

# WOMEN'S SPORTS FOUNDATION

Financial Statements  
(Together with Independent Auditors' Report)

Years Ended December 31, 2014 and 2013

**MARKS PANETH**

ACCOUNTANTS & ADVISORS

**WOMEN'S SPORTS FOUNDATION**  
**FINANCIAL STATEMENTS**  
**(Together with Independent Auditors' Report)**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**

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**M A R K S P A N E T H**  
ACCOUNTANTS & ADVISORS

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the  
Women's Sports Foundation

We have audited the accompanying financial statements of the Women's Sports Foundation (the "Foundation") which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses 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.

### *Auditors' 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 of 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 the Women's Sports Foundation as of December 31, 2014 and 2013, 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.

*Marks Paneth LLP*

New York, NY  
October 26, 2015



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WOMEN'S SPORTS FOUNDATION  
STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and cash equivalents (Notes 2D and 11)	\$ 1,267,257	\$ 485,411
Contributions receivable, net (Notes 2E and 3)	2,245,560	1,342,949
Investments (Notes 2G, 2L, 4, 6 and 9)	1,050,383	941,023
Prepaid expenses and other assets (Note 8)	119,713	133,964
Property and equipment, net (Notes 2H and 5)	<u>24,127</u>	<u>74,210</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,707,040</u>	<u>\$ 2,977,557</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 59,955	\$ 92,990
Deferred compensation (Note 8)	<u>16,951</u>	<u>46,289</u>
<b>TOTAL LIABILITIES</b>	<u>76,906</u>	<u>139,279</u>
<b>COMMITMENTS AND CONTINGENCY</b> (Note 12)		
<b>NET ASSETS</b> (Notes 2C and 13)		
Unrestricted:		
Operations	797,087	344,733
Invested in property and equipment	<u>24,127</u>	<u>74,210</u>
Total unrestricted	821,214	418,943
Temporarily restricted (Note 7)	3,115,508	1,725,923
Permanently restricted (Note 10)	<u>693,412</u>	<u>693,412</u>
<b>TOTAL NET ASSETS</b>	<u>4,630,134</u>	<u>2,838,278</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 4,707,040</u>	<u>\$ 2,977,557</u>



WOMEN'S SPORTS FOUNDATION  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	For the Year Ended December 31, 2014			For the Year Ended December 31, 2013				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2014	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2013
PUBLIC SUPPORT AND REVENUE:								
Public Support:								
Special events	\$ 1,195,047	\$ -	\$ -	\$ 1,195,047	\$ 1,518,030	\$ -	\$ -	\$ 1,518,030
Less: costs of direct benefits to donor (Notes 2F and 2I)	(333,561)	-	-	(333,561)	(458,045)	-	-	(458,045)
Net special events income	861,486	-	-	861,486	1,059,985	-	-	1,059,985
Contributions and grants (Note 2B)	743,083	2,229,502	-	2,972,585	725,582	1,032,439	-	1,758,021
Contributions in-kind (Note 2F)	129,515	-	-	129,515	83,000	-	-	83,000
Revenue:								
Investment activity, net (Note 4)	12,063	45,320	-	57,383	(8,021)	(18,210)	-	(26,231)
Other revenues	64,927	-	-	64,927	75,215	-	-	75,215
Net assets released from restrictions (Notes 7 and 10)	885,237	(885,237)	-	-	731,546	(731,546)	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	2,696,311	1,389,585	-	4,085,896	2,667,307	282,683	-	2,949,990
EXPENSES (Note 2I):								
Program Services:								
Participation	326,593	-	-	326,593	749,419	-	-	749,419
Education	636,129	-	-	636,129	604,117	-	-	604,117
Advocacy	202,593	-	-	202,593	429,294	-	-	429,294
Research	170,185	-	-	170,185	339,156	-	-	339,156
Leadership	36,000	-	-	36,000	221,665	-	-	221,665
Total program services	1,371,500	-	-	1,371,500	2,343,651	-	-	2,343,651
Supporting Services:								
Management and general	476,290	-	-	476,290	178,012	-	-	178,012
Fundraising	443,650	-	-	443,650	390,480	-	-	390,480
Total supporting services	919,940	-	-	919,940	568,492	-	-	568,492
TOTAL EXPENSES	2,291,440	-	-	2,291,440	2,912,143	-	-	2,912,143
CHANGE IN NET ASSETS BEFORE WRITE-OFFS	404,871	1,389,585	-	1,794,456	(244,836)	282,683	-	37,847
Write-off of uncollectible contributions (Note 2E)	(2,600)	-	-	(2,600)	(14,523)	(395,000)	-	(409,523)
Write-off of fixed assets (Note 5)	-	-	-	-	(17,227)	-	-	(17,227)
CHANGE IN NET ASSETS	402,271	1,389,585	-	1,791,856	(276,586)	(112,317)	-	(388,903)
Net assets - beginning of year	418,943	1,725,923	693,412	2,838,278	695,529	1,838,240	693,412	3,227,181
NET ASSETS - END OF YEAR	\$ 821,214	\$ 3,115,508	\$ 693,412	\$ 4,630,134	\$ 418,943	\$ 1,725,923	\$ 693,412	\$ 2,838,278

