

**Lake Travis Youth Association**

**Consolidated Financial Statements**

**and**

**Independent Accountants' Report**

**December 31, 2012 and 2011**

Osborn & Company  
Certified Public Accountants  
4407 Bee Cave Road, Suite 412  
Austin, TX 78746

# Lake Travis Youth Association

Consolidated Financial Statements  
Years Ended December 31, 2012 and 2011

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# OSBORN & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Lake Travis Youth Association:

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Lake Travis Youth Association (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2012 and 2011, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated 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.

### Auditor's responsibility

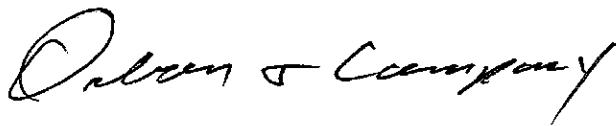
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 statement 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lake Travis Youth Association as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.



Osborn & Company  
November 18, 2013

**Lake Travis Youth Association**  
**Consolidated Statements of Financial Position**  
**December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 455,418	\$ 457,671
Prepaid expenses and other assets	7,943	2,943
Property and equipment, net	<u>475,525</u>	<u>498,998</u>
TOTAL ASSETS	<u>\$ 938,887</u>	<u>\$ 959,612</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 20,497	\$ 17,755
Deferred revenue	342,344	301,839
Other current liabilities	<u>4,588</u>	<u>4,109</u>
TOTAL LIABILITIES	<u>367,429</u>	<u>323,703</u>
 <b>NET ASSETS</b>		
Unrestricted		
General	\$ 382,308	\$ 444,760
Board designated	39,150	41,150
Temporarily restricted	<u>150,000</u>	<u>150,000</u>
TOTAL NET ASSETS	<u>571,458</u>	<u>635,910</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 938,887</u>	<u>\$ 959,612</u>

See accompanying notes to the consolidated financial statements.

**Lake Travis Youth Association  
Consolidated Statement of Activities  
For the Year Ended December 31, 2012**

	<u>2012</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Registration income	\$ 1,329,371	\$ -	\$ 1,329,371
Fee income	59,273	-	59,273
Contributions	71,672	-	71,672
Fundraising	30,591	-	30,591
Concession stand income	8,032	-	8,032
Merchandise	355	-	355
Donations in-kind	35,649	-	35,649
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	<u>1,534,944</u>	<u>-</u>	<u>1,534,944</u>
<b>EXPENSES</b>			
Program services:			
Leagues	1,366,580	-	1,366,580
<b>TOTAL PROGRAM SERVICES</b>	<u>1,366,580</u>	<u>-</u>	<u>1,366,580</u>
Supporting services:			
General and administrative	221,234	-	221,234
Fundraising	12,337	-	12,337
<b>TOTAL SUPPORTING SERVICES</b>	<u>233,571</u>	<u>-</u>	<u>233,571</u>
<b>DECREASE IN UNRESTRICTED NET ASSETS</b>	<u>1,600,151</u>	<u>-</u>	<u>1,600,151</u>
<b>CHANGE IN NET ASSETS</b>	<u>(65,207)</u>	<u>-</u>	<u>(65,207)</u>
<b>OTHER - Income (Expenses)</b>			
Other income - interest	756	-	756
<b>TOTAL OTHER</b>	<u>756</u>	<u>-</u>	<u>756</u>
<b>CHANGE IN NET ASSETS</b>	<u>(64,451)</u>	<u>-</u>	<u>(64,451)</u>
<b>NET ASSETS, Beginning of year</b>	<u>485,910</u>	<u>150,000</u>	<u>635,910</u>
<b>NET ASSETS, End of year</b>	<u>\$ 421,458</u>	<u>\$ 150,000</u>	<u>\$ 571,458</u>

See accompanying notes to the consolidated financial statements.

