



# Montemayor Hill Britton & Bender PC

CERTIFIED PUBLIC ACCOUNTANTS

**LAKE TRAVIS YOUTH ASSOCIATION**

INDEPENDENT AUDITOR'S REPORT  
AND  
FINANCIAL STATEMENTS

DECEMBER 31, 2013



# Montemayor Hill Britton & Bender PC

CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors  
Lake Travis Youth Association

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Lake Travis Youth Association, which comprise the statement of financial position as of December 31, 2013 and the related statements of activities 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 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 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 financial statements. The procedures selected depend on 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 Lake Travis Youth Association as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

15 January 2015  
Austin, Texas

*Montemayor Hill Britton & Bender PC*

2525 WALLINGWOOD DRIVE  
SUITE 200  
AUSTIN, TEXAS 78746  
PHONE: 512.442.0380  
FAX: 512.442.0817  
[www.montemayorhill.com](http://www.montemayorhill.com)

LAKE TRAVIS YOUTH ASSOCIATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2013

ASSETS

Current assets

Cash \$347,573

Accounts receivable 4,951

352,524

Property and equipment 479,797

\$832,321

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable \$754

Deferred revenue 131,311

132,065

Net assets

Unrestricted net assets

Undesignated 544,991

Board designated 39,140

584,131

Temporarily restricted net assets 116,125

700,256

\$832,321

The accompanying notes are an integral part of this financial statement presentation.

# LAKE TRAVIS YOUTH ASSOCIATION

## STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE			
Registration income	\$1,054,064	\$0	\$1,054,064
Fee income	121,398	0	121,398
Contributions	79,067	0	79,067
Other income	54,830	0	54,830
Released from restrictions	<u>33,875</u>	<u>(33,875)</u>	<u>0</u>
	<u>1,343,234</u>	<u>(33,875)</u>	<u>1,309,359</u>
EXPENSES			
Coaches	190,778	0	190,778
Field maintenance	145,905	0	145,905
Uniforms	143,005	0	143,005
Facility use fees	97,951	0	97,951
Administrator	96,265	0	96,265
Referees/Umpires	89,523	0	89,523
Utilities	69,929	0	69,929
Association dues	59,623	0	59,623
Sports equipment	30,039	0	30,039
Insurance	29,844	0	29,844
Accounting fees	28,200	0	28,200
Depreciation	25,476	0	25,476
Credit card fees	24,624	0	24,624
Tournament	18,394	0	18,394
Trophies	16,491	0	16,491
Marketing	16,388	0	16,388
Camp	13,562	0	13,562
Travel	12,842	0	12,842
Field day	11,363	0	11,363
Other	<u>60,359</u>	<u>0</u>	<u>60,359</u>
	<u>1,180,561</u>	<u>0</u>	<u>1,180,561</u>
CHANGE IN NET ASSETS	162,673	(33,875)	128,798
BEGINNING NET ASSETS	<u>421,458</u>	<u>150,000</u>	<u>571,458</u>
ENDING NET ASSETS	<u><u>\$584,131</u></u>	<u><u>\$116,125</u></u>	<u><u>\$700,256</u></u>

The accompanying notes are an integral part of this financial statement presentation.

**LAKE TRAVIS YOUTH ASSOCIATION**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2013**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$128,798
Depreciation	25,476
Change in accounts receivable	2,992
Change in accounts payable	(19,743)
Change in deferred revenue	(211,032)
Change in other liabilities	<u>(4,588)</u>
	(78,097)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of fixed assets	<u>(29,748)</u>
NET CHANGE IN CASH	(107,845)
BEGINNING CASH	<u>455,418</u>
ENDING CASH	<u><u>\$347,573</u></u>

The accompanying notes are an integral part of this financial statement presentation.



# LAKE TRAVIS YOUTH ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1: ORGANIZATION

Lake Travis Youth Association (Association) 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

#### FINANCIAL STATEMENT PRESENTATION

The Association 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.

##### Unrestricted Net Assets

Unrestricted net assets result from operating revenues and contributions not subject to donor imposed stipulations; less expenses incurred in operations, to raise contributions and for administrative functions.

##### Temporarily Restricted Net Assets

Support restricted by the donor is recorded as an increase in temporarily restricted net assets. When a restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets.

##### Permanently Restricted Net Assets

Permanently restricted net assets result from contributions that must be maintained in perpetuity. The Association had no permanently restricted activity during the year.

#### BASIS OF ACCOUNTING

The Association uses the accrual basis method of accounting. Revenues are recorded when earned, rather than when received. However, contributions are recognized when the donor makes a promise to give to the Association, that is, in substance, unconditional. Amounts received before being earned are recorded as deferred revenue. Expenses are recorded when incurred regardless of when paid.

# LAKE TRAVIS YOUTH ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ESTIMATES

In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates.

#### REVENUE

The Association's main sources of revenue are league registrations, field rental fees, and contributions.

Registration fees are recognized ratably over the sport season. Field rental fees are recognized when fields are used. At December 31, 2013, the Association had deferred revenue of \$131,311 for league registrations that continue into the next calendar year.

The Association accounts for contributions as increases in unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted new assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

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.

#### 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

Expenses that benefit several functional areas (program, administration, and fundraising) have been allocated based on personnel time spent on each area as estimated by management.

# LAKE TRAVIS YOUTH ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### INCOME TAX

The Association is a not-for-profit corporation, other than a private foundation, that is exempt from income taxes under Internal Revenue Code Section 501(c)(3), except to the extent it has unrelated business activities. Therefore, no provision has been made for Federal income taxes in the accompanying financial statements.

At December 31, 2013, no interest and penalties have been or are required to be accrued. The Association, generally, is no longer subject to income tax examinations by federal authorities for years prior to December 31, 2011.

### NOTE 3: PROPERTY AND EQUIPMENT

Land	\$332,131
Field improvements and equipment	391,174
Depreciation	<u>(243,508)</u>
	<u>\$479,797</u>

### NOTE 4: FUNCTIONAL ALLOCATION OF EXPENSES

Program services	\$1,065,095
Administration	102,459
Fundraising	<u>13,007</u>
	<u>\$1,180,561</u>

### NOTE 5: NET ASSETS

The Association had board designated net assets of \$39,140 at December 31, 2013, which are to be used for scholarships to local football players.

The Association had temporarily restricted net assets of \$116,125 at December 31, 2013, which is restricted for capital projects.

### NOTE 6: CONCENTRATION

Cash at year end exceeded FDIC coverage by \$111,660.



# **LAKE TRAVIS YOUTH ASSOCIATION**

## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE 7: COMMITMENTS**

In September 2013, the Association entered into an agreement for field maintenance. The remaining amount of the agreement is \$123,000 and is terminable by either party with 34 days written notice. Also, the Association rents field and gym space from Lake Travis Independent School District (LTISD) for an hourly fee based on the field or gym being used. While the 2014 agreement has not yet been formalized, the 2013 payments to LTISD amounted to approximately \$78,000.

### **NOTE 8: SUBSEQUENT EVENTS**

Management has evaluated subsequent events as of 15 January 2015, the date the financial statements were available to be issued.

In May 2014, the Association entered into a contract to purchase a tract of land for \$3,660,000.

In September 2014, the Association was notified it was named in a law suit by the parents of a child that was injured during an Association sanctioned soccer practice. The suit alleges negligence by the Association and seeks \$10,000,000 and lifetime health care costs. The Association plans to vigorously defend the suit. The likelihood of an unfavorable outcome cannot be estimated at this time.