

NASHVILLE YOUTH SPORTS CLUB, INC.

FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT

YEAR ENDED SEPTEMBER 30, 2021

NASHVILLE YOUTH SPORTS CLUB, INC.  
FINANCIAL STATEMENTS  
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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Nashville Youth Sports Club, Inc.  
Nashville, Tennessee

We have audited the accompanying financial statements of Nashville Youth Sports Club, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of September 30, 2021, 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 evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2021, and the changes in its net assets, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Brown & Maguire CPAs, PLLC*

Brown & Maguire CPAs, PLLC  
Nashville, Tennessee  
May 23, 2022

NASHVILLE YOUTH SPORTS CLUB, INC.  
STATEMENT OF FINANCIAL POSITION  
AS OF SEPTEMBER 30, 2021

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ASSETS

**Current Assets:**

Cash and cash equivalents	\$ 515,068
Accounts receivable, net	30,674
Prepaid expenses	<u>11,313</u>
Total current assets	<u>557,055</u>

**Fixed Assets:**

Equipment	25,541
Accumulated depreciation	<u>(6,486)</u>
Total fixed assets	<u>19,055</u>

Total assets	<u>\$ 576,110</u>
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LIABILITIES AND NET ASSETS

**Current Liabilities:**

Accounts payable	\$ 1,608
Accrued expenses	26,914
Deferred revenue	<u>84,643</u>
Total current liabilities	<u>113,165</u>

**Long-term Liabilities:**

EIDL loan	<u>150,000</u>
Total liabilities	<u>263,165</u>

**Net Assets:**

Without donor restrictions	312,945
With donor restrictions	<u>-</u>
Total net assets	<u>312,945</u>

Total liabilities and net assets	<u>\$ 576,110</u>
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The accompanying notes are an integral part of these financial statements.

NASHVILLE YOUTH SPORTS CLUB, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and revenue</b>			
Program income, net of discounts of \$96,585 .....	\$ 876,524	\$ -	\$ 876,524
Donations and sponsorships .....	114,149	-	114,149
Grants .....	100,000	-	100,000
Facility rental.....	93,380	-	93,380
Other income .....	13,248	-	13,248
PPP forgiveness .....	10,000	-	10,000
Fundraising income .....	1,123	-	1,123
Interest income .....	605	-	605
Total support and revenue.....	<u>1,209,029</u>	<u>-</u>	<u>1,209,029</u>
<b>Expenses</b>			
Program services, youth sports.....	860,727	-	860,727
Management and general.....	161,625	-	161,625
Fundraising .....	-	-	-
Total expenses.....	<u>1,022,352</u>	<u>-</u>	<u>1,022,352</u>
Change in net assets .....	186,677	-	186,677
Net assets at beginning of year .....	<u>126,268</u>	<u>-</u>	<u>126,268</u>
Net assets at end of year .....	<u>\$ 312,945</u>	<u>\$ -</u>	<u>\$ 312,945</u>

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

NASHVILLE YOUTH SPORTS CLUB, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<b>Program Services</b>	<b>Supporting Services</b>		
	<b>Youth Sports</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Compensation	\$ 303,420	\$ 112,400	\$ -	\$ 415,820
Program expenses	181,246	-	-	181,246
Occupancy	162,055	-	-	162,055
Contract labor	55,195	-	-	55,195
Coach expense	48,179	-	-	48,179
Payroll taxes	27,681	9,032	-	36,713
Credit card fees	32,533	-	-	32,533
Professional fees	3,000	13,685	-	16,685
Benefits	-	9,999	-	9,999
Insurance	8,810	782	-	9,592
Subscriptions	4,411	2,445	-	6,856
Advertising	5,605	500	-	6,105
Other expenses	401	5,505	-	5,906
Supplies	2,428	3,363	-	5,791
Depreciation	5,010	-	-	5,010
Coach appreciation	4,820	-	-	4,820
Bad debt	4,540	-	-	4,540
Small equipment	3,992	101	-	4,093
Bank charges	3,656	395	-	4,051
Ministry	2,129	423	-	2,552
Admin fees	432	2,087	-	2,519
Licenses	-	842	-	842
Background checks	721	-	-	721
Shipping	463	66	-	529
Total expenses	<u>\$ 860,727</u>	<u>\$ 161,625</u>	<u>\$ -</u>	<u>\$ 1,022,352</u>

