

INDIANA SOCCER ASSOCIATION, INC.

July 31, 2019

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



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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, 2019 and 2018, and the related consolidated statements of activities, functional expenses, 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, 2019 and 2018, 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.

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Emphasis of Matter

As discussed in the notes to the consolidated financial statements, during 2019, Indiana Soccer Association, Inc. and Indiana Sports Properties, LLC adopted Accounting Standards Update (ASU) No 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

VonLehman & Company Inc.

Indianapolis, Indiana
November 8, 2019

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

ASSETS

	July 31,	
	2019	2018
Assets		
Cash	\$ 1,427,402	\$ 757,181
Accounts Receivable	121,190	204,255
Prepaid Expenses	43,856	257,879
Property and Equipment, Net	84,525	58,189
Total Assets	\$ 1,676,973	\$ 1,277,504

LIABILITIES AND NET ASSETS

Liabilities		
Accounts Payable and Accrued Expenses	\$ 79,029	\$ 126,828
Player Insurance Liability	55,161	53,968
Deferred Revenue	128,521	98,435
Total Liabilities	262,711	279,231
Net Assets		
Without Donor Restrictions		
Undesignated	1,401,787	956,173
Board Designated	3,592	33,217
With Donor Restrictions	8,883	8,883
Total Net Assets	1,414,262	998,273
Total Liabilities and Net Assets	\$ 1,676,973	\$ 1,277,504

See accompanying notes.

**INDIANA SOCCER ASSOCIATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JULY 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, Support, and Gains			
Program Services			
Competition	\$ 473,667	\$ -	\$ 473,667
Coaching Education	1,163	-	1,163
Cups	503,477	-	503,477
Futsal	44,167	-	44,167
Olympic Development Program	380,585	-	380,585
Registration	912,953	-	912,953
	<u>2,316,012</u>	<u>-</u>	<u>2,316,012</u>
Total Program Services			
Other Revenue			
Marketing	12,538	-	12,538
Management Fee and Commissions	298,117	-	298,117
Loss on Disposal of Property and Equipment	(2,005)	-	(2,005)
Royalties and Other	46,273	-	46,273
	<u>354,923</u>	<u>-</u>	<u>354,923</u>
Total Other Revenue			
Total Revenue, Support, and Gains			
	<u>2,670,935</u>	<u>-</u>	<u>2,670,935</u>
Expenses			
Program Services			
Competition	324,527	-	324,527
Coaching Education	116,408	-	116,408
Cups	428,958	-	428,958
Futsal	102,753	-	102,753
Olympic Development Program	326,092	-	326,092
Registration	436,657	-	436,657
Marketing	91,318	-	91,318
Outreach Programs	1,750	-	1,750
	<u>1,828,463</u>	<u>-</u>	<u>1,828,463</u>
Total Program Services			
Management and General			
	<u>426,483</u>	<u>-</u>	<u>426,483</u>
Total Expenses			
	<u>2,254,946</u>	<u>-</u>	<u>2,254,946</u>
Change in Net Assets			
	415,989	-	415,989
Net Assets, Beginning of Year			
	<u>989,390</u>	<u>8,883</u>	<u>998,273</u>
Net Assets, End of Year			
	<u>\$ 1,405,379</u>	<u>\$ 8,883</u>	<u>\$ 1,414,262</u>

See accompanying notes.

INDIANA SOCCER ASSOCIATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JULY 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, Support, and Gains			
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			
	<u>3,928,144</u>	<u>8,883</u>	<u>3,937,027</u>
Total Revenue, Support, and Gains			
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	408,501	-	408,501
Marketing	114,798	-	114,798
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 FUNCTIONAL EXPENSES
YEAR ENDED JULY 31, 2019

