

INDIANA SOCCER ASSOCIATION, INC.

July 31, 2018

*CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT INCLUDING
SUPPLEMENTARY INFORMATION*



**INDIANA SOCCER ASSOCIATION, INC.
TABLE OF CONTENTS**

	PAGE
Independent Auditors' Report	
Consolidated Financial Statements	
Consolidated Statements of Financial Position	1
Consolidated Statements of Activities	2
Consolidated Statements of Cash Flows	4
Notes to the Consolidated Financial Statements	5
Independent Auditors' Report on Supplementary Information	
Consolidating Statements of Financial Position	13
Consolidating Statements of Activities	14
Consolidating Schedules of Functional Expenses	15
Consolidated Schedules of Cash and Cash Equivalents	17

INDEPENDENT AUDITORS' REPORT

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Indiana Soccer Association, Inc. (a nonprofit corporation) and Indiana Sports Properties, LLC, which comprise the consolidated statements of financial position as of July 31, 2018 and 2017, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Indiana Soccer Association, Inc. and Indiana Sports Properties, LLC as of July 31, 2018 and 2017, and the consolidated change in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

VonLehman & Company Inc.

Indianapolis, Indiana
January 19, 2019

**INDIANA SOCCER ASSOCIATION, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

ASSETS

	July 31,	
	2018	2017
Assets		
Cash and Cash Equivalents	\$ 757,181	\$ 718,321
Accounts Receivable	204,255	130,957
Prepaid Expenses	257,879	22,210
Pre Acquisition Costs, Net	-	28,106
Property and Equipment, Net	58,189	130,878
Total Assets	\$ 1,277,504	\$ 1,030,472

LIABILITIES AND NET ASSETS

Liabilities		
Accounts Payable and Accrued Expenses	\$ 126,828	\$ 75,379
Player Insurance Liability	53,968	87,400
Deferred Revenue	98,435	105,955
Total Liabilities	279,231	268,734
Net Assets		
Unrestricted		
Undesignated	956,173	724,865
Board Designated	33,217	36,873
Temporarily Restricted	8,883	-
Total Net Assets	998,273	761,738
Total Liabilities and Net Assets	\$ 1,277,504	\$ 1,030,472

See accompanying notes.

**INDIANA SOCCER ASSOCIATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES**

	Year Ended July 31, 2018		
	Unrestricted	Temporarily Restricted	Total
Revenues			
Program Services			
Competition	\$ 507,346	\$ -	\$ 507,346
Coaching Education	7,130	-	7,130
Cups	671,583	-	671,583
Futsal	94,389	-	94,389
Indoor	972,681	-	972,681
Olympic Development Program	364,594	-	364,594
Registration	913,680	-	913,680
	<u>3,531,403</u>	<u>-</u>	<u>3,531,403</u>
Total Program Services			
Other Revenue			
Marketing	15,538	-	15,538
Management Fee and Commissions	315,119	-	315,119
Gain on Disposal of Property and Equipment	29,266	-	29,266
Royalties and Other	36,818	8,883	45,701
	<u>396,741</u>	<u>8,883</u>	<u>405,624</u>
Total Other Revenue			
Total Revenues	<u>3,928,144</u>	<u>8,883</u>	<u>3,937,027</u>
Expenses			
Program Services			
Competition	335,274	-	335,274
Coaching Education	121,439	-	121,439
Cups	568,384	-	568,384
Futsal	125,554	-	125,554
Indoor	912,286	-	912,286
Olympic Development Program	371,291	-	371,291
Registration	405,951	-	405,951
Marketing	117,348	-	117,348
Outreach Programs	3,749	-	3,749
	<u>2,961,276</u>	<u>-</u>	<u>2,961,276</u>
Total Program Services			
Management and General	<u>739,216</u>	<u>-</u>	<u>739,216</u>
Total Expenses	<u>3,700,492</u>	<u>-</u>	<u>3,700,492</u>
Change in Net Assets	227,652	8,883	236,535
Net Assets - Beginning of Year	<u>761,738</u>	<u>-</u>	<u>761,738</u>
Net Assets - End of Year	<u>\$ 989,390</u>	<u>\$ 8,883</u>	<u>\$ 998,273</u>

See accompanying notes.

