

UTAH YOUTH SOCCER ASSOCIATION

Financial Statements

And

Independent Auditor's Report

For the Years Ended August 31, 2003 and 2002

Smith & Adamson, CPA's, L.C.

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The Board of Directors
Utah Youth Soccer Association
Salt Lake City, Utah

We have audited the accompanying statements of financial position of the Utah Youth Soccer Association (a nonprofit corporation) as of August 31, 2003 and 2002 and the related statements of activities and 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 audit.

Except as discussed in the following paragraph, 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 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 audit provides a reasonable basis for our opinion.

Because of the inadequacy of accounting records for the year ended August 31, 2002, we were unable to form an opinion regarding the amount reflected as an account receivable in the amount of \$11,059. In addition, because of the inadequacy of accounting records for the year ended August 31, 2002 we were unable to determine if the classifications of income and expense are in accordance with the Association's budget and disbursement policies.

In our opinion, except for the effects of such adjustments, if any, as might have been determined with adequate accounting records regarding the matters referred to in the above paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Utah Youth Soccer Association as of August 31, 2003 and 2002 and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information presented in schedules 1, 2 and 3 are presented for the purposes of additional analysis and are 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 are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Smith & Adamson, CPA's, L.C.

Smith & Adamson, CPA's, L.C.

Salt Lake City, Utah

December 8, 2003

Utah Youth Soccer Association
Statement of Financial Position
August 31, 2003 and 2002

ASSETS	<u>2003</u>	<u>2002</u>
Current assets:		
Cash	\$467,378	415,466
Accounts Receivable	9,874	41,757
Inventory	<u>19,894</u>	<u>16,994</u>
Total current assets	497,146	474,217
Net property and equipment (note 1)	22,594	30,911
Note receivable (note 3)	10,693	-
Deposits	<u>1,385</u>	<u>1,385</u>
TOTAL ASSETS	<u>531,818</u>	<u>506,513</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	<u>9,443</u>	<u>11,175</u>
Total current liabilities	9,443	11,175
Net assets		
Temporarily restricted (note 1)	2,000	2,000
Unrestricted (note 1)	<u>520,375</u>	<u>493,338</u>
Total net assets	<u>522,375</u>	<u>495,338</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 531,818</u>	<u>506,513</u>

See Accompanying Notes

Utah Youth Soccer Association
Statement of Activities
The Year Ended
August 31, 2003 and 2002

UNRESTRICTED NET ASSETS:	<u>2003</u>	<u>2002</u>
Revenues	\$ 742,349	1,036,415
Direct expenses	(360,743)	(631,562)
Administrative expenses	(365,903)	(441,600)
Other loss	<u> -</u>	<u>(2,197)</u>
 CHANGE IN NET ASSETS	 15,703	 (38,944)
 NET UNRESTRICTED ASSETS AT AUGUST 31, 2002	 493,338	 532,282
 PRIOR PERIOD ADJUSTMENT (note 4)	 <u>11,334</u>	 <u> -</u>
 NET UNRESTRICTED ASSETS AT FEBRUARY 28, 2003	 520,375	 493,338
 NET RESTRICTED ASSETS	 <u>2,000</u>	 <u>2,000</u>
 TOTAL NET ASSETS	 <u>\$ 522,375</u>	 <u>495,338</u>

See Accompanying Notes

Utah Youth Soccer Association
Statement of Cash Flows
The Year Ended
August 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Cash Flow From Operating Activities:		
Change in net assets	\$ 15,703	(38,944)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	8,317	8,201
Prior period adjustment	8,156	-
Bad debts	-	3,693
(Increase) Decrease in;		
Accounts receivable	20,824	(16,688)
Inventory/supplies	(2,900)	(14,461)
Prepays	-	1,685
Decrease (Increase) in;		
Accounts payable	(1,732)	(3,600)
Prepaid participant fees	<u> -</u>	<u>(150,620)</u>
Net Cash Provided (Used) by Operations	<u>48,368</u>	<u>(210,734)</u>
Cash Flows From Investing Activities:		
Purchase of Office Equipment	<u> -</u>	<u>(11,019)</u>
Net Cash (Used) by Investing Activities:	<u> -</u>	<u>(11,019)</u>
Cash Flows From Financing Activities:		
Collection of Loans	<u>3,544</u>	<u> -</u>
Net Cash Provided by Financing Activities	3,544	-
Net Increase in cash and cash equivalents	51,912	(221,753)
Cash and cash equivalents at beginning of year	<u>415,466</u>	<u>637,219</u>
Cash and cash equivalents at end of year	<u>\$467,378</u>	<u>415,466</u>