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

WOMEN'S SPORTS FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(With Comparative Totals for December 31, 2013)

	Program Services					Supporting Services		Total
	Participation	Education	Advocacy	Research	Leadership	Management and General	Fundraising	
Salaries	\$ 64,184	\$ 301,311	\$ 63,594	\$ 28,187	\$ -	\$ 131,775	\$ 143,526	\$ 915,537
Payroll taxes and related costs (Note 8)	12,170	57,132	12,058	5,546	-	23,611	27,214	231,035
<b>Total Salaries and Related Costs</b>	<b>76,354</b>	<b>358,443</b>	<b>75,652</b>	<b>33,533</b>	<b>-</b>	<b>155,386</b>	<b>170,740</b>	<b>1,146,572</b>
Occupancy (Note 12)	8,341	39,158	8,265	3,663	-	22,586	18,653	135,657
Professional services (Note 2F)	150	27,255	91,006	47,000	36,000	205,544	59,725	586,586
Investment expense (Note 4)	-	-	-	-	-	6,389	-	5,848
Production and printing	463	2,617	459	204	-	952	14,880	193,028
Communication and media	5,749	31,391	5,697	2,825	-	11,804	13,557	43,266
Grant expense	219,268	79,250	-	-	-	-	-	467,066
Insurance	3,017	14,162	2,990	1,325	-	4,296	6,746	27,161
Office supplies	722	2,942	547	253	-	21,494	13,278	32,536
Postage and shipping	869	9,443	617	264	-	1,346	1,968	5,614
Meetings and conferences	-	2,500	660	1,925	-	4,895	334,136	10,788
Travel and transportation	-	14,147	5,048	2,619	-	26,719	99,973	170,965
Telephone	4,178	19,648	4,139	1,835	-	8,577	9,792	112,205
Expensed equipment	1,847	8,670	1,830	811	-	3,792	6,118	62,744
Miscellaneous	804	3,825	897	71,807	-	24,600	16,843	22,584
Depreciation and amortization (Note 2H)	4,831	22,678	4,786	2,121	-	4,865	10,802	288,279
<b>Subtotal</b>	<b>326,593</b>	<b>636,129</b>	<b>202,593</b>	<b>170,185</b>	<b>36,000</b>	<b>482,679</b>	<b>777,211</b>	<b>3,375,036</b>
Less: direct benefit to donors	-	-	-	-	-	-	(333,561)	(458,045)
Less: investment expenses	-	-	-	-	-	(6,389)	-	(5,848)
<b>TOTAL EXPENSES</b>	<b>\$ 326,593</b>	<b>\$ 636,129</b>	<b>\$ 202,593</b>	<b>\$ 170,185</b>	<b>\$ 36,000</b>	<b>\$ 476,290</b>	<b>\$ 443,650</b>	<b>\$ 2,912,143</b>

