

**WORLD T.E.A.M. SPORTS**

Holbrook, New York

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended December 31, 2013 and 2012

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*Years Ended December 31, 2013 and 2012*

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## **Financial Statements**



formerly  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
World T.E.A.M. Sports  
Holbrook, New York

We have audited the accompanying financial statements of World T.E.A.M. Sports (the "Organization"), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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 audits to obtain reasonable assurance about whether the financial statements are free from 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 the auditors' 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 Organization'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 Organization'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 World T.E.A.M. Sports as of December 31, 2013 and 2012, 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.

*Baker Tilly Virchow Krause, LLP*

Melville, New York  
November 5, 2014



**Statements of Financial Position**

<i>December 31,</i>	<b>2013</b>	<b>2012</b>
<b>Assets</b>		
Current Assets:		
Cash	\$ 75,874	\$ 245,237
Pledges receivable	5,000	31,900
Prepaid expenses	14,452	15,983
Total Current Assets	<u>95,326</u>	<u>293,120</u>
Property and Equipment:		
Equipment, net	4,546	5,845
Total Assets	<u>\$ 99,872</u>	<u>\$ 298,965</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 11,809	\$ 26,693
Deferred revenue	3,983	3,434
Total Current Liabilities	<u>15,792</u>	<u>30,127</u>
Net Assets:		
Unrestricted net assets	<u>84,080</u>	<u>268,838</u>
Total Net Assets	<u>84,080</u>	<u>268,838</u>
Total Liabilities and Net Assets	<u>\$ 99,872</u>	<u>\$ 298,965</u>

**Statements of Activities and Changes in Net Assets**

<i>Year Ended December 31,</i>	<b>2013</b>	<b>2012</b>
<b>Unrestricted</b>		
Support and Revenue:		
Donations and pledges	\$ 455,134	\$ 1,271,313
In-kind donations	69,351	127,526
Merchandise sales	9,549	16,153
Interest income	4,338	-
Miscellaneous income	277	30,000
Total Support and Revenue	<u>538,649</u>	<u>1,444,992</u>
Expenses:		
Program and event expenses:		
Face of America	390,465	319,991
Adventure Team Challenge	159,478	69,080
Sea to Shining Sea	-	713,774
Other program and events	111,450	28,651
Total program services	<u>661,393</u>	<u>1,131,496</u>
Management and general	18,667	41,390
Fundraising	43,347	58,707
Total Expenses	<u>723,407</u>	<u>1,231,593</u>
Change in Unrestricted and Total Net Assets	<b>(184,758)</b>	213,399
Net Assets, beginning of year	<u>268,838</u>	55,439
Net Assets, end of year	<u>\$ 84,080</u>	<u>\$ 268,838</u>

# WORLD T.E.A.M. SPORTS

## Statement of Functional Expenses

Year Ended December 31, 2013 (with summarized comparative totals for 2012)

	Face of America	Adventure Team Challenge	Other Programs and Events	Management and General	Fundraising	Total Expenses	2012 Total
Functional Expenses:							
Independent contractors	\$ 57,497	\$ 28,749	\$ 40,853	\$ 7,565	\$ 16,643	\$ 151,307	\$ 153,777
Donated salaries	25,963	12,982	18,448	3,416	7,516	68,325	126,500
Supplies	39,933	19,111	193	198	-	59,435	176,866
Food	48,769	4,878	14	-	-	53,661	113,592
Lodging	44,823	4,107	-	244	-	49,174	214,045
Travel	32,149	13,023	1,554	364	596	47,686	39,306
Event independent contractor	3,600	40,505	150	-	-	44,255	140,793
Staff salary and fringe benefits	15,167	7,584	10,777	1,996	4,391	39,915	-
Advertising	20,845	5,489	7,799	1,444	3,178	38,755	23,082
Other	13,824	6,641	11,840	-	3,506	35,811	58,899
Equipment rental	33,024	600	1,371	-	-	34,995	42,693
Insurance	9,266	4,633	6,583	1,219	2,682	24,383	18,431
Professional fees	8,774	4,387	6,234	1,154	2,540	23,089	14,617
Registration and processing fees	7,045	3,523	5,006	927	2,039	18,540	734
Clothing and gear	15,530	1,557	-	-	-	17,087	50,019
Transportation and gas	9,590	1,267	-	24	-	10,881	52,024
Injured military travel	3,783	-	-	-	-	3,783	3,385
Depreciation	493	247	351	65	143	1,299	1,804
Donated rent and utilities	390	195	277	51	113	1,026	1,026
<b>Total Functional Expenses</b>	<b>\$ 390,465</b>	<b>\$ 159,478</b>	<b>\$ 111,450</b>	<b>\$ 18,667</b>	<b>\$ 43,347</b>	<b>\$ 723,407</b>	<b>\$ 1,231,593</b>