See Accompanying Notes

Utah Youth Soccer Association
Notes to Financial Statements
August 31, 2003 and 2002

1. Significant Accounting Policies

Nature of Activities

The Association was formed to inspire youth to practice the ideals of sportsmanship and physical fitness through the promotion of sportsmanship, scholarship, fellowship, team cooperation and athletic competition within the State of Utah. The Association administers the member soccer leagues, districts and clubs within the State of Utah. The primary source of revenues for the Association is participation fees.

Financial Statement Presentation

The association has adopted 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 its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At August 31, 2003, \$2,000 is classified as temporarily restricted for Top Soccer. At August 31, 2002, \$520,375 were classified as unrestricted net assets. The board of directors has allocated the unrestricted assets as follows:

	<u>2003</u>	<u>2002</u>
Unallocated	\$252,242	225,205
Capital improvements	200,000	200,000
Referee development	18,133	18,133
State Association	<u>50,000</u>	<u>50,000</u>
Total Unrestricted	<u>\$520,375</u>	<u>493,338</u>

In addition, the Association is required to present a statement of cash flows.

Accounting Methods

The Association reports on the accrual basis of accounting. Thus, revenues are recognized in the year earned and expenditures are recognized in the year incurred.

Utah Youth Soccer Association
Notes to Financial Statements (Continued)
August 31, 2003 and 2002

1. Significant Accounting Policies (continued)

Management Estimates

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

Cash and Equivalents

It is the policy of the Association to define cash and cash equivalents as investments with original maturities of 90 days or less.

Inventories

The Association maintains an inventory of items for resale, such as T-shirts and books. Inventories are recorded at lower of cost or market.

Property and Equipment

Property and equipment are recognized at cost. Depreciation is provided utilizing accelerated methods over the estimated useful life of the related asset. Depreciation for the years ended August 31, 2003 and 2002 was \$8,317 and 8,201 respectively. Maintenance and repairs are charged to expense as incurred. Renewals and betterments that materially extend the useful life of an asset are capitalized.

Property and equipment at August 31, 2003 and 2002 are summarized as follows:

	<u>Cost</u>		Estimated
	<u>2003</u>	<u>2002</u>	Useful <u>Lives</u>
Furniture and fixtures	\$ 1,342	1,342	7
Office Equipment	<u>50,937</u>	<u>50,937</u>	5-7
Total	52,279	52,279	
Less: Accumulated Depreciation	(<u>29,685</u>)	(<u>21,368</u>)	
Net Property and Equipment	\$ <u><u>22,594</u></u>	<u><u>30,911</u></u>	

Utah Youth Soccer Association
Notes to Financial Statements
(continued)
August 31, 2003 and 2002

Income Taxes

As a Not-for-Profit organization, the Association is exempt from the payment of income taxes under section 501(c)(3) of the United States Internal Revenue Code. Therefore, no provision for income taxes has been made on the financial statements.

2. Concentrations of Credit Risk Arising from Cash in excess of Federally Insured Amounts

The Association maintains cash balances at several financial institutions located in Salt Lake City, Utah. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. At August 31, 2003 and 2002 the Associations uninsured cash balances total \$301,022 and 251,466 respectively.

3. Note Receivable

The Association holds a note receivable from the former executive director of the Association totaling \$10,693. The note is payable in installments of \$750 a month and carries an interest rate of 7%.

4. Prior Period Adjustment

During the period under audit several items of revenue and expense were discovered that should have been recognized in the year ended August 31, 2002. The net revenue over expense amount relating to the prior period totaled \$11,334. The net increase to unallocated net assets is \$11,334.

