

NASHVILLE YOUTH SPORTS CLUB, INC.

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

YEAR ENDED SEPTEMBER 30, 2019

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CONTENTS

	<u>Page</u>
Independent auditors' report	3
Financial statements:	
Statement of financial position.....	4
Statement of activities	5
Statement of functional expenses.....	6
Statement of cash flows.....	7
Notes to financial statements.....	8-11



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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, 2019, 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, 2019, 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
January 20, 2020

NASHVILLE YOUTH SPORTS CLUB, INC.
STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2019

ASSETS

Current Assets:

Cash and cash equivalents	\$ 82,997
Accounts receivable, net	2,143
Other assets	100
Prepaid Insurance	<u>6,903</u>
Total current assets	<u>92,143</u>

Total assets	<u>\$ 92,143</u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 225,096
Accrued expenses	17,127
Deferred revenue	<u>48,492</u>
Total current liabilities	<u>290,715</u>

Net Assets:

Without donor restrictions	(198,572)
With donor restrictions	<u>-</u>
Total net assets	<u>(198,572)</u>

Total liabilities and net assets	<u>\$ 92,143</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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Program income, net of discounts of \$52,802	\$ 497,026	\$ -	\$ 497,026
Upward contributions	26,427	-	26,427
Facility rental.....	57,719	-	57,719
Corporate and foundation contributions ...	6,113	-	6,113
Merchandise sales, net of inventory costs of \$2,914	(815)	-	(815)
Interest income	837	-	837
Total support and revenue.....	<u>587,307</u>	<u>-</u>	<u>587,307</u>
Expenses			
Program services, youth sports.....	551,740	-	551,740
Management and general.....	34,687	-	34,687
Fundraising	520	-	520
Total expenses.....	<u>586,947</u>	<u>-</u>	<u>586,947</u>
Change in net assets	360	-	360
Net assets at beginning of year	<u>(198,932)</u>	<u>-</u>	<u>(198,932)</u>
Net assets at end of year	<u><u>\$ (198,572)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (198,572)</u></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, 2019

	Program Services	Supporting Services		
	Youth Sports	Management and General	Fundraising	Total
Compensation	\$ 99,494	\$ 11,056	\$ -	\$ 110,550
Advertising	4,819	-	-	4,819
Royalties	39,140	-	-	39,140
Occupancy	104,056	-	-	104,056
Travel	1,994	-	-	1,994
Conferences	1,855	2,999	-	4,854
Insurance	5,116	2,020	-	7,136
Program expenses	138,360	-	-	138,360
Small equipment	6,024	-	-	6,024
Supplies	824	275	-	1,099
Background checks	598	-	-	598
Credit card fees	7,420	-	-	7,420
Admin fees	5,578	1,859	-	7,437
Bank charges	-	161	-	161
Coach appreciation	1,179	-	-	1,179
Contract labor	134,154	-	-	134,154
Ministry	329	-	-	329
Shipping	800	267	-	1,067
Accounting	-	14,600	-	14,600
Fundraising	-	-	520	520
Bad debt	-	1,450	-	1,450
Total expenses	<u>\$ 551,740</u>	<u>\$ 34,687</u>	<u>\$ 520</u>	<u>\$ 586,947</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, 2019

Cash flows from operating activities:

Increase in net assets	\$ 360
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Increase in accounts receivable	(2,143)
Increase in other current assets	(7,003)
Increase in accounts payable and accrued expenses	24,301
Increase in deferred revenue	<u>782</u>
Net cash provided by operating activities	<u>16,297</u>

Cash flows from investing activities:

Net cash provided by (used in) investing activities	<u>-</u>
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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	16,297
Cash and cash equivalents, at beginning of the period	<u>66,700</u>
Cash and cash equivalents, at end of the period	<u><u>\$ 82,997</u></u>

Cash paid for interest	<u><u>\$ -</u></u>
Cash paid for taxes	<u><u>\$ -</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, 2019

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, 2019 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, 2019

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 \$3,568 of advertising expense incurred during the year ended September 30, 2019.

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, 2019

2. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of September 30, 2019, 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>\$ 82,997</u>
Financial assets available to meet cash needs for general expenditures within one year.....	<u>\$ 82,997</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, 2019 had a balance of \$225,096. The amount represents balances due to various vendors, including, Upward Sports. During October 2019, the Organization and Upward Sports entered into an agreement for a portion of the balance due to Upwards Sports, \$208,445, to be forgiven. Accordingly, \$208,445 will be included as a contribution from Upwards Sports in the Organization's statement of activities for the year ended September 30, 2020.

4. Deferred Revenue

Deferred revenue represents revenues collected but not earned as of September 30, 2019. 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, 2019 was \$48,492.

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, 2019 was \$104,056.

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, 2019, the Organization received \$26,427 in contributions from Upward Sports. Additionally, during the year ended September 30, 2019, the Organization reimbursed Upward Sports \$110,550 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, 2019

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, 2019, with early adoption permitted. The Organization adopted ASU 2016-14 effective October 1, 2019. The adoption of ASU 2016-14 had no impact on the Organization’s financial statements.

8. Subsequent Events

Other than the forgiveness of the accounts payable owed to Upward Sports further described in note three above, the Organization has evaluated all events or transactions that occurred after September 30, 2019, through January 20, 2020, 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, 2019 financial statements.
