

SOUTH TEXAS YOUTH SOCCER ASSOCIATION
(A Nonprofit Corporation)

**INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS**

August 31, 2010 and 2009

SOUTH TEXAS YOUTH SOCCER ASSOCIATION
(A Nonprofit Corporation)

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MILLAN & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
South Texas Youth Soccer Association
Manor, Texas

We have audited the accompanying statements of financial position of South Texas Youth Soccer Association (a nonprofit corporation) as of August 31, 2010 and 2009 and the related statements of activities and statements of cash flows for the years 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 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 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 audits 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 South Texas Youth Soccer Association as of August 31, 2010 and 2009 and the results of its operations and the changes in its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included on pages 11 through 13 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Millan & Co., P.C.

Austin, Texas
March 17 2011

SOUTH TEXAS YOUTH SOCCER ASSOCIATION
(A Nonprofit Corporation)

STATEMENTS OF FINANCIAL POSITION

August 31, 2010 and 2009

ASSETS

	2010	2009
<i>Current assets</i>		
Cash	\$ 1,058,396	\$ 538,657
Accounts receivable (Note 1)	\$ 69,984	82,752
Coaching Course Inventory	\$ 5,217	3,767
Prepaid expense	\$ 30,902	27,796
<i>Total current assets</i>	1,164,499	652,972
<i>Property and equipment</i>		
Computer equipment and software	48,348	48,348
Furniture and fixtures	14,377	14,377
Office building	365,722	365,722
Office equipment	31,389	31,389
<i>Total property and equipment</i>	459,836	459,836
Accumulated depreciation and amortization	(177,656)	(155,842)
<i>Net property and equipment</i>	282,180	303,994
Total assets	\$ 1,446,679	\$ 956,966

LIABILITIES AND NET ASSETS

	2010	2009
<i>Current liabilities</i>		
Accounts payable	\$ 33,504	\$ 36,495
Insurance claim reserve	\$ 241,592	142,774
Accrued payroll	570	652
Deferred revenue	256,550	-
<i>Total current liabilities</i>	532,216	179,921
<i>Total liabilities</i>	\$ 532,216	\$ 179,921
<i>Net assets</i>	914,463	777,045
Total liabilities and net assets	\$ 1,446,679	\$ 956,966

The accompanying notes are an integral
part of the financial statements

SOUTH TEXAS YOUTH SOCCER ASSOCIATION
(A Nonprofit Corporation)

STATEMENTS OF ACTIVITIES

For the Years Ended August 31, 2010 and 2009

	2010	2009
Unrestricted net assets - operations		
<i>Support and revenues</i>		
Player Registration Fees	\$ 1,171,650	\$ 1,046,451
Referee Development	15,000	14,000
Hurricane Relief Fund	-	14,350
Appeals & Protests	1,750	2,000
Fines	2,540	3,245
Administrative Fees	125	100
Tournament Hosting Fee	22,200	17,720
Travel Permits	11,000	13,795
International Games	9,308	16,637
Bank Interest	1,397	3,989
Rebates	6,906	2,945
Miscellaneous	241	-
Background Checks	50,245	39,460
Coaching Clinic	92,020	105,703
Coaching Supplies	587	172
National Coaching Course	14,300	13,150
Mailouts	34,041	58,196
Newsletter	2,205	8,081
State Meeting	14,685	10,520
Fall Games	132,620	142,480
USYSNC State Cup Fees	124,727	69,300
President's Cup Fees	159,965	48,149
Director's Cup Fees	121,950	36,000
South Texas Cup Fees	72,000	75,150
Kohl's Cup	8,475	14,642
League Fees	29,500	-
ODP Revenue	329,806	357,550
Western District Revenue	15,410	144,415
Eastern District Revenue	(35,230)	456,210
 <i>Total support and revenues</i>	 \$ 2,409,423	 \$ 2,714,410

SOUTH TEXAS YOUTH SOCCER ASSOCIATION
(A Nonprofit Corporation)

STATEMENTS OF ACTIVITIES (Continued)

