

SOUTH TEXAS YOUTH SOCCER ASSOCIATION
(A Nonprofit Corporation)

**INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS**

August 31, 2008 and 2007

SOUTH TEXAS YOUTH SOCCER ASSOCIATION
(A Nonprofit Corporation)

**INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS**

August 31, 2008 and 2007

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Independent Auditors' Report	3
Financial Statements	
Statements of Financial Position	4
Statements of Activities	5
Statements of Cash Flows	8
Notes to Financial Statements	9
Supplemental Information	
Schedule of Budget to Actual	13

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, 2008 and 2007 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 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 South Texas Youth Soccer Association as of August 31, 2008 and 2007 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 13 through 15 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.

Austin, Texas
November 10, 2008

Millan & Co., P.C.

SOUTH TEXAS YOUTH SOCCER ASSOCIATION

(A Nonprofit Corporation)

STATEMENTS OF FINANCIAL POSITION

August 31, 2008 and 2007

ASSETS

	<u>2008</u>	<u>2007</u>
<i>Current assets</i>		
Cash	\$ 653,844	\$ 1,010,293
Accounts receivable (Note 1)	105,509	65,388
Employee advances	1,000	1,000
Coaching Course Inventory	4,758	-
Prepaid expense	18,923	12,857
<i>Total current assets</i>	<u>784,034</u>	<u>1,089,538</u>
<i>Property and equipment</i>		
Computer equipment and software	48,348	45,035
Furniture and fixtures	14,377	7,015
Office building	365,722	323,603
Office equipment	31,389	28,998
<i>Total property and equipment</i>	459,836	404,651
Accumulated depreciation and amortization	<u>(134,672)</u>	<u>(110,068)</u>
<i>Net property and equipment</i>	<u>325,164</u>	<u>294,583</u>
Total assets	<u><u>\$ 1,109,198</u></u>	<u><u>\$ 1,384,121</u></u>

LIABILITIES AND NET ASSETS

	<u>2008</u>	<u>2007</u>
<i>Current liabilities</i>		
Accounts payable	\$ 134,840	\$ 124,472
Insurance claim reserve	91,105	179,895
Accrued payroll	287	147
<i>Total current liabilities</i>	<u>226,232</u>	<u>304,514</u>
<i>Total liabilities</i>	\$ 226,232	\$ 304,514
<i>Net assets</i>	<u>882,966</u>	<u>1,079,608</u>
Total liabilities and net assets	<u><u>\$ 1,109,198</u></u>	<u><u>\$ 1,384,121</u></u>

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, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Unrestricted net assets - operations		
<i>Support and revenues</i>		
Player Registration Fees	\$ 1,113,020	\$ 1,188,229
Registration Program	33,280	12,000
Grants	-	500
Referee Development	14,000	14,266
Hurricane Relief Fund	-	5,000
Appeals & Protests	1,000	2,350
Fines	970	550
Tournament Hosting Fee	10,100	9,810
Travel Permits	13,854	13,175
Donations	-	2,000
International Games	21,707	26,680
Bank Interest	14,109	20,209
Rebates	6,620	-
Admin Handbook	(280)	2,650
Background Checks	21,175	74,750
Coaching Clinic	168,162	72,175
Coaching Supplies	2,658	6,963
National Coaching Course	17,975	18,400
Mailouts	23,935	62,017
Newsletter	16,176	10,574
Coach Handbook	523	830
State Meeting	14,210	16,650
Fall Games	111,700	146,000
USYSNC State Cup Fees	76,500	58,520
President's Cup Fees	53,600	38,280
Director's Cup Fees	31,000	28,350
South Texas Cup Fees	63,880	58,920
Kohl's Cup	11,762	3,000
Soccer Start Fees	1,860	-
ODP Revenue	374,484	276,327
Western District Revenue	106,950	152,630
Eastern District Revenue	544,176	194,332
<i>Total support and revenues</i>	<u>\$ 2,869,106</u>	<u>\$ 2,516,137</u>

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, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<i>Expenses</i>		
Player Insurance	\$ 378,892	\$ 387,068
USYSA/USSF Fees	200,925	200,616
Accounting/Audit Fees	13,731	9,568
D & O Insurance	34,050	36,920
Legal Fees	-	2,338
Bank Charges	262	316
Merchant Fees	3,603	1,314
Admin Handbook	-	2,152
Background Checks	49,604	50,804
State Meetings	19,280	22,801
Clinic Supplies	523	8,907
Coaching Course Materials	18,193	-
Instructor Meals/Entertainment	1,587	695
Instructor Stipend	29,540	13,363
Instructor Travel	14,735	5,473
Postage/Shipping	2,467	1,779
Coaches Handbook	2,240	2,469
DOC Search	-	4,526
Director of Coaching & Dev	123,872	74,328
Director of Player & Prog Dev	57,418	30,754
National Coaching Course Expencc	12,686	-
National Youth License Course	-	9,771
Mailout Expense	11,022	24,014
Newsletter Expense	49,296	49,896
Registration Expense	292,507	156,496
Soccer Start Program	2,609	15,026
STYSA Office	391,751	358,291
President	26,203	24,097
Executive VP	13,280	5,520
Eastern District VP	6,523	5,108
Western Dist VP	7,425	6,415
Secretary Exp	920	8,267
Treasurer Exp	622	1,699
Register	3,605	4,568
Executive Committee Meetings	2,281	2,335
STX Event Representative	8,396	-
Insurance Comm	11	-
SYRA	9,280	4,322
Appeals & Protest Comm	2,540	7,308
Budget Committee	-	419
KIDS Safe Comm	2,352	2,845
Marketing & Sponsorship	4,373	9,020
Recreation Comm	226	3,932
Rules Comm	475	869