**Lake Travis Youth Association  
Consolidated Statement of Activities  
For the Year Ended December 31, 2011**

	<u>2011</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Registration income	\$ 1,018,124	\$ -	\$ 1,018,124
Fee income	237,846	-	237,846
Contributions	43,655	-	43,655
Fundraising	20,121	-	20,121
Concession stand income	4,728	-	4,728
Merchandise	616	-	616
Donations in-kind	4,000	-	4,000
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	<u>1,329,089</u>	<u>-</u>	<u>1,329,089</u>
<b>EXPENSES</b>			
Program services:			
Leagues	1,204,059	-	1,204,059
<b>TOTAL PROGRAM SERVICES</b>	<u>1,204,059</u>	<u>-</u>	<u>1,204,059</u>
Supporting services:			
General and administrative	215,596	-	215,596
Fundraising	13,232	-	13,232
<b>TOTAL SUPPORTING SERVICES</b>	<u>228,829</u>	<u>-</u>	<u>228,829</u>
<b>DECREASE IN UNRESTRICTED NET ASSETS</b>	<u>1,432,888</u>	<u>-</u>	<u>1,432,888</u>
<b>CHANGE IN NET ASSETS</b>	<u>(103,799)</u>	<u>-</u>	<u>(103,799)</u>
<b>OTHER - Income (Expenses)</b>			
Other income - interest	947	-	947
<b>TOTAL OTHER</b>	<u>947</u>	<u>-</u>	<u>947</u>
<b>CHANGE IN NET ASSETS</b>	<u>(102,851)</u>	<u>-</u>	<u>(102,851)</u>
<b>NET ASSETS, Beginning of year</b>	<u>588,761</u>	<u>150,000</u>	<u>738,761</u>
<b>NET ASSETS, End of year</b>	<u>\$ 485,910</u>	<u>\$ 150,000</u>	<u>\$ 635,910</u>

See accompanying notes to the consolidated financial statements.

**Lake Travis Youth Association**  
**Consolidated Statements of Functional Expenses**  
**For the Years Ended December 31, 2012 and 2011**

	<u>2012</u>			<u>Total</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	
Salaries and contract labor	\$ 464,463	\$ 131,877	\$ -	\$ 596,340
Uniforms and equipment	185,112	-	-	185,112
Equipment and maintenance	174,547	-	-	174,547
Occupancy	116,794	2,160	-	118,954
Utilities	95,728	-	-	95,728
Fees and dues	130,289	-	-	130,289
Online registration and website	-	44,944	-	44,944
Insurance	32,431	-	-	32,431
Depreciation	23,473	-	-	23,473
Marketing	27,551	-	12,337	39,888
Professional fees	-	16,112	-	16,112
Scholarship expenses	27,943	-	-	27,943
Supplies	8,296	-	-	8,296
Taxes	-	9,704	-	9,704
Camp expenses	11,998	-	-	11,998
Travel	20,136	-	-	20,136
Other	47,818	16,438	-	64,256
<b>TOTAL EXPENSES</b>	<b>\$ 1,366,580</b>	<b>\$ 221,234</b>	<b>\$ 12,337</b>	<b>\$ 1,600,151</b>

	<u>2011</u>			<u>Total</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	
Salaries and contract labor	\$ 435,817	\$ 114,333	\$ -	\$ 550,150
Uniforms and equipment	188,799	-	-	188,799
Equipment and maintenance	143,435	-	-	143,435
Occupancy	94,111	4,982	-	99,093
Utilities	48,057	-	-	48,057
Fees and dues	132,148	-	-	132,148
Online registration and website	-	46,780	-	46,780
Insurance	34,140	1,095	-	35,234
Depreciation	23,473	-	-	23,473
Marketing	12,094	-	13,232	25,326
Professional fees	-	27,113	-	27,113
Scholarship expenses	38,539	-	-	38,539
Supplies	9,289	-	-	9,289
Taxes	-	8,962	-	8,962
Camp expenses	9,484	-	-	9,484
Travel	12,102	-	-	12,102
Other	22,570	12,332	-	34,902
<b>TOTAL EXPENSES</b>	<b>\$ 1,204,059</b>	<b>\$ 215,596</b>	<b>\$ 13,232</b>	<b>\$ 1,432,887</b>

See accompanying notes to the consolidated financial statements.