	Program Services								Management and General	Total	
	Competition	Coaching Education	Cups	Futsal	Olympic Development Program	Registration	Marketing	Outreach Programs			Total
Registration	\$ 58,300	\$ -	\$ 41,310	\$ 7,195	\$ -	\$ 154,835	\$ -	\$ -	\$ 261,640	\$ -	\$ 261,640
Development	-	-	-	8,838	81,045	-	-	-	89,883	-	89,883
Program Administration	12,665	4,162	9,144	6,275	-	3,510	-	-	35,756	6,962	42,718
Awards	15,349	-	10,282	936	-	2,574	-	-	29,141	-	29,141
Education	-	1,589	-	-	-	-	-	-	1,589	-	1,589
Referee	44,364	-	150,220	6,620	-	13,725	-	-	214,929	8,240	223,169
Insurance	1,726	-	-	655	-	144,092	-	-	146,473	11,913	158,386
Rentals	11,832	-	123,867	7,889	90,513	6,486	-	-	240,587	-	240,587
Meals	-	463	-	-	-	17,695	-	-	18,158	421	18,579
Travel	-	2,191	3,876	-	-	2,724	-	-	8,791	5,960	14,751
US Youth Regionals	1,936	-	-	-	-	-	-	-	1,936	-	1,936
Supplies	-	-	4,746	12,214	12,151	-	-	-	29,111	1,629	30,740
Security	-	-	518	-	-	-	-	-	518	-	518
Marketing	-	-	-	7,203	-	1,500	6,222	-	14,925	-	14,925
Meetings and Conventions	-	1,339	-	-	-	4,526	-	-	5,865	1,043	6,908
Outreach	-	-	-	-	-	-	-	1,750	1,750	-	1,750
Salaries, Wages, and Contract Labor	127,994	57,920	65,123	27,650	114,386	39,598	60,660	-	493,331	300,655	793,986
Payroll Taxes	9,683	4,201	1,927	2,188	5,302	3,328	5,172	-	31,801	19,670	51,471
Employee Benefits	3,849	11,397	3,214	4,042	13,488	3,394	849	-	40,233	40,373	80,606
Bad Debt	-	-	-	-	-	-	-	-	-	1,085	1,085
Depreciation and Amortization	4,069	3,662	1,628	1,221	1,017	4,272	2,035	-	17,904	3,724	21,628
Office	12,086	10,878	4,834	3,626	3,021	12,691	6,043	-	53,179	9,024	62,203
Professional Fees	6,134	5,521	2,454	1,840	1,534	6,441	3,067	-	26,991	7,060	34,051
Repairs and Maintenance	1,167	1,050	467	350	292	1,225	583	-	5,134	700	5,834
Occupancy	13,373	12,035	5,348	4,011	3,343	14,041	6,687	-	58,838	8,024	66,862
Total Expenses by Function	\$ 324,527	\$ 116,408	\$ 428,958	\$ 102,753	\$ 326,092	\$ 436,657	\$ 91,318	\$ 1,750	\$ 1,828,463	\$ 426,483	\$ 2,254,946

See accompanying notes.

INDIANA SOCCER ASSOCIATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JULY 31, 2018

	Program Services									Management and General	Total	
	Competition	Coaching Education	Cups	Futsal	Indoor	Olympic Development Program	Registration	Marketing	Outreach Programs			Total
Registration	\$ 60,850	\$ -	\$ 48,977	\$ 6,620	\$ -	\$ -	\$ 156,102	\$ -	\$ -	\$ 272,549	\$ -	\$ 272,549
Development	-	-	-	32,290	-	86,963	-	-	-	119,253	-	119,253
Program Administration	14,831	911	3,629	2,415	-	-	2,556	-	-	24,342	6,987	31,329
Awards	13,921	-	8,202	822	-	-	3,105	-	-	26,050	-	26,050
Education	-	3,618	-	-	-	-	-	-	-	3,618	95	3,713
Referee	49,365	-	148,586	9,344	-	-	9,510	-	-	216,805	-	216,805
Insurance	1,665	-	-	250	-	-	111,891	-	-	113,806	18,933	132,739
Rentals	17,961	350	123,476	8,288	862,795	124,206	5,377	-	-	1,142,453	118,047	1,260,500
Meals	-	267	-	-	-	-	16,926	-	-	17,193	19	17,212
Travel	-	2,137	2,201	-	-	-	1,336	-	-	5,674	6,383	12,057
US Youth Regionals	-	-	152,867	-	-	-	-	-	-	152,867	-	152,867
Supplies	-	-	5,422	8,067	-	13,141	-	-	-	26,630	14,600	41,230
Marketing	-	-	600	10,120	-	-	1,500	25,081	-	37,301	-	37,301
Meetings and Conventions	-	1,564	-	-	-	-	4,644	-	-	6,208	705	6,913
Outreach	-	-	-	-	-	-	-	-	3,749	3,749	-	3,749
Salaries, Wages, and Contract Labor	133,495	69,297	57,846	31,661	-	117,851	57,768	57,525	-	525,443	428,091	953,534
Payroll Taxes	9,155	4,407	5,033	2,361	-	7,447	4,338	5,505	-	38,246	27,188	65,434
Employee Benefits	4,288	12,120	8,571	4,393	-	14,247	2,218	2,893	-	48,730	32,943	81,673
Bad Debt	-	-	-	-	30,000	-	-	-	-	30,000	-	30,000
Depreciation and Amortization	4,392	3,952	439	1,317	-	1,098	4,611	3,513	-	19,322	40,350	59,672
Office	7,329	6,596	733	2,199	-	1,833	7,695	5,863	-	32,248	16,731	48,979
Professional Fees	5,738	5,164	573	1,721	19,491	1,434	6,025	4,590	-	44,736	16,892	61,628
Repairs and Maintenance	335	302	34	101	-	84	353	269	-	1,478	4,083	5,561
Occupancy	11,949	10,754	1,195	3,585	-	2,987	12,546	9,559	-	52,575	7,169	59,744
Total Expenses by Function	\$ 335,274	\$ 121,439	\$ 568,384	\$ 125,554	\$ 912,286	\$ 371,291	\$ 408,501	\$ 114,798	\$ 3,749	\$ 2,961,276	\$ 739,216	\$ 3,700,492