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

**WOMEN'S SPORTS FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Program Services					Supporting Services		Total 2013
	Participation	Education	Advocacy	Research	Leadership	Management and General	Fundraising	
Salaries	\$ 181,276	\$ 154,726	\$ 161,134	\$ 73,243	\$ 89,723	\$ 75,074	\$ 180,361	\$ 915,537
Payroll taxes and related costs (Note 8)	45,745	39,045	40,662	18,483	22,641	18,945	45,514	231,035
<b>Total Salaries and Related Costs</b>	<b>227,021</b>	<b>193,771</b>	<b>201,796</b>	<b>91,726</b>	<b>112,364</b>	<b>94,019</b>	<b>225,875</b>	<b>1,146,572</b>
Occupancy (Note 12)	26,860	22,926	23,876	10,852	13,294	11,124	26,725	135,657
Professional services (Note 2F)	72,411	76,883	113,071	91,500	44,562	30,371	157,788	586,586
Investment expense (Note 4)	-	-	-	-	-	5,848	-	5,848
Production and printing	804	73,168	370	107,077	983	172	10,454	193,028
Communication and media	8,844	6,149	7,861	3,573	4,377	3,663	8,799	43,266
Grant expense	325,596	141,470	-	-	-	-	-	467,066
Insurance	5,378	4,590	4,780	2,173	2,662	2,227	5,351	27,161
Office supplies	1,112	949	988	449	550	460	1,106	5,614
Postage and shipping	1,041	4,576	911	287	410	294	3,269	10,788
Meetings and conferences	2,182	1,862	1,939	882	1,080	904	162,116	170,965
Travel and transportation	22,217	18,863	19,748	8,976	10,996	9,201	22,104	112,205
Telephone	12,422	10,604	11,043	5,020	6,149	5,145	12,361	62,744
Expensed equipment	4,471	3,817	3,975	1,807	2,213	1,852	4,449	22,584
Miscellaneous	22,873	29,524	20,332	9,242	11,321	9,473	185,514	288,279
Depreciation and amortization (Note 2H)	16,187	14,865	18,604	5,592	10,704	9,107	22,514	97,673
<b>Subtotal</b>	<b>749,419</b>	<b>604,117</b>	<b>429,294</b>	<b>339,156</b>	<b>221,665</b>	<b>183,860</b>	<b>848,525</b>	<b>3,376,036</b>
Less: direct benefit to donors	-	-	-	-	-	-	(458,045)	(458,045)
Less: investment expenses	-	-	-	-	-	(5,848)	-	(5,848)
<b>TOTAL EXPENSES</b>	<b>\$ 749,419</b>	<b>\$ 604,117</b>	<b>\$ 429,294</b>	<b>\$ 339,156</b>	<b>\$ 221,665</b>	<b>\$ 178,012</b>	<b>\$ 390,480</b>	<b>\$ 2,912,143</b>

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

**WOMEN'S SPORTS FOUNDATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 1,791,856	\$ (388,903)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	50,083	97,673
Write-off of uncollectible contributions receivable	2,600	409,523
Amortization of discount on contributions	(1,271)	(44,350)
Realized and unrealized (gain) loss on investments	(45,696)	37,835
Loss on disposal of property and equipment	-	17,227
	<u>1,797,572</u>	<u>129,005</u>
Subtotal		
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Contributions receivable	(903,940)	(191,863)
Prepaid expenses and other assets	14,251	(3,647)
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	(33,035)	(29,404)
Deferred compensation	(29,338)	5,976
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>845,510</u>	<u>(89,933)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales of investments	104,969	379,352
Purchases of investments	(168,633)	(367,812)
<b>Net Cash (Used in) Provided by Investing Activities</b>	<u>(63,664)</u>	<u>11,540</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	781,846	(78,393)
Cash and cash equivalents - beginning of year	<u>485,411</u>	<u>563,804</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,267,257</u>	<u>\$ 485,411</u>



**WOMEN'S SPORTS FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

The Women's Sports Foundation (the "Foundation") is a national educational nonprofit organization with a mission of creating leaders by ensuring girls access to sports. Established in 1974 by Billie Jean King, the Foundation is dedicated to ensuring equal access for girls and women in sports and fitness through programs in participation, education, advocacy, research and leadership as described below. The Foundation is incorporated in the state of Delaware and is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and similar provisions at the state and local level.

The following is a summary of programs provided by the Foundation:

Participation - Over the last 40 years, the majority of the more than \$50 million the Foundation has distributed in cash grants and materials has helped socio-economically disadvantaged girls play sports or become physically active. Grants have also been made to up-and-coming accomplished athletes from the Travel and Training funds of the Foundation, which enabled them to compete at the early stages of their careers before they became world champions.