# WORLD T.E.A.M. SPORTS

## Statement of Functional Expenses

Year Ended December 31, 2012

	Face of America	Adventure Team Challenge	Sea to Shining Sea	Other Programs and Events	Management and General	Fundraising	Total Expenses
Functional Expenses:							
Independent contractors	\$ 44,595	\$ 3,076	\$ 59,973	\$ 1,538	\$ 18,453	\$ 26,142	\$ 153,777
Donated salaries	36,685	2,530	49,335	1,265	15,180	21,505	126,500
Supplies	24,229	7,924	128,883	15,830	-	-	176,866
Food	37,541	115	75,936	-	-	-	113,592
Lodging	36,211	2,901	169,836	5,097	-	-	214,045
Travel	11,594	260	25,024	81	971	1,376	39,306
Event independent contractor	13,760	46,885	80,148	-	-	-	140,793
Advertising	7,221	582	14,571	24	283	401	23,082
Other	10,992	460	39,293	2,985	2,110	3,059	58,899
Equipment rental	27,427	1,528	13,738	-	-	-	42,693
Insurance	5,345	369	7,188	184	2,212	3,133	18,431
Professional fees	4,239	292	5,701	146	1,754	2,485	14,617
Registration and processing fees	213	15	286	7	88	125	734
Clothing and gear	45,449	-	4,020	550	-	-	50,019
Transportation and gas	10,284	2,086	38,738	916	-	-	52,024
Injured military travel	3,385	-	-	-	-	-	3,385
Depreciation	523	36	704	18	216	307	1,804
Donated rent and utilities	298	21	400	10	123	174	1,026
<b>Total Functional Expenses</b>	<b>\$319,991</b>	<b>\$ 69,080</b>	<b>\$ 713,774</b>	<b>\$ 28,651</b>	<b>\$ 41,390</b>	<b>\$ 58,707</b>	<b>\$ 1,231,593</b>

See notes to financial statements.



**Statements of Cash Flows**

<i>Years Ended December 31,</i>	<b>2013</b>	<b>2012</b>
Cash Flows from Operating Activities:		
Change in net assets	<u>\$ (184,758)</u>	<u>\$ 213,399</u>
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,299	1,804
Decrease (increase) in assets:		
Pledges receivable	26,900	35,596
Prepaid expenses	1,531	(11,313)
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	(14,884)	18,365
Deferred revenue	549	3,434
Other liabilities	-	(60,622)
Total adjustments	<u>15,395</u>	<u>(12,736)</u>
Net Cash (Used in) Provided by Operating Activities	<u>(169,363)</u>	<u>200,663</u>
Cash Flows from Investing Activities:		
Capital expenditures	-	(6,494)
Net Cash Used in Investing Activities	<u>-</u>	<u>(6,494)</u>
Net (Decrease) Increase in Cash	<b>(169,363)</b>	194,169
Cash, beginning of year	<u>245,237</u>	<u>51,068</u>
Cash, end of year	<u>\$ 75,874</u>	<u>\$ 245,237</u>

## Notes to Financial Statements

Years Ended December 31, 2013 and 2012

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### 1. Summary of Significant Accounting Policies

**Nature of operations** - World T.E.A.M. Sports (the "Organization") is a nonprofit corporation organized for the purpose of using sporting activities to challenge disabled and able bodied men, women, and children to reach accomplishments they never thought possible. Support for the Organization is received primarily through individual and corporate donations and sponsorships.