See accompanying notes.

INDIANA SOCCER ASSOCIATION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended July 31,	
	2019	2018
Cash Flows from Operating Activities		
Change in Net Assets	\$ 415,989	\$ 236,535
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Bad Debt Expense	1,085	30,000
Depreciation	21,628	31,566
Amortization	-	28,106
Loss (Gain) on Disposal of Property and Equipment	2,005	(29,266)
Changes in		
Accounts Receivable	81,980	(103,298)
Prepaid Expenses	214,023	(235,669)
Accounts Payable and Accrued Expenses	(47,799)	51,449
Player Insurance Liability	1,193	(33,432)
Deferred Revenue	30,086	(7,520)
	720,190	(31,529)
Cash Flows From Investing Activities		
Purchases of Property and Equipment	(49,969)	(14,572)
Proceeds from Sales of Property and Equipment	-	84,961
	(49,969)	70,389
Net Change in Cash and Cash Equivalents	670,221	38,860
Cash and Cash Equivalents, Beginning of Year	757,181	718,321
Cash and Cash Equivalents, End of Year	\$ 1,427,402	\$ 757,181

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 was formed to provide management services to the Grand Park Sports Campus (Grand Park) in Westfield, Indiana. ISP currently operates to collect commissions from activities held at Grand Park. See Management Services Agreement note.

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, 2019 and 2018 since the Association expects no material losses.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at fair 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, 2019 and 2018.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Directors has designated from net assets without donor restrictions net assets for specific purposes (see the Board Designated Net Assets note).

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Association reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

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. By its nature, the plan is fully funded.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Functional Allocation of Expenses**

The costs of program and supporting services have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. The expenses that are allocated include registration, development, program administration, awards, referee, insurance, rentals, meals, travel, supplies, marketing, meetings and conventions, salaries, wages, and contracted labor, payroll taxes, and employee benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation and amortization, office, professional fees, repairs and maintenance, and occupancy, which are allocated on the basis of their estimated use by function.

Income Tax Status

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, 2019 and 2018. 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, 2019 and 2018.

Recently Issued Significant Accounting Standards*Revenue Recognition Standard*

In May, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). 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.

In June, 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). The core principle of the guidance is to clarify and improve current guidance about whether a transfer of assets is a contribution or an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. The ASU is effective for nonpublic entities for years beginning after December 15, 2018.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*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, 2020.

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

Change in Accounting Principle

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 Association implemented ASU 2016-14 and adjusted presentation in these consolidated statements accordingly. The ASU has been applied retrospectively to all periods presented.

Subsequent Events

Management has evaluated subsequent events through November 8, 2019, which is the date the consolidated financial statements were available to be issued.

NOTE 2 - LIQUIDITY

Financial assets available for general use and without donor or other restrictions limiting their use within one year of the consolidated statement of financial position were comprised of the following:

		July 31, 2019
Cash and Cash Equivalents, Without Restrictions	\$	1,414,927
Accounts Receivable		121,190
Total Financial Assets Available	\$	<u>1,536,117</u>

The Association is funded through program fees, commissions, and other revenues. Occasionally, the Board of Directors may designate a portion of surplus funds to a specific initiative. At July 31, 2019 the Association had \$3,592 of board-designated net assets. Although the Association does not plan to spend from this board-designated net asset fund for general use, these amounts could be made available if necessary.

