

**FAYETTEVILLE STATE UNIVERSITY
ATHLETIC CLUB, INC.**

Financial Statements

June 30, 2012 and 2011

(With Independent Auditors' Report Thereon)

FAYETTEVILLE STATE UNIVERSITY
ATHLETIC CLUB, INC.

2012 Audit

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Fayetteville State University Athletic Club, Inc.

We have audited the accompanying statements of financial position of Fayetteville State University Athletic Club, Inc. (a nonprofit organization) as of June 30, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on the 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 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 audits 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 Fayetteville State University Athletic Club, Inc. as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Alexander G Vuchnich, CPA

October 29, 2012

**FAYETTEVILLE STATE UNIVERSITY
ATHLETIC CLUB, INC.**

Statements of Financial Position

June 30, 2012 and 2011

	2012	2011
<u>Assets</u>		
Current assets:		
Cash	\$ 6,844	7,975
Other current assets	2,145	1,750
Total current assets	8,989	9,725
Property and equipment		
Furniture and fixtures	5,431	5,431
Equipment	1,487	633
	6,918	6,064
Less accumulated depreciation	5,452	4,068
Net property and equipment	1,466	1,996
	\$ 10,455	11,721
 <u>Liabilities and net assets</u>		
Current liabilities - accounts payable	2,100	2,400
Commitments		
Net assets:		
Unrestricted	8,355	7,451
Unrestricted - board designated	-	1,870
Total net assets	8,355	9,321
	\$ 10,455	11,721

See accompanying notes to financial statements.

**FAYETTEVILLE STATE UNIVERSITY
ATHLETIC CLUB, INC.**

Statements of Activities

Years ended June 30, 2012 and 2011

	2012	2011
Revenue and support:		
Fundraising events	\$ 43,755	16,543
Membership dues	46,826	34,745
Social gatherings	4,282	1,540
Transportation	7,675	5,205
Total support	102,538	58,033
Revenue:		
Apparel sales	1,293	20
CIAA ticket sales	29,535	34,740
Total revenue	30,828	34,760
Total support and revenue	133,366	92,793
Expenses:		
Program services	113,903	82,805
Management and general	3,416	7,595
Fundraising	17,013	4,047
Total expenses	134,332	94,447
Change in net assets	(966)	(1,654)
Net assets:		
Beginning of year	9,321	10,975
End of year	\$ 8,355	9,321

See accompanying notes to financial statements.

**FAYETTEVILLE STATE UNIVERSITY
ATHLETIC CLUB, INC.**

Statement of Functional Expenses

Year ended June 30, 2012

	2012			
	Program Services	Management and general	Fundraising	Total
Accounting	\$ -	2,100	-	2,100
Advertising	18,616	-	-	18,616
Bank charge	12	106	12	130
Dues and subscriptions	-	-	-	-
Fundraising	-	-	13,032	13,032
Office	2,293	126	-	2,419
Postage and printing	8	359	2,231	2,598
Scholarships	25,415	-	-	25,415
Social gatherings	8,596	-	309	8,905
Rental	8,205	422	1,429	10,056
Tickets	48,953	-	-	48,953
Travel	724	-	-	724
Total before depreciation	112,822	3,113	17,013	132,948
Depreciation	1,081	303	-	1,384
	\$ 113,903	3,416	17,013	134,332

See accompanying notes to financial statements.

**FAYETTEVILLE STATE UNIVERSITY
ATHLETIC CLUB, INC.**

Statement of Functional Expenses

Year ended June 30, 2011

	2011			
	Program	Management	Fundraising	Total
	Services	and general		expenses
Accounting	\$ -	4,050	-	4,050
Advertising	13,750	-	-	13,750
Bank charge	-	25	-	25
Dues and subscriptions	-	350	-	350
Fundraising	-	-	4,047	4,047
Office	-	366	-	366
Postage and printing	259	86	-	345
Scholarships	10,000	-	-	10,000
Social gatherings	2,896	965	-	3,861
Rental	450	150	-	600
Tickets	50,640	-	-	50,640
Travel	3,900	1,300	-	5,200
Total before depreciation	81,895	7,292	4,047	93,234
Depreciation	910	303	-	1,213
	\$ 82,805	7,595	4,047	94,447

See accompanying notes to financial statements.

