

UWG ATHLETIC FOUNDATION, INC.

FINANCIAL REPORT

JUNE 30, 2014

UWG ATHLETIC FOUNDATION, INC.

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TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT.....	1
FINANCIAL STATEMENTS	
Statement of financial position	2
Statement of activities.....	3
Statement of cash flows.....	4
Notes to financial statements.....	5-8



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
UWG Athletic Foundation, Inc.
Carrollton, Georgia

We have audited the accompanying financial statements of UWG Athletic Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities 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.

Auditor's 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 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 UWG Athletic Foundation, 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.

A handwritten signature in cursive script that reads "Mauldin & Jenkins, LLC".

Atlanta, Georgia
September 2, 2014

UWG ATHLETIC FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION JUNE 30, 2014

ASSETS	
Current assets:	
Cash	\$ 237,768
Pledges receivable (net of allowance of \$4,100)	<u>142,388</u>
Total current assets	<u>380,156</u>
Pledges receivable, non-current (net of allowance of \$18,450 and discount of \$10,390)	<u>591,959</u>
Total assets	<u><u>\$ 972,115</u></u>
 LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable	\$ 45
Related party payable	<u>166,327</u>
Total current liabilities	<u>166,372</u>
Net assets:	
Unrestricted	10,451
Temporarily restricted	<u>795,292</u>
Total net assets	<u>805,743</u>
Total liabilities and net assets	<u><u>\$ 972,115</u></u>

See Notes to Financial Statements.

UWG ATHLETIC FOUNDATION, INC.

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenues			
Contributions	\$ 109,895	\$ 823,954	\$ 933,849
Contributed services and materials	22,741	-	22,741
Contributed salaries and benefits by the University of West Georgia	41,106	-	41,106
Promotions and sponsorship income	14,270	-	14,270
Ticket sales	12,490	-	12,490
Other income	57,052	-	57,052
Net assets released from restrictions - satisfaction of program restrictions	28,662	(28,662)	-
Total support and revenues	<u>286,216</u>	<u>795,292</u>	<u>1,081,508</u>
Expenses			
Program services:			
University of West Georgia Athletic Department support	133,706	-	133,706
Management and general Development	141,896	-	141,896
	5,683	-	5,683
Total expenses	<u>281,285</u>	<u>-</u>	<u>281,285</u>
Change in net assets	4,931	795,292	800,223
Net assets:			
Beginning of year	5,520	-	5,520
End of year	<u>\$ 10,451</u>	<u>\$ 795,292</u>	<u>\$ 805,743</u>

See Notes to Financial Statements.

UWG ATHLETIC FOUNDATION, INC.

STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2014

OPERATING ACTIVITIES	
Change in net assets	\$ 800,223
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Allowance for bad debt	22,707
Net increase in:	
Pledges receivable	(757,054)
Accounts payable	45
Related party payable	<u>167,287</u>
Net cash provided by operating activities	<u>233,208</u>
Increase in cash	233,208
Cash, beginning of year	<u>4,560</u>
Cash, end of year	<u><u>\$ 237,768</u></u>

See Notes to Financial Statements.

UWG ATHLETIC FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION

UWG Athletic Foundation, Inc. (the "Foundation") was established and incorporated as a non-profit organization in the State of Georgia in 2013 to promote the educational programs of the University of West Georgia (the "University") by encouraging participation in recreation and athletic activities.

The Foundation and the University entered into a Memorandum of Understanding on July 1, 2013, as amended, which outlined certain rights and responsibilities of each party with regards to the management and enhancement of the University's athletic programs. The University will continue to process employee payroll and benefits and the majority of athletic scholarships. The Foundation is responsible for the fundraising, donor support, and marketing of the University's athletic teams.

The Foundation and the University of West Georgia Foundation ("UWGF") entered into a Memorandum of Understanding on May 1, 2013, as amended, which outlined certain rights and responsibilities of each party with regards to the management and administration of the Foundation. UWGF will act as fiscal agent for the Foundation in terms of the provision of the custodial account, fiscal, and record keeping services for the Foundation. The Foundation is responsible for adhering to all contractual agreements and obligations entered into by UWGF on behalf of the Foundation. The Foundation will also pay UWGF an amount equal to 1.3% of the highest balance of the operating cash account owned by the Foundation and managed by UWGF during the duration of each term of the MOU. At June 30, 2014, \$3,051 is accrued for management fees earned by UWGF for the period July 1, 2013 through June 30, 2014 and is included in the related party payable amount on the statement of financial position.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America.

