

Financial Statements

FLORIDA YOUTH SOCCER ASSOCIATION, INC.

August 31, 2019

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Financial Statements

August 31, 2019

(With Independent Accountant's Review Report Thereon)

FLORIDA YOUTH SOCCER ASSOCIATION, INC.

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Independent Accountant's Review Report

Board of Directors
Florida Youth Soccer Association, Inc.:

We have reviewed the accompanying financial statements of Florida Youth Soccer Association, Inc., which comprise the statement of financial position as of August 31, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Schater, Kchagg, Whiternut, Mitchell & Shuilar, LLP

November 22, 2019
Maitland, Florida

FLORIDA YOUTH SOCCER ASSOCIATION, INC.

Statement of Financial Position

August 31, 2019

Assets

Current assets:

Cash and cash equivalents	\$ 397,353
Investments and securities (note 4)	4,173,427
Prepaid expenses and other	248,630
	<hr/>
Total current assets	4,819,410

Property and equipment:

Building and improvements	1,840,767
Software	259,192
Furniture and equipment	108,514
Computers	90,334
	<hr/>
	2,298,807
Less accumulated depreciation	(904,742)
	<hr/>
Property and equipment, net	1,394,065

Deposits and other assets

	<hr/>
	-
	<hr/>
Total assets	\$ 6,213,475

Liabilities and Net Assets

Current liabilities:

Accounts payable and accrued expenses	\$ 349,358
Deferred income, affiliation and registration fees	397,992
Player insurance reserve and tournament deposits	484,741
Other	34,269
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Total current liabilities	1,266,360

Commitments and contingencies (notes 6, 8, 9 and 10)

Net assets without donor restrictions	<hr/>
	4,947,115
	<hr/>
	\$ 6,213,475

See accompanying notes and independent accountant's review report.

FLORIDA YOUTH SOCCER ASSOCIATION, INC.

Statement of Activities

Year ended August 31, 2019

Net assets without donor restrictions:	
Support and revenue:	
Membership	\$ 2,047,451
Programs and services	2,079,611
United States Soccer Federation	116,119
Sponsorships	76,198
Annual general meeting	81,586
Interest, late fees and other	<u>7,501</u>
Total support and revenue	<u>4,408,466</u>
Expenses:	
Salaries and wages	857,346
Payroll taxes	63,767
Benefits	<u>109,938</u>
Total salaries, taxes and benefits	1,031,051
Rent	100,405
Utilities	14,792
Insurance	724,841
Background checks	521,778
Dues and affiliations	490,202
Supplies	123,429
Meetings	131,459
Printing and postage	21,637
Bank and credit card fees	67,448
Telephone	19,543
IT support	23,596
Repairs and maintenance	36,823
Professional fees	60,405
Travel	472,735
Meals and entertainment	199,037
Contractors	322,421
Rentals	328,650
Awards	21,703
Apparel	96,101
Team stipends	152,000
Gifts	30,456
FYSA sponsored programs	183,549
Depreciation	42,488
Other expenses	<u>413</u>
Total expenses	<u>5,216,962</u>
Change in net assets from operations	(808,496)
Investment gain (note 4)	<u>134,807</u>
Change in net assets	(673,689)
Net assets at beginning of year	<u>5,620,804</u>
Net assets at end of year	<u>\$ 4,947,115</u>

See accompanying notes and independent accountant's review report.

FLORIDA YOUTH SOCCER ASSOCIATION, INC.

Statement of Cash Flows

Year ended August 31, 2019

Cash flows from operating activities:	
Change in net assets	\$ (673,689)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	42,488
Net unrealized gains on investments	(17,801)
Net increase (decrease) in cash flows from changes in:	
Prepaid expenses and other	157,120
Deposits and other assets	6,360
Accounts payable and accrued expenses	44,403
Deferred income, affiliation and registration fees	185,517
Player insurance reserve and tournament deposits	160,376
Other	(4,042)
Net cash used in operating activities	<u>(99,268)</u>
Cash flows from investing activities:	
Acquisition of property and equipment	(229,868)
Purchase of investments and securities, net	<u>(243,418)</u>
Net cash used in investing activities	<u>(473,286)</u>
Net decrease in cash and cash equivalents	(572,554)
Cash and cash equivalents, beginning of year	<u>969,907</u>
Cash and cash equivalents, end of year	<u><u>\$ 397,353</u></u>

See accompanying notes and independent accountant's review report.