**FAYETTEVILLE STATE UNIVERSITY
ATHLETIC CLUB, INC.**

Statements of Cash Flows

Years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Change in net assets	\$ (966)	(1,654)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,384	1,213
(Decrease) increase in operating assets		
- other current assets	(395)	(1,750)
(Decrease) increase in operating liabilities		
- accounts payable	<u>(300)</u>	<u>2,400</u>
Net cash (used in) provided by operating activities	(277)	209
Cash flows from investing activities -		
Purchases of property and equipment	<u>(854)</u>	<u>-</u>
Net (decrease) increase in cash	(1,131)	209
Beginning cash balance	<u>7,975</u>	<u>7,766</u>
Ending cash balance	\$ <u><u>6,844</u></u>	<u><u>7,975</u></u>

See accompanying notes to financial statements.

**FAYETTEVILLE STATE UNIVERSITY
ATHLETIC CLUB, INC.**

Notes to Financial Statements
June 30, 2012 and 2011

(1) NATURE OF ACTIVITIES

Fayetteville State University Athletic Club, Inc. (the Club) is a nonprofit organization incorporated under the laws of the state of North Carolina. Its purpose is to coordinate alumni support, assist in recruiting students, develop personal and professional growth of members, and support the athletic program at Fayetteville State University.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Club is presented to assist in understanding the Club's financial statements. The financial statements and notes are representations of the Club's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Cash and Cash Equivalents

Cash flow statements are presented using the indirect method. For purposes of cash flow presentation, the organization considers currency on hand, demand deposits with financial institutions, and all highly liquid debt instruments purchased with a maturity date of six months or less to be cash equivalents.

Property and Equipment

Property and equipment is recorded at cost or, if contributed, at the fair value at the date of the gift. Repairs and maintenance are expensed currently and betterments and improvements are capitalized. The Club utilizes the straight-line method of depreciation over the estimated useful lives of the property (5 to 10 years).

Revenue Recognition

Financial statements are presented using the accrual basis of accounting, recognizing revenue when earned and expenses when incurred. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires within the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily or permanently restricted net assets are classified to unrestricted net assets.

**FAYETTEVILLE STATE UNIVERSITY
ATHLETIC CLUB, INC.**

Notes to Financial Statements, Continued
June 30, 2012 and 2011

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Contributions

The Club employs *Accounting for Contributions Received and Contributions Made*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Functional Expenses

Expenses are allocated on a functional basis among the Club's various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses common to several functions are allocated by various statistical bases.

Advertising

Advertising is expensed as incurred.

Income Taxes

The Club is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and applicable state statutes. Therefore, no provision for income taxes is made in the accompanying financial statements. Management of the Club does not believe the financial statements include any uncertain tax positions. Tax years ended June 30, 2008 through June 30, 2012 remain open for examination by taxing authorities as of the date of this report.

Financial Statement Presentation

The organization employs *Financial Statements of Not-for-Profit Organizations*. The Club presents a statement of cash flows. Also, the Club reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. There were no temporarily or permanently restricted net assets as of June 30, 2012 and 2011. Board designated net assets which are unrestricted net assets that have been voluntarily set aside by the Board to be used for the Club's scholarship activities amounted to \$0 and \$1,870 as of June 30, 2012 and 2011, respectively.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent

**FAYETTEVILLE STATE UNIVERSITY
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Notes to Financial Statements, Continued
June 30, 2012 and 2011

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Use of Estimates, continued

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.

(3) CREDIT CONCENTRATION

The Club employs *Disclosure of Information about Financial Instruments with Off-Balance-Sheet Risk and Financial Instruments with Concentrations of Credit Risk*, to disclose significant concentrations of credit risk regardless of the degree of risk. At June 30, 2012, the organization maintained bank deposits in one bank located in Fayetteville, North Carolina. Accounts are secured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2012, bank deposits totaled approximately \$6,844, all of which was insured.

(4) COMMITMENTS

The Club has entered into an advertising and sponsorship agreement to provide for membership advertising on digital scoreboards at Fayetteville State University. The advertising agreement expires in 2020 and advertising expense amounted to \$18,616 and \$13,750 as of June 30, 2012 and 2011, respectively. Future minimum payments under the agreement are as follows:

Year ending June 30,	<u>Amount</u>
2013	\$ 15,000
2014	15,000
2015	15,000
2016	15,000
2017	15,000
Thereafter	<u>45,000</u>
	\$ <u><u>120,000</u></u>

(5) SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2012, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is October 29, 2012, which is the date the financial statements were available to be issued.