**INDIANA SOCCER ASSOCIATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES**

	Year Ended July 31, 2017		
	Unrestricted	Temporarily Restricted	Total
Revenues			
Program Services			
Competition	\$ 422,601	\$ -	\$ 422,601
Coaching Education	55,127	-	55,127
Cups	420,862	-	420,862
Futsal	48,201	-	48,201
Indoor	456,638	-	456,638
Olympic Development Program	467,661	-	467,661
Registration	816,462	-	816,462
	<u>2,687,552</u>	<u>-</u>	<u>2,687,552</u>
Total Program Services			
Other Revenue			
Marketing	17,396	-	17,396
Management Fee and Commissions	556,629	-	556,629
Loss on Disposal of Property and Equipment	(4,640)	-	(4,640)
Royalties and Other	41,670	-	41,670
	<u>611,055</u>	<u>-</u>	<u>611,055</u>
Total Other Revenue			
Total Revenues	<u>3,298,607</u>	<u>-</u>	<u>3,298,607</u>
Expenses			
Program Services			
Competition	345,050	-	345,050
Coaching Education	144,368	-	144,368
Cups	346,451	-	346,451
Futsal	102,932	-	102,932
Indoor	1,330,266	-	1,330,266
Olympic Development Program	443,581	-	443,581
Registration	449,771	-	449,771
Marketing	121,466	-	121,466
Outreach Programs	1,832	-	1,832
	<u>3,285,717</u>	<u>-</u>	<u>3,285,717</u>
Total Program Services			
Management and General	<u>828,879</u>	<u>-</u>	<u>828,879</u>
Total Expenses	<u>4,114,596</u>	<u>-</u>	<u>4,114,596</u>
Change in Net Assets	(815,989)	-	(815,989)
Net Assets - Beginning of Year	<u>1,577,727</u>	<u>-</u>	<u>1,577,727</u>
Net Assets - End of Year	<u>\$ 761,738</u>	<u>\$ -</u>	<u>\$ 761,738</u>

See accompanying notes.

**INDIANA SOCCER ASSOCIATION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Years Ended July 31,	
	2018	2017
Cash Flows from Operating Activities		
Change in Net Assets	\$ 236,535	\$ (815,989)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities		
Bad Debt Expense	30,000	47,763
Depreciation	31,566	44,596
Amortization	28,106	67,456
(Gain) Loss on Disposal of Property and Equipment	(29,266)	4,640
Changes in		
Accounts Receivable	(103,298)	157,424
Prepaid Expenses	(235,669)	347,051
Accounts Payable and Accrued Expenses	51,449	(74,559)
Player Insurance Liability	(33,432)	(2,248)
Deferred Revenue	(7,520)	12,898
	<u>(31,529)</u>	<u>(210,968)</u>
Cash Flows From Investing Activities		
Purchases of Property and Equipment	(14,572)	(3,609)
Proceeds from Sales of Property and Equipment	84,961	100
	<u>70,389</u>	<u>(3,509)</u>
Net Cash Provided (Used) by Investing Activities		
	<u>38,860</u>	<u>(214,477)</u>
Net Change in Cash and Cash Equivalents		
	<u>718,321</u>	<u>932,798</u>
Cash and Cash Equivalents, Beginning of Year		
	<u>718,321</u>	<u>932,798</u>
Cash and Cash Equivalents, End of Year	<u>\$ 757,181</u>	<u>\$ 718,321</u>

See accompanying notes.

**INDIANA SOCCER ASSOCIATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Principles of Consolidation

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

Indiana Sports Properties, LLC (ISP) is a wholly-owned entity of the Association. ISP provides management services to the Grand Park Sports Campus (Grand Park) in Westfield, Indiana.

The consolidated financial statements include the accounts of Indiana Soccer Association, Inc. and Indiana Sports Properties, LLC, collectively referred to as the Association. All significant inter-organization balances and transactions have been eliminated in consolidation.

Use of Estimates

The process of preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Certain estimates relate to unsettled transactions and events as of the date of the consolidated financial statements. Other estimates relate to assumptions about the ongoing operations and may impact future periods. Accordingly upon settlement, actual results may differ from estimated amounts.

Accounts Receivable

Accounts receivable are stated at contractual outstanding balances, net of any allowance for doubtful accounts. Accounts are considered past due if any portion of an account has not been paid in full within the contractual terms of the account. The Association begins to assess its ability to collect receivables that are over 90 days past due and provides for an adequate allowance for doubtful accounts based on the Association's collection history, the financial stability and recent payment history of the customers and clients, and other pertinent factors. Based on these criteria, no allowance for doubtful accounts has been provided at both July 31, 2018 and 2017 since the Association expects no material losses.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at market value at the date of donation and depreciated over the estimated useful lives of the related assets. Depreciation is computed using the straight-line method. Maintenance and repairs are charged to operations when incurred. Significant betterments and renewals are capitalized.

