

INDIANA SOCCER ASSOCIATION, INC.

July 31, 2013

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

INDIANA SOCCER ASSOCIATION, INC.
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INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of Indiana Soccer Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of July 31, 2013 and 2012, and the related statements of activities and change in unrestricted net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indiana Soccer Association, Inc. as of July 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

VonLehman & Company Inc.

Indianapolis, Indiana
October 18, 2013

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

	July 31,	
	2013	2012
Assets		
Assets		
Cash and Cash Equivalents	\$ 460,559	\$ 357,515
Accounts Receivable	8,575	57,161
Prepaid Expenses	7,006	6,955
Preacquisition Costs	203,422	99,218
Property and Equipment:		
Land	31,922	31,922
Buildings and Improvements	485,640	485,640
Equipment	192,507	187,507
Less Accumulated Depreciation	<u>(380,330)</u>	<u>(354,998)</u>
Total Property and Equipment	<u>329,739</u>	<u>350,071</u>
Total Assets	<u>\$ 1,009,301</u>	<u>\$ 870,920</u>
Liabilities and Net Assets		
Liabilities		
Accounts Payable and Accrued Expenses	\$ 24,583	\$ 97,323
Player Insurance Liability	62,728	45,148
Deferred Revenue	96,369	37,350
Capital Lease Obligation	<u>-</u>	<u>1,125</u>
Total Liabilities	<u>183,680</u>	<u>180,946</u>
Net Assets		
Unrestricted		
Undesignated	573,945	503,630
Board Designated	<u>251,676</u>	<u>186,344</u>
Total Net Assets	<u>825,621</u>	<u>689,974</u>
Total Liabilities and Net Assets	<u>\$ 1,009,301</u>	<u>\$ 870,920</u>

See accompanying notes.

INDIANA SOCCER ASSOCIATION, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN UNRESTRICTED NET ASSETS

	Year Ended July 31, 2013		
	Undesignated	Designated	Total
Revenues			
Program services			
Competition	\$ 544,358	\$ -	\$ 544,358
Coaching Education	-	18,247	18,247
Olympic Development Program	467,383	-	467,383
Registration	808,082	-	808,082
	1,819,823	18,247	1,838,070
Other Revenue			
Marketing	21,057	-	21,057
Grants and Contributions	17,100	-	17,100
Royalties and Other	1,526	21,753	23,279
 Total Revenues	 1,859,506	 40,000	 1,899,506
Expenses			
Program Services			
Competition	493,861	-	493,861
Coaching Education	123,487	-	123,487
Olympic Development Program	436,775	-	436,775
Registration	407,326	-	407,326
Marketing	92,553	-	92,553
Outreach Programs	39,901	-	39,901
Management and General	169,956	-	169,956
 Total Expenses	 1,763,859	 -	 1,763,859
 Change in Unrestricted Net Assets	 95,647	 40,000	 135,647
 Unrestricted Net Assets - Beginning of Year	 503,630	 186,344	 689,974
 Net Assets Designated for Future Capital Expenditures	 (25,332)	 25,332	 -
 Unrestricted Net Assets - End of Year	 \$ 573,945	 \$ 251,676	 \$ 825,621

See accompanying notes.

INDIANA SOCCER ASSOCIATION, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN UNRESTRICTED NET ASSETS

Year Ended July 31, 2012

	<u>Undesignated</u>	<u>Designated</u>	<u>Total</u>
Revenues			
Program services			
Competition	\$ 452,874	\$ -	\$ 452,874
Coaching Education	24,805	-	24,805
Olympic Development Program	512,066	-	512,066
Registration	<u>819,629</u>	<u>-</u>	<u>819,629</u>
	1,809,374	-	1,809,374
Other Revenue			
Marketing	20,349	-	20,349
Grants and Contributions	33,657	-	33,657
Royalties and Other	<u>12,212</u>	<u>-</u>	<u>12,212</u>
	1,875,592	-	1,875,592
Expenses			
Program Services			
Competition	422,448	-	422,448
Coaching Education	151,350	-	151,350
Olympic Development Program	496,760	-	496,760
Registration	458,113	-	458,113
Marketing	87,312	-	87,312
Outreach Programs	47,526	-	47,526
Management and General	<u>176,354</u>	<u>-</u>	<u>176,354</u>
	1,839,863	-	1,839,863
Change in Unrestricted Net Assets	35,729	-	35,729
Unrestricted Net Assets - Beginning of Year	502,249	151,996	654,245
Net Assets Designated for Future Capital Expenditures	<u>(34,348)</u>	<u>34,348</u>	<u>-</u>
Unrestricted Net Assets - End of Year	\$ <u>503,630</u>	\$ <u>186,344</u>	\$ <u>689,974</u>

See accompanying notes.

