

**Indian River Soccer
Association, Inc.**
FINANCIAL STATEMENTS
Year Ended May 31, 2017



INDEPENDENT AUDITORS' REPORT

November 30, 2017

To the Board of Directors of
Indian River Soccer Association, Inc.
Vero Beach, Florida

We have audited the accompanying financial statements of Indian River Soccer Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of May 31, 2017, and the related statements of activities, functional expenses and cash flows for the fiscal year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indian River Soccer Association, Inc. as of May 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "McCain & Samons, LLC".

Vero Beach, FL

Indian River Soccer Association, Inc.

TABLE OF CONTENTS

PAGE

Independent Auditors' Report	1
Financial Statements for the Year Ended May 31, 2017	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-9

Indian River Soccer Association, Inc.

STATEMENT OF FINANCIAL POSITION

MAY 31, 2017

ASSETS

	<u>2017</u>
Assets	
Cash and cash equivalents - unrestricted	\$ 130,823
Cash and cash equivalents - temporarily restricted	10,000
Accounts receivable	2,961
Net property and equipment	<u>43,968</u>
Total assets	<u><u>\$ 187,752</u></u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable	<u>\$ 6,942</u>
Total liabilities	<u>6,942</u>
Net assets	
Unrestricted	170,810
Temporarily restricted	<u>10,000</u>
Total net assets	<u>180,810</u>
Total liabilities and net assets	<u><u>\$ 187,752</u></u>

The accompanying notes are an integral part of these financial statements.

Indian River Soccer Association, Inc.

STATEMENT OF ACTIVITIES FISCAL YEAR ENDED MAY 31, 2017

	2017		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and grants			
Registration fees	\$ 370,962	\$ -	\$ 370,962
In-kind donation	51,200	-	51,200
Tournament and field usage	29,780	-	29,780
Sponsorships	17,788	-	17,788
Contributions	6,525	-	6,525
Other income	2,057	-	2,057
Interest and dividend income	1,007	-	1,007
Total public support and revenue	<u>479,319</u>	<u>-</u>	<u>479,319</u>
Expenses			
Program services			
Soccer programs	442,970	-	442,970
Total program services	<u>442,970</u>	<u>-</u>	<u>442,970</u>
Support services			
Management and general	38,152	-	38,152
Fundraising expenses	3,093	-	3,093
Total support services	<u>41,245</u>	<u>-</u>	<u>41,245</u>
Total expenses	<u>484,215</u>	<u>-</u>	<u>484,215</u>
Change in net assets	(4,896)	-	(4,896)
Net assets, beginning of year	<u>175,706</u>	<u>10,000</u>	<u>185,706</u>
Net assets, end of year	<u>\$ 170,810</u>	<u>\$ 10,000</u>	<u>\$ 180,810</u>

The accompanying notes are an integral part of these financial statements.

Indian River Soccer Association, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

FISCAL YEAR ENDED MAY 31, 2017

	Program Services	Support Services		
	Soccer Programs	Management and General	Fundraising	Total
Compensation				
Salaries	\$ 102,715	\$ -	\$ -	\$ 102,715
Payroll taxes	8,357	-	-	8,357
Total compensation	111,072	-	-	111,072
Bank and credit card fees	-	10,503	-	10,503
Competitive expenses	100,691	-	-	100,691
Depreciation	-	9,721	-	9,721
Field lease	51,200	-	-	51,200
Field maintenance	69,312	-	-	69,312
Office expenses	-	2,498	-	2,498
Professional services	-	6,528	-	6,528
Recreational expenses	63,604	-	-	63,604
Repairs and maintenance	-	7,846	-	7,846
Sponsorship expenses	-	-	3,093	3,093
Storage	-	1,056	-	1,056
Travel	1,944	-	-	1,944
Utilities	45,147	-	-	45,147
Total expenses	\$ 442,970	\$ 38,152	\$ 3,093	\$ 484,215

The accompanying notes are an integral part of these financial statements.

Indian River Soccer Association, Inc.

STATEMENT OF CASH FLOWS FISCAL YEAR ENDED MAY 31, 2017

Cash flows from operating activities	
Change in net assets	\$ (4,896)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	9,721
Changes in operating assets and liabilities which (used) provided cash:	
Accounts receivable	(2,060)
Accounts payable	(266)
	<hr/>
Net cash provided by operating activities	2,499
	<hr/>
Cash flows from investing activities	
Purchase of equipment	\$ (10,850)
	<hr/>
Net cash used in investing activities	(10,850)
	<hr/>
Net increase in cash and cash equivalents	(8,351)
Cash and cash equivalents, beginning of year	<hr/>
	149,174
Cash and cash equivalents, end of year	\$ 140,823
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The accompanying notes are an integral part of these financial statements.

Indian River Soccer Association, Inc.

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Indian River Soccer Association, Inc. (the Organization) is a Florida nonprofit organization incorporated on January 29, 1986. The Organization's mission is to provide opportunities and support for children and youth of the area to learn and play soccer. The Organization was created to teach soccer skills to the participants, provide opportunities to play the game recreationally and to provide opportunities for more advanced coaching and competition in the competitive division. The competitive division of the Organization often travels outside the immediate area to compete against higher skill level teams and also receives specialized coaching and training. The Organization's support comes primarily from the registration fees paid by the more than 700 soccer participants.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence of absence of donor-imposed restrictions. Accordingly, net assets of Indian River Soccer Association, Inc. and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of Indian River Soccer Association, Inc. and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

Permanent restricted net assets – Net assets subject to donor-imposed stipulations on use that are attached to it for perpetuity. The imposed restrictions do not expire. The Organization has no permanently restricted net assets.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits in banks, cash on hand and time deposits with original maturities when purchased of less than three months. The market value of the fixed income securities and money market investments approximates cost.