The useful lives of property and equipment for purposes of computing depreciation are:

Vehicles	5 Years
Equipment	3-10 Years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Long-Lived Assets**

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are measured based on the fair value of the asset, and long-lived assets to be disposed of by sale are reported at the lower of the carrying amount or fair value less costs to sell. Long-lived assets were measured for impairment, and no adjustments were deemed necessary during both the years ended July 31, 2018 and 2017.

Classes of Net Assets

The accompanying consolidated financial statements have been prepared in conformity with the requirements of generally accepted accounting principles. Accordingly, the net assets of the Association are reported in each of the following classes: a) unrestricted net assets, b) temporarily restricted net assets, and c) permanently restricted net assets.

Net assets of the two restricted classes are created only by donor-imposed restrictions on their use. All other net assets, including board-designated amounts, are legally unrestricted and are reported as part of the unrestricted class.

The Association's temporarily restricted net assets are restricted by donors for specific operating purposes and are currently not available for use until commitments regarding their use have been fulfilled.

As of July 31, 2018 and 2017, the Association had no permanently restricted net assets.

Revenue and Support Recognition

The Association records revenue from contributions, service fees, registrations, sponsorships, management fees, and gross revenue fees when earned.

Registration fees received in advance for the Association's fall leagues are recorded as deferred revenue. Revenue is recognized in the year the leagues are held. Management fees earned under the Management Services Agreement that are received in advance are recorded as deferred revenue and recognized in the year earned.

Functional Allocation of Expenses

The costs of providing various programs and services have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and services benefited.

Retirement Plan

The Association has adopted a 401(k) plan covering all eligible employees. Profit sharing contributions to the plan may be made at the discretion of the Board of Directors. The plan provides matching employer deferrals up to 2% of compensation. In addition, a match of 2% may be paid based upon meeting certain budget criteria and approval of the Executive Committee. By its nature, the plan is fully funded.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Income Taxes**

The Association is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

ISP is a single-member Indiana limited liability company. ISA is the single member of ISP and all interests, securities, obligations, rights to acquire interests, or other security of ISP is the sole property of ISA. For tax reporting purposes, ISP is considered a disregarded entity of ISA, and its activities are included in the reporting information of ISA.

The Association has adopted the provisions of the accounting pronouncement related to accounting for uncertainty in income taxes. The Association recognized no interest or penalties in the consolidated statements of activities for both of the years ended July 31, 2018 and 2017. If the situation arose in which the Association would have interest to recognize, it would recognize this as interest expense and penalties would be recognized in other expenses. Currently, the prior three years are open under federal and state statutes of limitations and remain subject to review and change. The Association is not currently under audit nor has the Association been contacted by these jurisdictions.

Based on the evaluation of the Association's tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain positions has been recorded for either of the years ended July 31, 2018 and 2017.

Recently Issued Significant Accounting Standards*Lease Accounting Standard*

In February, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases that are not excluded by this standard. Such leases create an asset and a liability for the lessee in accordance with FASB Concepts Statement No. 6, *Elements of Financial Statements*, and therefore, recognition of those lease assets and lease liabilities represents an improvement over previous GAAP, which did not require lease assets and lease liabilities to be recognized for most leases. The ASU is effective for nonpublic entities for years beginning after December 15, 2019.

Revenue Recognition Standard

In May, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. This standard may have an impact on the timing of when an entity recognizes certain revenue. The ASU is effective for nonpublic entities for years beginning after December 15, 2018.

Nonprofit Standard

In August, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements for Not-for-Profit Entities (Topic 958). The core principles of the guidance are a reduction in the number of net asset categories from three to two, reporting investment return net of external and internal investment expenses, the placed-in-service approach for reporting expirations of restrictions on donated assets and enhanced disclosures regarding designations and donor restrictions, qualitative and quantitative liquidity information, expense allocation methods, expenses by natural classification and function, and underwater endowments. The ASU is effective for years beginning after December 15, 2017.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Association is currently in the process of evaluating the impact of adoption of these ASUs on their consolidated financial statements.

Subsequent Events

Management has evaluated subsequent events through January 19, 2019, which is the date the consolidated financial statements were available to be issued.

NOTE 2 - CASH AND CASH FLOW INFORMATION

At various times throughout the year, the Association may have cash in financial institutions in excess of insured limits. The Federal Deposit Insurance Corporation (FDIC) insures account balances up to \$250,000 for each business depositor.

For the purposes of the statement of cash flows, the Association considers all highly liquid investments available for current use with an initial maturity of three months or less to be a cash equivalent. Cash and cash equivalents includes cash on hand, cash in checking accounts, and cash in savings accounts.

