

Wharton Business School Club of New York, Inc. (the "Organization") is a tax-exempt, not-for-profit corporation that derives its financial support from membership dues, lectures, and events.

The Organization's mission is to provide excellent business, career, and social opportunities and services to all members of the Wharton Business School Club of New York in the New York metropolitan area and to promote and support the Wharton School of Business.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The financial statement presentation follows the guidance of the Financial Accounting Standards Board Accounting Standards Codification under which the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor imposed stipulations that may or will be met, either by actions of the Association and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted – Net assets resulting from contributions whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

The Organization did not have any temporarily restricted or permanently restricted net assets on hand at June 30, 2016.

Cash and cash equivalents

For purposes of the statement of cash flows, cash and cash equivalents consist of cash held in checking and money market accounts utilized for operating purposes.

Wharton Business School Club of New York, Inc.

Notes to Financial Statements

June 30, 2016

Note 2. Summary of Significant Accounting Policies – continued

Contributions

Contributions are recognized as income within the appropriate net asset group when they are received or unconditionally pledged.

All contributions are considered unrestricted unless they are specifically restricted by donors or are subject to other legal restrictions.

The Organization reports contributions as temporarily restricted if there are donor stipulations that limit the expenditure of the assets for specific purposes, or that designate them as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets reclassified to unrestricted net assets and reported in the statement of activity as "net assets released from restrictions."

Promises to Give

Unconditional promises to give are recognized as contributions in the period such promises are made. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Management believes that all outstanding balances are collectible and an allowance for doubtful accounts is not required.

Membership Dues

Membership dues are recognized as revenue over the applicable membership period.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment are stated at cost or fair value at date of gift, net of accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Management reviews property and equipment for impairment. Property and equipment are written off to operations when considered impaired.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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.

Wharton Business School Club of New York, Inc.

Notes to Financial Statements

June 30, 2016

Note 2. Summary of Significant Accounting Policies – continued

2015 Comparative Information

The financial statements include certain 2015 comparative information that may 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, 2015, from which the comparative information was derived.

Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statement of financial activities. Accordingly, certain personnel and other operating costs have been allocated among the programs and supporting services benefited.

Contributed services

A substantial number of volunteers have donated significant amounts of time and services in the Organization's program and supporting services. However, such contributed services do not meet the criteria for recognition of contributed services in accordance with generally accepted accounting principles and, accordingly, are not reflected in the accompanying financial statements.

Income Taxes

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Similar provisions apply at the state and local levels.

The Organization records a liability for uncertain tax positions when it is probable that a loss has occurred and the amount can be reasonably estimated. Management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, new authoritative rulings and its operating characteristics to comply with its status as a tax-exempt organization. Management has determined that it is more likely than not that the Organization's tax positions will be sustained upon examination and has, therefore not recognized any liability for uncertain tax positions. The Organization's information returns for the years ended June 30, 2015, 2014, and 2013 are presently subject to examination by the taxing authorities.

Reclassifications

Certain reclassifications have been made to the 2015 balances to conform to the 2016 presentation. These reclassifications had no effect on the change in net assets in 2015 or total net assets as of June 30, 2015.

Wharton Business School Club of New York, Inc.

Notes to Financial Statements

June 30, 2016

Note 3. Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization maintains its cash and cash equivalents in various financial institutions and limits the amount of credit exposure to any one financial institution. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2016, there were no uninsured cash balances.

Note 4. Lease Commitment

The Organization's office lease in New York City expired on August 31, 2015. Subsequent to that date, the Organization operates in a virtual office environment which provides address and communication services without providing dedicated office space.

Rent expense for the year ended June 30, 2016 was \$518 (net of \$1,782 returned security deposit).

Note 5. Subsequent Events

Management has evaluated subsequent events through March 28, 2017, which is the date the financial statements were available to be issued.

On October 27, 2016, the Board of Directors approved \$100,000 grant payable to the Wharton School of the University of Pennsylvania.

Wharton Business School Club of New York, Inc.

Supplemental Schedule of Functional Expenses

June 30, 2016

(with comparative total figures for the year ended June 30, 2015)

	Program and Lecture Expense	General Administration	2016 Total	2015 Total
Lecture expenses	\$ 20,616	\$ -	\$ 20,616	\$ 18,694
Magazine production and distribution costs	66,447	-	66,447	55,990
Professional fees	-	26,989	26,989	12,540
Administrative fees	9,783	6,522	16,305	14,643
Membership expenses	-	5,487	5,487	4,360
Office expenses	2,324	1,584	3,908	4,171
Rent	-	518	518	12,000
Website	333	222	555	725
Insurance	-	3,260	3,260	2,577
Credit card processing fees	2,680	4,977	7,657	8,629
	<u>\$ 102,183</u>	<u>\$ 49,559</u>	<u>\$ 151,742</u>	<u>\$ 134,329</u>

See Independent Auditor's Report.