For the Years Ended August 31, 2010 and 2009

	2010	2009
<i>Expenses</i>		
Player Insurance	\$ 323,240	\$ 373,324
USYSA/USSF Fees	167,232	184,154
Hurricane Recovery Relief	-	14,300
Accounting/Audit Fees	8,665	11,376
D & O Insurance	22,090	12,792
Legal Fees	-	385
Bank Charges	509	119
Merchant Fees	5,395	2,499
Background Checks	37,616	29,470
State Meetings	20,464	19,556
Clinic Supplies	645	228
Coaching Course Materials	15,778	17,649
Instructor Meals/Entertainment	450	758
Instructor Stipend	16,975	25,490
Instructor Travel	5,403	10,140
Postage/Shipping	2,394	2,075
Coaches Handbook	614	6,544
Director of Coaching & Development	140,269	130,497
National Coaching Course	185	-
National Youth License Course	7,999	8,438
Mailout	10,994	6,733
Newsletter	5,936	43,944
Registration	104,318	148,695
Top Soccer Committee	1,058	-
STYSA Office	292,269	345,106
Western District Operating	10,702	-
Eastern District Operating	5,607	-
President	21,614	26,915
Executive VP	12,033	7,753
Eastern District VP	3,706	6,001
Western District VP	8,274	5,909
Secretary	4,341	1,469
Treasurer	11,516	9,826
Register	4,208	4,253
Executive Committee Meetings	3,372	3,466
STX Event Representative	1,330	7,417
SYRA	3,978	3,684
Appeals & Protest Committee	6,777	7,624
Budget Committee	9	285
KIDS Safe Comm	364	1,883
Recreation Committee	489	1,055
Rules Committee	404	263

The accompanying notes are an integral part of the financial statements

SOUTH TEXAS YOUTH SOCCER ASSOCIATION
(A Nonprofit Corporation)

STATEMENTS OF ACTIVITIES (Continued)

For the Years Ended August 31, 2010 and 2009

	2010	2009
<i>Expenses - Continued</i>		
Technology Committee	\$ -	\$ 19
Competitions	39,907.00	-
Fall Games	149,951	168,361
State Classic League	30,708	197
Referee Promotion	24,512	36,145
USYSNC State Cup Committee	46,876	-
USYSNC	8,951	46,573
President's Cup	106,468	49,249
Director's Cup	70,308	26,855
South Texas Cup	64,038	64,440
Kohls' Cup	4,090	9,803
ODP Admin	49,654	39,301
ODP	259,560	380,768
Western District	17,858	124,604
Eastern District	87,760	401,451
Payroll	328	321
Depreciation	21,814	21,170
 <i>Total expenses</i>	 \$ 2,272,005	 \$ 2,851,332
 Excess of revenues over expenses before cumulative effect of a change in accounting estimates	 137,418	 (136,922)
 Cumulative effect of a change in accounting estimates (Note 7)		 73,075
 Excess of revenues over expenses	 137,418	 (63,847)
 Net assets at beginning of year	 \$ 777,045	 \$ 840,892
 Net assets at end of year	 \$ 914,463	 \$ 777,045

SOUTH TEXAS YOUTH SOCCER ASSOCIATION
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STATEMENTS OF CASH FLOWS

For the Years Ended August 31, 2010 and 2009

	2010	2009
<i>Cash flow from operating activities</i>		
Excess of revenues over expenses	\$ 137,418	\$ (63,847)
Adjustments to reconcile excess of revenues over expenses to net cash		
Depreciation expense	21,814	21,170
(Increase) decrease in accounts receivable	12,768	(483)
(Increase) decrease in prepaid expenses	(3,106)	(8,873)
(Increase) decrease in employee advances	-	1,000
(Increase) decrease in inventories	(1,450)	991
Increase (decrease) in accounts payable	(2,991)	(117,225)
Increase (decrease) in insurance claim reserve	98,818	51,669
Increase (decrease) in accrued payroll expense	(82)	411
Increase (decrease) in deferred revenue	256,550	
Total adjustments	382,321	(51,340)
<i>Net cash flow used by operating activities</i>	\$ 519,739	\$ (115,187)
<i>Cash flow from investing activities</i>		
Purchase of fixed assets	\$ -	\$ -
<i>Net cash flow used by investing activities</i>	\$ -	\$ -
<i>Cash flow from financing activities</i>		
Principal payments	\$ -	\$ -
<i>Net cash flow used by financing activities</i>	\$ -	\$ -
Net increase (decrease) in cash and cash equivalents	519,739	(115,187)
Cash and cash equivalents at beginning of year	\$ 538,657	\$ 653,844
Cash and cash equivalents at end of year	\$ 1,058,396	\$ 538,657

The accompanying notes are an integral part of the financial statements

SOUTH TEXAS YOUTH SOCCER ASSOCIATION
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

August 31, 2010 and 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of South Texas Youth Soccer Association (hereafter referred to as the Association) is presented to assist in understanding the Association's financial statements. The financial statements and notes are representations of the Association's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Organization

The Association is a nonprofit corporation incorporated under the laws of the State of Texas. The Association's purposes are the teaching of good sportsmanship; the educating of youth participants and adult sponsors in the fundamentals of soccer; promoting soccer through sponsorship of regularly scheduled youth soccer competitions; and conducting such other activities as the Association deems appropriate. The Association is an affiliated division of, and complies with the authority of the United States Soccer Federation (USSF) and the United States Youth Soccer Association (USYSA).