NOTE 3 - PRE ACQUISITION COSTS

Pre acquisition costs consist of project planning costs incurred in negotiating the management services agreement with the City of Westfield for management of the Grand Park facility. These costs were amortized over the life of the management services agreement, which expired at December 31, 2017.

Pre acquisition costs consisted of the following:

	July 31,	
	2018	2017
Pre Acquisition Costs	\$ 269,823	\$ 269,823
Less Accumulated Amortization	269,823	241,717
Total Pre Acquisition Costs, Net	\$ -	\$ 28,106

NOTE 4 - PROPERTY AND EQUIPMENT

The Association's property and equipment were as follows:

Vehicles	\$ 14,839	\$ 14,839
Equipment	168,635	261,545
	183,474	276,384
Less Accumulated Depreciation	125,285	145,506
Total Property and Equipment, Net	\$ 58,189	\$ 130,878

NOTE 5 - PLAYER INSURANCE LIABILITY

The Association provides medical liability insurance for registered players. The Association self-insures the first \$55,000 in claims per year. The insurance company pays the remainder. Claims can be submitted within a two-year window. Player insurance expense includes the policy premiums and the annual deductible threshold of \$55,000. During the years ended July 31, 2018 and 2017, the player insurance expense was \$111,891 and \$136,281, respectively. Based on the historical claims experience of the Association and the potential of claims reaching the deductible threshold, a contingent liability was recorded for potential claims not yet reported or paid as of July 31, 2018 and 2017, respectively.

NOTE 6 - BOARD DESIGNATED NET ASSETS

Board designated net assets for the years ended July 31, 2018 and 2017 were as follows:

	<u>Capital Expenditures</u>	<u>Online Education</u>	<u>Strategic Planning</u>	<u>Olympic Development</u>	<u>Total</u>
July 31, 2016	\$ 769,603	\$ 18,247	\$ 20,759	\$ 25,000	\$ 833,609
Released	<u>(752,100)</u>	<u>(18,247)</u>	<u>(20,759)</u>	<u>(5,630)</u>	<u>(796,736)</u>
July 31, 2017	17,503	-	-	19,370	36,873
Designated	21,958	-	-	-	21,958
Released	<u>(7,235)</u>	<u>-</u>	<u>-</u>	<u>(18,379)</u>	<u>(25,614)</u>
July 31, 2018	<u>\$ 32,226</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 991</u>	<u>\$ 33,217</u>

The Board of Directors of the Association has designated a portion of unrestricted net assets to be held for future capital expenditures. These funds are held in a separate bank account.

The Board of Directors of the Association has also designated funds to be held for online education, strategic planning, and for the Olympic Development program, of which only funds for the Olympic Development program had unspent funds at July 31, 2018 and 2017.

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were as follows:

	July 31,	
	<u>2018</u>	<u>2017</u>
Scholarships	<u>\$ 8,883</u>	<u>\$ -</u>

NOTE 8 - RELATED PARTY TRANSACTIONS

Indiana Soccer Foundation

The Association and Indiana Soccer Foundation (the Foundation) share a common board member. The Foundation is engaged in charitable activities to benefit children through soccer. For the years ended July 31, 2018 and 2017, the Association provided grants of \$5,500 and \$5,000, respectively, to the Foundation for scholarships and soccer-related support. During 2018 and 2017, the Association received sponsorships and other support of \$2,742 and \$3,402, respectively, from the Foundation. The Association had amounts due to the Foundation of \$4,700 and \$1,598 as of July 31, 2018 and 2017, respectively.

NOTE 9 - OPERATING LEASES

The Association leases office space and equipment under operating lease agreements with expiration dates through July, 2021. Operating lease expense under these agreements was \$65,895 and \$52,617 for the years ended July 31, 2018 and 2017, respectively.

Future minimum lease payments under these agreements are as follows:

Years Ending July 31,	
2019	\$ 54,560
2020	54,560
2021	<u>50,013</u>
	<u>\$ 159,133</u>

NOTE 10 - RETIREMENT PLAN

The Association's matching contributions to the 401(k) plan for the years ended July 31, 2018 and 2017 were \$12,053 and \$13,526, respectively.

NOTE 11 - MANAGEMENT SERVICES AGREEMENT

ISP had a management services agreement with the City of Westfield, Indiana that expired December 31, 2017. The agreement related to management services at Grand Park. Grand Park houses indoor and outdoor facilities for soccer, baseball, softball, lacrosse, football, rugby, and field hockey. The park is owned by the City of Westfield.

In accordance with the management services agreement, ISP scheduled, coordinated, and hosted games, tournaments, competitions, practice sessions, and other events and activities at Grand Park. ISP was responsible for developing, scheduling, managing and maintaining the calendar of field sports activities at Grand Park, including the operation of parking facilities for field sports events and activities. ISP was responsible for management and oversight of the maintenance of the Grand Park field sports facilities.