FLORIDA YOUTH SOCCER ASSOCIATION, INC.

Notes to Financial Statements

August 31, 2019

(1) Organization

Florida Youth Soccer Association, Inc. (the Association or FYSA) was organized in the State of Florida in 1979 as a nonprofit, educational corporation. The Association's purpose is to foster and advance the game of soccer and to provide administration to youth under 19 years of age and its affiliated members within the State.

Services provided include the purchase of participant accident supplemental insurance as well as liability coverage for its members, coaches and affiliates; administration of district and state youth soccer tournaments; and educational courses provided to players and coaches. The Association and its members are registered annually with the United States Youth Soccer Association and the United States Soccer Federation, which are national associations with which the Association is affiliated.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements are presented on the accrual basis and represent the financial position and results of operations of the Organization.

The Organization prepares its financial statements on an entity wide basis, focusing on the organization as a whole. Net assets and revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Net assets without donor restrictions---Net assets that are not subject to donor-imposed stipulations and, therefore, available for use in general operations.
- Net assets with donor restrictions---Some donors impose restrictions that are temporary in nature, for example, stipulating that resources be used after a specified date, for particular programs or services, or to acquire buildings or equipment. Other donor-imposed restrictions that are perpetual in nature, for example, stipulating that resources be maintained in perpetuity. Laws may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, those laws extend donor-imposed restrictions.

FLORIDA YOUTH SOCCER ASSOCIATION, INC.

Notes to Financial Statements

August 31, 2019

(2) Summary of Significant Accounting Policies (Continued)

(b) Cash and Cash Equivalents

Cash and cash equivalents consists of amounts on deposit with banks and certain liquid short-term investments with maturities of less than three months. Cash on deposit with banks may, at times, exceed federally insured limits. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk. At August 31, 2019, cash and cash equivalents include money market deposits amounting to approximately \$141,000.

(c) Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the accompanying statement of activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

(d) Accounts Receivable

Affiliation and registration accounts receivable, as applicable, are stated at the amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts using the direct write-off method based on its assessment of the current status of individual receivables and after using reasonable collection efforts. Accounting principles generally accepted in the United States of America require the allowance method to be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

(e) Property and Equipment

Property and equipment are stated at cost. It is the Association's policy to capitalize expenditures for property and equipment in excess of \$1,000. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, generally 3 to 7 years for computers, software, furniture and equipment and 40 years for the building and improvements. Expenditures for repairs and maintenance are charged to operations as incurred.

FLORIDA YOUTH SOCCER ASSOCIATION, INC.

Notes to Financial Statements

August 31, 2019

(2) **Summary of Significant Accounting Policies (Continued)**

(f) **Income Taxes**

The Association is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and is not a private foundation within the meaning of Section 509(a) of the Code. The Association is subject to income taxes on certain income unrelated to its exempt purposes.

The Association has adopted the provisions of the Income Tax Topic of the ASC. These provisions clarify the accounting for uncertainty in tax positions and prescribe guidance related to the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The tax benefit from an uncertain tax position is only recognized in the statement of financial position if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Interest and penalties, if any, are included in expenses in the statement of activities. As of August 31, 2019, the Association had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

The Association's income tax returns are subject to review and examination by federal authorities. The Association is not aware of any activities that would jeopardize its tax-exempt status. The Association is not aware of any activities that are subject to tax on unrelated business income, excise or other taxes. The tax returns for the fiscal years ended from 2016 to 2018 are open to examination by federal authorities.

(g) **Financial Instruments Fair Value, Concentration of Credit Risk**

The carrying amount reported for cash, accounts receivable and accounts payable and accrued expenses, as applicable, approximates fair value because of the immediate or short-term maturity of these financial instruments. Financial instruments which potentially subject the Association to concentrations of credit risk consist principally of accounts receivable. The Association monitors performance of its customers' accounts, but does not generally require collateral.

FLORIDA YOUTH SOCCER ASSOCIATION, INC.