Education - The Foundation annually responds to thousands of requests for information from female athletes, parents, coaches, the media and the general public, and distributes educational information each year. Key to the Foundation's public education efforts includes the delivery of research-based facts and messages about the benefits of girls playing sports, and being active and the higher health risks they encounter when they do not.

Advocacy – For four decades, the Foundation has educated people to ensure that the Title IX definition of "equal opportunity" in athletics remains unchanged and that regulations are enforced. The Foundation's website provides educational resources to inform parents, coaches, administrators and athletes of their rights in sports.

Research – Data is consistently requested of the Women's Sports Foundation by the media, funders, governmental agencies, and girl-serving organizations, which creates a major public education demand and a launching pad for the Foundation's initiatives. The Foundation research reports have extraordinary longevity in the public information system.

Leadership - The Foundation is the trusted voice of women's sports and physical activity because its work is anchored on fact-based research and 40 years of experience in the design and execution of award-winning education and public policy programs. The Foundation is the only national organization promoting all sports and physical activities for women of all ages and skill levels and is acknowledged by the media as the expert resource on women's sports issues.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- A. The financial statements have been prepared on the accrual basis of accounting. The Foundation adheres to accounting principles generally accepted in the United States of America.
- B. The Foundation reports contributions received as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. 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. Restricted contributions are recorded as unrestricted revenues if the restrictions are fulfilled in the same time period in which the contribution is received.

The Foundation considers membership dues to be contributions because the dues collected are primarily used to support the Foundation's programs rather than to provide benefits to the members.



**WOMEN'S SPORTS FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- C. The Foundation maintains its net assets under the following three classes:
- Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions.
  - Temporarily Restricted Net Assets – Net assets subject to donor-imposed restrictions that expire by the passage of time, or restrictions by the donor for specific purposes.
  - Permanently Restricted Net Assets – Net assets subject to donor-imposed restrictions and maintained in perpetuity, allowing the Foundation to use up or expend part or all of the income (or other economic benefits) derived from the donated assets. Permanently restricted net assets are to provide permanent endowments, with investment income expendable to support various restricted grants and unrestricted activities. Investment income or loss (including gains and losses on investment, interest and dividends) is included in the statement of activities as increases in unrestricted net assets unless the income or loss is restricted by donor or law in which case it is recorded as an increase or decrease in temporarily restricted net assets.
- D. The Foundation considers all cash and money market funds held in banks to be cash and cash equivalents. The Foundation also considers cash and cash equivalents to be all highly liquid instruments purchased with maturities of 90 days or less when acquired. Cash equivalents held in broker accounts are classified as investments.
- E. Contributions receivable (unconditional promises to give) that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. When material, the discount on these amounts is computed using risk-adjusted interest rates applicable to the years in which the promises are received. The Foundation considers contributions to be received in future periods to be implicitly time restricted. The Foundation bases its allowance for doubtful contributions on its historical loss experience considering the age of the receivables. The Foundation has determined that no allowance was necessary as of December 31, 2014 and 2013. However, the Foundation wrote off \$2,600 in contributions receivable considered to be uncollectible as of December 31, 2014, which was included in unrestricted restricted net assets. Additionally, the Foundation wrote off \$409,523 in contributions receivable considered to be uncollectible as of December 31, 2013, of which \$395,000 was included in temporarily restricted net assets and \$14,523 was included in unrestricted restricted net assets.
- F. Donated services are recognized in the financial statements if the services enhance or create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased, if not provided by donation. The Foundation received contributed goods and donated securities. The Foundation has recognized these donated goods and services and securities in the accompanying statements of activities, approximating to \$130,000 and \$27,000, and \$83,000 and \$12,000, for the years ended December 31, 2014 and 2013, respectively.
- G. Investments in equity securities with readily determinable fair values and all debt securities are reported at their fair values, with realized and unrealized gains and losses included in the accompanying statements of activities. Net investment income is recorded as either unrestricted or restricted, in accordance with donor intent.
- H. Property and equipment is stated at cost less accumulated depreciation or amortization. These amounts do not purport to represent replacement or realizable values. Property and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized on a straight-line basis over the lesser of the useful lives or the remaining term of the respective lease. The Foundation capitalizes all owned equipment having a cost of \$1,000 or more and a useful life of at least two years.
- I. The direct costs of special events include expenses for the benefit of the donor. For example, meals and facilities rental are considered direct costs of special events. The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.



