



# Annual Report 2005-2006

 NATIONAL SOCIETY OF COLLEGIATE SCHOLARS

*Honor. Inspire. Engage.*

THE NATIONAL SOCIETY OF

COLLEGIATE SCHOLARS



*Coming together is a beginning,  
staying together is progress,  
and working together  
is success.”*

*- Henry Ford*



## *Professional Leadership Council:*

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NSCS works with corporate and not-for-profit partners to help connect members to professional opportunities in a variety of industries. This group, called the Professional Leadership Council, is comprised of the following organizations:

- Accenture
- Washington Mutual
- Teach for America
- Lockheed Martin
- Peace Corps, San Francisco Regional Office

Professional Leadership Council members make a contribution to the Society's scholarship and programming funds in exchange for a 12-month term that provides them with access to NSCS members for job and internship recruitment. NSCS announces job and internship opportunities to members through nscs.org and e-mail blasts targeted toward members who meet specific criteria. On-campus recruiting events are also publicized to members.

## *2005-2006 Board of Directors:*

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The Board of Directors is responsible for establishing policy and charting the overall direction of NSCS.

### *Ralph Johnson, Chair*

Associate Dean of Students, Johns Hopkins University

### *Susan Hoff*

President & CEO, ChildCareGroup

### *Mary Stuart Hunter*

Director, National Resource Center for The First-Year Experience & Students in Transition, University of South Carolina

### *Allison Hudson*

President, 2005-2006 National Leadership Council

### *Stephen E. Loflin*

Executive Director, The National Society of Collegiate Scholars

### *Rodney McClendon*

Chief of Staff, Office of the President, Texas A&M University

### *Derek van Bever*

Chief Research Officer, Corporate Executive Board

### *Nathaniel Simpson*

Executive Vice President, 2005-2006 National Leadership Council

### *Bill Ziegler*

National Director of Talent Acquisition, Deloitte and Touche

## 2005-2006 Partners:

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NSCS has partnered with many of the nation's premier employers and graduate schools to ensure exclusive networking opportunities for NSCS members. Recruitment partners rely on the NSCS membership base as a prime source for finding qualified candidates. The national office is in constant contact with current and prospective recruiters to uncover the very best opportunities for NSCS members, including the most desired jobs and internships among America's elite college graduates.

NSCS Recruitment Partners include:

### Employers:

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- o Abbot Labs*
- o Accenture*
- o Apex Systems, Inc.*
- o Bank of America*
- o Cheetahmail*
- o Corporate Executive Board*
- o Deloitte & Touche*
- o Digital Opportunity Trust*
- o Eli Lilly and Company*
- o Erickson Retirement Communities*
- o Ernst & Young*
- o Frito Lay*
- o GEICO*
- o JP Morgan Chase*
- o Microsoft Corporation*
- o Navigant Consulting*
- o New York Life*
- o Progressive Insurance*
- o Raytheon*
- o Teach for America*
- o U.S. Department of Energy*
- o U.S. Transportation Security Administration*

### Graduate School Partners:

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- o British Council*
- o Central Michigan University*
- o George Mason University*
- o The George Washington University*
- o Hawaii Pacific University*
- o Marymount University*
- o New York University*
- o Polytechnic University*
- o Princeton University*
- o Rochester Institute of Technology*
- o Saint Louis University*
- o Syracuse University*
- o Tufts University*

## *Other NSCS Partners:*

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### *AARP Tax Aide*

AARP Tax Aide offers tax preparation assistance to seniors. NSCS chapters recruit volunteers to help provide these services in local tax preparation centers in the community and on their campuses.

### *Academic Studies Abroad*

Academic Studies Abroad offers study abroad programs for undergraduates in Italy, England, Spain and France. NSCS members who are accepted to one of their programs and submit a supplemental essay are awarded a \$250 scholarship. Semester, summer and academic year-long programs are available.

### *America's Promise ~ The Alliance for Youth*

NSCS currently coordinates two programs with America's Promise: Planning for College Success and Scholars of Promise. NSCS chapters tap into the America's Promise alliance of national organizations to connect with service projects in their area and leverage resources. America's Promise recognizes NSCS members who spend 50 hours or more in service to young people as Scholars of Promise. In addition, America's Promise recruits members of their youth board, Five Promises Ambassadors Network, from NSCS.

### *Barnes & Noble.com*

Barnes & Noble.com offers NSCS members an exclusive 5% discount on all purchases, with special double-discounts during the back-to-school and holiday seasons. NSCS and Barnes & Noble.com have also teamed up to offer the NSCS Book Club, in which a book is recommended to members each month with up to a 40% discount.

