



AUDITED FINANCIAL STATEMENTS

June 30, 2011 and 2010

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Indiana Soccer Association, Inc.
Indianapolis, Indiana

We have audited the accompanying statements of financial position of **Indiana Soccer Association, Inc.**, as of June 30, 2011 and 2010, and the related statements of activities and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. 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 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 audits provide 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 Indiana Soccer Association, Inc., as of June 30, 2011 and 2010, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

November 10, 2011

Dunbar, Cook & Shepard, P.C.

INDIANA SOCCER ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2011 and 2010

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 329,266	\$ 93,144
Accounts receivable	63,624	40,717
Prepaid expenses	177,102	11,081
Property and equipment:		
Land	31,922	18,922
Buildings and improvements	482,967	482,967
Equipment	183,800	169,846
Less accumulated depreciation	<u>(317,432)</u>	<u>(279,363)</u>
Total Property and Equipment	<u>381,257</u>	<u>392,372</u>
TOTAL ASSETS	<u>\$ 951,249</u>	<u>\$ 537,314</u>
 <u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable and accrued expenses	\$ 38,394	\$ 31,552
Player insurance liability	13,354	-
Deferred revenue	198,605	10,753
Capital lease obligation	<u>7,369</u>	<u>11,772</u>
TOTAL LIABILITIES	257,722	54,077
NET ASSETS		
Unrestricted	693,527	475,737
Temporarily restricted	<u>-</u>	<u>7,500</u>
TOTAL NET ASSETS	<u>693,527</u>	<u>483,237</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 951,249</u>	<u>\$ 537,314</u>

INDIANA SOCCER ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2011

<u>REVENUES</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Program services:			
Registration and member services	\$ 777,978	\$ -	\$ 777,978
Olympic development	350,183	-	350,183
Education	21,025	-	21,025
Competition	456,682	-	456,682
	<u>1,605,868</u>	-	<u>1,605,868</u>
Other revenue:			
Communication	21,303	-	21,303
Grants and contributions	115,500	-	115,500
Rent	1,800	-	1,800
Other	5,113	-	5,113
Release from restriction	7,500	(7,500)	-
	<u>1,757,084</u>	<u>(7,500)</u>	<u>1,749,584</u>
TOTAL REVENUES	1,757,084	(7,500)	1,749,584
 <u>EXPENSES</u>			
Program services:			
Registration and member services	420,621	-	420,621
Olympic development	333,401	-	333,401
Education	198,021	-	198,021
Competition	432,689	-	432,689
Communication	116,732	-	116,732
Outreach programs	20,361	-	20,361
Administration	17,469	-	17,469
	<u>1,539,294</u>	-	<u>1,539,294</u>
TOTAL EXPENSES	1,539,294	-	1,539,294
CHANGES IN NET ASSETS	217,790	(7,500)	210,290
NET ASSETS - BEGINNING OF YEAR	<u>475,737</u>	<u>7,500</u>	<u>483,237</u>
NET ASSETS - END OF YEAR	<u>\$ 693,527</u>	<u>\$ -</u>	<u>\$ 693,527</u>

INDIANA SOCCER ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2010

<u>REVENUES</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Program services:			
Registration and member services	\$ 700,775	\$ -	\$ 700,775
Olympic development	398,764	-	398,764
Education	19,019	-	19,019
Competition	414,534	-	414,534
	<u>1,533,092</u>	-	<u>1,533,092</u>
Other revenue:			
Communication	30,022	-	30,022
Grants and contributions	500	7,500	8,000
Rent	1,800	-	1,800
	<u>32,322</u>	<u>7,500</u>	<u>39,822</u>
TOTAL REVENUES	1,565,414	7,500	1,572,914
 <u>EXPENSES</u>			
Program services:			
Registration and member services	384,480	-	384,480
Olympic development	403,160	-	403,160
Education	126,074	-	126,074
Competition	364,628	-	364,628
Communication	127,589	-	127,589
Outreach programs	4,928	-	4,928
Grants	1,204	-	1,204
Administration	122,154	-	122,154
	<u>1,534,217</u>	<u>-</u>	<u>1,534,217</u>
TOTAL EXPENSES	1,534,217	-	1,534,217
CHANGES IN NET ASSETS	31,197	7,500	38,697
NET ASSETS - BEGINNING OF YEAR	<u>444,540</u>	<u>-</u>	<u>444,540</u>
NET ASSETS - END OF YEAR	<u>\$ 475,737</u>	<u>\$ 7,500</u>	<u>\$ 483,237</u>

