

FRANKFORT BASEBALL, INC.

FINANCIAL STATEMENTS

Years Ended September 30, 2023 and 2022

ROBERT J. RIPP & ASSOCIATES
Frankfort, Illinois

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Frankfort Baseball, Inc.

Opinion

We have audited the accompanying financial statements of Frankfort Baseball, Inc. (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets—cash basis as of September 30, 2023 and 2022, the related statements of support, revenue, and expenses—cash basis, and the statements of functional expenses – cash basis for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Frankfort Baseball, Inc. as of September 30, 2023 and 2022 and its support, revenue, and expenses for the years then ended in accordance with the cash basis of accounting as described in Note 2.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Frankfort Baseball, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Frankfort Baseball, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Frankfort Baseball, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Robert J. Ripp & Associates

Frankfort, Illinois
May 8, 2024

FRANKFORT BASEBALL, INC.
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS
SEPTEMBER 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
<u>Current assets</u>		
Cash and Cash Equivalents	\$ 160,964	\$ 195,719
Certificate of Deposit	<u>61,140</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 222,104</u>	<u>\$ 195,719</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Net Assets</u>		
Net Assets Without Donor Restrictions	<u>\$ 222,104</u>	<u>\$ 195,719</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 222,104</u>	<u>\$ 195,719</u>

The notes to the financial statements are an integral part of this statement.

FRANKFORT BASEBALL, INC.
STATEMENTS OF SUPPORT, REVENUE AND EXPENSES - CASH BASIS
YEARS ENDED SEPTEMBER 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
RECEIPTS		
Player Fees	\$ 427,220	\$ 438,354
Concession Sales	42,658	6,553
Tournament Income	18,575	21,479
Fundraising	244	4,828
Sponsorships	23,414	20,391
Other Income	1,156	1
TOTAL RECEIPTS	<u>513,267</u>	<u>491,606</u>
DISBURSEMENTS		
Program	443,872	398,597
Management and General	8,901	7,668
Fundraising	<u>34,109</u>	<u>11,983</u>
TOTAL DISBURSEMENTS	<u>486,882</u>	<u>418,248</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	26,385	73,358
NET ASSETS WITHOUT DONOR RESTRICTIONS - BEGINNING OF YEAR	<u>195,719</u>	<u>122,361</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	<u>\$ 222,104</u>	<u>\$ 195,719</u>

The notes to the financial statements are an integral part of this statement.

FRANKFORT BASEBALL, INC.
STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS
YEAR ENDED SEPTEMBER 30, 2023

	Program	Management and General	Fundraising	Total
Advertising	\$ 2,276	\$ -	\$ -	\$ 2,276
Bank Fees	-	350	-	350
Concessions and Spiritwear	-	-	31,109	31,109
Donated Leasehold Improvements	47,793	-	-	47,793
Facility Rent	42,117	-	-	42,117
Fundraising Expenses	-	-	3,000	3,000
Grounds, Maintenance and Equipment	75,102	-	-	75,102
Insurance	4,275	1,496	-	5,771
Legal and Accounting	-	4,135	-	4,135
Refunds	7,850	-	-	7,850
Supplies	-	1,554	-	1,554
Tournament and League Fees	99,232	-	-	99,232
Trophies	2,248	-	-	2,248
Umpires	48,331	-	-	48,331
Uniforms	113,150	-	-	113,150
Utilities	1,498	-	-	1,498
Website / Sage	-	1,366	-	1,366
Total Disbursements	<u>\$ 443,872</u>	<u>\$ 8,901</u>	<u>\$ 34,109</u>	<u>\$ 486,882</u>

The notes to the financial statements are an integral part of this statement.

FRANKFORT BASEBALL, INC.
STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS
YEAR ENDED SEPTEMBER 30, 2022

	Program	Management and General	Fundraising	Total
Advertising	\$ 1,241	\$ -	\$ -	\$ 1,241
Bank Fees	-	71	-	71
Concessions and Spiritwear	-	-	9,020	9,020
Donated Leasehold Improvements	27,312	-	-	27,312
Facility Rent	50,027	-	-	50,027
Fundraising Expenses	-	-	2,963	2,963
Grounds, Maintenance and Equipment	43,727	-	-	43,727
Insurance	6,163	1,344	-	7,507
Legal and Accounting	-	3,415	-	3,415
Refunds	12,975	-	-	12,975
Supplies	-	1,688	-	1,688
Tournament and League Fees	104,850	-	-	104,850
Trophies	3,109	-	-	3,109
Umpires	57,166	-	-	57,166
Uniforms	91,310	-	-	91,310
Utilities	717	-	-	717
Website / Sage	-	1,150	-	1,150
Total Disbursements	<u>\$ 398,597</u>	<u>\$ 7,668</u>	<u>\$ 11,983</u>	<u>\$ 418,248</u>

The notes to the financial statements are an integral part of this statement.

