

NASHVILLE YOUTH SPORTS CLUB, INC.

FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT

YEAR ENDED SEPTEMBER 30, 2018

NASHVILLE YOUTH SPORTS CLUB, INC.  
FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT  
YEAR ENDED SEPTEMBER 30, 2018

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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, 2018, 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, 2018, 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  
July 31, 2019

NASHVILLE YOUTH SPORTS CLUB, INC.  
STATEMENT OF FINANCIAL POSITION  
AS OF SEPTEMBER 30, 2018

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ASSETS

**Current Assets:**

Cash and cash equivalents	\$ 66,700
Total current assets	<u>66,700</u>

Total assets	<u>\$ 66,700</u>
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LIABILITIES AND NET ASSETS

**Current Liabilities:**

Accounts payable	\$ 217,922
Deferred revenue	<u>47,710</u>
Total current liabilities	<u>265,632</u>

**Net Assets:**

Without donor restrictions	(198,932)
With donor restrictions	<u>-</u>
Total net assets	<u>(198,932)</u>

Total liabilities and net assets	<u>\$ 66,700</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, 2018

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and revenue</b>			
Program income, net of discounts of \$51,494 .....	\$ 452,582	\$ -	\$ 452,582
Upward contributions .....	49,550	-	49,550
Facility rental.....	21,612	-	21,612
Corporate and foundation contributions ...	18,155	-	18,155
Merchandise sales, net of inventory costs of \$1,395 .....	1,514	-	1,514
Total support and revenue.....	<u>543,413</u>	<u>-</u>	<u>543,413</u>
<b>Expenses</b>			
Program services, youth sports.....	606,324	-	606,324
Management and general.....	29,615	-	29,615
Fundraising .....	-	-	-
Total expenses.....	<u>635,939</u>	<u>-</u>	<u>635,939</u>
Change in net assets .....	(92,526)	-	(92,526)
Net assets at beginning of year .....	<u>(106,406)</u>	<u>-</u>	<u>(106,406)</u>
Net assets at end of year .....	<u>\$ (198,932)</u>	<u>\$ -</u>	<u>\$ (198,932)</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, 2018

	<b>Program Services</b>	<b>Supporting Services</b>		
	<b>Youth Sports</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Compensation	\$ 96,023	\$ 10,669	\$ -	\$ 106,692
Advertising	2,108	-	-	2,108
Royalties	35,510	-	-	35,510
Occupancy	211,695	-	-	211,695
Travel	1,467	-	-	1,467
Conferences	777	4,199	-	4,976
Insurance	5,477	305	-	5,782
Program expenses	107,580	-	-	107,580
Small equipment	6,067	-	-	6,067
Supplies	2,057	686	-	2,743
Background checks	21	-	-	21
Credit card fees	3,583	-	-	3,583
Admin fees	8,906	2,969	-	11,875
Bank charges	72	178	-	250
Coach appreciation	1,890	-	-	1,890
Contract labor	117,011	-	-	117,011
Ministry	3,563	-	-	3,563
Shipping	2,517	839	-	3,356
Accounting	-	9,770	-	9,770
Total expenses	<u>\$ 606,324</u>	<u>\$ 29,615</u>	<u>\$ -</u>	<u>\$ 635,939</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, 2018

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<b>Cash flows from operating activities:</b>	
Decrease in net assets	\$ (92,526)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Decrease in accounts receivable	20,997
Increase in accounts payable	134,214
Decrease in deferred revenue	<u>(18,693)</u>
Net cash provided by operating activities	<u>43,992</u>
<b>Cash flows from investing activities:</b>	
Net cash provided by (used in) investing activities	<u>-</u>
<b>Cash flows from financing activities:</b>	
Net cash provided by (used in) financing activities	<u>-</u>
Net increase in cash and cash equivalents	43,992
Cash and cash equivalents, at beginning of the period	<u>22,708</u>
Cash and cash equivalents, at end of the period	<u>\$ 66,700</u>
<b>Cash paid for interest</b>	<u>\$ -</u>
<b>Cash paid for taxes</b>	<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, 2018

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

The Nashville Youth Sports Club, Inc. (the “Organization”) is an affiliated organization under Upward Sports, a national Christian ministry, providing sports programs to churches and communities. Launched in 2012, the Organization continues to offer 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.

*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, 2018 the Organization has accrued no interest and no penalties 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, 2018

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*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.

**Fundraising**—Includes costs of activities directed toward appeals for financial support, including special events. Other activities include the cost of solicitation and creation and distribution of fundraising materials.

*Allocation of Functional Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis as program, management or fundraising 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 \$2,108 of advertising expense incurred during the year ended September 30, 2018.

*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, 2018

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**2. Liquidity and Availability of Financial Assets**

The following reflects the Organization's financial assets as of September 30, 2018, 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>\$ 66,700</u>
Financial assets available to meet cash needs for general expenditures within one year.....	<u>\$ 66,700</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. Accounts Payable**

Accounts payable as of September 30, 2018 had a balance of \$217,922. The amount represents a balance due to a single vendor, Upward Sports. As per agreement with Upward Sports, the Organization began making monthly payments of \$3,000 in January 2019 and will continue to do so until the balance is paid in full.

**4. Deferred Revenue**

Deferred revenue represents revenues collected but not earned as of September 30, 2018. 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, 2018 was \$47,710.

**5. Rent Expense**

The Organization does not own or lease a building. For games and practices, the Organization finds various facilities to rent. Rent expense for the fiscal year ended September 30, 2018 was \$211,695.

**6. Affiliated Entities**

The Organization was launched in 2012 as an affiliated organization under Upward Sports. The financial statements of the Organization do not include the assets, liabilities or net assets of Upward Sports. The Organization is governed by its own Board of Directors and has its own sports club leader. During the year ended September 30, 2018, the Organization received \$49,550 in contributions from Upward Sports. Additionally, during the year ended September 30, 2018, the Organization reimbursed Upward Sports \$106,692 for compensation costs related to the Organization's Club Director, who is an employee of Upward Sports.

NASHVILLE YOUTH SPORTS CLUB, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2018

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**7. 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, 2019, including interim periods within those fiscal years. The Organization is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, “net assets with donor restrictions” and “net assets without donor restrictions”, and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-14 is effective for annual periods beginning after December 15, 2017 and interim periods within fiscal years beginning after December 15, 2018, with early adoption permitted. The Organization adopted ASU 2016-14 effective October 1, 2018. The adoption of ASU 2016-14 had no impact on the Organization’s financial statements.

**8. Subsequent Events**

The Organization has evaluated all events or transactions that occurred after September 30, 2018, through July 31, 2019, the date these financial statements were issued. During this period, the Organization did not have any material recognizable events that required recognition or disclosure in the September 30, 2018 financial statements.

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