



AUDITED FINANCIAL STATEMENTS

July 31, 2012

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of **Indiana Soccer Association, Inc.** (a nonprofit corporation), as of July 31, 2012, and the related statement of activities and change in net assets, and cash flows for the year 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 audit.

We conducted our audit 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 audit 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 July 31, 2012, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

November 21, 2012

Dunbar, Cook & Shepard, P.C.

INDIANA SOCCER ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
July 31, 2012

ASSETS

ASSETS

Cash and cash equivalents	\$	357,515
Accounts receivable		57,161
Prepaid expenses		6,955
Preacquisition costs		99,218
Property and equipment:		
Land		31,922
Buildings and improvements		485,640
Equipment		187,507
Less accumulated depreciation		<u>(354,998)</u>
Total Property and Equipment		<u>350,071</u>

TOTAL ASSETS \$ 870,920

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$	97,323
Player insurance liability		45,148
Deferred revenue		37,350
Capital lease obligation		<u>1,125</u>

TOTAL LIABILITIES 180,946

NET ASSETS

Unrestricted		<u>689,974</u>
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TOTAL LIABILITIES AND NET ASSETS \$ 870,920

INDIANA SOCCER ASSOCIATION, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN UNRESTRICTED NET ASSETS
For the Year Ended July 31, 2012

REVENUES

Program services:	
Competition	\$ 452,874
Coaching education	24,805
Olympic program development	512,066
Registration	819,629
	1,809,374
Other revenue:	
Marketing	20,349
Grants and contributions	33,657
Royalties and other	12,212
	1,875,592
TOTAL REVENUES	1,875,592

EXPENSES

Program services:	
Competition	422,448
Coaching education	151,350
Olympic development program	496,761
Registration	458,114
Marketing	87,311
Outreach programs	47,526
Administration	176,353
	1,839,863
TOTAL EXPENSES	1,839,863
CHANGES IN UNRESTRICTED NET ASSETS	35,729
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	654,245
UNRESTRICTED NET ASSETS - END OF YEAR	\$ 689,974

INDIANA SOCCER ASSOCIATION, INC.
 STATEMENT OF CASH FLOWS
 For the Year Ended July 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Change in unrestricted net assets	\$	35,729
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation		34,348
Cash from (for) operating assets and liabilities:		
Accounts receivable		(9,473)
Prepaid expenses		(698)
Accounts payable and accrued expenses		65,984
Player insurance liability		31,794
Deferred revenue		<u>6,763</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES 164,447

CASH FLOWS USED IN INVESTING ACTIVITIES

Purchase of property and equipment		(6,380)
Preacquisition costs		<u>(99,218)</u>

NET CASH USED FOR INVESTING ACTIVITIES (105,598)

CASH FLOWS USED IN FINANCING ACTIVITIES

Payment on capital lease obligation		<u>(5,823)</u>
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NET INCREASE IN CASH AND EQUIVALENTS 53,026

BEGINNING CASH AND CASH EQUIVALENTS 304,489

ENDING CASH AND CASH EQUIVALENTS \$ 357,515

SUPPLEMENTAL DISCLOSURES:

Cash paid during the year for:		
Interest		<u>\$ 1,149</u>

INDIANA SOCCER ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
July 31, 2012

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 statement of cash flows, the Association considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

CONCENTRATION OF CREDIT RISK - Cash and cash equivalents are maintained at a financial institution. The Association has not experienced any losses on its cash and cash equivalents. The Federal Deposit Insurance Corporation (FDIC) secures accounts in insured institutions up to \$250,000 per depositor. In addition, the FDIC is fully insuring all funds deposited in "non-interest bearing transaction accounts" through December 31, 2012. This temporary unlimited coverage is in addition to, and separate from, the coverage of at least \$250,000 available to depositors under the FDIC's general deposit insurance rules. At times, the balance of the Association's accounts may exceed the federally insured limits.

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 uncollectable 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

Preacquisition costs consist of costs incurred on the Grand Park projects that have not been completed. The Association begins depreciating completed construction project costs in the month they are placed in service.

Depreciation expense was \$34,348 for the year ended July 31, 2012.

INDIANA SOCCER ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS CONTINUED
July 31, 2012

NOTE A - CONTINUED

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 - Registration fees received for the Association's fall leagues are recorded as deferred revenue. Revenue is recognized in the year the leagues are 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.

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 July 31, 2012, the Association held no temporarily restricted and 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.