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, 2008 and 2007

	2008	2007
<i>Expenses - Continued</i>		
Technology Committee	\$ -	\$ 575
Fall Games Exp	113,373	127,822
Referee Promotion	17,070	1,311
USYSNC State Cup Committee	283	210
USYSNC	53,991	71,833
President's Cup	39,151	32,096
Director's Cup	21,732	18,677
South Texas Cup	69,920	48,717
Kohls' Cup	6,038	4,421
ODP Admin	19,362	16,148
ODP	300,592	274,516
Western District Exp	128,599	127,738
Eastern District Expense	428,588	156,215
Payroll Expense	310	249
Depreciation	24,600	23,907
	\$ 3,022,914	\$ 2,460,844
 Excess of revenues over expenses	 (153,808)	 55,293
 Net assets at beginning of year	 \$ 1,079,608	 \$ 1,024,315
 Prior Period Adjustments	 (42,834)	 -
 Net assets at end of year	 <u><u>\$ 882,966</u></u>	 <u><u>\$ 1,079,608</u></u>

The accompanying notes are an integral
part of the financial statements

SOUTH TEXAS YOUTH SOCCER ASSOCIATION
(A Nonprofit Corporation)

STATEMENTS OF CASH FLOWS

For the Years Ended August 31, 2008 and 2007

	2008	2007
<i>Cash flow from operating activities</i>		
Excess of revenues over expenses	\$ (196,642)	\$ 55,293
Adjustments to reconcile excess of revenues over expenses to net cash		
Depreciation expense	24,600	23,907
(Increase) decrease in accounts receivable	(40,121)	(1,831)
(Increase) decrease in prepaid expenses	(6,066)	54,620
(Increase) decrease in security deposit	-	-
(Increase) decrease in inventories	(4,753)	-
Increase (decrease) in accounts payable	10,368	118,507
Increase (decrease) in insurance claim reserve	(88,790)	14,195
Increase (decrease) in accrued payroll expense	140	193
Total adjustments	(104,622)	209,591
<i>Net cash flow used by operating activities</i>	\$ (301,264)	\$ 264,884
<i>Cash flow from investing activities</i>		
Purchase of fixed assets	\$ (55,185)	\$ (12,514)
<i>Net cash flow used by investing activities</i>	\$ (55,185)	\$ (12,514)
<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	(356,449)	252,370.00
Cash and cash equivalents at beginning of year	\$ 1,010,293	\$ 757,923
Cash and cash equivalents at end of year	\$ 653,844	\$ 1,010,293

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, 2008 and 2007

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 \$10.30 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	4.14
Medical/Liability Insurance	4.86
	<u>\$ 11.00</u>

SOUTH TEXAS YOUTH SOCCER ASSOCIATION
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

August 31, 2008 and 2007

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
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

August 31, 2008 and 2007

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, 2008.

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% their salary. The Association matches 15% of the employee's contribution. Employer contributions for the year ended August 31, 2008 equaled \$1,270.

SOUTH TEXAS YOUTH SOCCER ASSOCIATION
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

August 31, 2008 and 2007

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, 2008.

NOTE 5 - CONCENTRATION OF CREDIT RISK

The Association maintains its cash balance with various financial institutions located throughout Texas. At August 31, 2008, \$145,145 in bank deposits were not insured.

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 year ended August 31, 2008 advertising costs totaled \$4,373.

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.