Notes to Financial Statements

August 31, 2019

(2) Summary of Significant Accounting Policies (Continued)

(h) Deferred Revenue

Deferred revenue consists primarily of payments received from members for affiliation and registration fees to be recognized by the Association in a subsequent period.

(i) Revenue and Support

Affiliation and registration fees are recognized as support in the applicable period to which the affiliation and registration fees relate. Recognition of affiliation and registration fees, collected in advance, is deferred until the period to which such fees relate.

(j) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

(k) Fair Value Measurements

Generally accepted accounting principles defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements which currently applies to all financial assets and liabilities, as well as for any other assets and liabilities that are carried at fair value on a recurring basis.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. These principles also establish a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value using three levels of inputs as follows:

FLORIDA YOUTH SOCCER ASSOCIATION, INC.

Notes to Financial Statements

August 31, 2019

(2) Summary of Significant Accounting Policies (Continued)

(k) Fair Value Measurements (Continued)

- Level 1: quoted prices in active markets for identical assets or liabilities
- Level 2: quoted prices for similar assets and liabilities in active markets or inputs that are observable
- Level 3: inputs that are unobservable (for example, cash flow modeling based on assumptions)

The Association did not change its valuation techniques during the year and continues to use Level 1 inputs to measure the fair value of its investments.

(l) Contributed Services

A substantial number of volunteers have donated significant amounts of their time to the Association's management, programs and soccer tournaments. The value of these contributed services is not reflected in the financial statements since it is not susceptible to objective measurement or valuation and the activities of these volunteers are not subject to the operating supervision and control present in an employer/employee relationship.

(m) Functional Allocation of Expenses

The costs of providing programs and administration of the Organization have been summarized on a functional basis as indicated in note 11. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The allocation of expenses according to function, including payroll and occupancy costs which cannot be directly attributed to specific functions, is based on estimates by the Organization's management, of the time of employees involved and of percentages of assets utilized.

(n) Subsequent Events

In preparing these financial statements, the Association has evaluated subsequent events and transactions through November 22, 2019 which is the date the financial statements were available to be issued. All subsequent events requiring recognition, if any, as of November 22, 2019 have been incorporated into the accompanying financial statements.

FLORIDA YOUTH SOCCER ASSOCIATION, INC.

Notes to Financial Statements

August 31, 2019

(2) **Summary of Significant Accounting Policies (Continued)**

(o) **Change in Accounting Principle**

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly.

(3) **Liquidity and Availability**

As of August 31, 2019, the Organization has approximately \$4,571,000 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following table reflects the Organization’s financial assets as of August 31, 2019 reduced by amounts that are not available to meet general expenditures, as applicable, within one year of the statement of financial position date.

Cash and cash equivalents	\$ 397,353
Investments and securities	<u>4,173,427</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,570,780</u>

(4) **Investments**

Investments as of August 31, 2019 are summarized as follows:

	<u>Input Level</u>	<u>Cost</u>	<u>Market Value</u>
Common stock	1	\$ 1,287,166	1,496,051
Mutual funds – equities	1	1,500,763	1,478,942
Mutual funds -fixed income	1	1,778,393	1,801,335
Mutual funds - other	1	<u>169,457</u>	<u>168,461</u>
		4,735,779	4,944,789
Less: closing cash and money balance		<u>(771,362)</u>	<u>(771,362)</u>
		<u>\$ 3,964,417</u>	<u>4,173,427</u>

FLORIDA YOUTH SOCCER ASSOCIATION, INC.

Notes to Financial Statements

August 31, 2019

(4) **Investments (Continued)**

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended August 31, 2019:

Interest and dividends	\$ 159,290
Net unrealized gains	17,801
Investment expenses	<u>(42,284)</u>
Total net investment income	<u>\$ 134,807</u>

(5) **Sponsorship Agreements**

The Association receives cash and in-kind sponsorships in the form of uniforms, T-shirts, travel bags, soccer balls, caps, coolers, sponsor product and other apparel. In-kind sponsorship contributions are recorded based on their estimated retail value and are directed to various programs, services and volunteers including the following: Olympic development teams and coaches, state and regional cup staff, coaching course attendees, state tournament volunteers, referees and Association board members. Under the terms of these agreements, the Association is entitled to receive additional cash and in-kind funding in future years.

