

**LAKE ZURICH BASEBALL  
and SOFTBALL ASSOC., INC.**

Financial Statements

October 31, 2010 and 2009

(With Auditors' Report Thereon)



• CERTIFIED PUBLIC ACCOUNTANTS  
• BUSINESS ADVISORS

## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
Lake Zurich Baseball and Softball Assoc., Inc.  
Lake Zurich, Illinois:

We have audited the accompanying statements of assets, liabilities, and net assets - modified cash basis of Lake Zurich Baseball and Softball Assoc., Inc. as of October 31, 2010 and 2009, and the related statements of revenues, expenses and changes in net assets - modified cash basis for the years then ended. These financial statements are the responsibility of the Organization's management. 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 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 audits provide a reasonable basis for our opinion.

As described in Note 2, 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 Lake Zurich Baseball and Softball Assoc., Inc. as of October 31, 2010 and 2009, and its revenues and expenses and changes in net assets for the years then ended, on the basis of accounting described in Note 2.

BIK + CO, LLP

January 6, 2011

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LAKE ZURICH BASEBALL  
and SOFTBALL ASSOC., INC.

Statements of Assets, Liabilities  
and Net Assets - Modified Cash Basis  
October 31, 2010 and 2009

|   | <u>2010</u>      | <u>2009</u>   |
|---|------------------|---------------|
| Assets  |                  |               |
| Cash in bank                                  | \$ 29,945        | 62,778        |
| Equipment, net of accumulated<br>depreciation | <u>12,804</u>    | <u>1,595</u>  |
| Total assets                                  | <u>42,749</u>    | <u>64,373</u> |
| Net assets - unrestricted                     | <u>42,749</u>    | <u>64,373</u> |
| Total net assets                              | <u>\$ 42,749</u> | <u>64,373</u> |

Accompanying notes are an integral part of these financial statements.

**LAKE ZURICH BASEBALL  
and SOFTBALL ASSOC., INC.**

Statements of Revenues, Expenses and  
Changes in Net Assets - Modified Cash Basis  
Years Ended October 31, 2010 and 2009

|   | <u>2010</u>      | <u>2009</u>    |
|---|------------------|----------------|
| Revenues                                  |                  |                |
| Registration fees                         | \$ 408,393       | 410,488        |
| Sponsorships                              | 28,458           | 35,653         |
| Concession stand operations, net          | 11,223           | 7,090          |
| Tournament fees and uniforms              | 34,023           | 31,836         |
| Fundraising                               | 153,644          | 274,709        |
| Interest                                  | 1,329            | 840            |
|   | <u>637,070</u>   | <u>760,616</u> |
| Expenses                                  |                  |                |
| Field maintenance                         | 162,973          | 138,984        |
| Wages                                     | 62,080           | 61,984         |
| Payroll taxes                             | 5,099            | 4,653          |
| Office supplies, printing and postage     | 16,968           | 17,635         |
| Outside services - umpires                | 1,993            | 1,175          |
| Insurance                                 | 22,428           | 27,039         |
| League operating tournaments and supplies | 267,923          | 285,871        |
| Utilities                                 | 5,848            | 7,344          |
| Fundraising                               | 95,425           | 207,087        |
| Depreciation                              | 1,702            | 1,210          |
| Professional fees                         | 16,255           | 21,100         |
|   | <u>658,694</u>   | <u>774,082</u> |
| Decrease in net assets                    | (21,624)         | (13,466)       |
| Net assets at beginning of year           | <u>64,373</u>    | <u>77,839</u>  |
| Net assets at end of year                 | <u>\$ 42,749</u> | <u>64,373</u>  |

Accompanying notes are an integral part of these financial statements.

**LAKE ZURICH BASEBALL  
and SOFTBALL ASSOC., INC.**

Notes to Financial Statements

October 31, 2010 and 2009

1. Nature of Activities and Purpose

The Lake Zurich Baseball and Softball Assoc., Inc. (the Organization) began operations in 1997 to provide team play in boys baseball and girls softball. The Organization provides organized competitive and non-competitive leagues to approximately 1500 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.

2. Significant Accounting Policies

a. 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. Net assets and changes in net assets are classified and reported as follows:

**Unrestricted net assets** - Net assets that are not subject to donor-imposed stipulations.

**Temporarily restricted net assets** - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of revenues, expenses and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted net assets by the Organization. There were no contributions with donor-imposed restrictions that resulted in temporarily restricted net assets.

(continued)

**LAKE ZURICH BASEBALL  
and SOFTBALL ASSOC., INC.**

Notes to Financial Statements

2. Significant Accounting Policies (continued)

a. Basis of Presentation (continued)

**Permanently restricted net assets** - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. There were no contributions with donor-imposed restrictions that would result in permanently restricted net assets.

b. Registration Fees

The Organization records registration fees when they are received.

c. Contributed 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.

d. 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 (3-5 years) under the straight-line method.

e. Contributions

Contribution revenues are recognized when received, and are considered unrestricted unless otherwise specified by the donor.

f. Income Taxes

No provision has been made for income taxes in the financial statements. The Organization is exempt from Federal and State income taxes under Internal Revenue Code Section 501(c)(3).

(continued)

**LAKE ZURICH BASEBALL  
and SOFTBALL ASSOC., INC.**

Notes to Financial Statements

2. Significant Accounting Policies (continued)

g. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

h. Functional Allocation of Expenses

The costs of providing various programs and related activities have been summarized on a functional basis in the statements of revenues, expenses, and changes in net assets. All of the Organization's expenses relate to program services.

i. Subsequent Events

Based on management's evaluation, there were no subsequent event disclosures through January 6, 2011, which is the date the financial statements were available to be issued.

3. Cash in Bank

The cash amounts at October 31, 2010 and 2009 consist of the following:

|                     | <u>2010</u>      | <u>2009</u>      |
|---------------------|------------------|------------------|
| Cash - checking     | \$ 1,703         | \$ 1,865         |
| Cash - money market | <u>28,242</u>    | <u>60,913</u>    |
| Total cash in bank  | <u>\$ 29,945</u> | <u>\$ 62,778</u> |

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.

(continued)

**LAKE ZURICH BASEBALL  
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Notes to Financial Statements

4. Equipment and Accumulated Depreciation

Equipment consists of the following at October 31, 2010 and 2009:

|   | <u>2010</u>      | <u>2009</u>     |
|---|------------------|-----------------|
| Assets - equipment                      | \$ 36,473        | \$ 23,562       |
| Accumulated depreciation -<br>equipment | <u>(23,669)</u>  | <u>(21,967)</u> |
| Equipment, net                          | <u>\$ 12,804</u> | <u>\$ 1,595</u> |

During the year ended October 31, 2010, the Organization purchased a lightning detection system for \$12,911, which was placed into service in August, 2010.

5. Line of Credit Payable

At October 31, 2010, the Organization has an available line of credit of \$80,000 with a local bank. The interest on the line of credit is paid monthly at an interest rate at prime (published by Wall Street Journal) plus 1/2%. There was no outstanding balance at October 31, 2010 and 2009.

6. Related Party Transactions

The Organization purchased league supplies and embroidery services from a business owned by family members of a Board Commissioner. The owner was no longer a Board Commissioner for the fiscal year ending October 31, 2010. The amount paid to this related party was \$85,745 for the year ended October 31, 2009.

In addition, the Organization purchased signs and scoreboards from a business which is co-owned by an employee of the Organization. The amount paid to this related party was \$4,054 and \$3,854 for the years ended October 31, 2010 and 2009, 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 \$107,783 and \$81,145 for the years ended October 31, 2010 and 2009, respectively.