FRANKFORT BASEBALL, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 and 2022

NOTE 1 – NATURE OF ACTIVITIES

Frankfort Baseball, Inc. (the “Organization”) is a not-for-profit organization that provides the opportunity for players, coaches, parents and the community of Frankfort, Illinois to develop a strong foundation in the fundamentals of the game of baseball and to foster the importance of good sportsmanship, a positive attitude and respect for all participants in an enjoyable and organized manner. This is accomplished through local in-house baseball teams, travel baseball teams and fall baseball teams.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING METHOD – The financial statements are presented on the cash basis of accounting and are not intended to be presented in conformity with accounting principles generally accepted in the United States of America. Accordingly, revenue and the related assets are recorded when received rather than when earned, and expenses are recognized when paid rather than when the obligations are incurred.

FINANCIAL STATEMENT PRESENTATION – In accordance with Financial Accounting Standards Board Accounting Update 2016-14 “Presentation of Financial Statements of Not-for-Profit Entities” the Organization reports information regarding financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. At September 30, 2023 and 2022, the Organization did not have net assets with donor restrictions.

CLASSIFICATION OF NET ASSETS – The financial statement reports amounts separately by class of net assets.

- a) Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These assets may be used at the discretion of the Organization's management and the board of directors.
- b) Net assets with donor restrictions: Net assets subject to stipulations imposed by donors. These stipulations by donors are for specific operating purposes or for the acquisition of property and equipment. As of September 30, 2023 and 2022, the Organization did not have net assets with donor restrictions.

MEASURE OF OPERATIONS – The statement of support, revenue and expenses – cash basis reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing activities and interest earned on cash balances and certificates of deposit. Nonoperating activities are limited to activities considered to be of a more unusual or nonrecurring nature. During the years ended September 30, 2023 and 2022, there were no nonoperating activities.

FRANKFORT BASEBALL, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 and 2022

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

CASH AND CASH EQUIVALENTS – Cash and cash equivalents consist of cash held in checking accounts with maturities of three months or less.

CERTIFICATE OF DEPOSIT – certificates of deposit with an original maturity date of greater than three months are carried at cost which approximates fair market value. The certificate of deposit balances were \$61,140 and \$0, as of September 30, 2023 and 2022, respectively.

INCOME TAX STATUS – The Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and therefore no provision for federal income taxes has been made on the accompanying financial statements. There was no unrelated business income for the current year. The Organization believes it has appropriate support for tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's income tax returns are subject to examination by taxing authorities, generally for three years after they are filed.

FAIR VALUE OF FINANCIAL INSTRUMENTS – Generally accepted accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques that measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements).

The carrying value for cash, cash equivalents and certificates of deposit approximated fair value and are considered Level 1 measurements.

USE OF ESTIMATES – The preparation of financial statements with the cash basis of accounting requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

FUNCTIONAL EXPENSE ALLOCATION – The cost of providing various programs and other activities is summarized on a functional basis in the statement of functional expenses – cash basis. The Organization allocates certain expenses based on specific identification. Allocation of the remaining expenses to program services, management and general and fundraising are based on estimates of time and effort as determined by management.

DONATED SERVICES – The Organization receives a significant amount of donated services from unpaid volunteers who assist in coaching, scheduling and field maintenance. No amounts have been recognized in the financial statements because the criteria for recognition have not been satisfied. The criteria for recognition are services that require specialized skills and would, typically, be purchased if not provided by donation.

FRANKFORT BASEBALL, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 and 2022

NOTE 3 – LONG TERM LEASE

The Organization leases park property from the Frankfort Park District (the "District") for use for baseball games and practices. The lease agreement is for a 30-year period commencing March 1, 2005 and ending March 1, 2035. Under the lease agreement, the Organization provides significant improvements to develop the baseball fields including bleachers, fencing, concession stand, player benches, dugouts, scoreboards, washroom lighting, sprinklers, and field lighting. Consistent with the Organization's cash basis of accounting, \$47,793 and \$27,312 was spent on these improvements during the years ended September 30, 2023 and 2022, respectively is included in expenses as "Donated Leasehold Improvements" on the *Statement of Functional Expenses – Cash Basis*. The Organization donated the improvements to the District, and therefore the District is the owner of these improvements.

NOTE 4 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The following represents the Association's financial assets as of September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ <u>222,104</u>	\$ <u>195,719</u>
Total financial assets	<u>222,104</u>	<u>195,719</u>
Less: amounts not available to be used within one year	<u>0</u>	<u>0</u>
Financial assets to meet general expenditures over the next twelve months	<u>\$ 222,104</u>	<u>\$ 195,719</u>

Registration fees from players principally support the Organization. The Organization's goal is to maintain sufficient financial assets to meet its future operating expenses and development of its youth players.

NOTE 5 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 8, 2024, the date the financial statements were available to be issued.

NOTE 6 – CONCENTRATIONS

The Organization receives substantially all of its revenue from individuals and businesses located in Frankfort, Illinois and nearby communities.