Property and Equipment

Property and equipment acquisitions greater than \$500 are capitalized and stated at cost less accumulated depreciation. Donated property and equipment is capitalized at fair market value at the date of the gift. Major improvements and renewals are capitalized while ordinary maintenance and repairs are expensed. Management annually reviews these assets to determine whether carrying values have been impaired.

Indian River Soccer Association, Inc.

NOTES TO FINANCIAL STATEMENTS

Depreciation

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from 5 to 20 years.

Revenue Recognition

Registration fees are recognized in the fiscal year for which the player participates. Due to the fiscal year end of May 31, there are usually very few registration fees left unpaid at the close of the fiscal year. Registrations are completed online through a third party registrar. This third party subsequently forwards the registration fees to the Organization via automatic wire draft.

Any contributions, including unconditional promises to give, are recorded when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases this net asset class. However, if a restriction is fulfilled in the same time period in which the contribution is received, the entity reports the support as unrestricted.

Functional Allocation of Expenses

Indian River Soccer Association, Inc. allocates expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are charged directly according to their natural expense classification.

Donated Services

In accordance with SFAS 116, Indian River Soccer Association, Inc. does not record donated services for any volunteers working in a nonprofessional capacity.

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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Accordingly, actual results may differ from those estimates. Significant estimates include but are not limited to allowance for bad debts, present value discounts, and the carrying value of assets required.

Income Taxes

Indian River Soccer Association, Inc. is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Although the Organization was granted income tax extension by the Internal Revenue Service, such exemption does not apply to "unrelated business taxable income." Such income, pursuant to the Internal Revenue Code and related regulations, includes investment income. The Organization has been classified as not a private foundation. The Organization income tax filings are subject to audit by various taxing authorities.

Indian River Soccer Association, Inc.

NOTES TO FINANCIAL STATEMENTS

In accordance with, Accounting Standards Codification (“ASC”) Topic 740 “*Accounting for Uncertainty in Income Taxes*,” the Organization analyzes its filing positions in the federal and state jurisdictions where it is required to file income tax returns, as well as all open tax years in these jurisdictions.

The Organization form 990 related to the year ended May 31, 2017 is due on October 15, 2017. The tax return was extended and will be filed on a timely basis.

The Organization also treats interest and penalties attributable to income taxes, and reflects and charges for such, to the extent they arise as a component of its management and general expenses. The continued application of ASC Topic 740 has no impact on the Organization’s financial statements.

The Organization has evaluated the provisions of ASC Topic 740 regarding accounting for uncertainty in income taxes. The evaluation was performed for the fiscal years 2013 through 2017, the years which remain subject to examination by major tax jurisdictions as of May 31, 2017. The Organization concluded that there are no significant uncertain tax positions requiring recognition in the financial statements. The Organization does not expect the total of unrecognized tax benefits (“UTB”) (e.g., tax deductions, exclusions, or credits claimed, or expected to be claimed) to significantly change in the next twelve months. The Organization does not have any amounts accrued for interest and penalties related to UTBs at May 31, 2017, and it is not aware of any claims for such amounts by federal or state tax authorities other than listed in the preceding paragraph.

Subsequent Events

In preparing these financial statements, Indian River Soccer Association, Inc. has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to May 31, 2017, the most recent statement of financial position presented herein, through November 30, 2017, the date these financial statements were available to be issued. No significant such events or transactions were identified.

2. PROPERTY AND EQUIPMENT

Net property and equipment consists of the following at May 31, 2017:

	Balance May 31, 2016	Additions	Deletions	Balance May 31, 2017
Buildings	\$ 69,245	\$ -	\$ -	\$ 69,245
Equipment	76,867	5,150	-	82,017
Field improvements	223,291	5,700	-	228,991
Total property and equipment	369,403	10,850	-	380,253
Less: Accumulated depreciation	(326,564)	(9,721)	-	(336,285)
Net property and equipment	\$ 42,839	\$ 1,129	\$ -	\$ 43,968

Depreciation expense was \$9,721 for the year ended May 31, 2017.

Indian River Soccer Association, Inc.

NOTES TO FINANCIAL STATEMENTS

3. CREDIT RISK

Indian River Soccer Association, Inc. maintains its cash accounts at two financial institutions. Cash balances at each institution are insured by the FDIC up to \$250,000. As of May 31, 2017, Indian River Soccer Association, Inc. had no uninsured cash.

4. DONATED OFFICE SPACE AND FACILITIES

The Organization is provided with office space from Vero Beach Dodgertown in which to operate. In addition, the Organization entered into a below market rate lease with Indian River County for the exclusive use of the fields used for soccer. The estimated fair market value of these in-kind contributions and offsetting rental expenses is \$51,200 for year ending May 31, 2017.

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted donations received during the fiscal year ended May 31, 2017 were \$10,000, of which none was expended and released during the fiscal year. The funds are restricted for future facility growth and held in a separate bank account from operating.

Building Fund	\$ <u>10,000</u>
Temporary restricted net assets	\$ <u>10,000</u>