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

	Year Ended July 31,	
	2013	2012
Cash Flows from Operating Activities		
Change in Unrestricted Net Assets	\$ 135,647	\$ \$ 35,729
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	25,332	34,348
Cash from (for) Operating Assets and Liabilities		
Accounts Receivable	48,586	(9,473)
Prepaid Expenses	(51)	(698)
Accounts Payable and Accrued Expenses	(72,740)	65,984
Player Insurance Liability	17,580	31,794
Deferred Revenue	59,019	6,763
	213,373	164,447
Cash Flows Used in Investing Activities		
Purchase of Property and Equipment	(5,000)	(6,380)
Preacquisition Costs	(104,204)	(99,218)
	(109,204)	(105,598)
Cash Flows from Financing Activities		
Payment on Capital Lease Obligation	(1,125)	(5,823)
	103,044	53,026
Beginning Cash and Cash Equivalents	357,515	304,489
Ending Cash and Cash Equivalents	\$ 460,559	\$ \$ 357,515
Supplemental Disclosures		
Cash Paid During the Year for		
Interest on Capital Lease	\$ 73	\$ 1,149

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

NOTE 1 - 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

At various times throughout the year, the Association may have cash in certain financial institutions in excess of insured limits. The Federal Deposit Insurance Corporation (FDIC) insures account balances up to \$250,000 for each business sector. In addition, the FDIC insured 100% of all non-interest bearing accounts through December 31, 2012. Using these criteria, the Association had cash in financial institutions in excess of insured limits of \$260,154 and \$-0- at July 31, 2013 and 2012, respectively

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$25,332 and \$34,348 for the years ended July 31, 2013 and 2012, respectively.

Revenue Recognition

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

Deferred Revenue

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, 2013 and 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.

NOTE 2 - 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 years ended July 31, 2013 and 2012, the player insurance expense was \$126,466 and \$121,576, respectively. Based on historical claims experience of the Association, and the potential of claims reaching the \$55,000 deductible threshold, for each of the last two years resulted in a combined contingent liability of \$62,728 and \$45,148 for claims incurred but not yet reported or paid as of July 31, 2013 and 2012, respectively.

NOTE 3 - 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% of compensation. In addition, a match of 2% may be paid based upon meeting certain budget criteria and approval of the Executive Committee. The Association's matching contributions to the 401(k) plan for the years ended July 31, 2013 and 2012 were \$2,393 and \$3,196, respectively.

NOTE 4 - BOARD-DESIGNATED NET ASSETS

The Board of Directors of the Association designated a portion of unrestricted net assets to be held for future capital expenditures. The amounts of \$166,282 and \$140,950 were designated for this purpose for the years ended July 31, 2013 and 2012, respectively.

The Board of Directors of the Association designated funds to be held for adult development, online education and strategic planning. The amounts of board-designated net assets remaining for this purpose were \$85,394 and \$45,394 at July 31, 2013 and 2012, respectively.

NOTE 5 - 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 6 - 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 outdoor facilities for soccer, baseball, softball, lacrosse, football, rugby and field hockey. Construction of the park has already commenced and is scheduled to be completed in early 2014. The development is financed with public and private funding. The Association will enter into a management agreement, expected to provide that revenues generated will be shared with the City of Westfield. The specifics of the financial obligations of the Association under this management agreement are still under negotiation with the city planners.

The Association plans to participate in the construction of an indoor facility that will also become its headquarters. Through July 31, 2013 and 2012, the Association has incurred project planning costs, included in Pre-acquisition Costs, totaling \$203,422 and \$99,218, respectively, toward this project. The specifics of the financial obligations of the Association for construction of an indoor facility are still under negotiation with the city planners.

