

**SOUTH CAROLINA YOUTH SOCCER ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED MAY 31, 2009 AND 2008**

**SOUTH CAROLINA YOUTH SOCCER ASSOCIATION, INC.**

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**MAY 31, 2009 AND 2008**

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# McGregor & COMPANY, LLP

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
South Carolina Youth Soccer Association, Inc.  
Columbia, South Carolina

We have audited the accompanying statements of assets, liabilities and net assets – modified cash basis of the South Carolina Youth Soccer Association, Inc. as of May 31, 2009 and 2008, and the related statements of receipts and disbursements and changes in net assets – modified cash basis 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 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 audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets – modified cash basis of the South Carolina Youth Soccer Association, Inc. as of May 31, 2009 and 2008, and its receipts and disbursements and changes in net assets – modified cash basis for the years then ended, on the basis of accounting described in Note 1.

As discussed in Note 1 to the financial statements, management has elected to change its policy and method for determining and reporting capital assets in 2009.

*McGregor & Company, LLP*

Columbia, South Carolina  
January 7, 2010

**SOUTH CAROLINA YOUTH SOCCER ASSOCIATION, INC.**

**STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS -  
MODIFIED CASH BASIS**

**MAY 31, 2009 AND 2008**

<b>Assets</b>	<b>2009</b>	<b>2008 As Restated</b>
<b>Current Assets</b>		
Cash	<u>\$ 365,334</u>	<u>\$ 354,540</u>
<b>Total Current Assets</b>	365,334	354,540
<b>Office Building, Net</b>	262,173	-
Deposit on Office Building	<u>-</u>	<u>20,000</u>
<b>Total Assets</b>	<u><u>627,507</u></u>	<u><u>374,540</u></u>
 <b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Note Payable - Current Portion	<u>3,888</u>	-
<b>Total Current Liabilities</b>	<u>3,888</u>	-
<b>Non-Current Liabilities</b>		
Note Payable - Long-Term Portion	<u>143,660</u>	-
<b>Total Non-Current Liabilities</b>	<u>143,660</u>	-
<b>Total Liabilities</b>	147,548	-
<b>Net Assets</b>		
Unrestricted	<u>479,959</u>	<u>374,540</u>
<b>Total Liabilities and Net Assets</b>	<u><u>627,507</u></u>	<u><u>374,540</u></u>

See Independent Auditors' Report

See Accompanying Notes to Financial Statements

**SOUTH CAROLINA YOUTH SOCCER ASSOCIATION, INC.**

**STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN NET ASSETS -  
MODIFIED CASH BASIS**

**FOR THE YEARS ENDED MAY 31, 2009 AND 2008**

	<b>2009</b>	<b>2008 As Restated</b>
<b>Receipts</b>		
State Select Programs	\$ 255,474	\$ 260,338
Registration Fees	312,570	262,817
Tournaments	248,340	228,782
Sponsorships	31,509	22,500
Clinics and Workshops	40,185	17,825
Other	18,038	17,744
	<u>906,116</u>	<u>810,006</u>
<b>Total Receipts</b>		
<b>Disbursements</b>		
State Select Programs	242,597	255,679
Tournaments - SCYSA Sponsored	161,643	179,444
Tournaments - Region III	29,552	32,127
Registration Fees	47,040	36,578
Clinics and Workshops	21,585	26,640
Administration	119,993	97,072
Directors' and Officers' Expenses	49,401	48,559
Insurance	99,683	116,597
Marketing and Publications	15,238	15,882
Interest	6,603	-
Other	7,362	2,700
	<u>800,697</u>	<u>811,278</u>
<b>Total Disbursements</b>		
<b>Excess of Receipts Over (Under) Disbursements</b>	105,419	(1,272)
<b>Unrestricted Net Assets - Beginning of Year (Note 6)</b>	<u>374,540</u>	<u>375,812</u>
<b>Unrestricted Net Assets - End of Year</b>	<u>479,959</u>	<u>374,540</u>

See Independent Auditors' Report

See Accompanying Notes to Financial Statements

**SOUTH CAROLINA YOUTH SOCCER ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Entity**

The Association is chartered by the South Carolina Secretary of State and was incorporated on June 4, 1987. The purpose of the Association is to foster, encourage and promote the organization and activities of youth soccer programs in South Carolina and to support the activities thereof.

The membership consists of properly constituted leagues (clubs, teams, and players).

The governing body is a board of directors elected from the membership.

The sources of revenue to fund Association programs are player registration fees for league and tournament play and income from sponsorships, coaching clinics, and interest.

