

UWG ATHLETIC FOUNDATION, INC.

FINANCIAL REPORT

JUNE 30, 2015

UWG ATHLETIC FOUNDATION, INC.

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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 statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and cash flows for the years 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 UWG Athletic Foundation, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years 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 1, 2015

UWG ATHLETIC FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current assets:		
Cash	\$ 824,014	\$ 237,768
Pledges receivable (net of allowance of \$37,823 and \$4,100, respectively)	278,676	142,388
Other current assets	14	-
Total current assets	<u>1,102,704</u>	<u>380,156</u>
Pledges receivable, non-current (net of allowance of \$78,877 and discount of \$11,389 for 2015 and \$18,450 and \$10,390 for 2014, respectively)	<u>700,881</u>	<u>591,959</u>
Total assets	<u>\$ 1,803,585</u>	<u>\$ 972,115</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 31,470	\$ 45
Related party payable	103,182	166,327
Total current liabilities	<u>134,652</u>	<u>166,372</u>
Net assets:		
Unrestricted	20,597	10,451
Temporarily restricted	1,648,336	795,292
Total net assets	<u>1,668,933</u>	<u>805,743</u>
Total liabilities and net assets	<u>\$ 1,803,585</u>	<u>\$ 972,115</u>

See Notes to Financial Statements.

UWG ATHLETIC FOUNDATION, INC.

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Total
Support and Revenues			
Contributions	\$ -	\$ 1,016,378	\$ 1,016,378
Contributed services and materials	-	6,208	6,208
Contributed salaries and benefits by the University of West Georgia	91,576	-	91,576
Promotions and sponsorship income	-	34,040	34,040
Ticket sales	-	106,813	106,813
Special event income	-	162,780	162,780
Camp income	-	65,176	65,176
Other income	177,750	-	177,750
Net assets released from restrictions - satisfaction of program restrictions	538,351	(538,351)	-
Total support and revenues	807,677	853,044	1,660,721
Expenses			
Program services:			
University of West Georgia Athletic Department support	245,024	-	245,024
Scholarships	48,529	-	48,529
Total program services	293,553	-	293,553
Management and general Development	423,207	-	423,207
	80,771	-	80,771
Total expenses	797,531	-	797,531
Change in net assets	10,146	853,044	863,190
Net assets:			
Beginning of year	10,451	795,292	805,743
End of year	\$ 20,597	\$ 1,648,336	\$ 1,668,933

See Notes to Financial Statements.

UWG ATHLETIC FOUNDATION, INC.

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2014

	Unrestricted	Temporarily Restricted	Total
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	286,216	795,292	1,081,508
Expenses			
Program services:			
University of West Georgia Athletic			
Department support	133,706	-	133,706
Management and general	141,896	-	141,896
Development	5,683	-	5,683
Total expenses	281,285	-	281,285
Change in net assets	4,931	795,292	800,223
Net assets:			
Beginning of year	5,520	-	5,520
End of year	\$ 10,451	\$ 795,292	\$ 805,743

See Notes to Financial Statements.

UWG ATHLETIC FOUNDATION, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 863,190	\$ 800,223
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in allowance for bad debt	94,150	22,707
Change in discount on pledges receivable	999	-
Net increase in assets:		
Pledges receivable	(340,359)	(757,054)
Other current assets	(14)	-
Net increase (decrease) in liabilities:		
Accounts payable	31,425	45
Related party payable	(63,145)	167,287
	<u>586,246</u>	<u>233,208</u>
Net cash provided by operating activities		
	<u>586,246</u>	233,208
Increase in cash		
	<u>237,768</u>	4,560
Cash, beginning of year		
	<u>\$ 824,014</u>	<u>\$ 237,768</u>
Cash, end of year		

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, 2015 and 2014, \$9,431 and \$3,051, respectively, is accrued for management fees earned by UWGF for the period July 1, 2014 through June 30, 2015 and July 1, 2013 through June 30, 2014, respectively, and is included in the related party payable amount on the statement of financial position. See Note 5.

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, 2015 and 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 high quality financial institutions. Cash balances are insured by the FDIC for up to \$250,000. Cash balances often 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 \$91,576 and \$41,106 for the years ended June 30, 2015 and 2014, respectively. In-kind contributions from third parties were \$16,058 and \$22,741 for the years ended June 30, 2015 and 2014, respectively. These amounts are classified throughout operating revenues and operating expenses, as applicable, on the statement of activities.

Income Tax

The Foundation qualifies as a tax-exempt organization as described in Internal Revenue Code Section 501(c)(3) and has been classified by the Internal Revenue Service as a publicly supported organization and not a private foundation. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. The Foundation files Form 990 in the U.S. federal jurisdiction and the State of Georgia.

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.

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, 2015 and 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, 2015 and 2014, temporarily restricted net assets were available for the following:

	2015	2014
Champion's Fund	\$ 1,218,116	\$ 788,892
Scholarship Funds	4,700	1,700
Sport-specific Funds	327,058	4,700
Stadium Improvement Funds	95,406	-
Other Restricted Purpose Funds	3,056	-
Total	\$ 1,648,336	\$ 795,292

Temporarily restricted net assets consist of cash and pledges receivable at June 30, 2015 and 2014.

NOTE 4. PLEDGES RECEIVABLE

At June 30, 2015, pledges receivable consisted of the following:

	Unrestricted	Temporarily Restricted
Receivable in less than one year	\$ 7,816	\$ 308,680
Receivable in one to five years	3,400	787,750
Total unconditional pledges receivable	11,216	1,096,430
Less discount on pledges receivable over one year	(39)	(11,350)
Total unconditional pledges receivable, less discount	11,177	1,085,080
Less allowance for uncollectible pledges receivable	(336)	(116,364)
Net unconditional pledges receivable	\$ 10,841	\$ 968,716

NOTES TO FINANCIAL STATEMENTS

NOTE 4. PLEDGES RECEIVABLE (Continued)

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, 2015 and 2014, the discount rate used on long-term pledges receivable was 1%.

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. At June 30, 2014, UWGF was paying all expenses of the Foundation and then the Foundation was reimbursing UWGF. During the year ended June 30, 2015, the Foundation began paying all of its bills out of the Foundation bank account, however, a balance was still remaining for expenses paid by UWGF that the Foundation had not yet reimbursed. At June 30, 2015 and 2014, the Foundation owed UWGF \$103,182 and \$166,327, respectively, for expenses paid by UWGF but not yet reimbursed, which includes the \$9,431 and \$3,051 of management fees at June 30, 2015 and 2014, as also described in Note 1.

NOTE 6. SUBSEQUENT EVENTS

Management has evaluated events occurring through September 1, 2015, the date the financial statements were available to be issued.