NOTE 11 - MANAGEMENT SERVICES AGREEMENT (Continued)

Under the management services agreement, ISP was paid a monthly management fee. During the years ended July 31, 2018 and 2017, ISP earned management fees of \$107,500 and \$258,000, respectively.

In addition, as part of the management services agreement, ISP receives a gross revenue fee equal to 15% of the gross revenues collected by the City of Westfield for hotel rebates, parking, event tickets, and field use licenses during the events and activities held at Grand Park. ISP will receive gross revenue fees on future events and activities it scheduled at Grand while the management services agreement were in effect. ISP has contracted future events and activities through 2024. Future gross revenue fees related to these events and activities become earned and receivable within thirty (30) days after the revenue sources are received by the City of Westfield. During the years ended July 31, 2018 and 2017, ISP earned gross revenue fees of \$147,751 and \$178,656, respectively.

At July 31, 2018, future gross revenues to ISP are expected to be as follows:

Years Ending July 31,	
2019	\$ 93,222
2020	112,548
2021	87,127
2022	106,023
2023	90,874
2024	<u>60,229</u>
	<u>\$ 550,023</u>

NOTE 12 - USE AGREEMENTS

In May, 2016, ISA executed an Indoor Facilities Use Agreement with the City of Westfield, Indiana granting ISA a temporary exclusive license for use of the indoor soccer facility at Grand Park. The licensed use of space was scheduled between the months of October through March. The agreement was originally set to expire in March, 2021 but was mutually terminated by both parties on March 16, 2018, with the execution of a Termination Agreement. User fee expense under the Indoor Facilities Use Agreement was \$1,000,880 and \$1,400,880 for the years ended July 31, 2018 and 2017, respectively.

Under the terms of the Termination Agreement, ISA transferred and assigned all agreements, contracts, and bookings for the use of space at the indoor facility to the Westfield Redevelopment Commission. In turn, the Westfield Redevelopment Commission agrees to pay commissions to ISA ranging between 15%-20% on all events and activities contracted by users of the facility that were originally established by ISA. Commissions will be paid on all qualifying events and activities that occur on or before December 31, 2023.

NOTE 12 - USE AGREEMENTS (Continued)

At July 31, 2018, future commissions to ISA are expected to be as follows:

Years Ending July 31,		
2019	\$	183,960
2020		190,484
2021		194,050
2022		<u>14,286</u>
	\$	<u><u>582,780</u></u>

Also, in conjunction with the Termination Agreement, ISA executed a Field Use Agreement with the Westfield Redevelopment Commission, effective March 16, 2018. The Field Use Agreement sets forth certain rates in which ISA can use the indoor and outdoor fields at Grand Park through December 31, 2022. Additionally, the Field Use Agreement provides a field use credit in the amount of \$400,000 that ISA can apply towards use of the indoor and outdoor fields at Grand Park. ISA expenses the use of this credit as incurred. The balance of the field use credit at July 31, 2018 and 2017 was \$240,006 and \$-0-, respectively, and is reported as prepaid expenses on the consolidated statements of financial position. The field use credit expires December 31, 2023.

NOTE 13 - CONTINGENCY

At July 31, 2018, the Association had an arrangement with a former employee in which it would pay the employee commissions of up to \$30,000 based on the collection of future gross revenue fees from the City of Westfield. As of the date of this report, the gross revenue fees have been collected and corresponding commissions have been paid.

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

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

We have audited the consolidated financial statements of Indiana Soccer Association, Inc. and Indiana Sports Properties, LLC as of and for the years ended July 31, 2018 and 2017, and our report thereon dated February 20, 20ZZ, which expressed an unmodified opinion on those consolidated financial statements, appears earlier in these consolidated financial statements. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

VonLehman & Company Inc.