### *Business Today*

NSCS provides information about the scholarships available for Business Today International Conference and encourages members to take advantage of the opportunities available through attendance. In 2004, approximately half of the participants at the Business Today International Conference were NSCS members.

### *Collegiate Funding Services*

NSCS has partnered with Collegiate Funding Services, LLP to offer members the NSCS Student Loan Consolidation Program (SLCP), a federally guaranteed student loan consolidation program. Participating in the NSCS SLCP allows members to reduce and simplify their monthly student loan payments and lock-in a low fixed interest rate. CFS also provides free personal loan counselors to NSCS members, who walk them through the loan consolidation process and answer any questions they may have.

## *Other NSCS Partners:*

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### *Envision Institute*

In the spring of 2005, 500 NSCS members participated in International Missions and Scholar Laureate Delegations. Coordinated by the Envision Institute, these programs offer pre-professional educational opportunities in Australia, Brazil, China, Europe and South Africa. They provide participants with a chance to enhance their career paths and strengthen their leadership skills while in a culturally enriching experience.

### *First Book*

NSCS chapters help raise funds for First Book, an organization that provides new books to low-income children in their communities. First Book also works with NSCS members who are interested in chartering Campus Advisory Boards on their campuses, which enables college students to distribute brand-new books to local educational programs. On campuses where Campus Advisory Boards and NSCS chapters overlap, NSCS and First Book hold joint community outreach programs promoting literacy or volunteer opportunities at local tutoring programs. Additionally, NSCS members volunteer for First Book media outreach events with national partners.

### *GEICO*

NSCS members are eligible for an 8% discount on their car insurance with GEICO. The discount is available in 46 states, plus the District of Columbia. In addition, GEICO offers free estimates, convenient payment plans, 24-hour access for sales, serve and claims, as well as a countrywide network of claims adjusters.

### *Habitat for Humanity International*

NSCS works in conjunction with Habitat for Humanity to coordinate spring break programs for members. In 2005, 30 members participated in the three Service Spring Break trips that NSCS offered in conjunction with Habitat For Humanity to Washington, D.C., San Antonio, Texas, and Seattle, Washington.

### *Idealist.org / Action Without Borders*

Idealist.org is a project of Action Without Borders, a nonprofit organization founded in 1995 to promote the sharing of ideas, information, and resources to help build a world where all people can live free, dignified, and productive lives. NSCS members are encouraged to visit Idealist.org and learn about the many opportunities and organizations outlined on the site. In the fall of 2004, NSCS sponsored the Idealist.org Nonprofit Career Fair that was held at The George Washington University. In addition, Ebony Smith, a senior at California State University - Northridge, was named to Idealist's Student Advisory Board to represent NSCS.

## *Other NSCS Partners:*

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### *Kaplan Test Prep and Admissions*

Kaplan is the world leader in test preparation and has helped more than 3 million students prepare to take the tests necessary to achieve their higher education and career goals. NSCS members receive a \$100 discount off any Kaplan online or classroom course offered, which include instruction for the LSAT, MCAT, GMAT, and GRE.

### *New Etruria College Association (NECA)*

NECA's study abroad program in Florence, Italy offers interdisciplinary courses that appeal to students from a variety of majors. Fields of study include art history, economics, literature, political science and sociology. NECA provides scholarships to all NSCS members who are accepted to its programs, which run during the school year, as well as during the summer, and for an abbreviated term in January.

### *Partnership for Public Service*

A recent nationwide public opinion survey, commissioned by the Partnership for Public Service, found that only one in six college-educated Americans are interested in pursuing a career in the federal government. NSCS has joined The Partnership for Public Service in their outreach efforts to help re-establish links between federal agencies and campuses, to educate a new generation about the importance of a strong civil service, and to provide students with information about federal jobs.

### *President's Volunteer Service Awards*

NSCS has partnered with the President's Volunteer Service Award organization to recognize NSCS members who complete at least 100 hours of community service during a 12-month period. Recognition includes a certificate signed by the President of the United States, a pin, and being recognized on the NSCS Web site.

## *Projects Abroad*

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Projects Abroad is the leading organizer of volunteer placements across five continents. They offer a diverse range of teaching, care, conservation, medical, journalism and work experience projects, plus the opportunity to become part of one of their local communities overseas.

### *University of Massachusetts Dartmouth SEAmester Program*

SEAmester allows students the unique opportunity to study the marine environment, while immersed in nautical traditions. They offer a \$10,000 scholarship to a NSCS member for their fall and spring trips.

## *Projects Abroad*

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### *Semester at Sea*

Semester at Sea provides opportunities for the exploration and study of people, places and cultures around the world. They offer half-tuition scholarships to NSCS members for their fall and spring voyages and five \$2,000 scholarships for their summer voyages.