**Lake Travis Youth Association**  
**Consolidated Statement of Cash Flows**  
**December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Change in net assets</b>	<u>\$ (64,451)</u>	<u>\$ (102,851)</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	23,473	23,473
Bad debt		
(Increase) decrease in operating assets		
Prepaid expenses and other assets	(5,000)	3,365
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	2,742	(35,863)
Deferred revenue	40,505	129,613
Other current liabilities	479	4,109
Net adjustment	<u>62,199</u>	<u>124,697</u>
<b>Net cash provided by operating activities</b>	<u>(2,252)</u>	<u>21,846</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<u>-</u>	<u>(17,464)</u>
<b>Net cash (used) by investing activities</b>	<u>-</u>	<u>(17,464)</u>
<b>Net (decrease) in cash balances</b>	(2,252)	4,382
<b>Cash balances, Beginning of year</b>	<u>457,671</u>	<u>453,289</u>
<b>Cash balances, End of year</b>	<u><u>\$ 455,418</u></u>	<u><u>\$ 457,671</u></u>
Interest expense	<u>-</u>	<u>-</u>
Income taxes	<u>-</u>	<u>-</u>

See accompanying notes to the consolidated financial statements.



**Lake Travis Youth Association**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2012 and 2011**

**NOTE 1 – GENERAL**

**Organization**

Lake Travis Youth Association (the “Association” or “LTYA”) was formed in September 1978 to provide children with a program of safe, supervised recreation, to sponsor activities designed to build character, sportsmanship, and citizenship; to promote equal participation in each of its programs; and to provide the opportunity for children to have a pleasant first experience in competitive sports. The purpose of the Association is to stimulate, promote and foster activities designed to provide a richer and more wholesome life for the children of our community and to help instill in them the values of teamwork, fair play and dedication as stepping stones toward the day when they must take their place in a competitive world.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The Association’s financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (“GAAP”). For financial statement purposes, the Association distinguishes between contributions of unrestricted assets, temporarily restricted assets, and permanently restricted assets.

**Consolidated Financial Statements**

The consolidated financial statements include the accounts of the Association and its affiliate, Lake Travis Pop Warner Youth Football Association (“Pop Warner”). Pop Warner was formed in 1998 to provide football activities for children and to promote safety, participation over competition and education over performance. All inter-company transactions have been eliminated in consolidation.

**Basis of Accounting**

U.S. generally accepted accounting principles establish standards for general-purpose external financial statements for not-for-profit organizations, include a statement of financial position, a statement of activities, and a statement of cash flows. These principles require the classification of net assets and its revenues, expenses, gains and losses into three categories, based on existence or absence of donor-imposed restrictions. The categories are permanently restricted, temporarily restricted, and unrestricted net assets. The Association does not have any permanently restricted net assets as of the years ended December 31, 2012 and 2011.

**Lake Travis Youth Association**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2012 and 2011**

*Permanently restricted* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Association.

*Temporarily restricted* – Net assets whose use by the Association is subject to donor-imposed stipulations that can be fulfilled by actions of the Association pursuant to those stipulations or that expire by the passage of time.

*Unrestricted* – Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by the action of the Board of Directors.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Association defines cash and cash equivalents as all cash held by the bank, consisting of interest bearing checking accounts and money market accounts. There are no other items to include as cash equivalents.

**Allowance for Doubtful Accounts**

Accounts receivable are stated net of an allowance for doubtful accounts. The Association estimates the allowance based on its historical experience of the relationship between actual bad debts and accounts receivable. There were no accounts receivable as of December 31, 2012 and 2011 and accordingly no allowance for doubtful accounts.

**Revenue Recognition**

Revenue is generally recognized when earned and realizable. Registration fees are recognized ratably over the sport season. The Association's main sources of revenue are league registrations, field rental fees and contributions and fundraising. Field rental fees are recognized when fields are used. At December 31, 2012 and 2011, the Association had deferred revenue of \$342,344 and \$301,839, respectively, for league registrations that continue into the next calendar year.

**Lake Travis Youth Association**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2012 and 2011**

**Contributions**

The Association reports contributions as restricted support if they are received with donor stipulations that limit the use of the donations. During the year ended December 31, 2012 and 2011, the Association reports restricted donations of \$150,000 of which \$110,000 was received in 2010 and \$40,000 in 2009.

Although individuals volunteer their time and perform a variety of tasks that assist the Association, these services do not meet the criteria for recognition as contributed services.

The Association reports contributions of land, buildings, and equipment as unrestricted, unless explicit donor stipulations specify how the donated assets must be used. Gifts of assets with explicit restrictions that specify how the assets are to be used are accounted for as restricted support. The Association reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**Property and Equipment**

Furniture, equipment, software and vehicles are capitalized at cost. Generally, items greater than \$500 with a useful life of more than a year are capitalized. Property and equipment are depreciated over estimated useful lives of five or seven years using the straight-line method. Maintenance and repairs are charged to expense as incurred. Leasehold improvements are amortized over the lesser of the life of the lease or the useful life of the asset.