INDIANA SOCCER ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 210,290	\$ 38,697
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	38,069	39,476
Donated soccer apparel - used	-	17,334
Cash from (for) operating assets and liabilities:		
Accounts receivable	(22,907)	2,123
Prepaid expenses	(166,021)	(11,081)
Accounts payable and accrued expenses	20,196	(13,392)
Player insurance liability	-	(10,437)
Deferred revenue	<u>187,852</u>	<u>10,753</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	267,479	73,473
 CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of land	(13,000)	-
Purchase of property and equipment	<u>(13,954)</u>	<u>(20,106)</u>
NET CASH USED FOR INVESTING ACTIVITIES	(26,954)	(20,106)
 CASH FLOWS USED IN FINANCING ACTIVITIES		
Payment on capital lease obligation	<u>(4,403)</u>	<u>(5,775)</u>
NET INCREASE IN CASH AND EQUIVALENTS	236,122	47,592
 BEGINNING CASH AND CASH EQUIVALENTS	<u>93,144</u>	<u>45,552</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 329,266</u>	<u>\$ 93,144</u>
 SUPPLEMENTAL DISCLOSURES:		
Cash paid during the year for:		
Interest	<u>\$ 2,569</u>	<u>\$ 3,571</u>
Noncash transactions:		
Office equipment financed by a capital lease	<u>\$ -</u>	<u>\$ 19,370</u>

INDIANA SOCCER ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS - The Indiana Soccer Association, Inc. (the Association) was organized and currently exists to develop, promote and administer the game of soccer for the State of Indiana. The Association is an affiliated member at the United States Soccer Federation and the United States Youth Soccer Association. The Association creates by-laws, playing rules, policies and procedures intended to assist the member players, coaches, referees, administrators, teams, clubs and leagues. The Association also conducts programs and events annually which are intended to serve the membership.

BASIS OF ACCOUNTING - The financial statements have been prepared on the accrual basis of accounting.

CASH AND CASH EQUIVALENTS - For the purposes of the statements of cash flows, the Association considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

ACCOUNTS RECEIVABLE - Accounts receivable consist of amounts due from external parties for workshops, sponsorships, and fees. No interest is charged on outstanding balances. Accounts receivable are stated at the amount management expects to collect from outstanding balances. If deemed necessary, management will provide for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management has determined that substantially all of the accounts receivable are collectable. Accordingly, there is no allowance for uncollectable accounts.

PROPERTY AND EQUIPMENT - Property and equipment are stated at cost, or, if donated, at the approximate fair market value at the date of the donation. The Association adopted a policy to capitalize purchases of equipment in excess of \$500. Maintenance and repairs are expensed as they are incurred. Depreciation expense is computed using the straight-line method over the estimated useful lives of the related assets, as follows:

Building and improvements	31 years
Furniture and equipment	3-10 years

Depreciation expense was \$38,069 and \$39,476 for the years ended June 30, 2011 and 2010, respectively.

REVENUE RECOGNITION - The Association's revenue includes fees, registrations, and sponsorships. Revenue is recognized when earned. Fees, registrations, and sponsorships received prior to events are deferred until the event occurs.

DEFERRED REVENUE - Camp registration deposits received for the Association's annual camp are recorded as deferred revenue. Revenue is recognized in the year the camp is held.

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

INDIANA SOCCER ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE A - CONTINUED

INCOME TAXES - The Association is a professional organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision is made for federal taxes on the Association's exempt activities. However, the Association conducts unrelated business activities that do not relate to the exempt purpose of the Association. These activities consist of advertising and mailing lists income. Provisions for federal and state income taxes for these unrelated business activities are reflected in the accompanying financial statements. The Association's policy is to include interest related to its tax positions as interest expense or interest income and penalties as operating expense.

FUNCTIONAL EXPENSES - Functional expenses have been allocated between program services and administration based on an analysis of personnel time utilized for the related activities.

RESTRICTED ASSETS - Net assets of the temporarily or permanently restricted classes are created only by donor-imposed restrictions on their use. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restrictions met in the same year are classified as unrestricted net assets. At June 30, 2011 and 2010, the Association held one temporarily restricted and no permanently restricted net asset categories. All other net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class. Unrestricted net assets are net assets that are not subject to donor restrictions.

