

**National Intercollegiate Flying Association  
Financial Statements  
As of and for the Years Ended  
June 30, 2015 and 2014**

**National Intercollegiate Flying Association**  
**Financial Statements**  
**As of and for the Years Ended June 30, 2015 and 2014**

---

**Index to the Financial Statements**

Independent Auditors' Report	2-3
Statements of Financial Position	4
Statements of Activities	5-6
Statements of Functional Expenses	7-8
Statements of Cash Flows	9
Notes to Financial Statements	10-14



## **Independent Auditors' Report**

To the Board of Directors of the  
National Intercollegiate Flying Association  
Columbus, Ohio

We have audited the accompanying financial statements of the National Intercollegiate Flying Association (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, 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 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 opinion 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 National Intercollegiate Flying Association as of June 30, 2015, 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.

**Prior Period Financial Statements**

The financial statements of the National Intercollegiate Flying Association as of and for the year ended June 30, 2014 were audited by other auditors whose report dated November 24, 2014 expressed an unmodified opinion on those financial statements.

*Shulbrook & Manta*

Certified Public Accountants

Columbus, Ohio  
December 9, 2015

**NATIONAL INTERCOLLEGIATE FLYING ASSOCIATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2015 AND 2014**

	<b>2015</b>	<b>2014</b>
<b>Assets</b>		
<i>Current assets</i>		
Cash	\$ 46,787	\$ 48,905
Accounts receivable	10,000	-
Investments at fair value	85,834	81,763
Prepaid expenses	500	500
Total current assets	143,121	131,168
<i>Non-current assets</i>		
Property and equipment		
Computer equipment	2,851	2,851
Equipment	40,618	39,298
Less: accumulated depreciation	(36,204)	(33,362)
Property and equipment, net	7,265	8,787
Investments at fair value		
Funds committed for future program services	50,000	50,000
Total assets	\$ 200,386	\$ 189,955
<b>Liabilities and net assets</b>		
<i>Current liabilities</i>		
Accounts payable	\$ 7,919	\$ 592
Accrued payroll taxes	1,309	1,314
Unearned revenue	-	10,900
Total current liabilities	9,228	12,806
Net assets		
Unrestricted	141,158	127,149
Temporarily restricted	50,000	50,000
Total net assets	191,158	177,149
Total liabilities and net assets	\$ 200,386	\$ 189,955

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

**NATIONAL INTERCOLLEGIATE FLYING ASSOCIATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and revenue</b>			
Cash contributions	\$ 8,902	\$ -	\$ 8,902
Contributed use of property	18,900	-	18,900
Fundraising	20,300	-	20,300
Program service fees	132,939	-	132,939
Grants	42,000	-	42,000
Government grant	10,000	-	10,000
Membership dues	26,932	-	26,932
Interest and dividends	14,793	-	14,793
Unrealized gain on investments	19,279	-	19,279
Total support and revenue	<u>294,045</u>	<u>-</u>	<u>294,045</u>
<b>Expenses</b>			
Program services			
SAFECON	170,885	-	170,885
Supporting services			
Management and general	100,706	-	100,706
Fundraising	8,445	-	8,445
Total expenses	<u>280,036</u>	<u>-</u>	<u>280,036</u>
Change in net assets	14,009	-	14,009
Net assets - beginning of year	<u>127,149</u>	<u>50,000</u>	<u>177,149</u>
Net assets - end of year	<u>\$ 141,158</u>	<u>\$ 50,000</u>	<u>\$ 191,158</u>

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

**NATIONAL INTERCOLLEGIATE FLYING ASSOCIATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and revenue</b>			
Cash contributions	\$ 6,630	\$ -	\$ 6,630
Contributed use of property	18,900	-	18,900
Fundraising	18,337	-	18,337
Program service fees	116,438	-	116,438
Grants	33,800	-	33,800
Government grant	8,000	-	8,000
Membership dues	24,005	-	24,005
Interest and dividends	12,426	-	12,426
Unrealized gain on investments	22,791	-	22,791
Total support and revenue	<u>261,327</u>	<u>-</u>	<u>261,327</u>
<b>Expenses</b>			
Program services			
SAFECON	166,062	-	166,062
Supporting services			
Management and general	85,961	-	85,961
Fundraising	1,446	-	1,446
Total expenses	<u>253,469</u>	<u>-</u>	<u>253,469</u>
Change in net assets	7,858	-	7,858
Net assets - beginning of year	<u>119,291</u>	<u>50,000</u>	<u>169,291</u>
Net assets - end of year	<u>\$ 127,149</u>	<u>\$ 50,000</u>	<u>\$ 177,149</u>