### *The Points of Light Foundation and Connect America*

NSCS chapters tap into the network of national organizations affiliated with The Points of Light Foundation and Connect America to connect with service projects in their area and leverage resources. NSCS's commitment to conducting activities that build public awareness about volunteer opportunities and recognizing volunteers for their hard work, result in an increase of people becoming involved in volunteer efforts.

### *UnitedHealthcare Student Resources*

NSCS has endorsed affordable health insurance coverage – available exclusively to members. Any active member taking at least one college credit hour is eligible to apply. In addition, insured members can also purchase coverage for their eligible dependents. The plan is underwritten by the Chesapeake Life Insurance Company in all states except New York, where the plan is underwritten by The Gerber Life Insurance Company. Some restrictions apply.

### *Universum Communications*

NSCS has partnered with Universum communications to bridge the gap between students and their future employers. Universum surveys students at leading universities throughout the world about their career goals and the job recruitment process. We encourage members to participate in the Universum Survey, in order to find out what is expected of potential employer, as well as, employers to use the given information to tailor and improve their recruitment strategies.

### *Youth Service America*

NSCS chapters partner with Youth Service America (YSA) by participating in National Youth Service Day Weekend. Additionally, the YSA National Service Briefings provide NSCS members with great service ideas and opportunities. A total of six NSCS chapters participated in National Youth Service Day Weekend this year.

## *NSCS Chapters 2005-2006*

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*NSCS inducted 61,261 new members in FY2005 on the following campuses:*

Agnes Scott College	Florida A&M University
American University	Florida Atlantic University
Arizona State University	Florida International University
Arkansas State University	Florida State University
Auburn University	Fort Hays State University
Ball State University	George Mason University
Baylor University	Georgetown University
Boise State University	Georgia Institute of Technology
Boston University	Georgia State University
Brandeis University	Howard University
Brigham Young University	Humboldt State University
Butler University	Illinois State University
California Polytechnic State University, San Luis Obispo	Indiana State University
California State University, Fullerton	Indiana University Bloomington
California State University, Long Beach	Iowa State University
California State University, Northridge	James Madison University
Central Michigan University	Kansas State University
Central Missouri State University	Keene State College
Clemson University	Kennesaw State University
College of Charleston	Kent State University
Colorado State University	La Salle University
Columbus State University	Lehigh University
Cornell University	Lewis University
Creighton University	Louisiana State University
Dartmouth College	Loyola Marymount University
DePaul University	Loyola University Chicago
DePauw University	Massachusetts Institute of Technology
Drexel University	Miami University
East Carolina University	Michigan State University
Eastern Illinois University	Middle Tennessee State University
Embry-Riddle Aeronautical University	Minot State University
Emory University	Mississippi State University

## *NSCS Chapters 2005-2006*

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Monmouth College  
Montana State University - Bozeman  
Morehouse College  
Murray State University  
New Mexico State University  
New York City College of Technology  
North Carolina State University  
North Dakota State University  
Northeastern University  
Northern Illinois University  
Northwest Missouri State University  
Oklahoma State University  
Oregon State University  
Pomona College  
Princeton University  
Providence College  
Purdue University  
Radford University  
Rice University  
Robert Morris University  
Rollins College  
Rutgers, The State University of New Jersey  
Saint Joseph's University  
Saint Xavier University  
Santa Clara University  
Seton Hall University  
Southern Methodist University  
Southern Utah University  
Southwest Missouri State University  
Spelman College  
St. Cloud State University  
Stephen F. Austin State University  
Stony Brook University  
Syracuse University  
Temple University  
Texas A&M University  
Texas Christian University  
Texas Tech University  
Texas Woman's University  
The College of the Holy Cross  
The College of William & Mary  
The Cooper Union  
The George Washington University  
The Johns Hopkins University  
The Ohio State University  
The Pennsylvania State University  
The University of Akron  
The University of Alabama  
The University of Alabama at Birmingham  
The University of Arizona  
The University of Georgia  
The University of Iowa  
The University of Kansas  
The University of Maine  
The University of Mississippi  
The University of New Mexico  
The University of North Carolina at Chapel Hill  
The University of North Carolina at Charlotte  
The University of Oklahoma  
The University of South Dakota  
The University of Tennessee  
The University of Texas at Arlington  
The University of Texas at Austin  
The University of Texas at El Paso