The Association's temporarily restricted net assets are as follows:

Membership Development Grant - A contribution of \$7,500 was received during 2010 for Soccer Across America program support. The program was implemented during the fiscal year ended June 30, 2011, and the funds were expended.

RECLASSIFICATIONS - Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

SUBSEQUENT EVENTS - The Association has evaluated subsequent events through November 10, 2011, which is the date the financial statements were available to be issued.

NOTE B - PLAYER INSURANCE LIABILITY

The Association provides medical liability insurance for registered players. The Association self-insures the first \$45,000 and \$25,000 in claims per year for the years ended June 30, 2011 and 2010, respectively. The insurance company pays the remainder. Claims can be submitted within a two year window. During the years ended June 30, 2011 and 2010, the Association expensed claims of \$45,000 and \$25,000, respectively. Based on historical claims, experience of the Association, and the potential of claims reaching the \$45,000 and \$25,000 thresholds, a contingent liability of \$13,354 and \$-0- was recorded for claims incurred but not yet reported or paid as of June 30, 2011 and 2010, respectively.

INDIANA SOCCER ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE C - CAPITAL LEASE OBLIGATION

The Association has entered into a lease agreement for the acquisition of office equipment. The asset and liability under the capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the assets. The assets are being amortized over the remaining life of the lease and the amortization is included in depreciation expense. The following is a summary of property held under the capital lease at June 30, 2011:

Office equipment	\$ 19,370
Less accumulated amortization	<u>(12,913)</u>
	<u>\$ 6,457</u>

Future minimum lease payments under the capital lease as of June 30, 2011 are as follows:

<u>Years Ending</u>	
2012	\$ 6,972
2013	<u>1,743</u>
	8,715
Less amount representing interest	<u>(1,346)</u>
Present value of net minimum	<u>\$ 7,369</u>

The interest rates on the capitalized leases are imputed based on the lessor's implicit rate of return.

NOTE D - OPERATING LEASE COMMITMENTS

The Association has entered into leases for office equipment. The leases are for 60 months and 36 months. \$633 is payable monthly until the leases terminate in November 2012 and September 2011, respectively. Rent expense was \$7,595 for the years ended June 30, 2011 and 2010.

Future minimum lease payments under the operating leases at June 30 are as follows:

<u>Years Ending</u>	
2012	\$ 2,256
2013	<u>396</u>
	<u>\$ 2,652</u>

INDIANA SOCCER ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE E - EMPLOYEE BENEFIT PLAN

The Association has adopted a 401(k) plan. All employees meeting the plan requirements are eligible to participate. Profit sharing contributions to the plan may be made at the discretion of the Board of Directors. The plan provides to match employee deferrals up to 2 percent of compensation. In addition, a match of 2 percent may be paid based upon meeting certain budget criteria and approval of the Executive Committee. The Association's matching contributions to the 401(k) plan for the years ended June 30, 2011 and 2010 were \$3,649 and \$3,516, respectively.

NOTE F - BOARD-DESIGNATED NET ASSETS

The Board of Directors of the Association designated a portion of unrestricted net assets to be held for future capital expenditures. The amounts of \$103,384 and \$65,315 were designated for this purpose for the years ended June 30, 2011 and 2010, respectively.

The Association received a contribution, included in grants and contributions revenue, from the Adult Soccer Association in the amount of \$75,355 during the year ended June 30, 2011. The Board of Directors of the Association designated the funds to be held for adult development and program expenditures. The amount of board-designated net assets remaining for this purpose was \$45,394 at June 30, 2011.

NOTE G - INCOME TAXES

The Association files annual returns in the U. S. Federal and Indiana jurisdictions. Currently, the three prior tax years are open and subject to examination by the Internal Revenue Service and the Indiana Department of Revenue. However, the Association is not currently under audit nor has it been contacted by these jurisdictions. Based on the evaluation of the Association's tax positions, management believes all significant positions taken would be upheld under an examination.

NOTE H - SUBSEQUENT EVENT

In September 2011, the Association entered into a letter of understanding with the City of Westfield, Indiana. The letter outlines the basic components of an agreement to be constructed between the City of Westfield and the Association. The anticipated agreement places the Association as the organization responsible for the management of a 32-soccer field complex that is expected to be completed in early 2013. The agreement is expected to include provisions for revenue sharing and require a move of the Association's offices and accumulation of reserve funds. No amount has been accrued in these financial statements since the financial impact of this agreement are not yet determinable.