5. Automobile Sponsorship Program

The Association is provided with a vehicle from Chevrolet under a sponsorship agreement. Under the agreement Chevrolet is the exclusive provider of an "Official Vehicle" for the use of the Association. This sponsorship allows Chevrolet the following:

- To utilize the Associations logo for advertising purposes.
- One time use per year of the coaches' mailing list.
- Ability to purchase from the Association players' mailing lists.
- On-site rights at the Snickers State Cup and one additional marquee event per year.
- Advertising in Association publications.
- Sponsor recognition in each Association publication.
- Chevy logo and direct link to the Chevrolet web site on the Associations website.
- Chevrolet logo on the association letterhead.

Utah Youth Soccer Association
Supplemental Schedule 1
Program Revenues
August 31, 2003

REVENUE	<u>Actual</u>	<u>Annual Budget</u>	<u>Variance (Under) Over</u>
Player registration fees rec.	\$270,974	220,000	50,974
Player Fees Inhouse/State Comp.	92,901	110,000	(17,099)
State Competition Fees	130,380	100,000	30,380
Travel Paper Fees	5,575	-	5,575
State Team Fees	12,967	12,400	567
State Soccer Camp	-	12,000	(12,000)
Tournament Entry Fees	71,698	113,000	(41,302)
Coaching Education Clinics	30,355	17,350	13,005
AGM Income	9,345	6,000	3,345
Host Tournament Income	2,440	-	2,440
Ticket Sales Womens Nationals	79,267	-	79,267
Other	8,932	8,500	432
Sponsor Revenue	15,133	18,075	(2,942)
Interest Income	5,144	25,000	(19,856)
ODP Net Proceeds	6,478	-	6,478
Retail Sales	<u>760</u>	<u>1,750</u>	<u>(990)</u>
	<u>\$ 742,349</u>	<u>644,075</u>	<u>(98,274)</u>

See Accountants Report

Utah Youth Soccer Association
Supplemental Schedule 1 (continued)
Direct Program Expenses
August 31, 2003

	<u>Actual</u>	<u>Annual Budget</u>	Variance (Over) <u>Under</u>
DIRECT EXPENSES			
State Coach Payroll	50,093	63,000	12,907
State Coach Payroll Taxes	4,087	6,300	2,213
Camp Expense	300	70,000	69,700
Clinic Expense	-	1,000	1,000
Insurance - Player Medical	74,015	69,200	(4,815)
Medical Staff Contract	-	5,000	5,000
Medical Supplies	-	300	300
Pins	7,384	3,000	(4,384)
Player Participant Awards	1,184	7,000	5,816
Printing - Player Passes	948	1,200	252
Program Development	8,909	7,500	(1,409)
Referees	37,480	44,000	6,520
Rent - Equipment	13,752	1,000	(12,752)
Rent - Fields	13,332	20,000	6,668
Rent Miscellaneous	-	4,200	4,200
Ticket Costs Womens Nationals	72,790	-	(72,790)
Trophies Medals	23,662	40,000	16,338
Tournament Entree Fee Expense	6,450	10,000	3,550
US Youth Soccer Player Fees	15,444	15,000	(444)
US Soccer Fed. Player Fees	30,888	30,000	(888)
US Soccer Fed. Affiliation Fee	<u>25</u>	<u>25</u>	<u>-</u>
 Total Direct Expenses	 <u>\$ 360,743</u>	 <u>397,725</u>	 <u>36,982</u>

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Utah Youth Soccer Association
Supplemental Schedule 2
Administrative Expenses
August 31, 2003