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

**NATIONAL INTERCOLLEGIATE FLYING ASSOCIATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2015**

---

	<b>SAFECON</b>	<b>Management and general</b>	<b>Fundraising</b>	<b>Total</b>
Salaries	\$ 25,000	\$ 25,000	\$ -	\$ 50,000
Health insurance	-	17,428	-	17,428
Payroll taxes	1,912	1,913	-	3,825
Professional fees	-	15,230	-	15,230
Occupancy	-	18,900	-	18,900
Depreciation	-	2,842	-	2,842
Fundraising	-	-	8,445	8,445
Printing	14,238	-	-	14,238
Insurance	5,112	5,113	-	10,225
Travel and entertainment	42,721	5,702	-	48,423
Scholarships and awards	47,629	-	-	47,629
Administrative expenses	9,084	-	-	9,084
Equipment rental	9,560	-	-	9,560
Conferences and meetings	13,203	4,466	-	17,669
Subscriptions	-	103	-	103
Supplies	2,048	-	-	2,048
Filing fees	-	10	-	10
Postage	378	291	-	669
Other	-	3,708	-	3,708
	<u>\$ 170,885</u>	<u>\$ 100,706</u>	<u>\$ 8,445</u>	<u>\$ 280,036</u>

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



**NATIONAL INTERCOLLEGIATE FLYING ASSOCIATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2014**

---

	<b>SAFECON</b>	<b>Management and general</b>	<b>Fundraising</b>	<b>Total</b>
Salaries	\$ 25,425	\$ 25,424	\$ -	\$ 50,849
Health insurance	-	13,577	-	13,577
Payroll taxes	1,913	1,912	-	3,825
Professional fees	-	7,680	-	7,680
Occupancy	-	18,900	-	18,900
Depreciation	-	1,699	-	1,699
Fundraising	-	-	1,446	1,446
Printing	11,789	-	-	11,789
Insurance	5,491	5,491	-	10,982
Travel and entertainment	41,451	2,724	-	44,175
Scholarships and awards	34,692	-	-	34,692
Administrative expenses	12,567	-	-	12,567
Equipment rental	8,855	-	-	8,855
Conferences and meetings	12,730	6,833	-	19,563
Subscriptions	-	273	-	273
Supplies	8,096	-	-	8,096
Filing fees	-	45	-	45
Postage	3,053	630	-	3,683
Other	-	773	-	773
	<u>\$ 166,062</u>	<u>\$ 85,961</u>	<u>\$ 1,446</u>	<u>\$ 253,469</u>

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

**NATIONAL INTERCOLLEGIATE FLYING ASSOCIATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>Operating activities</b>		
Change in net assets	\$ 14,009	\$ 7,858
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	2,842	1,699
Interest and dividends	(14,793)	(12,426)
Unrealized gain on investments	(19,279)	(22,791)
Changes in assets and liabilities:		
Accounts receivable	(10,000)	15,000
Prepaid expenses	0	(500)
Accounts payable	7,327	(6,167)
Accrued expenses	(5)	86
Unearned revenue	(10,900)	10,900
Net cash used by operating activities	<u>(30,799)</u>	<u>(6,341)</u>
<b>Investing activities</b>		
Sale of investments	30,000	-
Purchase of equipment	(1,319)	(6,386)
Net cash provided (used) by investing activities	<u>28,681</u>	<u>(6,386)</u>
Net change in cash	(2,118)	(12,727)
Cash at beginning of year	<u>48,905</u>	<u>61,632</u>
Cash at end of year	<u>\$ 46,787</u>	<u>\$ 48,905</u>

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

# National Intercollegiate Flying Association

## Notes to Financial Statements

### For the Years Ended June 30, 2015 and 2014

---

#### 1. Summary of Significant Accounting Policies

##### Nature of Activities

The National Intercollegiate Flying Association (the Association) is a non-profit corporation organized in 1919 for the purpose of developing and advancing aviation education; to promote, encourage and foster safety in aviation; to promote and foster communications and cooperation between aviation students, educators, educational institutions and the aviation industry; and to provide an arena for collegiate aviation competition.

To accomplish its mission, the Association provides a variety of services to its member institutions including the scheduling and coordination of regional and national Safety and Flight Evaluation Conferences (SAFECON). During these SAFECON events, member institutions compete and are judged in the following areas related to aviation: takeoffs and landings, safety, navigation, and mathematical flight planning computations.

##### Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

##### *Unrestricted net assets*

Net assets that are not subject to donor-imposed stipulations.

##### *Temporarily restricted net assets*

Net assets that are subject to donor-imposed stipulations that will be met by either the actions of the Association and/or the passage of time.

##### Cash

The Association maintains its cash in bank deposit accounts which, at times may exceed federally insured limits. The accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. There were no uninsured cash balances as of June 30, 2015 and 2014, respectively.