## *NSCS Chapters 2005-2006*

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The University of Utah  
The University of Vermont  
The University of Wisconsin - Madison  
Towson University  
Trinity University  
Truman State University  
Tulane University  
United States Naval Academy  
University at Albany  
University of Arkansas  
University of California, Berkeley  
University of California, Davis  
University of California, Irvine  
University of California, Los Angeles  
University of California, San Diego  
University of California, Santa Barbara  
University of California, Santa Cruz  
University of Central Arkansas  
University of Central Florida  
University of Cincinnati  
University of Colorado at Boulder  
University of Connecticut  
University of Dayton  
University of Delaware  
University of Evansville  
University of Florida  
University of Hawaii at Manoa  
University of Houston  
University of Idaho  
University of Illinois at Chicago  
University of Illinois at Urbana-Champaign  
University of Kentucky  
University of Louisville  
University of Maryland  
University of Maryland, Baltimore County  
University of Miami  
University of Michigan  
University of Minnesota at Twin Cities  
University of Missouri-Columbia  
University of Nebraska-Lincoln  
University of Nevada, Las Vegas  
University of New Hampshire  
University of North Dakota  
University of North Texas  
University of Northern Colorado  
University of Northern Iowa  
University of Oregon  
University of Pennsylvania  
University of Pittsburgh  
University of Puerto Rico  
University of Rhode Island  
University of Rochester  
University of San Diego  
University of San Francisco  
University of South Carolina  
University of South Florida  
University of St. Thomas  
University of Virginia  
University of Washington  
University of Wyoming  
Utah State University  
Villanova University  
Virginia Commonwealth University

## *NSCS Chapters 2005-2006*

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Virginia Polytechnic Institute and State University  
Washington State University  
Washington University in St. Louis  
West Virginia University  
Western Connecticut State University  
Western Washington University  
Wichita State University  
Willamette University  
Winona State University  
Wright State University

## *Newly Established Chapters 2005-2006*

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Appalachian State University  
Arizona State University - Polytechnic  
California State University - Dominguez Hills  
Central Connecticut State University  
Idaho State University  
Marshall University  
Nova Southeastern University  
Prairie View A&M University  
Portland State University  
Regis University  
Rhode Island College  
Saginaw Valley State University  
Saint Louis University  
Southeastern Louisiana University  
Texas Southern University  
The University of North Carolina at Asheville  
The University of Tennessee at Chattanooga  
The University of Texas at San Antonio  
University of Alaska Fairbanks  
University at Buffalo  
University of California, Riverside  
University of Denver  
University of North Florida  
University of Southern Indiana  
Wayne State University  
Western Kentucky University

## *NSCS Member and Chapter Highlights*

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From 2005 -2006, 396 members reported approximately **4,000** hours of community service that earned them recognition through the Scholar of Promise and President's Volunteer Service Awards.

Dave Jose, **Providence College** and National Leadership Council President, was appointed to the selection committee for the 2007 America's Best 100 Cities for Children Award sponsored by America's Promise. Dave is serving on a committee that includes Alma Powell and Cal Ripken, Jr.

Kara Vaneck at **Boston University** was one of only seven students named nationally as Coca-Cola Community All-American. This award recognizes student-athletes for their hands-on volunteerism and community service. The chapter also co-organized a benefit concert for the victims of the October 2005 earthquake in Pakistan with the International Students Consortium and the Organization of Pakistani Students raising more than \$25,000

**Dartmouth University** member Robert Butts was named the 2006 valedictorian with a perfect 4.0 GPA and at North Dakota State University, founding officer Sara Klein was selected to give the school's commencement address.

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Shay Doron, **University of Maryland**, contributed 16 points to the Lady Terps overtime victory over Duke in the 2006 NCAA National Championship game. Kate Pohlman of the University of Rochester was selected for the 2006 ESPN The Magazine All District 1 College Women's Cross Country/Track Team.

The NSCS Spring 2006 Scholar Abroad Scholarship recipient, Amber Herman of **Iowa State University**, was also named a Truman Scholar this spring. Amber spent her time abroad in Uganda and her experience has further committed her to her professional aspirations of working to eradicate hunger and malnutrition in the lives of children. As Amber states in her journals, "It is the first hand accounts of children battling malnutrition that inspire youth and adults to take action to end hunger."

Jenny Wang organized an alternative spring break trip to New Orleans for NSCS members at **Stony Brook University**. During their time in New Orleans, they helped to rebuild houses for those recovering from the aftermath of the storm. The group also raised more than \$25,000 and donated most of it to Habitat for Humanity.

## *NSCS Member and Chapter Highlights*

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In its first full year as a chapter, the **University of North Carolina** at Asheville received the University's Community Service Award for 2006.