**Basis of accounting** - The financial statements of the Organization are presented on the accrual basis of accounting.

**Contributions** - The Organization reports gifts of cash or other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statements of activities and changes in net assets as net assets released from restrictions. Temporarily restricted contributions that originate in a given year and are released from restriction in the same year by meeting the donors' restricted purposes are reflected in unrestricted net assets.

The Organization reports gifts of property, plant and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**Net assets** - The net assets of the Organization are reported as follows:

**Unrestricted** - Net assets which are not donor restricted and are available for general operations.

**Temporarily restricted** - Net assets which are limited by donor restrictions that either expire with the passage of time or can be fulfilled and removed by actions of the Organization.

**Permanently restricted** - Net assets subject to donor-imposed restrictions that stipulate resources be maintained in perpetuity, but generally permit the Organization to utilize earnings for unrestricted or temporarily restricted purposes.

**Donated services, materials and facility** - Donated services requiring specific expertise and donated materials and facility are recorded as in-kind contributions and expenses or capitalized at their fair value as determined by donors.

The Organization received donated services of approximately \$69,000 and \$128,000 related to legal, vehicle, and executive director services for the years ended December 31, 2013 and 2012, respectively.

During the year, a number of volunteers have donated significant amounts of time to the Organization's events. However, this time has not been reflected in the accompanying financial statements, since it does not meet the requirement of the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 958 "Not-for-Profit Entities".

**Cash and cash equivalents** - The Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less on the date of purchase to be cash equivalents.

**Property, equipment and depreciation** - Property and equipment are capitalized at cost when acquired. Donated fixed assets are recorded at fair value at the date of donation. The Organization capitalizes property and equipment acquisitions in excess of \$1,000. Depreciation is computed over periods ranging from five to ten years on a straight-line basis.

## Notes to Financial Statements

Years Ended December 31, 2013 and 2012

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**Functional allocations of expenses** - The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the events benefited.

**Income taxes** - World T.E.A.M. Sports qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and as a not-for-profit organization under the laws of North Carolina. Accordingly, no provision for federal or state income taxes is required.

**Uncertain tax positions** - Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax provisions that require adjustments to the financial statements to comply with the provisions of FASB ASC 740. The Organization is no longer subject to income tax examination by the federal, state, or local tax authorities for the years before 2010, which is the standard statute of limitations look-back period.

**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 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.

**Allowance for doubtful accounts** - Management must make estimates of uncollectability of accounts receivable. Management specifically analyzes accounts receivable, historical bad debts, current funding trends and changes in payment trends and rates when evaluating the adequacy of the allowance for doubtful accounts.

**Evaluation of subsequent events** - Management evaluates subsequent events for inclusion or disclosure in the financial statements through the date the financial statements are available for issuance, which is November 5, 2014.

**Reclassifications** - Certain 2012 amounts have been reclassified to conform to the 2013 financial statement presentation. These reclassifications have no effect on previously reported changes in net assets.

### 2. Pledges Receivable

Pledges receivable are due within one year.

### 3. Concentrations

During the years ended December 31, 2013 and 2012, approximately 29% and 6% of contributions, respectively, were from board members.

### 4. Line of Credit

On August 26, 2013, the Organization obtained a revolving line of credit with a credit of \$150,000 from a financial institution. Any borrowing under the line would bear interest at a variable rate based on the prime rate plus .5%. At December 31, 2013 there was no balance outstanding on this line of credit.