

Lake Zurich Baseball and Softball Assoc., Inc.

Financial Statements

Years Ended October 31, 2020 and 2019



WIPFLI

Independent Auditor's Report

Board of Directors
Lake Zurich Baseball and Softball Assoc., Inc.
Lake Zurich, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Lake Zurich Baseball and Softball Assoc., Inc. (the "Organization"), which comprise the statements of assets, liabilities, and net assets - modified cash basis as of October 31, 2020 and 2019, and the related statements of revenues, expenses, and changes in net assets - modified cash basis for the years 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 the modified cash basis of accounting as described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

Auditor's Responsibility

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 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 assets, liabilities and net assets of Lake Zurich Baseball and Softball Assoc., Inc. as of October 31, 2020 and 2019, and its revenues, expenses and changes in net assets for the years then ended in accordance with the modified cash basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Wipfli LLP

February 5, 2021
Lincolnshire, Illinois

Lake Zurich Baseball and Softball Assoc., Inc.

Statements of Assets, Liabilities, and Net Assets - Modified Cash Basis

<i>October 31,</i>	2020	2019
<i>Assets:</i>		
Cash	\$ 139,090	\$ 157,836
Advance deposits paid for travel program and other	32,049	14,458
Equipment, net of accumulated depreciation	13,334	18,891
Total assets	\$ 184,473	\$ 191,185
<i>Liabilities and net assets:</i>		
Advance deposits received for travel program	\$ 88,077	\$ 61,364
<i>Net assets:</i>		
Without donor restriction	96,199	129,569
With donor restriction	197	252
Total net assets	96,396	129,821
Total liabilities and net assets	\$ 184,473	\$ 191,185

See accompanying notes to financial statements.

Lake Zurich Baseball and Softball Assoc., Inc.

Statements of Revenues, Expenses, and Changes in Net Assets - Modified Cash Basis

<i>Years Ended October 31,</i>	2020	2019
Revenues:		
Registration fees	\$ 241,422	\$ 257,700
Sponsorships	26,805	28,950
Tournament fees and operations	3,713	32,160
Fundraising, net	6,912	41,095
Interest income	1,512	2,629
Total revenues	280,364	362,534
Expenses:		
Program services:		
Wages	6,268	6,905
Payroll taxes	489	553
Field maintenance	111,059	116,372
League operating tournaments and supplies	121,178	167,409
Insurance	13,651	15,377
Utilities	2,814	4,240
Depreciation	5,557	5,447
Total program services	261,016	316,303
Management and general:		
Wages	20,000	20,000
Payroll taxes	1,639	1,600
Professional fees	14,617	14,794
Repairs and maintenance	3,518	595
Office supplies, printing and postage	13,196	5,297
Total management and general	52,970	42,286
Total expenses	313,986	358,589
Net assets released from restriction	252	465
Change in net assets without donor restrictions	(33,370)	4,410
Net assets with donor restrictions:		
Contributions	197	252
Net assets released from restriction	(252)	(465)
Change in net assets with donor restrictions	(55)	(213)
Change in net assets	(33,425)	4,197
Net assets at beginning of year	129,821	125,624
Net assets at end of year	\$ 96,396	\$ 129,821

See accompanying notes to financial statements.

Lake Zurich Baseball and Softball Assoc., Inc.

Notes to Financial Statements

Note 1: Nature of Activities and Purpose

The Lake Zurich Baseball and Softball Assoc., Inc. (the "Organization") began operations in 1999 to provide team play in boys baseball and girls softball. The Organization provides organized competitive and non-competitive leagues to approximately 1000 boys and girls (ages 5 - 18) in Lake Zurich, Illinois, and the surrounding communities. The Organization is provided access to the baseball fields by the local area governmental entities and the Lake Zurich Lions Club.

Note 2: Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under that basis, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligations are incurred. Consequently, the Organization has not recognized receivables for registrations, accounts payable to vendors, and their related effects on the change in net assets in the accompanying financial statements. The Organization follows Financial Accounting Standards Board Accounting Standards Codification (ASC) which is an aggregation of previously issued authoritative United States generally accepted accounting principles in one comprehensive set of guidance by subject area. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. These classifications are described as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by the actions of the board of directors.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by the occurrence of an event (purpose) and/or passage of time. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that the principal be retained and invested in perpetuity. When a donor restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of revenues, expenses and changes in net assets as net assets released from restriction.

Registration Fees

The Organization records registration fees when they are received unless they relate to future periods in which case they are deferred to that period.

Lake Zurich Baseball and Softball Assoc., Inc.

Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (Continued)

Contribution Revenue

Contributions are recognized as revenue when they are received or unconditionally promised. Unconditional promises to give are recognized as assets and as revenue in the period promised. Conditional promises to give are recognized when the contributions upon which they depend are substantially met.