(6) **Retirement Plan**

The Association has established a defined contribution retirement savings plan. All employees who meet certain eligibility requirements may participate in the Plan. Contributions to the plan are discretionary and are determined annually by the Association's board of directors. During the year ended August 31, 2019, contributions made to the Plan amounted to \$12,375.

(7) **Restitution Settlement**

During 1993, a restitution order was issued in the court of the Ninth Judicial Circuit in Orange County, Florida which indicated that the sum of \$228,313 is payable to the Association by the defendant, a former Association employee. The form and timing of the payment was not specifically determined; however, during 1994, the defendant began paying approximately \$200 per month. A total of \$2,885 was received in the year ended August 31, 2019.

FLORIDA YOUTH SOCCER ASSOCIATION, INC.

Notes to Financial Statements

August 31, 2019

(8) Lease Commitment

The Association has a non-cancelable agreement for the lease of certain office equipment. The following are the approximate annual aggregate minimum payments, exclusive of operating expenses and taxes for the years ending August 31:

2020	\$ 4,334
2021	4,728
2022	4,728
2023	4,728
2024	394

Total lease expense amounted to approximately \$5,500 during the year ended August 31, 2019.

(9) Contingencies

The Association is party to various claims and matters of litigation incidental to the normal course of its activities (primarily related to registered players). The Association maintains applicable insurance that covers many of these matters. Consequently, management believes that the final resolution of these matters will not have a material adverse effect on the Association's financial position, results of activities or cash flows.

(10) Association Headquarters

In August 2006, the Association entered into an agreement with the City of Auburndale (the City) to create a soccer complex in Lake Myrtle Park, Auburndale, Florida. The Association received their certificate of occupancy and moved into the complex on November 29, 2010. The following information related to that agreement and the amendment dated August 25, 2011, is only in summary form; the agreement should be referred to for more specific terms and conditions. As part of the agreement a 50-year commitment was established whereby the Association now occupies a new FYSA office headquarters facility constructed by the Association. Additionally, upon development and construction by the City of eight additional soccer fields (bringing the total number of soccer fields to 11) and related improvements, the Association has committed to sponsor and host approximately 15 to 20 soccer tournaments or events each year over the fifty-year period of the agreement. As of October 1, 2019, the Association pays a monthly fee of \$8,630 (subject to an annual escalation) for the City to maintain the soccer fields and related improvements. During the year ended August 31, 2019, the Association paid approximately \$100,000 in connection with this agreement with the City.

FLORIDA YOUTH SOCCER ASSOCIATION, INC.

Notes to Financial Statements

August 31, 2019

(11) Functional Expenses

The costs of programs and supporting activities for the year ended August 31, 2019 have been summarized on a functional basis as follows:

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Expenses:			
Salaries and wages	\$ 643,010	214,337	857,346
Payroll taxes	47,825	15,942	63,767
Employee benefits	82,454	27,485	109,939
Rent	90,365	10,041	100,405
Utilities	2,958	11,834	14,792
Insurance	652,357	72,484	724,841
Background checks	469,600	52,178	521,778
Dues and affiliations	441,182	49,020	490,202
Supplies	92,572	30,857	123,429
Meetings	98,594	32,865	131,459
Printing and postage	16,227	5,409	21,637
Bank and credit card fees	53,958	13,490	67,448
Telephone	9,772	9,772	19,543
IT support	11,798	11,798	23,596
Repairs and maintenance	33,141	3,682	36,823
Professional fees	12,081	48,324	60,405
Travel	354,551	118,184	472,735
Meals and entertainment	159,229	39,807	199,037
Contractors	241,816	80,605	322,421
Rentals	262,920	65,730	328,650
Awards	19,532	2,170	21,703
Apparel	86,491	9,610	96,101
Team stipends	136,800	15,200	152,000
Gifts	24,365	6,091	30,456
FYSA sponsored programs	165,194	18,355	183,549
Depreciation	21,244	21,244	42,488
Other expenses	206	206	413
	<u>\$ 4,230,242</u>	<u>986,720</u>	<u>5,216,962</u>