**The Boston University** chapter co-organized a benefit concert for the victims of the October 2005 earthquake in Pakistan with the International Students Consortium and the Organization of Pakistani Students. Their concert raised more than \$25,000!

**The University of Wyoming** chapter participated in its second annual Disability Awareness Day. Members met at a local coffee shop where wheelchairs, canes, and blindfolds awaited them. Working in pairs, one 'disabled' person and assistant traveled through downtown. They evaluated how accessible the downtown area was to those who were disabled. Not only did the participants get a better understanding of what the disabled experience, but the business owners and town council were able to determine what areas needed to be changed to better accommodate all members of the community.

**Syracuse University** involved its chapter in the Writing on the Wall: Stop Hate Words project. Students were asked to paint hateful words and messages onto bricks that were then built into a wall on the quad. The wall was later broken down in both the literal and figurative sense to show the breaking down of discrimination and misunderstanding on college campuses.

April Arrozal, **California State University** Long Beach, was named as one of only nine Outstanding Graduates for 2006.

At **Oregon State University**, student athletes Stephanie Parker (rowing) and Ashleigh Thomas (swimming) were each awarded \$3000 NCAA Postgraduate Scholarships.

Stephanie Tracy, **Stephen F. Austin State University**, was named as a Student Regent for the University of Texas system.

Jessica Castro, Allison Hudson, Maya Oliver and David Steele, from the **University of New Mexico**, received the 2006 Clauve Outstanding Senior Award based on academic achievement and significant contributions to the campus community.

## *The Planning for College Success Program*

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Planning for College Success (PFCS) supports NSCS members in developing ways to encourage local middle and high school students to plan for college.

Through one-on-one mentoring, tutoring and large assemblies, NSCS members serve as positive role models for hundreds, if not thousands, of students. In the 2005-2006 school year, 130 of our chapters made a difference by participating in some component of the Planning for College Success Program. Sixty-eight of these chapters provided students with first hand experiences of college life by bringing them to campus for March to College Day.

An outstanding example of what a committed member - and chapter - can do is Josh Sebree at the University of Kansas. Under his leadership, the chapter's PFCS program became the largest in the country with approximately 15 partner schools and more than 150 weekly volunteers who put in over 2,000 volunteer hours during the school year. Josh and the UK chapter have created an amazing legacy and inspiration for volunteers, local students, and the new NSCS members who will follow in their footsteps.

## *NSCS Programs*

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### *Faculty of the Year*

NSCS launched the Faculty of the Year award to provide members with an opportunity to recognize the educators who engage, motivate and inspire them in and out of the classroom. Members representing more than 90 NSCS chapters nominated professors from a wide variety of disciplines for the award.

A panel of judges, all of whom have experience in and a commitment to academic excellence, reviewed the semifinalists and selected a winner:

- Dr. Claudia Benitez-Nelson – 2005 Faculty of the Year Award recipient, Professor, University of South Carolina
- Rachel Bordoli – Managing Director of Planning and Strategy, Teach For America
- Dr. Roger Bowen – General Secretary, American Association of University Professors
- Dr. Gail Short Hanson – Vice President of Campus Life, American University
- Dave Jose – President, 2006-2007 NSCS National Leadership Council
- Dorothy Mitstifer – Executive Director, Association of College Honor Societies
- Pattie Ross – Vice President, Coca-Cola Scholars Foundation
- Dr. Joyce Winterton – Associate Director, Education Programs, USA Today

On November 1, 2006 Dr. Stephen P. Brown, a professor at Auburn University, was announced as the winner of the Faculty of the Year Award. The associate professor in the Political Science Department teaches American government, public law, religion and politics, and East Asian Politics. NSCS awarded him a \$1,000 stipend and made a \$5,000 contribution in his name to the university's general scholarship fund.

## *NSCS Programs*

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### *Distinguished Scholars Program*

The Distinguished Scholars Program took place in Washington, D.C. from June 4-July 30, 2005. In its inaugural year, the program brought 58 NSCS members from around the country to the nation's capital where they lived together and took classes at Georgetown University, and gained valuable career experience.

Based on their educational background and career interests, participants were placed in full-time internships at a wide variety of organizations, including The National Zoo, Knight Ridder, British Embassy, National Geographic Television, U.S. Department of Health and Human Services and AAA Foundation. They also earned six credits from Georgetown University for two urban studies seminars, The Contemporary City and Community Involvement. NSCS awarded \$15,000 in scholarships to participants to help defray program costs.

### *Academic Integrity*

In conjunction with the National Leadership Council's ongoing academic integrity initiative, NSCS has created a new Integrity Scholarship for members. Proceeds from the sale of INTEGRITY wristbands will contribute to this scholarship fund.