Gifts of property and equipment are recorded as increases in net assets without donor restriction unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as increases to net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated Services

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with its programs. The Organization does not record contributed services in the statement of revenues, expenses and changes in net assets under the modified cash basis of accounting.

Equipment and Depreciation

Equipment is recorded at cost or at estimated fair value at the date of purchase or contribution. The Organization follows the policy of capitalizing all expenditures in excess of \$500. Donated equipment is recorded as unrestricted support at its estimated fair value at date of receipt unless the donor has restricted the donated asset to a specific purpose. Depreciation is provided over the estimated useful lives of the assets (5-7 years) under the straight-line method.

Advanced Deposits

Monies received in advance relating to future travel program registration fees have been classified as advance deposits received (a liability) in the statement of assets, liabilities, and net assets - modified cash basis. Additionally, monies paid in advance relating to future travel program expenses have been classified as advance deposits paid (an asset) in the statement of assets, liabilities, and net assets - modified cash basis.

Functional Allocation of Expenses

The costs of providing the program and related activities have been summarized on a functional basis in the statements of revenues, expenses, and changes in net assets – modified cash basis. Accordingly, costs have been allocated among the programs and supporting services in a direct functional method.

Lake Zurich Baseball and Softball Assoc., Inc.

Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (Continued)

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation on unrelated business income. The Organization has been classified as a publicly supported organization, which is not a private foundation under Section 509(a) of the code. The Organization is also exempt from state income taxes. The Organization continues to operate in compliance with its tax-exempt purpose. Management does not believe its financial statements include uncertain tax positions.

Use of Estimates

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

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through February 5, 2021, which is the date the financial statements were available to be issued.

Note 3: Liquidity and Availability of Financial Resources

Financial Assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of assets, liabilities, and net assets - modified cash basis, comprise the following:

<i>October 31,</i>	2020	2019
Cash	\$ 139,090	\$ 157,836
Total financial assets	139,090	157,836
Less: Net assets with donor restriction	197	252
Financial assets available to meet general expenditures within one year	\$ 138,893	\$ 157,584

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of operating expenses (approximately \$84,000). As part of its liquidity plan, excess cash (or financial assets in excess of daily cash requirements) is invested in a money market account.

Lake Zurich Baseball and Softball Assoc., Inc.

Notes to Financial Statements

Note 4: Cash in Bank

The cash amounts at October 31, 2020 and 2019, consist of the following:

<i>October 31,</i>	2020	2019
Checking	\$ 6,900	\$ 12,159
Money Market	132,190	145,677
Total	\$ 139,090	\$ 157,836

The checking account is non-interest bearing. The money market account earns interest at rates determined by the bank. The accounts are insured up to the limits provided by federal depository insurance.

Note 5: Equipment

A summary of equipment as of October 31, 2020 and 2019, is as follows:

<i>October 31,</i>	2020	2019
Equipment	\$ 64,259	\$ 64,259
Accumulated depreciation	(50,925)	(45,368)
Total	\$ 13,334	\$ 18,891

Note 6: Related Parties

The Organization purchased signs and banners from a business which is co-owned by an employee of the Organization. The amount paid to this related party was \$3,509 and \$3,524 for the years ended October 31, 2020 and 2019, respectively.

The Organization also received field maintenance services from a business whose field operations manager is the property management commissioner of the Organization. The amount paid to this related party was \$63,492 and \$83,700 for the years ended October 31, 2020 and 2019, respectively. In addition, \$4,000 is included in advance deposits paid for travel program and other on the statement of assets, liabilities, and net assets - modified cash basis as of October 31, 2020, because it was paid in advance of the services being provided.

In addition, the Organization purchased \$508 of baseball accessories from a company that employed a Board of Commissioners member during the year ended October 31, 2019. As of the year ended October 31, 2020, the individual is no longer part of the Board of Commissioners.

Lake Zurich Baseball and Softball Assoc., Inc.

Notes to Financial Statements

Note 7: Operating Leases

The Organization has an operating lease agreement for storage space with the Lake Zurich Lions Club for annual payments of \$1,000 that expired in March 1, 2017. The Organization is allowed to continue using the storage space for \$1 per year, with no end date.

Note 8: Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for use in Lightning travel baseball. The total amount of temporarily restricted net assets as of October 31, 2020 and 2019, was \$197 and \$252, respectively.

Note 9: Business Conditions

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a "pandemic." First identified in late 2019 and known now as COVID-19, the outbreak has impacted thousands of individuals worldwide. In response, many countries have implemented measures to combat the outbreak which have impacted global business operations. No impairments were recorded as of the balance sheet date as no triggering events or changes in circumstances had occurred as of year-end; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. In addition, while the Organization's results of operations, cash flows, and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time.