

Support My Club

**Financial Statements and
Independent Auditors' Report**

Year Ended June 30, 2016

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Independent Auditors' Report

To the Board of Directors of
Support My Club
Phoenix, Arizona

We have audited the accompanying financial statements of Support My Club (the Organization, a nonprofit corporation), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses 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.

Auditors' 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 auditors' 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 Organization'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 Organization'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 the Organization as of June 30, 2016, 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.

Foster & Chapman P.C.

April 7, 2017

Support My Club

STATEMENT OF FINANCIAL POSITION

June 30, 2016

ASSETS

Cash	\$ 174,557
Property and equipment, net of accumulated depreciation of \$1,520	798
Deposits	<u>709</u>
Total assets	<u>\$ 176,064</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 6,154
Accrued payroll and related	<u>9,573</u>
Total liabilities	<u>15,727</u>
Unrestricted net assets	112,784
Temporarily restricted net assets	<u>47,553</u>
Total net assets	<u>160,337</u>
Total liabilities and net assets	<u>\$ 176,064</u>

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

Support My Club

STATEMENT OF ACTIVITIES

Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Contributions and grants	\$ 113,221	\$ 278,251	\$ 391,472
Donated services	100,000		100,000
Other income	2,038		2,038
Net assets released from restrictions	<u>250,370</u>	<u>(250,370)</u>	
Total support and revenue	<u>465,629</u>	<u>27,881</u>	<u>493,510</u>
 Expenses:			
Program:			
Support My Club	357,829		357,829
Supporting services:			
General and administrative	59,126		59,126
Fundraising	<u>83,541</u>		<u>83,541</u>
Total supporting services	<u>142,667</u>		<u>142,667</u>
Total expenses	<u>500,496</u>		<u>500,496</u>
 Change in net assets	(34,867)	27,881	(6,986)
Net assets, beginning of the year	<u>147,651</u>	<u>19,672</u>	<u>167,323</u>
Net assets, end of the year	<u>\$ 112,784</u>	<u>\$ 47,553</u>	<u>\$ 160,337</u>

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

Support My Club

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2016

	Support My Club	<u>Supporting Services</u>		<u>Total</u>
		<u>General and Administrative</u>	<u>Fundraising</u>	
Salaries	\$ 135,676	\$ 36,280	\$ 73,864	\$ 245,820
Employee benefits and payroll taxes	11,100	3,438	2,974	17,512
Professional services	20,810	8,690		29,500
Supplies		2,274	101	2,375
Postage and printing	1,454	238	805	2,497
Insurance		2,168		2,168
Marketing	9,653		3,217	12,870
Items purchased for school clubs and teams	143,633			143,633
Website maintenance	7,117			7,117
Travel and meetings	10,574	279	312	11,165
Rent	9,949	2,330	1,487	13,766
Other	7,863	3,429	781	12,073
Total expenses	<u>\$ 357,829</u>	<u>\$ 59,126</u>	<u>\$ 83,541</u>	<u>\$ 500,496</u>

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

Support My Club

STATEMENT OF CASH FLOWS

Year Ended June 30, 2016

Cash flows from operating activities:	
Change in net assets	\$ (6,986)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in:	
Accounts payable	5,322
Accrued payroll and related	<u>1,889</u>
Net cash provided by operating activities	225
Cash, beginning of the year	<u>174,332</u>
Cash, end of the year	<u><u>\$ 174,557</u></u>
<u>Supplemental disclosure of cash flow information:</u>	
Cash paid for interest	\$ 0

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

Support My Club

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities: Support My Club (the Organization) is an Arizona nonprofit organization incorporated in January 2012. The Organization derives the majority of its financial support from the public, including various individuals, businesses, and nonprofit entities. The Organization's mission is to support students on their path to graduation by engaging communities to fulfill the needs of school clubs and teams.

The significant accounting policies of the Organization follow:

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) topic of *Not-for-Profit Entities*. 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. The Organization had no permanently restricted net assets at June 30, 2016.

Use of Estimates: Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent 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.

Contributions and Grants: The Organization follows the FASB ASC subtopic of *Revenue Recognition for Not-for-Profit Entities*. Contribution revenue is recognized when the Organization is notified of the existence of a pledge or receives a contribution. Contributions and grants received are recorded as unrestricted, temporarily restricted or permanently restricted support based on the existence and/or nature of any donor restrictions. Contributions and grants that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions and grants are recognized. All other donor-restricted contributions and grants are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

In-Kind Contributions: In-kind contributions represent donated services which meet the criteria specified in the FASB ASC topic of *Not-for-Profit Entities*; among other things, services requiring specialized skills and services that the Organization would normally purchase. Contributed services are recognized at the estimated fair value of the contributions received. For the year ended June 30, 2016, the Organization recognized \$100,000 of salary expense for services donated by the Organization's Chief Executive Officer, presented as "donated services" in the statement of activities.

Support My Club

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes: The Organization is exempt from federal and state income taxes as an organization other than a private foundation under Section 501(c)(3) of the Internal Revenue Code and similar state provisions.

Functional Expense Allocations: The costs of providing various programs and other activities have been allocated on a functional basis in the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Certain costs have been allocated among the programs and support services based upon the employees' time spent on each activity.

NOTE 2 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash at several financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC). At times, such balances may be in excess of FDIC insurance limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risks.

NOTE 3 - OPERATING LEASE

The Organization leases its office space under an operating lease agreement that expires on November 30, 2019. Future minimum lease payments as of June 30, 2016 are as follows:

Years ending June 30,	
2017	\$ 12,516
2018	21,804
2019	22,400
2020	9,436
	<u>\$ 66,156</u>

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were restricted for the following purposes at June 30, 2016:

Items to be purchased for school clubs and teams	\$ 44,553
Audit fees	3,000
	<u>\$ 47,553</u>

Net assets of \$27,881 were expended for donor intended purposes during the year ended June 30, 2016.

Support My Club

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 5 - CONCENTRATION OF REVENUE

Approximately 56% of the Organization's support and revenue for the year ended June 30, 2016 was received from four donors.

NOTE 6 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April 7, 2017, the date which the financial statements were available to be issued, and has concluded that no events have occurred since the year ended June 30, 2016 that would require an adjustment to or disclosure in the financial statements.