Revenue

Registration fees, team entry fees, application fees to host tournaments, and travel to tournaments outside the Association area are recorded as revenue in the period earned. Note for budget and monthly reporting purposes, the Association reports the entire \$11.03 fee (broken out below) as revenue, and amounts forwarded for national dues and insurance as expenses. However, these annual financial statements report only the Association portion in revenue, in accordance with generally accepted accounting principles.

USSF/USYSA Fee	\$ 2.00
Association Fee	4.47
Medical/Liability Insurance	4.56
	<u>\$ 11.03</u>

SOUTH TEXAS YOUTH SOCCER ASSOCIATION
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NOTES TO FINANCIAL STATEMENTS

August 31, 2010 and 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Association administers a coaching school to educate youth coaches, stimulate their interest in coaching, and to further promote youth soccer. The course sequence reflects a learning progression, as emphasis is placed on an individual's knowledge and experience rather than the particular age group he/she coaches.

Cash and Cash Equivalents

The Association considers money market accounts and short-term certificates of deposit with a maturity of six months or less to be cash and cash equivalents for purposes of the statements of cash flows.

Accounts Receivable

No allowance for uncollectible accounts has been provided since the management of the Association considers all accounts receivable to be collectible.

Property and Equipment

Property and equipment are recorded at cost and depreciated over their estimated useful lives using the straight-line method. When assets are retired or otherwise disposed of the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in the period. Maintenance and repairs are charged to expense as incurred, and significant renewals and betterments are capitalized.

Income Taxes

The Association is exempt from Federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. Provision for income tax on unrelated business income is made when required for income from non-tax exempt activities. In addition, the Association qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

SOUTH TEXAS YOUTH SOCCER ASSOCIATION
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NOTES TO FINANCIAL STATEMENTS

August 31, 2010 and 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Services

No amounts have been reflected in the financial statements for donated services. The Association pays for many services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Association with board of director duties, tournament administration, field preparation, officiating, and coaching. At a minimum, the Association receives 500,000 volunteer hours per year.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Association is required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Association does not have any temporarily or permanently restricted net assets.

NOTE 2 - LEASE COMMITMENTS

The land on which the Association's office building is located is leased from Capitol Area Youth Soccer Association. The lease term is fifty years, beginning January 1, 2002. There is a tenant option to extend the lease for forty-nine additional years. The rent is \$1 per annum. The lease requires specific levels of insurance to be held by the Association. Policies satisfying lease requirements were in effect at August 31, 2010.

NOTE 3 - DEFINED CONTRIBUTION PLAN

The Association has a Section 403(b) retirement plan that covers all employees who meet the requirements. Qualified employees may annually defer up to the smaller of \$15,500 or 20% of their salary. The Association matches 15% of the employee's contribution. Employer contributions for the years ended August 31, 2010 and 2009 equaled \$1,950 and \$1,590 respectively.

SOUTH TEXAS YOUTH SOCCER ASSOCIATION
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NOTES TO FINANCIAL STATEMENTS

August 31, 2010 and 2009

NOTE 4 - PROMOTIONAL AGREEMENTS

The Association has entered into promotional agreements with certain corporate sponsors. For various benefits received, the Association must recognize the sponsors in publications, at events, etc. Obligations satisfying these agreements were in effect at August 31, 2010.

NOTE 5 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the association to concentrations of credit risk consist of cash and equivalents on deposit at financial institutions. At August 31, 2010 2009 total deposits in excess of federally insured limits were \$645,597 and \$207,578 respectively.

NOTE 6 - ADVERTISING

The Association uses advertising to promote its programs among the geographic area it serves. The production costs of advertising are expensed as incurred. During the years ended August 31, 2010 and 2009 advertising costs totaled \$465 and \$450 respectively.

NOTE 7 - INSURANCE RESERVE

During the year ended August 31, 2006, the Association initiated a new system for its collection and remittance of player insurance premiums. In order to avoid higher costs, an intermediary is now used to process claims which are paid from the portion of player payments outlined in Note 1. This liability is maintained based on future claims for injuries which occurred in past periods. Future contributions by players may change as the Association gains experience with this system and can better anticipate the amount of claims. The estimated liability for these claims was \$142,774 as of August 31, 2010 and 2009 respectively. A previously accrued amount of \$73,075 for estimated claims liability from prior periods was adjusted in fiscal year 2009 and separately disclosed on the income statement for the year ending August 31, 2009.