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

NASHVILLE YOUTH SPORTS CLUB, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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**Cash flows from operating activities:**

Increase in net assets	\$ 186,677
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	5,010
PPP loan forgiveness	(10,000)
Increase in accounts receivable	(9,913)
Decrease in other current assets	6,960
Decrease in accounts payable and accrued expenses	(32,729)
Increase in deferred revenue	<u>73,593</u>
Net cash provided by operating activities	<u>219,598</u>

**Cash flows from investing activities:**

Purchase of equipment	<u>(5,864)</u>
Net cash used in investing activities	<u>(5,864)</u>

**Cash flows from financing activities:**

Net cash provided by (used in) financing activities	<u>-</u>
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Net increase in cash and cash equivalents	213,734
Cash and cash equivalents, at beginning of the period	<u>301,334</u>
Cash and cash equivalents, at end of the period	<u>\$ 515,068</u>

Cash paid for interest	<u>\$ -</u>
Cash paid for taxes	<u>\$ -</u>

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

NASHVILLE YOUTH SPORTS CLUB, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2021

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**1. Description of the Organization and Summary of Significant Accounting Policies**

The Nashville Youth Sports Club, Inc. (the “Organization”) was launched in 2012 as an affiliated organization under Upward Sports, a national Christian ministry, providing sports programs to churches and communities. In 2019, the Organization created an independent basketball club operated out of Brentwood, TN. The new club is governed by its own Board of Directors and has a dedicated sports club leader in place. As part of its mission to continue “Planting Seeds for Christ through Basketball”, the Organization offers comprehensive training and instruction to enrich the physical, emotional, social and spiritual development of young athletes in the Nashville, Tennessee area. The Organization uses volunteers as well as paid contractors to coach athletes and is supported primarily through revenue from program services.

*Basis of Presentation*

The accompanying financial statements were prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

*Cash and Cash Equivalents*

For purposes of the statements of cash flows, the Organization considers all cash funds and cash bank accounts with an original maturity of three months or less to be cash and cash equivalents.

*Net Assets Without Donor Restrictions*

None of the Organization’s net assets are subject to donor-imposed restrictions. Accordingly, all net assets are accounted for as without donor restrictions under Financial Accounting Standards Board Accounting Standards Codification Topic 958, Not-for-Profit Entities.

*Donated Materials and Services*

Donated materials and equipment, if any, are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. Contributions of donated services that create or enhance nonfinancial assets, or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Additionally, a number of unpaid volunteers have made contributions of their time to assist in coaching and special projects. However, these services do not meet the requirements above and have not been recorded.

related to uncertain tax positions. It is the Organization’s policy to recognize interest and/or penalties related to income tax matters in income tax expense.



NASHVILLE YOUTH SPORTS CLUB, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2021

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*Income Taxes*

The Organization, which is not a private foundation, is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made. Additionally, as of September 30, 2021 the Organization has accrued no interest and no penalties

*Program and Supporting Services*

The following program and supporting services were included in the accompanying financial statements.

**Program Services**—Includes activities carried out to fulfill the Organization’s mission to promote the discovery of Jesus through sports.

**Management and General**—Includes the functions necessary to ensure an adequate working environment and costs not identifiable with a single program. Includes costs associated with providing coordination and articulation of the Organization’s program strategy, business management, general record keeping, budgeting and related purposes.

*Allocation of Functional Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis as program or management and general in the statements of functional expenses. Additionally, the statement of activities and functional expense reports certain expenses as being attributable to both program and management functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses are allocated on the basis of estimates of time and effort.

*Advertising Costs*

Advertising costs are expensed as incurred. There was \$6,105 of advertising expense incurred during the year ended September 30, 2021.

*Use of Estimates*

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management of the Organization to make estimates and assumptions that affect the reported assets and liabilities and contingency disclosures at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

NASHVILLE YOUTH SPORTS CLUB, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2021

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## 2. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of September 30, 2021, reduced by any amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Financial assets .....	<u>\$ 545,742</u>
Financial assets available to meet cash needs for general expenditures within one year.....	<u>\$ 545,742</u>

As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

## 3. Accrued Expenses

Accrued expenses at September 30, 2021 consisted of the following:

Payroll liabilities .....	\$ 20,259
Other accrued expenses.....	<u>6,655</u>
Total accrued expenses .....	<u>\$ 26,914</u>

## 4. Deferred Revenue

Deferred revenue represents revenues collected but not earned as of September 30, 2021. This is primarily composed of fees collected in advance for the program season following the fiscal year end. If a program is conducted over a fiscal year end, deferred revenue is recorded for all revenue related to programs conducted in the next fiscal year. The Organization's deferred revenue at September 30, 2021 was \$84,643.