	<u>Actual</u>	<u>Annual Budget</u>	<u>Variance (Over) Under</u>
ADMINISTRATIVE EXPENSES			
Office Staff Payroll	\$ 86,704	111,000	24,296
Office Staff Payroll Taxes	10,773	11,000	227
Payroll Services Expense	1,682	9,800	8,118
Employee Benefits	16,431	20,800	4,369
Insurance - Workers Comp.	573	1,100	527
Insurance - Office Staff	1,412	2,300	888
Fidelity Bonds	399	500	101
Transportation	15,913	34,400	18,487
Accounting/Consulting	5,561	7,200	1,639
Audit Fee	9,363	10,000	637
Bank Charges	7,050	-	(7,050)
Bad Debt Expense	-	1,000	1,000
Books/Manuals/Films	4,231	1,000	(3,231)
Capital Expense Building	-	2,000	2,000
Casual Pay	25,877	37,700	11,823
Computer Consulting	399	3,000	2,601
Convention Meeting Expense	5,393	3,000	(2,393)
Copier Lease Expense	9,551	5,000	(4,551)
Copy - In house	-	2,000	2,000
Dues and Subscriptions	118	1,000	882
Equipment Maintenance	820	2,500	1,680
Equipment Purchases	1,778	2,000	222
Depreciation	8,317	4,800	(3,517)
Forms Purchases/Printing	14,394	7,500	(6,894)
Gas and Oil	2,040	9,000	6,960
Hotel	8,010	18,000	9,990
Insurance - Vehicle	2,065	1,300	(765)
Insurance - Fire	400	200	(200)
Insurance - Not For Profit	2,333	2,000	(333)
Legal	7,239	14,000	6,761
Marketing	8,458	10,000	1,542
Meals and Entertainment	11,949	6,000	(5,949)
Mileage	1,340	1,400	60
Miscellaneous Expense	8,833	9,200	367

See Accountants Report

Utah Youth Soccer Association
Supplemental Schedule 2 (continued)
August 31, 2003

	<u>Actual</u>	<u>Annual Budget</u>	Variance (Over) <u>Under</u>
ADMINISTRATIVE EXPENSES (Cont.)			
Office Cleaning	1,001	900	(101)
Office Rent	15,484	18,000	2,516
Office Supplies	6,514	6,000	(514)
Outside Services	294	1,000	706
Per Diem	5,028	2,000	(3,028)
Photography	-	975	975
Postage	5,191	9,300	4,109
Printing and Copying - Outsource	4,294	2,000	(2,294)
Repairs and Maintenance	87	1,000	913
Risk Management	308	5,000	4,692
Retail Products	4,467	-	(4,467)
Service Charges	1,725	3,000	1,275
Soccer Utah News Letter	8,150	18,200	10,050
Utilities - Phone Local	7,108	4,000	(3,108)
Utilities - Phone Long Distance	4,062	2,500	(1,562)
Utilities - Electric	2,422	4,500	2,078
Utilities - Gas	542	1,000	458
Utilities - Trash/Water	-	700	700
Utah Youth Soccer Website	17,237	16,000	(1,237)
Volunteer Recognition	<u>2,583</u>	<u>3,500</u>	<u>917</u>
Total Administrative expenses	<u>\$ 365,903</u>	<u>451,275</u>	<u>85,372</u>

See Accountants Report

Utah Youth Soccer Association
 Summary of ODP Fees and Direct Expenses
 Supplemental Schedule 3
 August 31, 2003

ODP Player Fees		\$192,069
State Coach Payroll	12,523	
State Coach Payroll Taxes	1,021	
Travel- Other	5,970	
Transportation	39,760	
Books Manuals Films	558	
Camp Expense	65,517	
Casual Labor	10,337	
Convention Meeting Expense	3,800	
Equipment Expense	4,310	
Finance Charges	16	
Gas and Oil	260	
Hotel	20,077	
JDA Camp Expense	707	
JDA Coach Expense	4,513	
Meals and Entertainment	385	
Mileage	192	
Office Supplies	26	
Per diem	1,331	
Postage	1,589	
Printing - Copying	92	
Referees	1,985	
Rent Fields	4,388	
Retail Products	4,135	
Service Charges	99	
Tournament Entry Fees	1,800	
Workshops	<u>200</u>	
 Total Direct Expenses		 <u>185,591</u>
 Net Revenues Over Expenses		
From ODP		<u>\$ 6,478</u>

See Accountants Report