

**WHARTON BUSINESS SCHOOL CLUB OF NEW YORK, INC.**

Financial Statements

June 30, 2015

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## Independent Auditors' 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, 2015, 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, 2015 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.

## **Prior Period Financial Statements**

The 2014 financial statements were audited by other auditors, and they expressed an unqualified opinion on them in their report dated May 12, 2015, but they have not performed any auditing procedures since that date.

*Rogoff + Company P.C.*

New York, NY  
April 29, 2016

WHARTON BUSINESS SCHOOL CLUB OF NEW YORK, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2015  
(with comparative figures as of June 30, 2014)

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 970,258	\$ 923,739
Accounts receivable	42,587	29,930
Annual awards prepaid expenses	48,802	37,462
Other prepaid expenses	<u>2,904</u>	<u>364</u>
Total assets	<u>\$ 1,064,551</u>	<u>\$ 991,495</u>
<u>Liabilities and Net Assets</u>		
Liabilities		
Accounts payable and accrued expenses	\$ 8,595	\$ 17,761
Deferred membership dues	<u>46,040</u>	<u>40,111</u>
Total liabilities	<u>54,635</u>	<u>57,872</u>
Net assets		
Unrestricted	1,009,916	918,623
Temporarily restricted	<u>-</u>	<u>15,000</u>
Total net assets	<u>1,009,916</u>	<u>933,623</u>
Total liabilities and net assets	<u>\$ 1,064,551</u>	<u>\$ 991,495</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, 2015  
(with comparative total figures for the year ended June 30, 2014)

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Total
Support and revenue				
Program and lecture income	62,727	\$ -	\$ 62,727	\$ 35,217
Membership dues	84,964	-	84,964	60,929
Annual awards income	198,477	-	198,477	204,851
Interest income	898	-	898	874
Other income	641	-	641	9,125
	<u>347,707</u>	<u>-</u>	<u>347,707</u>	<u>310,996</u>
Net assets released from restrictions	<u>15,000</u>	<u>(15,000)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>362,707</u>	<u>(15,000)</u>	<u>347,707</u>	<u>310,996</u>
Expenses				
Program and lecture expense	<u>99,041</u>	<u>-</u>	<u>99,041</u>	<u>104,771</u>
Supporting services				
General administration	35,288	-	35,288	42,558
Fund raising				
Annual awards expense	<u>137,085</u>	<u>-</u>	<u>137,085</u>	<u>126,914</u>
	<u>172,373</u>	<u>-</u>	<u>172,373</u>	<u>169,472</u>
Total expenses	<u>271,414</u>	<u>-</u>	<u>271,414</u>	<u>274,243</u>
Change in net assets	91,293	(15,000)	76,293	36,753
Net assets, beginning of year	<u>918,623</u>	<u>15,000</u>	<u>933,623</u>	<u>896,870</u>
Net assets, end of year	<u>\$ 1,009,916</u>	<u>\$ -</u>	<u>\$ 1,009,916</u>	<u>\$ 933,623</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, 2015  
(with comparative figures for the year ended June 30, 2014)

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	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ 76,293	\$ 36,753
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Decrease (increase) in:		
Accounts receivable	(12,657)	(21,603)
Prepaid annual awards expenses	(11,340)	(8,308)
Other prepaid expenses	(2,540)	57
Increase (decrease) in:		
Accounts payable and accrued expenses	(9,166)	(20,989)
Deferred membership dues	<u>5,929</u>	<u>11,411</u>
Net cash provided by (used in) operating activities	46,519	(2,679)
Cash and cash equivalents, beginning of year	<u>923,739</u>	<u>926,418</u>
Cash and cash equivalents, end of year	<u><u>\$ 970,258</u></u>	<u><u>\$ 923,739</u></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, 2015

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**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 statements of financial position and of activities focuses on the organization as a whole and report total assets, liabilities, net assets and changes in net assets in accordance with the FASB ASC 958-205, *Financial Statements of Not-for-Profit Organizations*. 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 organization and/or that 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 – Net assets subject to donor-imposed stipulations that they be maintained permanently by the organization. The earnings from permanently restricted net assets are to be used for temporarily restricted and unrestricted purposes. The Organization did not have any permanently restricted net assets on hand at June 30, 2015.

Reclassifications

Certain reclassifications have been made to the 2014 balances to conform to the 2015 presentation. These reclassifications had no effect on the change in net assets in 2014 or total net assets as of June 30, 2014.



WHARTON BUSINESS SCHOOL CLUB OF NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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**Note 2. Summary of Significant Accounting Policies – continued**

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.

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.

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.

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.

WHARTON BUSINESS SCHOOL CLUB OF NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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**Note 2. Summary of Significant Accounting Policies – continued**

Income Taxes – continued

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, 2014, 2013, and 2012 are presently subject to examination by the taxing authorities.

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 amount of assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

2014 Comparative Information

The financial statements include certain 2014 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, 2014, 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.

WHARTON BUSINESS SCHOOL CLUB OF NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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**Note 3. Financial Instruments**

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, 2015, 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 communication and address services without providing dedicated office space.

Rent expense for the year ended June 30, 2015 was \$12,000.

**Note 5. Temporarily Restricted Net Assets**

During the year ended June 30, 2015, \$15,000 temporarily restricted net assets were released from restriction for the annual awards.

At June 30, 2015, there were no temporarily restricted net assets on hand.

**Note 6. Subsequent Events**

Management has evaluated subsequent events through April 29, 2016, which is the date the financial statements were available to be issued. Management is not aware of any subsequent events which would require recognition or disclosure in the accompanying financial statements.

WHARTON BUSINESS SCHOOL CLUB OF NEW YORK, INC.

Supplemental Schedule of Functional Expenses

June 30, 2015

(with comparative total figures for the year ended June 30, 2014)

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	Program and Lecture Expense	General Administration	2015 Total	2014 Total
Lecture expenses	\$ 23,054	\$ -	\$ 23,054	\$ 27,504
Newsletter and website	56,715	-	56,715	60,713
Professional fees	2,000	10,540	12,540	17,735
Administrative fees	8,643	6,000	14,643	17,166
Office expenses	-	4,043	4,043	3,341
Rent	-	12,000	12,000	9,400
Insurance	-	2,577	2,577	5,346
Credit card processing fees	8,629	-	8,629	5,747
Other expenses	-	128	128	377
	<u>\$ 99,041</u>	<u>\$ 35,288</u>	<u>\$ 134,329</u>	<u>\$ 147,329</u>