## 5. PPP Loan

On April 29, 2020, the Organization was granted a loan (the "Loan") from Renasant Bank in the aggregate amount of \$36,400, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

NASHVILLE YOUTH SPORTS CLUB, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2021

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The Loan, which was in the form of a note dated April 29, 2020 issued to the Organization, was scheduled to mature on April 29, 2022 and incurred interest at a rate of 1% per annum, payable monthly commencing on October 29, 2020. The Loan could have been prepaid by the Organization at any time prior to maturity with no prepayment penalties. The proceeds of the PPP Loan were available to be used for payroll costs, including salaries, commissions, and similar compensation, group health care benefits, and paid leaves; rent; utilities; and interest on certain other outstanding debt. Under the terms of the PPP, certain amounts of the Loan could be forgiven if the proceeds were used for qualifying expenses as described in the CARES Act. During the 2020 fiscal year, the Organization was granted forgiveness on \$26,400 of the Loan. The remaining balance of \$10,000 was forgiven during the 2021 fiscal year and was reported according in the accompanying fiscal 2021 financial statements.

#### 6. EIDL Loan and Advance

On May 21, 2020, the Organization entered into a loan authorization and loan agreement with the United States Small Business Administration (the “SBA”), as lender, pursuant to the SBA’s Economic Injury Disaster Loan (“EIDL”) assistance program in light of the impact of the COVID-19 pandemic on the Organization’s business (the “EIDL Loan Agreement”) encompassing a \$150,000 promissory note issued to the SBA (the “EIDL Note”)(together with the EIDL Loan Agreement, the “EIDL Loan”).

The proceeds of the EIDL Loan will be used by the Organization as working capital to alleviate economic injury caused by COVID-19. The EIDL Loan is secured by a security interest on all of the Organization’s assets and is payable over 30 years at an interest rate of 2.75% per annum. Under the EIDL Note, the Organization is required to pay principal and interest payments of \$641.00 every month beginning July 21, 2022. All remaining principal and accrued interest is due and payable on July 21, 2050. The EIDL Note may be repaid at any time without penalty.

Further maturities of the EIDL Loan for years subsequent to September 30, 2021 are as follows:

	<b>Principle</b>
2022	<b>\$ 849</b>
2023	<b>3,453</b>
2024	<b>3,550</b>
2025	<b>3,648</b>
2026	<b>3,750</b>
Thereafter	<b>134,750</b>
	<b>150,000</b>
Less current portion of debt	<b>-</b>
Long-term debt obligations	<b>\$ 150,000</b>

NASHVILLE YOUTH SPORTS CLUB, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2021

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## 7. Operating Lease Commitments

In October 2020, the Organization entered into a 10-year non-cancelable operating lease for court space at TOA Sports Center. Future minimum lease commitments under these lease agreements are as follows:

2022 .....	\$ 150,000
2023 .....	156,000
2024 .....	162,000
2025 .....	162,000
2026 .....	162,000
Thereafter .....	648,000
	<u>\$ 1,440,000</u>

Rent expense for the fiscal year ended September 30, 2021 was \$162,055.

## 8. Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this Accounting Standards Update (“ASU”) supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The adoption of ASU 2016-02 is not expected to have an impact on the Organization’s financial statements.

## 9. Uncertainties

In March 2020, the novel coronavirus (or “COVID-19”) was deemed a global pandemic by the World Health Organization. COVID-19 has adversely affected, and may continue to adversely affect economic activity globally, nationally and locally. The resulting regulations instituted across the United States to curb COVID-19 have resulted in a significant change in the operation of many businesses, including having directly impacted operations of the Organization. The implications of COVID-19 to the Organization’s operations are still being evaluated and the duration and intensity of its impact is uncertain.

## 10. Subsequent Events

The Organization has evaluated all events or transactions that occurred after September 30, 2021, through May 23, 2022, the date these financial statements were issued. During this period, the Organization did not have any other material recognizable events that required recognition or disclosure in the September 30, 2021 financial statements.

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