



AUDITED FINANCIAL STATEMENTS

June 30, 2010 and 2009

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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.**, as of June 30, 2010, and the related statements of activities and changes 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. The financial statements of Indiana Soccer Association, Inc., as of June 30 2009, were audited by other auditors whose report dated December 2, 2009 expressed an unqualified opinion on those statements.

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 audit 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 provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indiana Soccer Association, Inc., as of June 30, 2010, 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 2, 2010

Dunbar, Cook & Shepard, P.C.

INDIANA SOCCER ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
ASSETS		
Cash and cash equivalents	\$ 93,144	\$ 45,552
Accounts receivable	40,717	42,840
Prepaid expenses	11,081	17,334
Property and equipment:		
Land	18,922	18,922
Buildings and improvements	482,967	482,967
Equipment	169,846	140,122
Less accumulated depreciation	<u>(279,363)</u>	<u>(247,815)</u>
Total Property and Equipment	<u>392,372</u>	<u>394,196</u>
TOTAL ASSETS	<u>\$ 537,314</u>	<u>\$ 499,922</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable and accrued expenses	\$ 31,552	\$ 44,944
Player insurance liability	-	10,438
Deferred sponsorship revenue	10,753	-
Capital lease obligation	<u>11,772</u>	<u>-</u>
TOTAL LIABILITIES	54,077	55,382
NET ASSETS		
Unrestricted	475,737	444,540
Temporarily restricted	<u>7,500</u>	<u>-</u>
TOTAL NET ASSETS	<u>483,237</u>	<u>444,540</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 537,314</u>	<u>\$ 499,922</u>

INDIANA SOCCER ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2010 and 2009

<u>REVENUES</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2010</u>	<u>2009</u>
Service revenue:				
Registrations	\$ 692,531	\$ -	\$ 692,531	\$ 704,224
Programs	404,764	-	404,764	337,507
Education	18,247	-	18,247	18,045
Competition	123,650	-	123,650	88,744
Events	284,884	-	284,884	261,366
	<u>1,524,076</u>	<u>-</u>	<u>1,524,076</u>	<u>1,409,886</u>
Other revenue:				
Sponsorship and marketing	19,500	-	19,500	21,505
Communications	10,522	-	10,522	15,810
Meetings	8,244	-	8,244	6,260
Grants	500	7,500	8,000	9,614
Sales	772	-	772	574
Rent	1,800	-	1,800	2,472
Gift in-kind contributions	-	-	-	22,105
	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,105</u>
TOTAL REVENUES	1,565,414	7,500	1,572,914	1,488,226
 <u>EXPENSES</u>				
Program services:				
Registrations	111,692	-	111,692	112,020
Olympic development	401,600	-	401,600	319,925
Education	126,074	-	126,074	156,595
Member services	274,586	-	274,586	286,049
Competition	141,664	-	141,664	116,580
Events	223,127	-	223,127	202,477
Communications	95,619	-	95,619	85,972
Outreach programs	4,690	-	4,690	9,499
Marketing	31,807	-	31,807	28,631
Grants	1,204	-	1,204	-
Administration	122,154	-	122,154	146,209
	<u>1,534,217</u>	<u>-</u>	<u>1,534,217</u>	<u>1,463,957</u>
TOTAL EXPENSES	1,534,217	-	1,534,217	1,463,957
CHANGES IN NET ASSETS	31,197	7,500	38,697	24,269
NET ASSETS - BEGINNING OF YEAR	<u>444,540</u>	<u>-</u>	<u>444,540</u>	<u>420,271</u>
NET ASSETS - END OF YEAR	<u>\$ 475,737</u>	<u>\$ 7,500</u>	<u>\$ 483,237</u>	<u>\$ 444,540</u>

See accompanying notes and auditors' report.

INDIANA SOCCER ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 38,697	\$ 24,269
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	39,476	32,419
Loss on disposal of assets	-	661
Donated computer software	-	(17,905)
Donated soccer apparel - received	-	(4,200)
Donated soccer apparel - used	17,334	1,102
Cash from (for) operating assets and liabilities:		
Accounts receivable	2,123	31,973
Prepaid expenses	(11,081)	-
Checks written in excess of bank balance	-	(66,316)
Accounts payable and accrued expenses	(13,392)	41,413
Player insurance liability	(10,437)	(4,095)
Deferred revenue	10,753	-
	73,473	39,321
NET CASH PROVIDED BY OPERATING ACTIVITIES	73,473	39,321
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property and equipment	(20,106)	(6,269)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Payment on capital lease obligation	(5,775)	-
	47,592	33,052
NET INCREASE IN CASH AND EQUIVALENTS	47,592	33,052
BEGINNING CASH AND CASH EQUIVALENTS	45,552	12,500
	\$ 93,144	\$ 45,552
ENDING CASH AND CASH EQUIVALENTS		
SUPPLEMENTAL DISCLOSURES:		
Cash paid during the year for:		
Interest	\$ 3,571	\$ -
Noncash transactions:		
Donation of property and equipment	\$ -	\$ 17,905
Office equipment financed by a capital lease	\$ 19,370	\$ -

INDIANA SOCCER ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

Depreciation expense was \$39,476 and \$32,419 for the years ended June 30, 2010 and 2009, respectively.