Indianapolis, Indiana
January 19, 2019



**INDIANA SOCCER ASSOCIATION, INC.
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION**

July 31,

	2018				2017			
	Indiana Soccer Association, Inc.	Indiana Sports Properties, LLC	Eliminations	Total	Indiana Soccer Association, Inc.	Indiana Sports Properties, LLC	Eliminations	Total
Assets								
Cash and Cash Equivalents	\$ 752,886	\$ 4,295	\$ -	\$ 757,181	\$ 665,100	\$ 53,221	\$ -	\$ 718,321
Accounts Receivable	129,023	75,232	-	204,255	56,102	74,855	-	130,957
Prepaid Expenses	257,125	754	-	257,879	21,756	454	-	22,210
Promissory Note Receivable	-	-	-	-	62,301	-	(62,301)	-
Pre Acquisition Costs, Net	-	-	-	-	-	28,106	-	28,106
Property and Equipment	173,191	10,283	-	183,474	162,321	114,063	-	276,384
Less Accumulated Depreciation	(120,259)	(5,026)	-	(125,285)	(100,954)	(44,552)	-	(145,506)
Total Assets	\$ 1,191,966	\$ 85,538	\$ -	\$ 1,277,504	\$ 866,626	\$ 226,147	\$ (62,301)	\$ 1,030,472
Liabilities								
Accounts Payable and Accrued Expenses	\$ 126,828	\$ -	\$ -	\$ 126,828	\$ 67,057	\$ 8,322	\$ -	\$ 75,379
Player Insurance Liability	53,968	-	-	53,968	87,400	-	-	87,400
Deferred Revenue	98,435	-	-	98,435	105,955	-	-	105,955
Promissory Note Payable	-	-	-	-	-	62,301	(62,301)	-
Total Liabilities	279,231	-	-	279,231	260,412	70,623	(62,301)	268,734
Net Assets								
Unrestricted								
Undesignated	870,635	85,538	-	956,173	569,341	155,524	-	724,865
Board Designated	33,217	-	-	33,217	36,873	-	-	36,873
Temporarily Restricted	8,883	-	-	8,883	-	-	-	-
Total Net Assets	912,735	85,538	-	998,273	606,214	155,524	-	761,738
Total Liabilities and Net Assets	\$ 1,191,966	\$ 85,538	\$ -	\$ 1,277,504	\$ 866,626	\$ 226,147	\$ (62,301)	\$ 1,030,472

**INDIANA SOCCER ASSOCIATION, INC.
CONSOLIDATING STATEMENTS OF ACTIVITIES**

	Years Ended July 31,							
	2018				2017			
	Indiana Soccer Association Inc.	Indiana Sports Properties, LLC	Eliminations	Total	Indiana Soccer Association Inc.	Indiana Sports Properties, LLC	Eliminations	Total
Revenues								
Program Services								
Competition	\$ 507,346	\$ -	\$ -	\$ 507,346	\$ 422,601	\$ -	\$ -	\$ 422,601
Coaching Education	7,130	-	-	7,130	55,127	-	-	55,127
Cups	671,583	-	-	671,583	420,862	-	-	420,862
Futsal	94,389	-	-	94,389	48,201	-	-	48,201
Indoor	972,681	-	-	972,681	456,638	-	-	456,638
Olympic Development Program	364,594	-	-	364,594	467,661	-	-	467,661
Registration	913,680	-	-	913,680	816,462	-	-	816,462
Total Program Services	<u>3,531,403</u>	<u>-</u>	<u>-</u>	<u>3,531,403</u>	<u>2,687,552</u>	<u>-</u>	<u>-</u>	<u>2,687,552</u>
Other Revenue								
Marketing	15,538	-	-	15,538	17,396	-	-	17,396
Management Fee and Commissions	-	315,119	-	315,119	-	669,129	(112,500)	556,629
Gain (Loss) on Disposal of Property and Equipment	61	29,205	-	29,266	-	(4,640)	-	(4,640)
Royalties and Other	46,972	-	(1,271)	45,701	46,515	183	(5,028)	41,670
Total Other Revenue	<u>62,571</u>	<u>344,324</u>	<u>(1,271)</u>	<u>405,624</u>	<u>63,911</u>	<u>664,672</u>	<u>(117,528)</u>	<u>611,055</u>
Total Revenues	<u>3,593,974</u>	<u>344,324</u>	<u>(1,271)</u>	<u>3,937,027</u>	<u>2,751,463</u>	<u>664,672</u>	<u>(117,528)</u>	<u>3,298,607</u>
Expenses								
Program Services								
Competition	335,274	-	-	335,274	345,050	-	-	345,050
Coaching Education	121,439	-	-	121,439	144,368	-	-	144,368
Cups	568,384	-	-	568,384	346,451	-	-	346,451
Futsal	125,554	-	-	125,554	102,932	-	-	102,932
Indoor	912,286	-	-	912,286	1,442,766	-	(112,500)	1,330,266
Olympic Development Program	371,291	-	-	371,291	443,581	-	-	443,581
Registration	405,951	-	-	405,951	449,771	-	-	449,771
Marketing	99,350	17,998	-	117,348	98,978	22,488	-	121,466
Outreach Programs	3,749	-	-	3,749	1,832	-	-	1,832
Total Program Services	<u>2,943,278</u>	<u>17,998</u>	<u>-</u>	<u>2,961,276</u>	<u>3,375,729</u>	<u>22,488</u>	<u>(112,500)</u>	<u>3,285,717</u>
Management and General	<u>344,175</u>	<u>396,312</u>	<u>(1,271)</u>	<u>739,216</u>	<u>305,820</u>	<u>528,087</u>	<u>(5,028)</u>	<u>828,879</u>
Total Expenses	<u>3,287,453</u>	<u>414,310</u>	<u>(1,271)</u>	<u>3,700,492</u>	<u>3,681,549</u>	<u>550,575</u>	<u>(117,528)</u>	<u>4,114,596</u>
Change in Net Assets	306,521	(69,986)	-	236,535	(930,086)	114,097	-	(815,989)
Net Assets - Beginning of Year	<u>606,214</u>	<u>155,524</u>	<u>-</u>	<u>761,738</u>	<u>1,536,300</u>	<u>41,427</u>	<u>-</u>	<u>1,577,727</u>
Net Assets - End of Year	<u>\$ 912,735</u>	<u>\$ 85,538</u>	<u>\$ -</u>	<u>\$ 998,273</u>	<u>\$ 606,214</u>	<u>\$ 155,524</u>	<u>\$ -</u>	<u>\$ 761,738</u>

