

**DOWNERS GROVE YOUTH BASEBALL
REPORT ON THE AUDIT OF
THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
SEPTEMBER 30, 2012**

DOWNERS GROVE YOUTH BASEBALL

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Downers Grove Youth Baseball

We have audited the accompanying statement of assets, liabilities, and net assets - modified cash basis of Downers Grove Youth Baseball (an Illinois not-for-profit corporation) as of September 30, 2012 and the related statement of support, revenue, and expenses - modified cash basis, and the statement of cash flows for the year then ended. These financial statements are the responsibility of the management of Downers Grove Youth Baseball. 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 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 audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Downers Grove Youth Baseball as of September 30, 2012 and its support, revenue, expenses, and cash flows for the year then ended, on the basis of accounting described in Note 1.

Knuttle & Associates, P.C.

**DOWNERS GROVE YOUTH BASEBALL
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS
MODIFIED CASH BASIS
SEPTEMBER 30, 2012**

ASSETS

CURRENT ASSETS	
Cash	<u>\$ 199,485</u>
TOTAL CURRENT ASSETS	<u>199,485</u>
FIXED ASSETS	
Machinery and Equipment	146,914
Field Improvements	<u>20,133</u>
	167,047
Less -- Accumulated Depreciation	<u>78,960</u>
TOTAL FIXED ASSETS	<u>88,087</u>
TOTAL ASSETS	<u><u>\$ 287,572</u></u>

LIABILITIES AND NET ASSETS

TOTAL LIABILITIES	<u>\$ 0</u>
NET ASSETS	
Unrestricted	<u>287,572</u>
TOTAL NET ASSETS	<u>287,572</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 287,572</u></u>

See The Accompanying Notes To The Financial Statements.

**DOWNERS GROVE YOUTH BASEBALL
STATEMENT OF SUPPORT, REVENUE, AND EXPENSES
MODIFIED CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
PUBLIC SUPPORT AND REVENUES				
Program Services	\$ 507,992	\$ 0	\$ 0	\$ 507,992
Season Fundraising, Net of Direct Expenses of \$8,148	25,408	0	0	25,408
Sponsors	25,075	0	0	25,075
White Sox Outing, Net of Direct Expenses of \$24,494	11,906	0	0	11,906
Concessions, Net of Cost of Goods Sold of \$4,478	3,264	0	0	3,264
Other Income	1,742	0	0	1,742
TOTAL PUBLIC SUPPORT AND REVENUES	575,387	0	0	575,387
FUNCTIONAL EXPENSES				
Program Services	528,934	0	0	528,934
Management and General Fundraising	35,985 0	0 0	0 0	35,985 0
TOTAL FUNCTIONAL EXPENSES	564,919	0	0	564,919
CHANGE IN NET ASSETS	10,468	0	0	10,468
NET ASSETS, BEGINNING OF YEAR	277,104	0	0	277,104
END OF YEAR	\$ 287,572	\$ 0	\$ 0	\$ 287,572

See The Accompanying Notes To The Financial Statements.

**DOWNERS GROVE YOUTH BASEBALL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

CASH FLOWS FROM OPERATING ACTIVITIES	
Received from Participants and Public	\$ 612,507
Paid to Suppliers	(584,885)
Interest Paid	0
Income Taxes Paid	0
	<u>27,622</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash Payments for Purchase of Fixed Assets	<u>(53,579)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(53,579)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(25,957)
CASH AND CASH EQUIVALENTS,	
BEGINNING OF YEAR	<u>225,442</u>
END OF YEAR	<u><u>\$ 199,485</u></u>

See The Accompanying Notes To The Financial Statements.

**DOWNERS GROVE YOUTH BASEBALL
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**RECONCILIATION OF CHANGE IN NET ASSETS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Change in Net Assets	<u>\$ 10,468</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	<u>17,154</u>
Total Adjustments	<u>17,154</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 27,622</u></u>

See The Accompanying Notes To The Financial Statements.

**DOWNERS GROVE YOUTH BASEBALL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Downers Grove Youth Baseball (the "Organization") is an Illinois not-for-profit corporation established in 1974. The Organization operates a baseball league in Downers Grove, Illinois for individuals between the ages of seven and nineteen. The Organization's support comes primarily from participant registrations.

A) Method of Accounting

The Organization's accounts are maintained on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the modified cash basis of accounting, revenues are recognized when collected and expenses are recognized when paid. If the books were maintained on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America, all revenues would be recognized when earned and all expenses would be recognized when incurred. The modified cash basis includes fixed assets and depreciation, as it does on the accrual basis.

The Organization has adopted FASB *Accounting Standards Codification (ASC) 958, Not For Profit Entities*. Under ASC 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the statement, the Organization does not use fund accounting.

B) Accounting Policies

Cash and Cash Equivalents - For purposes of reporting cash flows, cash is defined as cash on hand, amounts held at financial institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash. Investments with an original maturity of three months or less are considered short-term for these purposes.

**DOWNERS GROVE YOUTH BASEBALL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C) Fixed Assets

Machinery and equipment are recorded at cost when purchased. Donated assets are recorded at their estimated fair market value on the date of donation. Expenditures for repairs and maintenance are charged to expense as incurred, whereas renewals and betterments that extend the lives of property are capitalized. Depreciation of fixed assets is computed on the straight-line method over various useful lives. The Organization makes improvements to fields, which it generally uses in its programs free of charge. Amortization of field improvements is computed using the straight-line method over their useful lives. Depreciation and amortization expense is \$17,154.

D) Donated Services

The Organization receives a significant amount of donated services from unpaid volunteers. Donated Services are recognized as in-kind revenues at their estimated fair value when they create or enhance nonfinancial assets or they require specialized skills which would need to be purchased if they were not donated. Contributed services that do not meet the above criteria are not recognized as revenues and are not reported in the accompanying financial statements. No amounts have been recognized in the accompanying statement of support, revenue, and expenses - modified cash basis because the above criteria for recognition of such volunteer effort have not been satisfied.

E) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**DOWNERS GROVE YOUTH BASEBALL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F) Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, a provision for income taxes has not been made on the financial statements. The Organization has no unrelated business income during the year ended September 30, 2012, and therefore, no provision for federal or state income taxes has been made in the accompanying financial statements.

NOTE 2 - OPERATING LEASE

The Organization leases an office space under an operating lease. The lease calls for monthly payments of \$850 and is month-to-month. Rent expense is \$10,200 for the year ended September 30, 2012.

NOTE 3 - ACCOUNTING FOR UNCERTAIN TAX POSITIONS

The Organization files its tax returns with the U.S. federal and various state and local tax jurisdictions. With few exceptions, the Organization is no longer subject to examinations by major tax jurisdictions for years ending prior to September 30, 2008.

The Organization includes interest and penalties related to unrecognized tax benefits in operating expenses. The expense for interest and penalties related to unrecognized tax benefits amounts to \$0 for the year ended September 30, 2012.

NOTE 4 - SUBSEQUENT EVENTS

The date to which events occurring after September 30, 2012, the date of the most recent balance sheet have been evaluated for possible adjustment to the financial statements or disclosure is March 14, 2013, the date the financial statements were available to be issued.