**WOMEN'S SPORTS FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- J. The Foundation accounts for and reports joint cost activities consistent with the purpose, content and audience guidelines detailed in Accounting Standards Codification ("ASC") 958-720-15. During the years ended December 31, 2014 and 2013, the joint costs were considered minimal and \$0 was allocated.
- K. 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 the reported amount of 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.
- L. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

In determining fair value, the Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value. The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period. For the years ended December 31, 2014 and 2013, there were no transfers.

**NOTE 3 – CONTRIBUTIONS RECEIVABLE, NET**

Contributions receivable, net, consist of the following as of December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Amounts due in less than one year	\$ 1,416,995	\$ 825,489
Amounts due in one to five years	<u>839,334</u>	<u>529,500</u>
	2,256,329	1,354,989
Less: discount (at rates ranging from 0.69% to 4.63%)	<u>(10,769)</u>	<u>(12,040)</u>
	<u>\$ 2,245,560</u>	<u>\$ 1,342,949</u>

**WOMEN'S SPORTS FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 4 – INVESTMENTS**

Investments consist of the following as of December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Cash held in broker accounts	\$ 21,863	\$ 15,038
Common stock:		
Domestic corporate equities	10,256	285
Fixed income securities:		
U.S. Treasury notes	286,631	247,706
Federal Home Loan Mortgage notes	45,538	47,925
Federal National Mortgage Association notes	132,000	131,910
Commercial and Residential Mortgage-Backed	87,664	-
Corporate bonds	310,960	278,392
Alternative investments:		
Hedge funds portfolio	70,140	87,372
Private equity funds portfolio	<u>85,331</u>	<u>132,395</u>
	<u>\$ 1,050,383</u>	<u>\$ 941,023</u>

Investments are subject to market volatility, which could substantially change the carrying value in the near term.

The following table summarizes investment (loss) income activity for the years ended December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Interest and dividends	\$ 18,076	\$ 17,452
Realized and unrealized gain (loss) on investments	45,696	(37,835)
Investment expenses	<u>(6,389)</u>	<u>(5,848)</u>
	<u>\$ 57,383</u>	<u>\$ (26,231)</u>

**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following as of December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>	<u>Estimated Useful Lives</u>
Equipment, computers, and software	\$ 580,144	\$ 580,144	2-5 Years
Furniture and fixtures	110,241	110,241	7-10 Years
Leasehold improvements	<u>338,463</u>	<u>338,463</u>	5-7 Years
Total cost	1,028,848	1,028,848	
Less: accumulated depreciation and amortization	<u>(1,004,721)</u>	<u>(954,638)</u>	
Net book value	<u>\$ 24,127</u>	<u>\$ 74,210</u>	

During the year ended December 31, 2013, the Foundation wrote-off fully depreciated equipment in the amount of \$399,708 and incurred a loss of \$17,227. There were no write offs in 2014. Depreciation and amortization expense amounted to \$50,083 and \$97,673 for the years ended December 31, 2014 and 2013, respectively.



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**NOTE 6 – REVOLVING LINE-OF-CREDIT**

The Foundation entered into a revolving line-of-credit arrangement (the "Line") with a financial institution. This arrangement allows the Foundation to borrow up to 85% of certain securities in its investment portfolio at the LIBOR (London Interbank Offered Rate) monthly rate plus 1.75%. Borrowings are collateralized by those certain investments of the Foundation's investment portfolio.

The Line can be cancelled by either party at any time. As of December 31, 2014 and December 31, 2013, there was no outstanding balance on the revolving line of credit. The line was subsequently closed as of March 26, 2015.

**NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets as of December 31, 2014 and 2013 are available for the following purposes and time restrictions:

	<u>2014</u>	<u>2013</u>
Participation	\$ 720,491	\$ 587,561
Education	413,638	291,961
Advocacy	5,403	10,839
Research	66	66
Leadership	104,512	132,536
Time restrictions	<u>1,871,398</u>	<u>702,960</u>
	<u>\$ 3,115,508</u>	<u>\$ 1,725,923</u>

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, by occurrence of other events specified by the donors, or the passage of time during the years ended December 31, 2014 and 2013 as follows:

	<u>2014</u>	<u>2013</u>
Participation	\$ 220,268	\$ 400,425
Education	308,050	254,630
Advocacy	7,586	3,043
Leadership	36,000	39,907
Time restrictions	<u>313,333</u>	<u>33,541</u>
	<u>\$ 885,237</u>	<u>\$ 731,546</u>

**NOTE 8 – DEFERRED COMPENSATION AND PENSION PLAN**

The Foundation has a deferred compensation plan which is intended to be employee funded and is designed to attract and retain key management personnel by permitting them to enter into agreements with the Foundation and provide for a deferral of payment of a portion of their current compensation until death, disability, retirement, termination of employment, or other events as defined in the plan document.

The Foundation has recorded a liability as of December 31, 2014 and 2013 of \$16,951 and \$46,289, respectively, which represents the sum of salary deferrals plus allocations of investment income, losses, and payments. The related investments are recorded at fair value and included in prepaid expenses and other assets on the accompanying statements of financial position.

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**NOTE 8 – DEFERRED COMPENSATION AND PENSION PLAN (Continued)**

In addition, the Foundation has a defined contribution pension plan for the benefit of its employees. This plan is noncontributory by the employees and is administered by an insurance company. Under the plan, a predetermined contribution is made to the account of each individual employee based on annual compensation levels. Employees are 100% vested after two years in the plan. During the years ended December 31, 2014 and 2013, the Foundation contributed an amount equal to 5.33% of employees' compensation, which amounted to \$30,431 and \$42,050, respectively.

Lastly, the Foundation offers a voluntary tax deferred annuity plan under the Internal Revenue Code Section 403(b) to its employees. The Foundation does not make contributions to the voluntary tax deferred annuity plan.

**NOTE 9 – FAIR VALUE MEASUREMENTS**

Investments in short-term instruments, common stock, U.S. treasury notes and bonds, U.S. government securities and corporate bonds with readily determinable fair values are carried at market value based on the last reported sales price at the end of the fiscal year, or in the absence of a reported sales price, at the average of the bid and asked price or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Alternative investments that are "fund-of-funds," which invest primarily in hedge funds and private equity funds, are stated at fair value in an unquoted market. Investment holdings within the alternative investments include primarily nonmarketable securities. Fair value, which represents net asset value, of the alternative investments is determined by the alternative investments' management company. Values may be based on historical cost, appraisals, obtainable prices for similar assets, or other estimates. Because of the inherent uncertainty of valuation of the Foundation's investment in the alternative investments and for certain underlying investments held by the alternative investment fund, values for those investments may differ significantly from values that would have been used had a ready market for the investments existed. The Foundation can only redeem its investment in the hedge fund portion of the alternative investments at the end of each calendar year with 90 days prior notice to the Fund's administrator. These investments are classified as Level 2. Redemption is not permitted on the private equity fund portion of the alternative investments, which will therefore be shown as a Level 3. The objective of the alternative investments is to generate a long-term growth rate in excess of 15% per annum with an annualized standard deviation below that of the S&P 500 index and low correlation to the U.S. public equity markets. All other investments are maintained and managed by an investment brokerage company.

During the years ended December 31, 2014 and 2013, the Foundation received scheduled cash payouts from its alternative investments portfolio, of approximately \$48,000 and \$27,000 (22% and 9% of its balance at the beginning of the year, respectively). Based on this short-term redemption schedule, the hedge fund portion of the investments is shown as a Level 2 financial asset measured at fair value as of December 31, 2014 and 2013.