SUBSEQUENT EVENTS - The Association has evaluated subsequent events through November 21, 2012, 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 \$55,000 in claims per year. The insurance company pays the remainder. Claims can be submitted within a two year window. During the year ended July 31, 2012, the Association expensed claims of \$55,000. Based on historical claims experience of the Association, and the potential of claims reaching the \$55,000 deductible threshold, a contingent liability of \$45,148 was recorded for claims incurred but not yet reported or paid as of July 31, 2012.

INDIANA SOCCER ASSOCIATION, INC.
 NOTES TO FINANCIAL STATEMENTS CONTINUED
 July 31, 2012

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 July 31, 2012:

Office equipment	\$ 19,370
Less accumulated amortization	<u>(19,370)</u>
	<u>\$ -</u>

Future minimum lease payments under the capital lease as of July 31, 2012 are as follows:

<u>Years Ending</u>	
2013	\$ 1,162
Less amount representing interest	<u>(37)</u>
Present value of net minimum	<u>\$ 1,125</u>

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

NOTE D - 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 year ended July 31, 2012 was \$3,196.

NOTE E - 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 amount of \$140,950 was designated for this purpose for the year ended July 31, 2012.

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 July 31, 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 July 31, 2012.

INDIANA SOCCER ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS CONTINUED
July 31, 2012

NOTE F - 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 G - COMMITMENTS AND CONTINGENCIES

In September 2011, the Association entered into a letter of understanding with the City of Westfield, Indiana relating to the development of a 350 acre family sports complex named Grand Park. It will house indoor and outdoor facilities for soccer, baseball, softball, lacrosse, football, rugby and field hockey. Construction has already commenced and is scheduled to be completed in 2013. The development will be financed with public and private funding. The Association will participate in the construction and cost of an indoor facility that will become its headquarters. The Association will enter into a management agreement, expected to provide that revenues generated will be shared with the City of Westfield. Through July 31, 2012, the Association has incurred project planning costs, included in Preacquisition Costs, totaling \$99,218 toward this project. The specifics of the financial obligations of the Association are still under negotiation with the city planners.

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

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

We have audited the financial statements of Indiana Soccer Association, Inc. as of and for the year ended July 31, 2012, and have issued our report thereon dated November 21, 2012, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for the purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

November 21, 2012

Dunbar, Cook & Shepard, P.C.

INDIANA SOCCER ASSOCIATION
 SCHEDULE OF FUNCTIONAL EXPENSES
 For the Year Ended July 31, 2012

	Competition	Coaching Education	Olympic Development Program	Registration	Marketing	Outreach Programs	Management and General	Total
Registration	\$ 48,489	-	-	\$ 179,675	-	-	-	\$ 228,164
Development	-	-	299,910	-	-	-	6,000	305,910
Program administration	42,451	1,523	-	207	-	-	-	44,181
Awards	15,870	-	-	2,687	-	-	-	18,557
Education	-	20,918	-	-	-	-	8	20,926
Referee	138,457	2,500	-	11,592	-	-	59	152,608
Insurance	345	-	-	121,231	-	-	8,870	130,446
Rentals	28,990	-	9,380	5,389	-	-	-	43,759
Meals	-	1,078	-	17,481	-	-	925	19,484
Travel	6,544	3,178	39,169	9,372	-	-	2,378	60,641
Supplies	14,067	-	808	409	-	-	-	15,284
Security	5,493	-	-	-	-	-	-	5,493
Marketing	-	-	-	3,000	14,166	-	-	17,166
Meetings and conventions	-	1,229	-	1,639	-	-	1,475	4,343
Outreach	-	-	-	-	-	47,526	-	47,526
Salaries, wages, and contract labor	80,676	82,071	126,819	58,575	42,355	-	108,851	499,347
Payroll taxes	7,159	4,777	6,124	5,144	3,810	-	9,821	36,835
Employee benefits	8,238	8,407	8,134	9,626	3,878	-	22,564	60,847
Depreciation	6,870	6,870	1,717	8,587	6,182	-	4,122	34,348
Interest	230	230	57	287	207	-	138	1,149
Office	9,592	9,592	2,398	11,990	8,633	-	5,756	47,961
Professional fees	3,977	3,977	994	4,971	3,579	-	2,386	19,884
Repairs and maintenance	2,197	2,197	549	2,748	1,978	-	1,318	10,987
Utilities	2,803	2,803	702	3,504	2,523	-	1,682	14,017
Total	\$ 422,448	\$ 151,350	\$ 496,761	\$ 458,114	\$ 87,312	\$ 47,526	\$ 176,353	\$ 1,839,863