

2008  
Audit  
008507

THE SPORTSMEN'S TENNIS CLUB, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2008 AND 2007



THE SPORTSMEN'S TENNIS CLUB, INC.

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2008  
AUDIT

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WOODVILLE, MASS.

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
The Sportsmen's Tennis Club, Inc.  
Dorchester, Massachusetts

We have audited the accompanying statements of financial position of The Sportsmen's Tennis Club, Inc. (a non-profit organization) as of June 30, 2008 and 2007 and the related statements of activities, changes in net assets and cash flows 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 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Sportsmen's Tennis Club, Inc. as of June 30, 2008 and 2007 and the changes in its net assets and its cash flows for the years then ended in conformity with auditing standards generally accepted in the United States of America.

*Keane, Chiuve & Company, P.C.*

Keane, Chiuve & Company, P.C.

November 16, 2008

THE SPORTMEN'S TENNIS CLUB, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u> <u>(Restated)</u>
ASSETS:		
Cash	\$77,094	\$42,635
Accounts receivable, net of allowance for doubtful accounts of \$0 in 2008 and \$8,426 in 2007	6,256	5,371
Prepaid expenses	4,318	6,620
Property, plant and equipment, net of accumulated depreciation of \$1,204,091 in 2008 and \$1,111,082 in 2007	<u>685,311</u>	<u>715,731</u>
TOTAL ASSETS	<u>\$772,979</u>	<u>\$770,357</u>
LIABILITIES:		
Note payable, bank	\$6,221	\$5,376
Note payable, City of Boston	44,279	-
Notes payable, other	2,600	-
Accounts payable	194,848	145,254
Deferred revenue	77,312	65,700
Accrued expenses	<u>10,465</u>	<u>15,300</u>
Total liabilities	<u>335,725</u>	<u>231,630</u>
NET ASSETS:		
Unrestricted	437,254	538,727
Temporarily restricted	-	-
Permanently restricted	<u>-</u>	<u>-</u>
Total net assets	<u>437,254</u>	<u>538,727</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$772,979</u>	<u>\$770,357</u>

See Notes to Financial Statements.



THE SPORTMEN'S TENNIS CLUB, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u> <u>(Restated)</u>
SUPPORT AND REVENUE:		
Tennis programs	\$277,825	\$269,214
Court time fees	133,354	120,354
Grants	71,650	247,215
Donations	59,737	54,827
Membership dues	22,795	26,665
Tournament revenue - net	12,070	-
Other revenues	5,146	3,932
Fundraising event	825	30,000
Pro shop revenue	687	3,902
Interest income	23	973
Utility rebate	-	20,000
	<hr/>	<hr/>
Total support and revenue	584,112	777,082
	<hr/>	<hr/>
EXPENSES:		
Salaries, contract labor and related costs	387,109	447,174
Depreciation	93,009	75,932
Utilities and telephone	64,279	69,726
Repairs and maintenance	41,048	44,618
Professional fees	36,305	79,483
Administration	30,768	34,618
Program expenses	15,239	26,203
Insurance	13,884	12,072
Fundraising expenses	3,944	29,440
	<hr/>	<hr/>
Total expenses	685,585	819,266
	<hr/>	<hr/>
NET INCREASE (DECREASE) IN NET ASSETS	(\$101,473)	(\$42,184)
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See Notes to Financial Statements.



THE SPORTMEN'S TENNIS CLUB, INC.

STATEMENTS OF CHANGES IN FUND BALANCES

YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
NET ASSETS, BEGINNING OF YEAR, as originally reported	\$494,309	\$545,779
PRIOR PERIOD ADJUSTMENTS:		
Adjustment to record ICIC tournament revenue from fiscal 2007 which was recorded as deferred at June 30, 2007	33,971	
Adjustment for write off of loan from former executive director which will not be repaid	35,132	35,132
Adjustment for 2006 gala expenses which were not billed until March 2008	<u>(24,685)</u>	<u>                    </u>
NET ASSETS, BEGINNING OF YEAR, as adjusted	538,727	580,911
Change in net assets	<u>(101,473)</u>	<u>(42,184)</u>
NET ASSETS, END OF YEAR	<u>\$437,254</u>	<u>\$538,727</u>

See Notes to Financial Statements.



THE SPORTMEN'S TENNIS CLUB, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u> <u>(Restated)</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	(\$101,473)	(\$42,184)
Adjustments to reconcile net assests to net cash provided by operating activities:		
Non cash item - Depreciation	93,009	75,932
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable	(885)	(3,725)
Prepaid expenses	2,302	(3,393)
Increase (Decrease) in:		
Accounts payable	49,594	107,594
Deferred revenue	11,612	53,825
Accrued expenses	(4,835)	(2,800)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>49,324</u>	<u>185,249</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Addition to property and equipment	<u>(62,589)</u>	<u>(324,371)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	49,224	-
Repayment of note payable	<u>(1,500)</u>	<u>(781)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>47,724</u>	<u>(781)</u>
NET INCREASE (DECREASE) IN CASH	34,459	(139,903)
CASH BALANCES, BEGINNING OF YEAR	<u>42,635</u>	<u>182,538</u>
CASH BALANCES, END OF YEAR	<u><u>\$77,094</u></u>	<u><u>\$42,635</u></u>

See Notes to Financial Statements.