NSCS will award up to three \$1,000 scholarships, one each to three members who demonstrate a true commitment to academic integrity through a series of short answer questions describing a time when their integrity has been challenged.

The NSCS Integrity scholarship is available to all NSCS members working towards an undergraduate or graduate degree from an accredited college or university. The scholarship will be awarded in January 2007 following the November 1, 2006 application deadline and will be disbursed directly to the institution so that your student account can be credited. Prior to the disbursement of the scholarship, you will be asked to provide verification of enrollment and information about your student accounts office so that we can complete the process.

### *NSCS Convention*

NSCS has always been committed to our members and going above and beyond to help them achieve great things. NSCS Convention 2007, taking place July 18 -21, 2007 at the Sheraton Society Hill in Philadelphia, PA, consists of a Leadership Summit for chapter officers on July 28 and an all-conclusive member Convention for chapter officers and general members for the remaining days.

RUBINO & MCGEEHIN CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
National Society of Collegiate Scholars

We have audited the accompanying statements of financial position of the National Society of Collegiate Scholars as of June 30, 2006 and 2005, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Society's management. 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. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the National Society of Collegiate Scholars as of June 30, 2006 and 2005, 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.

The accompanying financial statements have been prepared assuming that the Society will continue as a going concern. As discussed in Note 8 to the financial statements, the Society's expenses exceeded its revenue for the year ended June 30, 2006, and its liabilities exceeded its assets at June 30, 2006, which raises substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 8. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.



January 12, 2007  
Bethesda, Maryland

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**NATIONAL SOCIETY OF COLLEGIATE SCHOLARS  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>ASSETS</b>		
Cash	\$ 345,783	\$ 462,833
Accounts receivable – dues	249,470	332,924
Accounts receivable – others	19,840	91,384
Prepaid expenses	136,450	108,265
Inventory	30,424	11,903
Property and equipment, net of accumulated depreciation of \$498,305 and \$286,836	268,098	412,385
Deposits	<u>31,235</u>	<u>31,235</u>
<b>Total assets</b>	<b>\$ <u>1,081,300</u></b>	<b>\$ <u>1,450,929</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued liabilities	\$ 954,743	\$ 872,768
Deferred revenue	670,556	249,368
Deferred rent	8,279	35,873
Capital lease obligation	<u>28,440</u>	<u>-</u>
<b>Total liabilities</b>	<b><u>1,662,018</u></b>	<b><u>1,158,009</u></b>
Net assets (deficit)		
Unrestricted	(600,718)	292,920
Temporarily restricted	<u>20,000</u>	<u>-</u>
<b>Total net assets (deficit)</b>	<b><u>(580,718)</u></b>	<b><u>292,920</u></b>
<b>Total liabilities and net assets</b>	<b>\$ <u>1,081,300</u></b>	<b>\$ <u>1,450,929</u></b>

**NATIONAL SOCIETY OF COLLEGIATE SCHOLARS  
STATEMENTS OF ACTIVITIES  
Years Ended June 30, 2006 and 2005**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>2006 Total</u>	<u>2005 Total</u>
Support and revenue				
Membership dues	\$ 3,905,225	\$ -	\$ 3,905,225	\$ 4,563,557
Program registration fees	142,255	-	142,255	108,893
Contributions	-	20,000	20,000	
Other revenues	<u>915,339</u>	<u>-</u>	<u>915,339</u>	<u>526,201</u>
Total support and revenue	<u>4,962,819</u>	<u>20,000</u>	<u>4,982,819</u>	<u>5,198,651</u>
Expenses				
Program services				
Membership	3,367,205	-	3,367,205	2,952,949
Chapter programs	641,112	-	641,112	620,473
Other programs	<u>1,371,778</u>	<u>-</u>	<u>1,371,778</u>	<u>850,493</u>
Total program services	5,380,095	-	5,380,095	4,423,915
Supporting services				
General and administrative	<u>476,362</u>	<u>-</u>	<u>476,362</u>	<u>644,691</u>
Total expenses	<u>5,856,457</u>	<u>-</u>	<u>5,856,457</u>	<u>5,068,606</u>
Change in net assets	(893,638)	20,000	(873,638)	130,045
Net assets, beginning of year	<u>292,920</u>	<u>-</u>	<u>292,920</u>	<u>162,875</u>
Net assets (deficit), end of year	\$ <u>(600,718)</u>	\$ <u>20,000</u>	\$ <u>(580,718)</u>	\$ <u>292,920</u>