SOUTH TEXAS YOUTH SOCCER ASSOCIATION

(A Nonprofit Corporation)

Budget vs. Actual

For the Year Ended August 31, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Unrestricted net assets - operations			
<i>Support and revenues</i>			
Player Registration Fees	\$ 1,106,233	\$ 1,113,020	\$ 6,787
Registration Program	-	33,280	33,280
Grants	2,000	-	(2,000)
Referee Development	14,000	14,000	-
Prior Year Claims Reserve	160,000	-	(160,000)
Appeals & Protests	2,000	1,000	(1,000)
Fines	500	970	470
Tournament Hosting Fee	10,000	10,100	100
Travel Permits	25,000	13,854	(11,146)
International Games	20,000	21,707	1,707
Bank Interest	10,000	14,109	4,109
Rebates	-	6,620	6,620
Admin Handbook	2,000	(280)	(2,280)
Background Checks	30,000	21,175	(8,825)
Coaching Clinic	50,000	168,162	118,162
Coaching Supplies	1,000	2,658	1,658
National Coaching Course	37,000	17,975	(19,025)
Mailouts	64,000	23,935	(40,065)
Newsletter	13,000	16,176	3,176
Coach Handbook	-	523	523
State Meeting	13,000	14,210	1,210
Fall Games	128,000	111,700	(16,300)
USYSNC State Cup Fees	63,000	76,500	13,500
President's Cup Fees	35,000	53,600	18,600
Director's Cup Fees	28,000	31,000	3,000
South Texas Cup Fees	56,000	63,880	7,880
Kohl's Cup	10,000	11,762	1,762
Soccer Start Fee	-	1,860	1,860
ODP Revenue	252,500	374,484	121,984
Western District Revenue	-	106,950	106,950
Eastern District Revenue	-	544,176	544,176
 <i>Total support and revenues</i>	 <u>\$ 2,132,233</u>	 <u>\$ 2,869,106</u>	 <u>\$ 736,873</u>

SOUTH TEXAS YOUTH SOCCER ASSOCIATION

(A Nonprofit Corporation)

Budget vs. Actual (Continued)

For the Year Ended August 31, 2008

<i>Expenses</i>	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Player Insurance	\$ 570,500	\$ 378,892	\$ 191,608
USYSA/USSF Fees	200,000	200,925	(925)
Accounting/Audit Fees	9,000	13,731	(4,731)
D & O Insurance	30,000	34,050	(4,050)
Legal Fees	3,000	-	3,000
Bank Charges	700	262	438
Merchant Fees	-	3,603	(3,603)
Admin Handbook	1,500	-	1,500
Background Checks	28,000	49,604	(21,604)
State Meetings	17,800	19,280	(1,480)
Clinic Supplies	43,000	523	42,477
Coaching Course Materials	-	18,193	(18,193)
Instructor Meals/Entertainment	1,000	1,587	(587)
Instructor Stipend	18,000	29,540	(11,540)
Instructor Travel	7,000	14,735	(7,735)
Postage/Shipping	7,000	2,467	4,533
Coaches Handbook	2,500	2,240	260
Director of Coaching & Dev	108,800	123,872	(15,072)
Director of Player & Prog Dev	-	57,418	(57,418)
National Coaching Course Expense	-	12,686	(12,686)
National Youth License Course	35,950	-	35,950
Mailout Expense	20,700	11,022	9,678
Newsletter Expense	52,000	49,296	2,704
Registration Expense	8,100	292,507	(284,407)
Soccer Start Program	5,000	2,609	2,391
STYSA Office	384,201	391,751	(7,550)
President	17,000	26,203	(9,203)
Executive VP	5,250	13,280	(8,030)
Eastern District VP	6,200	6,523	(323)
Western Dist VP	5,600	7,425	(1,825)
Secretary Exp	5,500	920	4,580
Treasurer Exp	5,500	622	4,878
Register	5,700	3,605	2,095
Executive Committee Meetings	2,300	2,281	19
STX Event Representative	3,500	8,396	(4,896)
Insurance Comm	1,400	11	1,389
SYRA	5,500	9,280	(3,780)
Appeals & Protest Comm	16,400	2,540	13,860
Budget Committee	1,900	-	1,900
KIDS Safe Comm	2,750	2,352	398
Marketing & Sponsorship	8,700	4,373	4,327
Recreation Comm	2,100	226	1,874
Rules Comm	1,400	475	925

SOUTH TEXAS YOUTH SOCCER ASSOCIATION
(A Nonprofit Corporation)

Budget vs. Actual (Continued)

For the Year Ended August 31, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<i>Expenses Continued</i>			
Fall Games Exp	\$ 136,600	\$ 113,373	\$ 23,227
Referee Promotion	14,000	17,070	(3,070)
USYSNC State Cup Committee	3,000	283	2,717
USYSNC	72,100	53,991	18,109
President's Cup	33,000	39,151	(6,151)
Director's Cup	22,600	21,732	868
South Texas Cup	57,100	69,920	(12,820)
Kohls' Cup	9,600	6,038	3,562
ODP Admin	22,800	19,362	3,438
ODP	248,600	300,592	(51,992)
Western District Exp	-	128,599	(128,599)
Eastern District Expense	-	428,588	(428,588)
Payroll Expense	-	310	(310)
Depreciation	22,000	24,600	(2,600)
	<u>\$ 2,291,851</u>	<u>\$ 3,022,914</u>	<u>\$ (731,063)</u>
Excess of revenues over expenses	<u>\$ (159,618)</u>	<u>\$ (153,808)</u>	<u>\$ 5,810</u>