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**NOTE 9 – FAIR VALUE MEASUREMENTS (Continued)**

Financial assets and liabilities carried at fair value at December 31, 2014 are classified in the table as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>ASSETS CARRIED AT FAIR VALUE</b>				
Cash held in broker accounts	\$ 21,863	\$ -	\$ -	\$ 21,863
Common stock:				
Domestic corporate equity	10,256	-	-	10,256
Fixed income securities:				
U.S. Treasury notes	-	286,631	-	286,631
Federal Home Loan Mortgage notes	-	45,538	-	45,538
Federal National Mortgage Association notes	-	132,000	-	132,000
Commercial and Residential Mortgaged-Backed	-	87,664	-	87,664
Corporate bonds		310,960		310,960
457(b) Plan – mutual funds	16,951	-	-	16,951
Alternative investments:				
Hedge funds portfolio	-	70,140	-	70,140
Private equity funds portfolio	<u>-</u>	<u>-</u>	<u>85,331</u>	<u>85,331</u>
<b>TOTAL ASSETS AT FAIR VALUE</b>	<u><b>\$ 49,070</b></u>	<u><b>\$ 932,933</b></u>	<u><b>\$ 85,331</b></u>	<u><b>\$ 1,067,334</b></u>
<b>LIABILITIES CARRIED AT FAIR VALUE</b>				
457(b) Plan – mutual funds	<u><u>\$ 16,951</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 16,951</u></u>

The reconciliation for the year ended December 31, 2014 of the alternative investments measured at estimated fair value is as follows:

	<u>Level 3</u>
Balance at January 1, 2014	\$ 132,395
Return of capital	(47,619)
Unrealized gain	<u>555</u>
Balance at December 31, 2014	<u><u>\$ 85,331</u></u>

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**NOTE 9 – FAIR VALUE MEASUREMENTS (Continued)**

Financial assets and liabilities carried at fair value at December 31, 2013 are classified in the table as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>ASSETS CARRIED AT FAIR VALUE</b>				
Cash held in broker accounts	\$ 15,038	\$ -	\$ -	\$ 15,038
Common stock:				
Basic materials	285	-	-	285
Fixed income securities:				
U.S. Treasury notes	-	247,706	-	247,706
Federal Home Loan Mortgage notes	-	47,925	-	47,925
Federal National Mortgage Association notes	-	131,910	-	131,910
Corporate bonds	-	278,392	-	278,392
457(b) Plan – mutual funds	46,289	-	-	46,289
Alternative investments:				
Hedge funds portfolio	-	87,372	-	87,372
Private equity funds portfolio	<u>-</u>	<u>-</u>	<u>132,395</u>	<u>132,395</u>
<b>TOTAL ASSETS AT FAIR VALUE</b>	<u>\$ 61,612</u>	<u>\$ 793,305</u>	<u>\$ 132,395</u>	<u>\$ 987,312</u>
<b>LIABILITIES CARRIED AT FAIR VALUE</b>				
457(b) Plan – mutual funds	<u>\$ 46,289</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,289</u>

The reconciliation for the year ended December 31, 2013 of the alternative investments measured at estimated fair value is as follows:

	<u>Level 3</u>
Balance at January 1, 2013	\$ 167,164
Return of capital	(27,210)
Unrealized loss	<u>(7,559)</u>
Balance at December 31, 2013	<u>\$ 132,395</u>



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**NOTE 10 – ENDOWMENT NET ASSETS**

Generally accepted accounting principles in the United States of America provide guidance on the net asset classifications of donor-restricted endowment funds for a not-for-profit organization that is subject to the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). These standards also dictate the disclosures necessary regarding the organization's endowment funds, including board designated funds.

The Board of Trustees of the Foundation has interpreted UPMIFA law as requiring the preservation of the historical dollar value of the original donor-restricted endowment gift absent explicit donor stipulations to the contrary. See Note 2C for how the Foundation maintains its net assets.

The Foundation's endowment investment policy is to invest into fixed-income securities, equity securities and money market securities based on an asset allocation with the objective of capital appreciation. Annual spending from the endowment fund is established by the Board of Trustees prior to the beginning of each fiscal year. Unless authorized by the Board of Trustees, the appropriations from the endowment funds should not deplete the historical dollar value of the endowment fund.

For the years ended December 31, 2014 and 2013 there were no appropriations of investment earnings.