**NATIONAL SOCIETY OF COLLEGIATE SCHOLARS  
STATEMENTS OF CASH FLOWS  
Years Ended June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities		
Changes in net assets	\$ (873,638)	\$ 130,045
Reconciling adjustments:		
Depreciation	211,469	169,975
(Increase) decrease in assets:		
Accounts receivable	154,998	(332,944)
Prepaid expenses	(28,185)	(69,154)
Inventory	(18,521)	(11,903)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	81,975	231,839
Deferred revenue	421,188	210,524
Deferred rent	<u>(27,594)</u>	<u>(18,340)</u>
Net cash (used) provided by operating activities	(78,308)	310,042
Cash flows from investing activities		
Purchases of property and equipment	<u>(37,600)</u>	<u>(289,147)</u>
Cash flows from financing activities		
Principal payments on capital lease obligation	<u>(1,142)</u>	<u>-</u>
Net (decrease) increase in cash	(117,050)	20,895
Cash, beginning of period	<u>462,833</u>	<u>441,938</u>
Cash, end of period	\$ <u>345,783</u>	\$ <u>462,833</u>
Supplemental cash flow information:		
Interest paid	\$ <u>37,056</u>	\$ <u>27,200</u>

Non-cash transaction:

In 2006, the Society acquired equipment under capital leases. The assets acquired, and related lease obligation incurred, totaled \$29,582.

**NATIONAL SOCIETY OF COLLEGIATE SCHOLARS  
NOTES TO FINANCIAL STATEMENTS  
Years Ended June 30, 2006 and 2005**

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**1. Organization and Nature of Activities**

National Society of Collegiate Scholars (NSCS) is a publicly-supported not-for-profit organization, established to recognize and celebrate high achievement among first and second year college students in all academic disciplines, to encourage and promote high standards throughout the students' college experience, and to foster an overall appreciation for the value of higher education. NSCS receives its primary support from membership dues and secondary support from programs and services offered to members. NSCS is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code except as to income from unrelated business activities, if any.

**2. Summary of Significant Accounting Policies**

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue, support and expenses during the reporting period. Actual results could differ from those estimates.

Cash

For purpose of statements of cash flows, cash consists of bank demand deposits. NSCS maintains its cash accounts with a federally insured bank. At times, deposits exceed insured limits. NSCS, however, believes it is not exposed to any significant credit risk.

Membership Dues

Dues consist of one-time fees paid by students who have met the Society's eligibility requirements. Students become lifetime members of the Society upon admission. Membership dues are recognized as revenue when received by the Association, with amounts deferred to cover the expenses associated with diplomas and other items as detailed in the membership application. A receivable is recorded for payments received through the end of the month following the Association's fiscal year-end.

**NATIONAL SOCIETY OF COLLEGIATE SCHOLARS  
NOTES TO FINANCIAL STATEMENTS  
Years Ended June 30, 2006 and 2005**

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**2. Summary of Significant Accounting Policies (continued)**

Functional Allocation of Expenses

The costs of providing the various programs and other activities of NSCS are allocated based upon the functions they directly benefit or upon management's estimate of the proportion of these costs applicable to each function.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management closely monitors outstanding balances and writes off year-end balances that are deemed uncollectible. Delinquency of receivables is determined based on contractual terms and management's review of aged balances. Based on an assessment of the credit history with customers having outstanding balances, management has concluded that losses, if any, on outstanding balances at year-end will be immaterial. Consequently, no allowance for doubtful accounts has been recorded.

Deferred Revenue

Program registration fees received in advance of the applicable period or event are deferred. Registration fees are recognized in the periods the programs are held.

Property and Equipment

Property and equipment are recorded at cost. Property and equipment costing \$500 or more is capitalized while lesser amounts are expensed. Depreciation is provided over the estimated useful lives of the assets ranging from three to seven years using the straight-line method. Maintenance and repair costs are charged to expense as incurred. Replacements and betterments are capitalized.

Contributions

NSCS records contributions and unconditional promises to give at fair value as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and nature of any donor restrictions, including inherent time restrictions. When a time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities

**NATIONAL SOCIETY OF COLLEGIATE SCHOLARS  
NOTES TO FINANCIAL STATEMENTS  
Years Ended June 30, 2006 and 2005**

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**2. Summary of Significant Accounting Policies (continued)**

as net assets released from restrictions. Donor restricted contributions with restrictions met in the same reporting period are reported as unrestricted support. Temporarily restricted net assets at June 30, 2006, are for student scholarship awards. There was no temporarily restricted net asset activity in 2005.