SUPPLEMENTAL INFORMATION

SOUTH TEXAS YOUTH SOCCER ASSOCIATION

(A Nonprofit Corporation)

Budget vs. Actual

For the Year Ended August 31, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Unrestricted net assets - operations			
<i>Support and revenues</i>			
Player Registration Fees	\$ 1,122,750	\$ 1,171,650	\$ 48,900
Referee Development	14,000	15,000	1,000
Appeals & Protests	2,000	1,750	(250)
Fines	500	2,540	2,040
Administrative Fees	-	125	125
Tournament Hosting Fee	10,000	22,200	12,200
Travel Permits	13,500	11,000	(2,500)
International Games	15,000	9,308	(5,692)
Bank Interest	3,500	1,397	(2,103)
Rebates	-	6,906	6,906
Miscellaneous	-	241	241
Background Checks	40,000	50,245	10,245
Coaching Clinic	105,800	92,020	(13,780)
Coaching Supplies	2,000	587	(1,413)
National Coaching Course	18,000	14,300	(3,700)
Mailouts	30,000	34,041	4,041
Newsletter	10,000	2,205	(7,795)
State Meeting	11,500	14,685	3,185
Fall Games	132,620	132,620	-
USYSNC State Cup Fees	122,200	124,727	2,527
President's Cup Fees	145,850	159,965	14,115
Director's Cup Fees	139,300	121,950	(17,350)
South Texas Cup Fees	76,500	72,000	(4,500)
Kohl's Cup	15,500	8,475	(7,025)
League Fees	-	29,500	29,500
ODP Revenue	360,000	329,806	(30,194)
Western District Revenue	5,750	15,410	9,660
Eastern District Revenue	35,230	(35,230)	(70,460)
	<u>\$ 2,431,500</u>	<u>\$ 2,409,423</u>	<u>\$ (22,077)</u>

SOUTH TEXAS YOUTH SOCCER ASSOCIATION

(A Nonprofit Corporation)

Budget vs. Actual (Continued)

For the Year Ended August 31, 2010

<i>Expenses</i>	Budget	Actual	Variance Favorable (Unfavorable)
Player Insurance	\$ 323,850	\$ 323,240	\$ 610
USYSA/USSF Fees	184,000	167,232	16,768
Accounting/Audit Fees	10,000	8,665	1,335
D & O Insurance	22,000	22,090	(90)
Legal Fees	3,000	-	3,000
Bank Charges	150	509	(359)
Merchant Fees	2,500	5,395	(2,895)
Background Checks	31,600	37,616	(6,016)
State Meetings	22,100	20,464	1,636
Clinic Supplies	1,000	645	355
Coaching Course Materials	19,000	15,778	3,222
Instructor Meals/Entertainment	1,000	450	550
Instructor Stipend	25,000	16,975	8,025
Instructor Travel	10,000	5,403	4,597
Postage/Shipping	4,500	2,394	2,106
Coaches Handbook	4,000	614	3,386
Director of Coaching & Development	140,107	140,269	(162)
National Youth License Course	11,225	8,184	3,041
Mailout	10,700	10,994	(294)
Newsletter	45,000	5,936	39,064
Registration	101,200	104,318	(3,118)
Soccer Start Program	5,000	1,058	3,942
STYSA Office	346,001	292,269	53,732
President	26,000	21,614	4,386
Executive VP	8,500	12,033	(3,533)
Eastern District VP	7,450	3,706	3,744
Western District VP	6,700	8,274	(1,574)
Secretary	6,050	4,341	1,709
Treasurer	6,900	11,516	(4,616)
Register	6,150	4,208	1,942
Executive Committee Meetings	2,300	3,372	(1,072)
STX Event Representative	13,800	1,330	12,470
Insurance Committee	650	-	650
SYRA	5,500	3,978	1,522
Appeals & Protest Committee	11,400	6,777	4,623
Budget Committee	1,150	9	1,141
KIDS Safe Committee	3,250	364	2,886
Marketing & Sponsorship	4,350	-	4,350
Recreation Committee	3,850	489	3,361
Rules Committee	\$ 1,400	\$ 404	\$ 996

SOUTH TEXAS YOUTH SOCCER ASSOCIATION
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Budget vs. Actual (Continued)

For the Year Ended August 31, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<i>Expenses Continued</i>			
Competitions	\$ 32,360	\$ 39,907	\$ (7,547)
Fall Games	149,913	149,951	(38)
State Classic League	-	30,708	(30,708)
Referee Promotion	14,000	24,512	(10,512)
USYSNC State Cup Committee	32,700	46,876	(14,176)
USYSNC	27,200	8,951	18,249
President's Cup	44,500	106,468	(61,968)
Director's Cup	25,600	70,308	(44,708)
South Texas Cup	67,100	64,038	3,062
Kohls' Cup	9,600	4,090	5,510
ODP Admin	47,200	49,654	(2,454)
ODP	370,384	259,560	110,824
Western District	21,005	28,560	(7,555)
Eastern District	92,916	93,367	(451)
Payroll	-	328	(328)
Depreciation	21,170	21,814	(644)
	<u>\$ 2,393,981</u>	<u>\$ 2,272,005</u>	<u>\$ 121,976</u>
 Excess of revenues over expenses	 <u>\$ 37,519</u>	 <u>\$ 137,418</u>	 <u>\$ (144,053)</u>