INDIANA SOCCER ASSOCIATION, INC.
CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended July 31, 2018

	Competition	Coaching Education	Cups	Futsal	Indoor	Olympic Development Program	Registration	Marketing	ISP Marketing (a)	Outreach Programs	Management and General	ISP Management and General (b)	Total
Registration	\$ 60,850	\$ -	\$ 48,977	\$ 6,620	\$ -	\$ -	\$ 156,102	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 272,549
Development	-	-	-	32,290	-	86,963	-	-	-	-	-	-	119,253
Program Administration	14,831	911	3,629	2,415	-	-	2,556	-	-	-	6,987	-	31,329
Awards	13,921	-	8,202	822	-	-	3,105	-	-	-	-	-	26,050
Education	-	3,618	-	-	-	-	-	-	-	-	95	-	3,713
Referee	49,365	-	148,586	9,344	-	-	9,510	-	-	-	-	-	216,805
Insurance	1,665	-	-	250	-	-	111,891	-	-	-	10,088	8,845	132,739
Rentals	17,961	350	123,476	8,288	862,795	124,206	5,377	-	-	-	-	118,047	1,260,500
Meals	-	267	-	-	-	-	16,926	-	-	-	19	-	17,212
Travel	-	2,137	2,201	-	-	-	1,336	-	-	-	6,383	-	12,057
US Youth Regionals	-	-	152,867	-	-	-	-	-	-	-	-	-	152,867
Supplies	-	-	5,422	8,067	-	13,141	-	-	-	-	2,562	12,038	41,230
Marketing	-	-	600	10,120	-	-	1,500	9,633	17,998	-	-	-	39,851
Meetings and Conventions	-	1,564	-	-	-	-	2,094	-	-	-	705	-	4,363
Outreach	-	-	-	-	-	-	-	-	-	3,749	-	-	3,749
Salaries, Wages, and Contract Labor	133,495	69,297	57,846	31,661	-	117,851	57,768	57,525	-	-	260,842	167,249	953,534
Payroll Taxes	9,155	4,407	5,033	2,361	-	7,447	4,338	5,505	-	-	14,337	12,851	65,434
Employee Benefits	4,288	12,120	8,571	4,393	-	14,247	2,218	2,893	-	-	24,312	8,631	81,673
Bad Debt	-	-	-	-	30,000	-	-	-	-	-	-	-	30,000
Depreciation and Amortization	4,392	3,952	439	1,317	-	1,098	4,611	3,513	-	-	2,636	37,714	59,672
Interest	-	-	-	-	-	-	-	-	-	-	-	-	1,271
Office	7,329	6,596	733	2,199	-	1,833	7,695	5,863	-	-	4,396	12,335	48,979
Professional Fees	5,738	5,164	573	1,721	19,491	1,434	6,025	4,590	-	-	3,443	13,449	61,628
Repairs and Maintenance	335	302	34	101	-	84	353	269	-	-	201	3,882	5,561
Occupancy	11,949	10,754	1,195	3,585	-	2,987	12,546	9,559	-	-	7,169	-	59,744
Eliminations - Interest	-	-	-	-	-	-	-	-	-	-	-	(1,271)	(1,271)
Total	\$ 335,274	\$ 121,439	\$ 568,384	\$ 125,554	\$ 912,286	\$ 371,291	\$ 405,951	\$ 99,350	\$ 17,998	\$ 3,749	\$ 344,175	\$ 395,041	\$ 3,700,492