NOTE 6 - SUBSEQUENT EVENTS

The date to which events occurring after July 31, 2013, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is October 18, 2013, which is the date on which the financial statements were available to be issued.

NOTE 7 - RECLASSIFICATIONS

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

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 years ended July 31, 2013 and 2012, and have issued our report thereon dated October 18, 2013, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses and schedule of cash accounts are presented for the purposes of additional analysis and are 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 audits 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.

VonLehman & Company Inc.

Indianapolis, Indiana
October 18, 2013

INDIANA SOCCER ASSOCIATION
SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended July 31, 2013

	<u>Competition</u>	<u>Coaching Education</u>	<u>Olympic Development Program</u>	<u>Registration</u>	<u>Marketing</u>	<u>Outreach Programs</u>	<u>Management and General</u>	<u>Total</u>
Registration Development	\$ 48,550	-	-	\$ 149,558	\$ -	\$ -	\$ -	\$ 198,108
Program Administration	-	-	217,303	-	-	-	-	217,303
Awards	23,381	498	-	113	-	-	-	23,992
Education	24,649	-	-	2,861	-	-	-	27,510
	-	12,614	-	-	-	-	22	12,636
Referee	142,233	-	-	10,730	-	-	275	153,238
Insurance	1,633	-	-	124,836	-	-	7,767	134,236
Rentals	34,944	-	17,280	3,464	-	-	-	55,688
Meals	-	440	1,434	19,566	-	-	837	22,277
Travel	3,561	3,588	36,295	-	-	-	4,500	47,944
Supplies	14,155	-	10,569	-	-	-	-	24,724
Security	4,275	-	-	-	-	-	-	4,275
Marketing	-	-	-	3,000	20,025	-	-	23,025
Meetings and Conventions	-	731	-	1,496	-	-	983	3,210
Outreach	-	-	-	-	-	39,901	-	39,901
Salaries, Wages, and Contract Labor	146,418	72,725	131,889	49,191	45,471	-	114,803	560,497
Payroll Taxes	12,113	4,133	9,074	4,372	3,660	-	8,565	41,917
Employee Benefits	16,212	7,021	7,495	10,966	3,832	-	19,165	64,691
Depreciation	5,066	5,066	1,267	6,333	4,560	-	3,040	25,332
Miscellaneous	90	90	23	113	81	-	53	450
Office	8,309	8,309	2,077	10,386	7,478	-	4,984	41,543
Professional Fees	3,314	3,314	829	4,143	2,983	-	1,987	16,570
Repairs and Maintenance	2,244	2,244	561	2,805	2,020	-	1,346	11,220
Utilities	2,714	2,714	679	3,393	2,443	-	1,629	13,572
Total	\$ 493,861	\$ 123,487	\$ 436,775	\$ 407,326	\$ 92,553	\$ 39,901	\$ 169,956	\$ 1,763,859

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

	<u>Competition</u>	<u>Coaching Education</u>	<u>Olympic Development Program</u>	<u>Registration</u>	<u>Marketing</u>	<u>Outreach Programs</u>	<u>Management and General</u>	<u>Total</u>
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	6,183	-	4,121	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	2,747	1,978	-	1,319	10,987
Utilities	2,803	2,803	701	3,504	2,523	-	1,683	14,017
Total	\$ 422,448	\$ 151,350	\$ 496,760	\$ 458,113	\$ 87,312	\$ 47,526	\$ 176,354	\$ 1,839,863

**INDIANA SOCCER ASSOCIATION, INC.
SCHEDULE OF CASH ACCOUNTS**

	July 31,	
	2013	2012
Cash in Bank - All Accounts		
Petty Cash	\$ 50	\$ 50
Old National Operating Account	218,855	165,938
Old National Capital Improvements	183,404	144,628
Insurance Deductible 2010-2011	-	107
Insurance Deductible 2011-2012	20,179	46,792
Insurance Deductible 2012-2013	38,071	-
Total Cash in Bank - All Accounts	\$ 460,559	\$ 357,515