**3. Lease Commitment**

NSCS subleases office space and equipment from another association under an operating lease which expires September 30, 2006. The lease calls for monthly rent with fixed increases on each February 1st during the term of the sublease. Rent expense is recorded on a straight-line basis over the lease term, resulting in a deferred rent liability. Rent expense for the years ended June 30, 2006 and 2005, was \$273,184 and \$266,462, respectively. Noncancellable future minimum lease payments required under the terms of the current lease agreement for the year ending June 30, 2007, are approximately \$61,500. The current lease was amended subsequent to year-end to extend the term through June 30, 2008. The future minimum lease payments for the extended period are \$548,555.

**4. Property and Equipment**

Property and equipment at June 30, 2006 and 2005, are as follows:

	<u>2006</u>	<u>2005</u>
Equipment under capital leases	\$ 29,582	\$ -
Computer equipment and software	703,514	685,038
Furniture and fixtures	<u>33,307</u>	<u>14,183</u>
<b>Total</b>	766,403	699,221
Less: accumulated depreciation	<u>(498,305)</u>	<u>(286,836)</u>
<b>Property and equipment, net</b>	<u>\$ 268,098</u>	<u>\$ 412,385</u>

Depreciation expense was \$211,469 and \$169,975 for the years ended June 30, 2006 and 2005, respectively.

**NATIONAL SOCIETY OF COLLEGIATE SCHOLARS  
NOTES TO FINANCIAL STATEMENTS  
Years Ended June 30, 2006 and 2005**

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**5. Capital Lease**

NSCS entered into capital lease agreements for equipment during the year ended June 30, 2006. As of June 30, 2006, leased equipment included in property and equipment on the accompanying statements of financial position was as follows:

Cost	\$ 29,582
Accumulated depreciation	<u>(1,142)</u>
Net	\$ <u>28,440</u>

At June 30, 2006, the present value of future minimum payments related to the capital lease are as follows:

Year ending June 30, 2007	\$ 7,425
2008	7,425
2009	7,425
2010	7,425
2011	<u>5,568</u>
Total minimum lease payments	35,268
Less: amount representing interest	<u>(6,828)</u>
Total principal obligation	28,440
Current portion of capital lease obligations	<u>(4,815)</u>
Noncurrent portion of capital lease obligations	\$ <u>23,625</u>

**6. Retirement Plan**

NSCS maintains a retirement plan that covers substantially all full-time employees who have attained the age of 21. The Plan provides for both employee and employer matching contributions. Employees can contribute through payroll deductions on a pre-tax basis, up to the amount allowable by the Internal Revenue Code.

NSCS contributes 3% of eligible compensation for all employees who have completed one year of full-time service and matches employee contributions up to an additional 3% of eligible compensation. For the years ended June 30, 2006 and 2005, retirement plan expense was \$51,562 and \$43,220, respectively.

**NATIONAL SOCIETY OF COLLEGIATE SCHOLARS  
NOTES TO FINANCIAL STATEMENTS  
Years Ended June 30, 2006 and 2005**

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**7. Lines of Credit**

During fiscal year 2005, NSCS obtained a \$1,500,000 line of credit from a financial institution with a due date of June 30, 2005. An independent party provided collateral for \$1,000,000 of the loan and was compensated 1% (\$10,000) in accordance with established practice as researched by NSCS counsel. Interest is paid monthly on outstanding balances and is calculated at the prime rate published in the *Wall Street Journal* plus 1.5%. Repayments are made from a percentage of membership fees received by NSCS.

During fiscal year 2006, NSCS obtained a \$1,500,000 line of credit from a financial institution with a due date of June 30, 2006. Virtually all of the assets, and the revenue generated there from, were pledged as collateral against the loan. In addition, personal guarantees were provided by both the executive director and a former officer. Interest is paid monthly on outstanding balances and is calculated at the prime rate published in the *Wall Street Journal* plus 1.0%. Repayments are made from a percentage of membership dues received by NSCS.

As of June 30, 2006 and 2005, there was no outstanding balance on the lines of credit.

Subsequent to year end, NSCS obtained a line of credit from a board member with a due date of May 31, 2007. The loan is collateralized by liens on the real property of the executive director and another individual associated with NSCS. The interest rate is adjusted daily to the prevailing interest rate published in the *Wall Street Journal*, plus 1%. Repayment is to be made from a set amount of all individual dues payments received.

**8. Going Concern**

The accompanying financial statements have been prepared assuming that the Society will continue as a going concern. The Society's net assets decreased by \$873,638 during the year ended June 30, 2006 and show a deficit of \$580,718 as of June 30, 2006. The Society's management has developed a more rigorous budgeting format, is monitoring expenses and seeking alternative funding and borrowing mechanisms to meet the Society's future cash flow requirements. However, the level of deficit raises a substantial doubt about the Society's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.



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