The Foundation presents its financial statements in accordance with Financial Accounting Standards Board (FASB) ASC, *Financial Statements of Not-for-Profit Organizations*. Under this standard, the Foundation 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. The Foundation does not have any permanently restricted net assets as of June 30, 2014.

Unrestricted net assets include amounts that are not subject to donor-imposed stipulations, which are used to account for resources available to carry out the purposes of the Foundation. The principal sources of unrestricted funds are contributions and ticket sales.

Temporarily restricted net assets are those resources currently available to use, but expendable only for purposes specified by the donor or grantor. Such resources originate from contributions restricted for specific purposes. When a donor 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.

Contributions

Pledges of financial support from organizations and individuals representing an unconditional promise to pay are recognized in the financial statements once all conditions have been met. In the absence of such promise, a contribution is recognized when the gift is received.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Ticket and event revenue are recognized when the event takes place.

Cash Concentration

The Foundation maintains cash balances at a high quality financial institution. Cash balances are insured by the FDIC for up to \$250,000. Cash balances can exceed the FDIC insurance limit, however, management does not believe it is exposed to significant credit risk on its account.

Donated Services and In-Kind Support

The Foundation receives services, space, equipment and other nonfinancial items without payment or compensation. When the value of such services and support is ascertainable and meets the criteria for recognition, it is recognized in the accompanying financial statements as revenue and expense at the estimated fair value on the date of donation. Donated services from the University represent salaries and benefits paid by the University on behalf of the Foundation. Donated services from the University totaled \$41,106 for the year ended June 30, 2014. In-kind contributions from third parties were \$22,741 for the year ended June 30, 2014. These amounts are classified throughout operating revenues and operating expenses, as applicable, on the statement of activities.

Income Tax

The Foundation has applied for exemption from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and to be classified as an organization which is not a private foundation under Section 509(a) of the U.S. Internal Revenue Code. The Foundation is awaiting approval of their request for exemption.

Management has evaluated the Foundation's tax positions and concluded that the Foundation had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions on accounting for uncertainty in income taxes. The Foundation is subject to income tax examinations by the U.S. federal, state or local tax authorities for 2013 forward, generally for a period of three years.

Functional Allocation of Expenses

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

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

At June 30, 2014, the carrying value of financial instruments such as cash and accounts payable approximated their fair values due to their short term nature.

Use of Estimates

The preparation of financial statements in conformity 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. Actual results could differ from those estimates.

NOTE 3. TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2014, temporarily restricted net assets were available for the following:

Champion's Fund	\$	788,892
Scholarship Fund		1,700
Volleyball Fund		4,700
Total	<u>\$</u>	<u>795,292</u>

Temporarily restricted net assets consist of cash and pledges receivable at June 30, 2014.

NOTE 4. PLEDGES RECEIVABLE

At June 30, 2014, pledges receivable consisted of the following:

	Unrestricted	Temporarily Restricted
Receivable in less than one year	\$ 9,820	\$ 136,667
Receivable in one to five years	5,800	605,000
Receivable in over five years	-	10,000
Total unconditional pledges receivable	15,620	751,667
Less discount on pledges receivable over one year	(79)	(10,311)
Total unconditional pledges receivable, less discount	15,541	741,356
Less allowance for uncollectible pledges receivable	-	(22,550)
Net unconditional pledges receivable	\$ 15,541	\$ 718,806

At June 30, 2014, the discount rate used on long-term pledges receivable was 1%.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RELATED PARTY

As described in Note 1, the Foundation and UWGF have entered into a Memorandum of Understanding regarding the responsibilities of each in regards to the operations of the Foundation. UWGF pays all expenses of the Foundation and then the Foundation reimburses UWGF. At June 30, 2014, the Foundation owed UWGF \$163,276 for expenses paid by UWGF but not yet reimbursed. The Foundation has also accrued \$3,051 of management fees, as also described in Note 1.

NOTE 6. SUBSEQUENT EVENTS

Management has evaluated events occurring through September 2, 2014, the date the financial statements were available to be issued.