**Functional Allocation of Expenses**

The costs of providing the activities of the Association have been summarized on a functional basis and allocated in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

**Federal Income Taxes**

The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except with respect to any unrelated business income. The Association had no unrelated business income during the years 2012 and 2011. Accordingly, there is no provision or liability for federal income taxes or uncertainty regarding income taxes in the accompanying consolidated financial statements.

**Lake Travis Youth Association**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2012 and 2011**

**Compensated Absences**

The Association does not accrue for compensated absences as the Association's management believes that the impact of compensated absences is not material.

**Advertising and Marketing Expenses**

The Association expenses advertising and marketing costs as incurred. The Association incurred approximately \$39,888 and \$25,326 in advertising and marketing expense for the years ended December 31, 2012 and 2011, respectively.

**NOTE 3 – CASH AND CASH EQUIVALENTS**

The Association's cash and cash equivalents at December 31, 2012 and 2011 were \$455,418 and \$457,671, respectively.

**NOTE 4 – CREDIT RISK**

Certain financial instruments potentially subject the Association to concentrations of credit risk. These financial instruments consist primarily of cash equivalents (demand deposits and money market accounts). The cash policies of the Association limit the amount of credit exposure, and require that the cash be placed with high credit quality financial institutions. The Federal Deposit Insurance Corporation ("FDIC") increased the basic deposit insurance from \$100,000 to \$250,000 per depositor through December 31, 2013. The Association's money market funds are maintained with an investment brokerage company. As of December 31, 2012 and 2011, the Association had no uninsured bank balances.

**NOTE 5 - PROPERTY AND EQUIPMENT**

The following is a summary of land, field improvements and equipment as of December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Land	\$332,130	\$332,130
Field improvements and equipment	<u>361,128</u>	<u>361,128</u>
	693,258	693,258
Less accumulated depreciation	<u>(217,733)</u>	<u>(194,260)</u>
Total land, field improvements and equipment	<u>\$475,525</u>	<u>\$498,998</u>

Depreciation expense was \$23,473 and \$23,473 for field improvements and equipment for the years ended December 31, 2012 and 2011, respectively.

**Lake Travis Youth Association**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2012 and 2011**

**NOTE 6 – BOARD DESIGNATED ASSETS**

All income is considered to be available for unrestricted use unless specifically restricted by the donor. The Association’s board designated a money market account to be used for providing scholarships to local football players. For the years ended December 31, 2012 and 2011, board designated assets of the Association consisted of the following:

	<b>January 1, 2012</b>	<b>Interest Income</b>	<b>Scholarships Granted</b>	<b>December 31, 2012</b>
Total board designated assets	\$41,150	-	(2,000)	\$39,150
	<b>January 1, 2011</b>	<b>Interest Income</b>	<b>Scholarships Granted</b>	<b>December 31, 2011</b>
Total board designated assets	\$42,150	-	(1,000)	\$41,150

**NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS**

The part of net assets of an Association resulting from donations whose use is limited by donor-imposed restrictions that either expire with the passage of time or the purposes of which is fulfilled are considered temporarily restricted net assets. During 2012 and 2011, the Association had \$150,000 of temporarily restricted donations, \$110,000 donated in 2010 and \$40,000 in 2009, to be used for a specific LTYA project to be determined by the Board.

**NOTE 8 – RELATED PARTY TRANSACTIONS**

There are no related party transactions to report for the years ended December 31, 2012 and 2011.

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

For the years ended December 31, 2012 and 2011, the Association recorded \$2,160 and \$2,160 in rent expense.

Minimum future rentals for the office space lease as of December 31, 2012 and 2011 are as follows:

<b>Year ended December 31,</b>	
2012	\$ 880
2011	<u>\$2,160</u>
	<u>\$3,040</u>

**Lake Travis Youth Association**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2012 and 2011**

**NOTE 10 – SUBSEQUENT EVENTS**

In accordance with U.S. generally accepted accounting principles, subsequent events have been evaluated through November 18, 2013, the date the report was released.

The Association sold its competitive soccer league effective April, 1, 2013.