(a) Included in total marketing expenses in consolidated statement of activities

(b) Included in total management and general expenses in consolidated statement of activities

INDIANA SOCCER ASSOCIATION, INC.
CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended July 31, 2017

	<u>Competition</u>	<u>Coaching Education</u>	<u>Cups</u>	<u>Futsal</u>	<u>Indoor</u>	<u>Olympic Development Program</u>	<u>Registration</u>	<u>Marketing</u>	<u>ISP Marketing (a)</u>	<u>Outreach Programs</u>	<u>Management and General</u>	<u>ISP Management and General (b)</u>	<u>Total</u>
Registration	\$ 54,000	\$ -	\$ 50,681	\$ 6,240	\$ -	\$ -	\$ 162,293	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 273,214
Development	-	-	-	3,920	-	113,713	-	-	-	-	-	-	117,633
Program Administration	14,598	606	3,444	1,432	112,748	-	7,482	-	-	-	5,573	-	145,883
Awards	13,816	-	10,531	687	422	-	2,506	-	-	-	-	2,135	30,097
Education	-	21,802	-	-	-	-	-	-	-	-	142	-	21,944
Referee	52,445	-	113,682	7,352	12,207	-	10,103	-	-	-	-	-	195,789
Insurance	1,807	-	-	250	-	-	136,281	-	-	-	8,617	5,508	152,463
Rentals	14,403	1,455	104,737	18,901	1,241,725	109,228	4,141	-	-	-	-	129,202	1,623,792
Meals	-	183	-	-	-	-	17,955	-	-	-	110	-	18,248
Travel	-	1,505	3,314	-	-	3,570	2,593	-	-	-	3,676	-	14,658
Supplies	-	-	6,672	8,192	-	12,919	-	-	-	-	5,972	11,161	44,916
Security	-	-	2,290	833	-	-	-	-	-	-	-	-	3,123
Marketing	-	-	-	6,618	358	-	2,500	12,667	22,488	-	-	-	44,631
Meetings and Conventions	-	1,712	-	-	-	-	3,445	-	-	-	933	-	6,090
Outreach	-	-	-	-	-	-	-	-	-	1,832	-	-	1,832
Salaries, Wages, and Contract Labor	148,409	72,881	46,699	32,436	-	166,375	52,345	53,096	-	-	213,228	214,682	1,000,151
Payroll Taxes	7,734	4,341	1,288	2,415	-	12,588	4,004	3,461	-	-	14,332	17,121	67,284
Employee Benefits	6,710	11,868	-	4,318	-	17,406	11,439	4,850	-	-	34,559	27,436	118,586
Bad Debt	-	-	-	-	47,763	-	-	-	-	-	-	-	47,763
Depreciation and Amortization	4,919	4,427	492	1,476	-	1,230	5,165	3,936	-	-	2,952	87,455	112,052
Interest	-	-	-	-	-	-	-	-	-	-	-	-	5,028
Office	9,028	8,125	903	2,708	-	2,257	9,480	7,223	-	-	5,417	8,369	53,510
Professional Fees	5,141	4,627	514	1,542	27,543	1,285	5,398	4,113	-	-	3,085	16,587	69,835
Repairs and Maintenance	218	196	22	65	-	54	228	174	-	-	131	3,403	4,491
Occupancy	11,822	10,640	1,182	3,547	-	2,956	12,413	9,458	-	-	7,093	-	59,111
Eliminations - Interest	-	-	-	-	(112,500)	-	-	-	-	-	-	(5,028)	(117,528)
Total	\$ 345,050	\$ 144,368	\$ 346,451	\$ 102,932	\$ 1,330,266	\$ 443,581	\$ 449,771	\$ 98,978	\$ 22,488	\$ 1,832	\$ 305,820	\$ 523,059	\$ 4,114,596

(a) Included in total marketing expenses in consolidated statement of activities

(b) Included in total management and general expenses in consolidated statement of activities

**INDIANA SOCCER ASSOCIATION, INC.
CONSOLIDATED SCHEDULES OF CASH AND CASH EQUIVALENTS**

	July 31,	
	2018	2017
Petty Cash	\$ 50	\$ 50
Old National Operating Account	653,850	560,146
Old National Capital Expenditures	41,962	17,503
Insurance Deductible 2014-2015	-	38,148
Insurance Deductible 2015-2016	41	-
Insurance Deductible 2016-2017	13,691	49,253
Insurance Deductible 2017-2018	43,292	-
Regions Bank - ISP	4,295	53,221
 Total Cash and Cash Equivalents	\$ 757,181	\$ 718,321