NOTE 3 - CASH AND CASH FLOWS

For the purposes of the consolidated statements of cash flows, cash equivalents includes cash on hand and cash in checking and savings accounts.

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.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment and related accumulated depreciation consisted of the following:

	July 31,	
	2019	2018
Vehicles	\$ 44,613	\$ 14,839
Equipment	123,729	168,635
	168,342	183,474
Less Accumulated Depreciation	83,817	125,285
Total Property and Equipment, Net	\$ 84,525	\$ 58,189

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, 2019 and 2018, the player insurance expense was \$144,092 and \$111,891, 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, 2019 and 2018, respectively.

NOTE 6 - BOARD DESIGNATED NET ASSETS

The Board designated net assets for the following purposes:

	July 31,	
	2019	2018
Capital Expenditures	\$ 2,601	\$ 32,226
Olympic Development	991	991
	\$ 3,592	\$ 33,217
	\$ 3,592	\$ 33,217

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted as follows:

	July 31,	
	2019	2018
Subject to Expenditure for Specified Purpose:		
Scholarships	\$ 8,883	\$ 8,883

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, 2019 and 2018, the Association provided grants of \$5,800 and \$5,500, respectively, to the Foundation for scholarships and soccer-related support. During 2019 and 2018, the Association received sponsorships and other support of \$2,063 and \$2,742, respectively, from the Foundation. The Association had amounts due to the Foundation of \$4,500 and \$4,700 as of July 31, 2019 and 2018, respectively.

NOTE 9 - 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 \$59,675 and \$65,895 for the years ended July 31, 2019 and 2018, respectively.

Future minimum lease payments under these agreements are as follows:

Years Ending July 31,	
2020	\$ 54,560
2021	50,013
	\$ 104,573

NOTE 10 - RETIREMENT PLAN EXPENSE

The Association's matching contributions to the 401(k) plan for the years ended July 31, 2019 and 2018 were \$11,667 and \$12,053, 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.

NOTE 11 - MANAGEMENT SERVICES AGREEMENT (Continued)

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.

Under the management services agreement, ISP was paid a monthly management fee. During the years ended July 31, 2019 and 2018, ISP earned management fees of \$- and \$107,500, 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 Park while the management services agreement were in effect. The Westfield Redevelopment Commission agrees to pay commissions to ISP of 15% on all events and activities contracted by users of the facility that were originally established by ISP. 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, 2019 and 2018, ISP earned gross revenue fees of \$114,650 and \$147,751, respectively.

At July 31, 2019, future gross revenues to ISP are expected to be as follows:

Years Ending July 31,	
2020	\$ 94,173
2021	87,127
2022	106,023
2023	90,874
2024	60,299
	\$ 438,496

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 \$- and \$1,000,880 for the years ended July 31, 2019 and 2018, respectively.

NOTE 12 - USE AGREEMENTS (Continued)

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.

At July 31, 2019, future commissions to ISA are expected to be as follows:

Years Ending July 31,	
2020	\$ 190,484
2021	194,050
2022	<u>14,286</u>
	<u>\$ 398,820</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 provided 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, 2019 and 2018 was \$14,837 and \$240,006, respectively, and is reported as prepaid expenses on the consolidated statements of financial position. The field use credit expires December 31, 2023.



**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, 2019 and 2018, and our report thereon dated November 8, 2019, 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
November 8, 2019