GIFT IN-KIND CONTRIBUTIONS - The Association had an agreement with Adidas under which the Association received an allotment contribution of Adidas equipment and supplies. The equipment and supplies are recorded at the wholesale value that the Association would pay if they were purchased. The contributed items are inventoried at the lower of cost or market and are expensed as used by the Association for Olympic Development Programs. Gift in-kind contributions of equipment and supplies recorded at fair market value, amounted to \$4,200 for the period ended June 30, 2009. The agreement with Adidas expired on December 31, 2008 and was not renewed.

INDIANA SOCCER ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE A - CONTINUED

The Association also received an in-kind contribution of computer software valued at fair market value of \$17,905 during 2009. The total gift in-kind contributions reported in the statement of activities amounted to \$22,105 for the period ended June 30, 2009.

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.

SUBSEQUENT EVENTS - The Association has evaluated subsequent events through November 2, 2010, which is the date the financial statements were available to be issued.

RESTRICTED ASSETS - Net assets of the temporarily or permanently restricted classes are created only by donor-imposed restrictions on their use. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restrictions met in the same year are classified as unrestricted net assets. At June 30, 2010, the Association held one temporarily restricted and no permanently restricted net asset categories. At June 30, 2009, the Association held no temporarily restricted and no permanently restricted net asset categories. All other net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class. Unrestricted net assets are net assets that are not subject to donor restrictions.

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

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

REVENUE RECOGNITION - The Association's revenues include fees, registrations, and sponsorships. Revenues are recognized when earned. Fees, registrations, and sponsorships received prior to events are deferred until the event occurs.

INDIANA SOCCER ASSOCIATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2010 and 2009

NOTE A - CONTINUED

FINANCIAL STATEMENT PRESENTATION - Certain 2009 amounts have been reclassified to conform to the 2010 presentation. These reclassifications have no effect on the changes in net assets for either year.

NOTE B - PLAYER INSURANCE LIABILITY

The Association provides medical liability insurance for registered players. In 2005, the Association began self-insuring the first \$25,000 in claims per year and the insurance company pays the remainder. Claims can be submitted within a two year window. During the periods ended June 30, 2010 and 2009, the Association expensed claims of \$25,000 each period. Based on historical claims, experience of the Association, and the potential of claims reaching the \$25,000 threshold, a contingent liability of \$-0- and \$10,438 was recorded for claims incurred but not yet reported or paid as of June 30, 2010 and 2009, respectively.

NOTE C - CAPITAL LEASE OBLIGATION

The Association has entered into a lease agreement for the acquisition of office equipment. The asset and liability under the capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the assets. The assets are being amortized over the remaining life of the lease and the amortization is included in depreciation expense. The following is a summary of property held under the capital lease at June 30, 2010:

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

Future minimum lease payments under the capital lease as of June 30, 2010 are as follows:

<u>Years Ending</u>	
2011	\$ 6,972
2012	6,972
2013	<u>1,743</u>
	15,687
Less amount representing interest	<u>(3,915)</u>
Present value of net minimum	<u>\$ 11,772</u>

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

INDIANA SOCCER ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE D - OPERATING LEASE COMMITMENTS

The Association has entered into leases for office equipment. The leases are for 60 months and 36 months. \$633 is payable monthly until the leases terminate in November 2012 and September 2011, respectively. Rent expense was \$7,595 for the years ended June 30, 2010 and 2009.

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

<u>Years Ending</u>	
2011	\$ 7,595
2012	2,256
2013	<u>396</u>
	<u>\$ 10,247</u>

NOTE E - LINE OF CREDIT

During the 2008 fiscal year, the Association obtained an unsecured credit line via a MasterCard in the amount of \$50,000 at a variable rate based on the bank's prime lending rate. The rate at June 30, 2009 was 24.99 percent. There was no outstanding balance at June 30, 2009 on this account. The line of credit was terminated during 2010.

NOTE F - EMPLOYEE BENEFIT PLAN

Effective August 20, 2006, the Association adopted a 401(k) plan. All employees meeting the plan requirements are eligible to participate. Profit sharing contributions to the plan may be made at the discretion of the Board of Directors. The plan provides to match employee deferrals up to 2 percent of compensation. In addition, a match of 2 percent may be paid based upon meeting certain budget criteria and approval of the Executive Committee. The Association's matching contributions to the 401(k) plan for the years ended June 30, 2010 and 2009 were \$3,516 and \$3,988, respectively.

NOTE G - 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 \$65,315 and \$40,872 were designated for this purpose for the years ended June 30, 2010 and 2009, respectively.

NOTE H - INCOME TAXES

The Association files annual returns in the U. S. Federal and Indiana jurisdictions. Currently, the 2006, 2007, and 2008 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.

INDIANA SOCCER ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE I - SUBSEQUENT EVENTS

Subsequent to year-end, the Association entered into a purchase agreement. The agreement, effective September 20, 2010, is to purchase land adjacent to the Association's facilities for \$10,000.