##### Accounts Receivable

Accounts receivable represents amounts due from sponsors of the national SAFECON event, which is held in May of each year and grants received subsequent to year end that relate to the prior year. Management regularly assesses the accounts receivable accounts by looking at the financial condition of specific sponsors, the economic environment in which the sponsors operate, and the past history of the various sponsors. Management also does a detailed review of the aging for the various receivables and compares them to prior years. There was no allowance for doubtful accounts as of June 30, 2015 and 2014, respectively.

# National Intercollegiate Flying Association

## Notes to Financial Statements

### For the Years Ended June 30, 2015 and 2014

---

#### Investments

All investments are recorded at fair value in the financial statements. See note 3 for further discussion.

#### Property and Equipment

The Association capitalizes property and equipment having a unit cost in excess of \$1,000 and a useful life of one or more years. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated over the estimated useful lives using the straight-line method of computing depreciation.

#### Support and Revenue

The Association's support and revenue consists mainly of donations, grants, SAFECON sponsorships, membership dues, and a variety of fundraising projects. A college or university has to be a member of the Association in order to compete in the SAFECON events. These colleges or universities are assessed annual membership fees. The Association does not have significant membership fees that are paid in advance. During the year ended June 30, 2014, the Association received \$10,900 in fundraising support which related to fiscal year 2015 and was properly deferred into that year. There was no deferred revenue for the year ended June 30, 2015.

Contributions and grants received are recorded as unrestricted or temporarily restricted support, depending on the existence and/or nature of any donor restrictions.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as unrestricted revenues. No reclassification is reported as the contribution was never included in temporarily restricted net assets.

#### Contributed Services

No amounts have been reflected in the statements for donated services in as much as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of time in the Association's programs and services.

#### Investment Returns

Investment transactions are recorded on the trade date. Investment income and unrealized gains are reported as increases to the appropriate net asset category.

**National Intercollegiate Flying Association**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2015 and 2014**

---

Federal Income Tax

The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Association has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

Related Parties

During the years ended June 30, 2015 and 2014, there were contributions and donations from certain members of the Association's Board of Directors. These contributions and donations were not a significant part of the Association's revenues for the year ended June 30, 2015 and 2014, respectively.

The Executive Director of the Association is a trustee of the Hillsdale Fund, Inc. which is an organization that has given significant grants to the Association (See note 4).

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**2. Contributed Use of Property**

The Association receives the free use of 1,400 square feet of office space provided by a local airport through a lease agreement. The Association uses this office space to conduct its daily administrative activities. The term of the lease agreement is for the Association's fiscal year. In order for the agreement to continue, a new agreement must be executed every year. The local airport normally rents similar space for \$13.50 annually per square foot, the going market rate for office space in the area. The Association recognizes the fair value of the contributed use of the office space of \$18,900 for the years ended June 30, 2015 and 2014, respectively. This amount is recognized as both revenue and expense in the statement of activities as it is both received and used during the fiscal year. This transaction had no effect on the change in net assets.

**National Intercollegiate Flying Association**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2015 and 2014**

---

**3. Fair Value Measurement**

FASB ASC 820, *Fair Value Measurement*, establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument’s categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following is a description of the techniques and inputs used for each major class of assets measured at fair value. There have been no changes in the methodologies used at June 30, 2015 and 2014, respectively.

*Mutual Funds* - Mutual funds are valued based on quoted market prices and as such, they are classified as level 1 on the valuation hierarchy.

These methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth the Association’s investment assets at fair value as of June 30, 2015 and 2014, by level, within the fair value hierarchy:

		Assets at fair value as of June 30, 2015			
		Level 1	Level 2	Level 3	Total
Mutual Fund					
	Healthcare	\$ 135,834	\$ -	\$ -	\$ 135,834
		Assets at fair value as of June 30, 2014			
		Level 1	Level 2	Level 3	Total
Mutual Fund					
	Healthcare	\$ 131,763	\$ -	\$ -	\$ 131,763

**National Intercollegiate Flying Association**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2015 and 2014**

---

As mentioned in note 4, the Association's investment in the healthcare mutual fund contains \$50,000 as of June 30, 2015 and 2014, respectively, which is restricted to offset travel costs for the Association's volunteers attending the regional and national SAFECON events.

**4. Assets Committed for Future Services**

During fiscal year 2012, the Association applied for a grant from the Hillsdale Fund, Inc. for \$50,000. The money was received during fiscal year 2012 with donor-imposed restrictions that the grant should be used to offset travel costs for the Association volunteers, including judges, safety officers, and Association council members when they attend the regional and national SAFECON conferences and events. Accordingly, these assets have been classified as temporarily restricted net assets as of June 30, 2015 and 2014, respectively.

**5. Income Taxes**

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Association and recognize a tax liability (or asset) if the Association has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Association has analyzed the tax positions taken, and has concluded that as of June 30, 2015 and 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Association has recognized no interest or penalties related to uncertain tax positions. The Association is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

**6. Subsequent Events**

Subsequent events were reviewed through December 9, 2015, the date the financial statements were available to be issued.