**Basis of Accounting**

Prior to June 1, 2008, the Association accounted for revenues received and expenses paid under the pure cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. Effective June 1, 2008, the Association changed its method of accounting for revenues received and expenses paid to the modified cash basis of accounting, which is also a comprehensive basis of accounting other than generally accepted accounting principles. The new method of accounting was adopted to recognize as assets, acquisition costs of buildings and equipment. Under the modified cash basis of accounting, revenues are recognized when received, rather than when earned and expenses are recognized when paid, rather than when the obligation is incurred. The capitalization of buildings and equipment is a generally accepted modification of the pure cash basis of accounting. In addition, the Association has recognized depreciation expense on its capital assets, primarily consisting of an office building acquired in year 2009. During the year ended May 31, 2008, the Association deposited \$20,000 toward the purchase price of the office building which was not placed in service until year 2009. Depreciation of assets capitalized is also a generally accepted modification of the pure cash basis of accounting. The effect of the accounting change from the pure cash basis of accounting to the modified cash basis of accounting on total assets, changes in unrestricted net assets and unrestricted net assets as of and for the year ended May 31, 2008, is described in Note 6 to the financial statements.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Net Assets**

The Association reports receipts as increases in unrestricted net assets unless there are donor-imposed restrictions limiting the use of the assets received. No donor-imposed receipts were received in year 2009 or 2008.

**Estimates**

The Association uses estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

**Income Taxes**

The Association is a nonprofit organization as defined in Section 501(c)(3) of the Internal Revenue Code and is not subject to any federal or state income taxes except for taxes on business income earned not related to its tax exempt functions. In 2009 and 2008, there was no unrelated business income.

**Property and Equipment**

The recorded cost of property and equipment is based on purchase price and is depreciated over its estimated useful life using the straight-line method. The Association does not have a formal capitalization policy.

**NOTE 2 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at May 31, 2009 and 2008:

<b>Description</b>	<b>Estimated Useful Life</b>	<b>2009 Cost</b>	<b>2008 Cost</b>
Office Building	39 years	\$267,314	\$ -
Less: Accumulated Depreciation		<u>(5,141)</u>	<u>-</u>
<b>Net</b>		<u>262,173</u>	<u>-</u>

Depreciation charged to operations for the year ended May 31, 2009 was \$5,141.

**NOTE 3 NOTE PAYABLE**

The note payable consists of a note to a financial institution, the proceeds of which were used to purchase office space for the Association. The note is secured by a lien covering the real property at 7436 Broad River Road, Building 2, Unit 211 in Columbia, SC. The note has an interest rate of 6.65%. Payments of \$1,132 are due monthly. The final payment is due September 8, 2028.

**NOTE 3 NOTE PAYABLE (Continued)**

Principal maturities of the note are as follows:

<b>Due by May 31,</b>	<b>Amount</b>
2010	\$ 3,888
2011	4,154
2012	4,439
2013	4,743
2014	5,069
Thereafter	<u>125,255</u>
Total	<u>147,548</u>

**NOTE 4 CONCENTRATIONS**

SCYSA derives almost all of its revenue from fees charged to participants in its youth-soccer programs and events, which are held entirely within the State of South Carolina. A significant reduction in the number of programs or events could have an adverse effect on the Association's future operations.

**NOTE 5 CUSTODIAL CREDIT RISK**

As of May 31, 2009, the Association had bank balances with two financial institutions. The balance of the Association's interest bearing account does not exceed Federal Deposit Insurance Corporation's (FDIC) coverage limits. The Association's checking account is with a bank participating in the FDIC's Transaction Account Guarantee Program. All funds are insured.

As of May 31, 2008, the Association had bank balances with a financial institution in excess of FDIC coverage limits in the amount of \$275,000.

**NOTE 6 EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE**

Prior to June 1, 2008, the Association accounted for revenues received and expenses paid under the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. As described in Note 1, the Association changed its method of accounting for revenues received and expenses paid to the modified cash basis of accounting effective June 1, 2008. The effect of the accounting change on total assets, changes in unrestricted net assets and unrestricted net assets as of and for the year ended May 31, 2008, is as follows:

**NOTE 6 EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE (Continued)**

<b>Total Assets, as Previously Reported</b>	<b>\$354,540</b>
Adjustment for Change in Method of Accounting for Capital Assets: Deposit on Office Building (Note 1)	<u>20,000</u>
<b>Total Assets, as Restated</b>	<b><u>374,540</u></b>
<b>Change in Unrestricted Net Assets, as Previously Reported</b>	<b>(21,272)</b>
Adjustment for Change in Method of Accounting for Capital Assets: Deposit on Office Building - Reduction of Expenses Reported (Note 1)	<u>20,000</u>
<b>Change in Unrestricted Net Assets, as Restated</b>	<b><u>(1,272)</u></b>
<b>Ending Unrestricted Net Assets, as Previously Reported</b>	<b>375,812</b>
<b>Change in Unrestricted Net Assets, as Restated</b>	<b><u>(1,272)</u></b>
<b>Ending Unrestricted Net Assets, as Restated</b>	<b><u>374,540</u></b>