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

	July 31,					
	2019			2018		
	Indiana Soccer Association, Inc.	Indiana Sports Properties, LLC	Total	Indiana Soccer Association, Inc.	Indiana Sports Properties, LLC	Total
Assets						
Cash and Cash Equivalents	\$ 1,304,781	\$ 122,621	\$ 1,427,402	\$ 752,886	\$ 4,295	\$ 757,181
Accounts Receivable	87,342	33,848	121,190	129,023	75,232	204,255
Prepaid Expenses	43,856	-	43,856	257,125	754	257,879
Property and Equipment	159,761	8,581	168,342	173,191	10,283	183,474
Less Accumulated Depreciation	(78,817)	(5,000)	(83,817)	(120,259)	(5,026)	(125,285)
Total Assets	\$ 1,516,923	\$ 160,050	\$ 1,676,973	\$ 1,191,966	\$ 85,538	\$ 1,277,504
Liabilities						
Accounts Payable and Accrued Expenses	\$ 79,029	\$ -	\$ 79,029	\$ 126,828	\$ -	\$ 126,828
Player Insurance Liability	55,161	-	55,161	53,968	-	53,968
Deferred Revenue	128,521	-	128,521	98,435	-	98,435
Total Liabilities	262,711	-	262,711	279,231	-	279,231
Net Assets						
Without Donor Restrictions						
Undesignated	1,241,737	160,050	1,401,787	870,635	85,538	956,173
Board Designated	3,592	-	3,592	33,217	-	33,217
With Donor Restrictions	8,883	-	8,883	8,883	-	8,883
Total Net Assets	1,254,212	160,050	1,414,262	912,735	85,538	998,273
Total Liabilities and Net Assets	\$ 1,516,923	\$ 160,050	\$ 1,676,973	\$ 1,191,966	\$ 85,538	\$ 1,277,504

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

	Years Ended July 31,						
	2019			2018			
	Indiana Soccer Association Inc.	Indiana Sports Properties, LLC	Total	Indiana Soccer Association Inc.	Indiana Sports Properties, LLC	Eliminations	Total
Revenue, Support and Gains							
Program Services							
Competition	\$ 473,667	\$ -	\$ 473,667	\$ 507,346	\$ -	\$ -	\$ 507,346
Coaching Education	1,163	-	1,163	7,130	-	-	7,130
Cups	503,477	-	503,477	671,583	-	-	671,583
Futsal	44,167	-	44,167	94,389	-	-	94,389
Indoor	-	-	-	972,681	-	-	972,681
Olympic Development Program	380,585	-	380,585	364,594	-	-	364,594
Registration	912,953	-	912,953	913,680	-	-	913,680
Total Program Services	2,316,012	-	2,316,012	3,531,403	-	-	3,531,403
Other Revenue							
Marketing	12,538	-	12,538	15,538	-	-	15,538
Management Fee and Commissions	183,467	114,650	298,117	-	315,119	-	315,119
Loss on Disposal of Property and Equipment	(1,612)	(393)	(2,005)	61	29,205	-	29,266
Royalties and Other	46,273	-	46,273	46,972	-	(1,271)	45,701
Total Other Revenue	240,666	114,257	354,923	62,571	344,324	(1,271)	405,624
Total Revenue, Support and Gains	2,556,678	114,257	2,670,935	3,593,974	344,324	(1,271)	3,937,027
Expenses							
Program Services							
Competition	324,527	-	324,527	335,274	-	-	335,274
Coaching Education	116,408	-	116,408	121,439	-	-	121,439
Cups	428,958	-	428,958	568,384	-	-	568,384
Futsal	102,753	-	102,753	125,554	-	-	125,554
Indoor	-	-	-	912,286	-	-	912,286
Olympic Development Program	326,092	-	326,092	371,291	-	-	371,291
Registration	436,657	-	436,657	408,501	-	-	408,501
Marketing	92,347	(1,029)	91,318	96,800	17,998	-	114,798
Outreach Programs	1,750	-	1,750	3,749	-	-	3,749
Total Program Services	1,829,492	(1,029)	1,828,463	2,943,278	17,998	-	2,961,276
Management and General	385,709	40,774	426,483	344,175	396,312	(1,271)	739,216
Total Expenses	2,215,201	39,745	2,254,946	3,287,453	414,310	(1,271)	3,700,492
Change in Net Assets	341,477	74,512	415,989	306,521	(69,986)	-	236,535
Net Assets, Beginning of Year	912,735	85,538	998,273	606,214	155,524	-	761,738
Net Assets, End of Year	\$ 1,254,212	\$ 160,050	\$ 1,414,262	\$ 912,735	\$ 85,538	\$ -	\$ 998,273

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

	July 31,	
	2019	2018
Petty Cash	\$ 50	\$ 50
Old National Operating Account	1,237,235	653,850
Old National Capital Expenditures	12,294	41,962
Insurance Deductible 2015-2016	-	41
Insurance Deductible 2016-2017	12,757	13,691
Insurance Deductible 2017-2018	50	43,292
Insurance Deductible 2018-2019	42,395	-
Regions Bank - ISP	122,621	4,295
Total Cash	\$ 1,427,402	\$ 757,181