THE SPORTSMEN'S TENNIS CLUB, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2008 AND 2007

Note 1 - Summary of Significant Accounting Policies

Nature of Organization - The Sportsmen's Tennis Club, Inc. ("the Organization") is a non-profit corporation operating in Dorchester, Massachusetts. The Organization provides tennis facilities, lessons and enrichment programs principally to underprivileged youth.

Basis of Presentation - The financial statements of the Organization have been prepared on the accrual basis. In order to ensure observance of limitations and restrictions placed on the use of resources available to the Organization, its accounts are separated into three classes of net assets, based on the existence or absence of donor-imposed restrictions, as follows:

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

Temporarily restricted net assets include net assets for which donor-imposed stipulations have not been met, pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted and realized and unrealized gains on investments of the permanently restricted net asset class.

Permanently restricted net assets include net assets, which require by donor stipulation that the corpus be invested in perpetuity.

Revenues - Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets by fulfillment of the donor-imposed stipulated purpose or by passage of the stipulated time period are reported as reclassifications between the applicable classes of net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor-imposed stipulation or by law.

Expense Allocation - The cost of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities and Changes in Net Assets.

Contributed Services - The value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

Advertising - Advertising costs, which are principally included in operating expenses, are expensed as incurred.

Income Tax Status - The Organization is qualified under section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes except for net revenue from unrelated business income.

Accounts Receivable - The allowance for doubtful accounts is based on management's estimate of uncollectible accounts receivable. The amount is reviewed and adjusted annually by management.





THE SPORTSMEN'S TENNIS CLUB, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2008 AND 2007

Note 1 - Summary of Significant Accounting Policies (Continued)

Property, Plant and Equipment - Buildings improvements and equipment are recorded at cost, less accumulated depreciation and include expenditures for new assets and items which substantially increase the useful lives of the property and equipment. Depreciation is calculated over the assets' estimated useful lives utilizing the straight-line and accelerated methods. Normal repairs and maintenance are accounted for as expenditures.

Property and equipment donated to the Organization are recorded at their fair market value at the date of the donation.

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.

Fair Value of Financial Instruments - Carrying amounts of certain of the Organization's financial instruments, including cash and cash equivalents and other accrued liabilities, approximate fair value because of their short maturities.

Note 2 - Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions received with donor-imposed restrictions that are met in the same years as received are reported as revenues of the unrestricted net asset class.

Note 3 - Cash Flow Information

During the period ended June 30, 2008, the Organization paid interest of \$1,104 and no income taxes.

Note 4 - Note Payable, Bank

Note payable, bank consists of advances under a revolving line of credit with Bank of America. In 2008, the line of credit was terminated by the bank and the balance has been turned over to a collection agency.

Note 5 - Notes Payable, Other

Note payable, other consists of a loans from board members. The loans are interest free and carries no repayment terms.

Note 6 - Property, Plant and Equipment

Property, plant and equipment are stated at cost at the date of the acquisition or, in the case of gifts, fair value at the date of donation. Major additions and improvements are capitalized, while ordinary repairs and maintenance are expensed as incurred.



THE SPORTSMEN'S TENNIS CLUB, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2008 AND 2007

Note 6 - Property, Plant and Equipment (Continued)

Property, plant and equipment as of June 30, 2008 and 2007 consist of the following:

	<u>2008</u>	<u>2007</u>
Buildings and improvements	\$ 1,755,142	\$ 1,696,427
Equipment	72,154	72,154
Furnishings and fixtures	<u>62,106</u>	<u>58,232</u>
	1,889,402	1,826,813
Less: accumulated depreciation	<u>1,204,091</u>	<u>1,111,082</u>
Property, plant and equipment, net	\$ <u>685,311</u>	\$ <u>715,731</u>

Note 7 - Commitments

Grants, bequests, and endowments may require the fulfillment of certain conditions as set forth in the instruments of grant. Failure to fulfill these conditions, or in the case of endowments, failure to continue to fulfill them, could result in the return of the monies to grantors. The Organization deems this contingency to be remote, because by accepting the gifts and their terms, it has accommodated the objectives of the organization to the provisions of the gift.

Note 8 - Concentrations

Cash and investments are maintained within several financial institutions. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and therefore, bear minimal risk.

Note 9 - Note Payable, City of Boston

Note payable, City of Boston consists of advances on a loan from the City of Boston, Department of Neighborhood Development. Maximum borrowing under the terms of the loan is \$50,000. The note carries an interest rate of 6% and is payable in monthly installments of \$500, plus interest through January, 2018. The purpose of the loan is for the renovation of the Club's facilities and is unsecured.

Maturities of the note are expected to be as follows:

<u>Year ending June 30,</u>	
2009	\$ 6,000
2010	6,000
2011	6,000
2012	6,000
2013	6,000
Later years	<u>14,279</u>
Total	\$ <u>44,279</u>