Changes in endowment net assets for the year ended December 31, 2014 are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 7,898	\$ 693,412	\$ 701,310
Contribution to endowments	-	-	-
Investment activity:			
Interest and dividends	11,933	-	11,933
Unrealized gain on investments	33,387	-	33,387
Total investment activity	45,320	-	45,320
Endowment net assets, end of year	<u>\$ 53,218</u>	<u>\$ 693,412</u>	<u>\$ 746,630</u>

Changes in endowment net assets for the year ended December 31, 2013 are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 26,108	\$ 693,412	\$ 719,520
Contribution to endowments	-	-	-
Investment activity:			
Interest and dividends	12,730	-	12,730
Unrealized loss on investments	(30,940)	-	(30,940)
Total investment activity	(18,210)	-	(18,210)
Released from restriction	-	-	-
Endowment net assets, end of year	<u>\$ 7,898</u>	<u>\$ 693,412</u>	<u>\$ 701,310</u>

Endowment net assets of \$746,630 and \$701,310 are included with investments in the accompanying statements of financial position as of December 31, 2014 and 2013, respectively.

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**NOTE 10 – ENDOWMENT NET ASSETS (Continued)**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. In accordance with the Foundation's policy noted at Note 2C, deficiencies of this nature are reported in either temporarily restricted or unrestricted net assets. As of December 31, 2014 and 2013, there were no such deficiencies.

**NOTE 11 – CONCENTRATION OF CREDIT RISK**

Cash and cash equivalents that potentially subject the Foundation to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits of up to \$250,000 per depositor. As of December 31, 2014 and 2013, there was approximately \$642,000 and \$319,000, respectively, of cash and cash equivalents held by banks that exceeded FDIC limits. Such excess includes outstanding checks.

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

- A. The County of Nassau, New York has provided the Foundation with use of facilities owned by Nassau County for a period of twenty years (through the year 2013). A rental agreement on a portion of these facilities was extended through the year 2018. This arrangement is cancellable, at any time, upon the mutual consent of Nassau County and the Foundation. In exchange for the use of the facility, the Foundation has agreed to provide as its resources and annual activities allow, promotional, developmental, interpretative and consulting services regarding sports fitness and athletics programs and events, in Nassau County, and to help develop and attract sports programs and sports organizations for the benefit of Nassau County, its residents and economy. As a result, contributed rent has not been recorded in the accompanying financial statements.
- B. Effective August 2011, the Foundation entered into a three year operating lease for office space in New York City. This lease commenced on September 19, 2011 and expired on August 31, 2014. The Foundation did not renew the lease. Commencing March 21, 2015, the Foundation entered into a five year operating lease for office space in New York City at a new location.

In addition, the Foundation is obligated under various lease agreements for the use of equipment through 2019.

The following is a schedule by years of the future lease payments for the year ending after December 31, 2014:

	<u>Office Space</u>	<u>Equipment</u>	<u>Total</u>
2015	\$ 67,988	\$ 3,080	\$ 71,068
2016	99,684	3,080	102,764
2017	102,176	3,080	105,256
2018	104,731	2,315	107,046
2019	107,349	209	107,558
Thereafter	<u>17,965</u>	<u>-</u>	<u>17,965</u>
	<u>\$ 499,893</u>	<u>\$ 11,764</u>	<u>\$ 511,657</u>

Rent expense for the years ended December 31, 2014 and 2013 amounted to approximately \$101,000 and \$132,000, respectively, and is included in occupancy expense on the accompanying statements of functional expenses.

- C. The Foundation has no uncertain tax positions as of December 31, 2014 and 2013 in accordance with Accounting Standards Codification ("ASC") Topic 740, which provides standards for establishing and classifying any tax provisions for uncertain tax positions. The Organization is no longer subject to federal or state and local income tax examinations by tax authorities for years ended before December 31, 2011.



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**NOTE 13 – UNRESTRICTED NET ASSETS**

The Foundation has an unrestricted net asset balance of \$821,214 and \$418,943, as of December 31, 2014 and 2013, respectively, and incurred a gain from operations as of December 31, 2014 of \$402,271 and a loss from operations as of December 31, 2013 of \$276,586. The Foundation continues to implement cost cutting measures which included the reduction of the finance department and will continue to implement reductions in expenses going forward. In addition, a new focus to gaining commitments from donors for multi-year pledges is underway.

**NOTE 14 – SUBSEQUENT EVENTS**

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through October 26, 2015, the date the financial statements were available to be issued. See Notes 6 and 12B for events that occurred after year-end.