

MCLEAN YOUTH SOCCER ASSOCIATION

JUNE 30, 2011

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in their entirety**

MCLEAN YOUTH SOCCER ASSOCIATION

JUNE 30, 2011

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ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
McLean Youth Soccer Association
McLean, Virginia

We have reviewed the accompanying statement of financial position of McLean Youth Soccer Association as of June 30, 2011, and the related statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion. The prior year summarized comparative information has been derived from McLean Youth Soccer Association's 2010 financial statements and, in our report dated May 4, 2011 we expressed an unqualified opinion on those financial statements.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The financial statements for the year ended June 30, 2010, were audited by us, and we expressed an unqualified opinion on them in our report dated May 4, 2011, but we have not performed any auditing procedures since that date.

A handwritten signature in black ink that reads "Ross, Langan & McKendree LLP". The signature is written in a cursive, flowing style.

CERTIFIED PUBLIC ACCOUNTANTS

October 6, 2011

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MCLEAN YOUTH SOCCER ASSOCIATION
STATEMENTS OF FINANCIAL POSITION

ASSETS

	June 30,	
	2011	2010
CURRENT ASSETS		
Cash	\$ 265,556	\$ 1,003,067
Other current assets, net	55,266	93,867
Total current assets	320,822	1,096,934
EQUIPMENT AND SYSTEMS		
Equipment and systems	46,645	46,645
Accumulated depreciation	(41,227)	(30,298)
Equipment and systems, net	5,418	16,347
FIELD USE RIGHTS AND IMPROVEMENTS		
Field use rights	3,684,209	2,316,625
Improvements	433,256	433,256
Accumulated amortization	(1,382,928)	(1,143,210)
Field use rights and improvements, net	2,734,537	1,606,671
TOTAL ASSETS	\$ 3,060,777	\$ 2,719,952
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 20,711	\$ 44,282
Accrued expenses	38,112	124,492
Deferred member fees	158,318	47,545
Total current liabilities	217,141	216,319
NET ASSETS		
Net assets, unrestricted	2,841,516	2,503,568
Net assets, temporarily restricted	2,120	65
Total net assets	2,843,636	2,503,633
TOTAL LIABILITIES AND NET ASSETS	\$ 3,060,777	\$ 2,719,952

See accountant's review report. The accompanying notes and schedule are an integral part of these financial statements.

MCLEAN YOUTH SOCCER ASSOCIATION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011
With Summarized Financial Information
For the Year Ended June 30, 2010

	Unrestricted	Temporarily Restricted	June 30,	
			2011	2010
REVENUE				
Member fees	\$ 2,847,366	\$ -	\$ 2,847,366	\$ 2,729,025
Less: Member aid and discounts	(50,476)	-	(50,476)	(52,223)
Net member fees	2,796,890	-	2,796,890	2,676,802
Contributions	14,989	2,120	17,109	13,187
Sponsorships	13,007	-	13,007	42,249
Other income	17,023	-	17,023	13,842
Interest income	10,930	-	10,930	18,605
Net assets released from restrictions	65	(65)	-	-
Total revenue	2,852,904	2,055	2,854,959	2,764,685
EXPENSES				
Program services:				
Team activities	1,775,628	-	1,775,628	1,742,187
Individual training	145,772	-	145,772	140,995
Tournament activities	46,306	-	46,306	-
Field maintenance and development	483,083	-	483,083	442,245
Club general	34,921	-	34,921	71,437
Total program services	2,485,710	-	2,485,710	2,396,864
Support services:				
Management	29,216	-	29,216	26,925
Fundraising	30	-	30	200
Total support services	29,246	-	29,246	27,125
Total expenses	2,514,956	-	2,514,956	2,423,989
INCREASE IN NET ASSETS	337,948	2,055	340,003	340,696
NET ASSETS, BEGINNING OF YEAR	2,503,568	65	2,503,633	2,162,937
NET ASSETS, END OF YEAR	\$ 2,841,516	\$ 2,120	\$ 2,843,636	\$ 2,503,633

See accountant's review report. The accompanying notes and schedule are an integral part of these financial statements.

MCLEAN YOUTH SOCCER ASSOCIATION

SCHEDULE OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED JUNE 30, 2011
 With Summarized Financial Information
 For the Year Ended June 30, 2010

	Program Services					Support Services			2011	2010	
	Team Activities	Individual Training	Tournament Activities	Field Maintenance and Development	Club General	Total Program Services	Management	Fundraising			Total Support Services
Personnel and contract services	\$ 1,266,785	\$ 117,855	\$ 18,220	\$ 14,673	\$ 20,829	\$ 1,438,362	\$ 24,529	\$ -	\$ 24,529	\$ 1,462,891	\$ 1,197,041
Field maintenance and rental	12,054	9,168	4,788	223,965	-	249,975	-	-	-	249,975	220,849
League/tournament participation	158,794	-	-	-	-	158,794	-	-	-	158,794	149,085
Uniform and game supplies	122,824	2,887	18,538	-	38	144,287	-	-	-	144,287	255,654
Other direct costs	102,496	7,486	1,150	-	9,910	121,042	45	-	45	121,087	127,906
Travel and meals	80,685	-	216	-	446	81,347	30	-	30	81,377	102,157
Information systems and technology	19,201	1,905	1,575	-	1,825	24,506	515	-	515	25,021	23,082
Office and supplies	3,956	5,804	1,819	3,298	1,873	16,750	4,097	30	4,127	20,877	18,718
Interest and financing	-	-	-	-	-	-	-	-	-	-	7,983
Depreciation and amortization	8,833	667	-	241,147	-	250,647	-	-	-	250,647	218,533
Tax settlement	-	-	-	-	-	-	-	-	-	-	102,981
Total Expenses	\$ 1,775,628	\$ 145,772	\$ 46,306	\$ 483,083	\$ 34,921	\$ 2,485,710	\$ 29,216	\$ 30	\$ 29,246	\$ 2,514,956	\$ 2,423,989

See accountant's review report. The accompanying notes and schedule are an integral part of these financial statements.

MCLEAN YOUTH SOCCER ASSOCIATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED

	June 30,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 340,003	\$ 340,696
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	250,647	218,533
Allowance for uncollectible accounts	3,627	38,884
Decrease (increase) in other current assets, net	34,973	42,400
Increase (decrease) in accounts payable and accrued expenses	(109,951)	104,487
Increase (decrease) in deferred member fees, net	110,774	(70,793)
	290,070	333,511
Total adjustments		
Net cash provided by operating activities	630,073	674,207
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	-	(7,500)
Donations for field development projects	(1,367,584)	(84,230)
	(1,367,584)	(91,730)
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of notes payable	-	(296,267)
	-	(296,267)
INCREASE (DECREASE) IN CASH	(737,511)	286,210
CASH, BEGINNING OF YEAR	1,003,067	716,857
CASH, END OF YEAR	\$ 265,556	\$ 1,003,067
 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	\$ -	\$ 2,108

See accountant's review report. The accompanying notes and schedule are an integral part of these financial statements.

MCLEAN YOUTH SOCCER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND MISSION

McLean Youth Soccer Association ("MYSA") was incorporated in 2002 as a Virginia not-for-profit corporation and is classified as a public charity that is exempt from Federal income tax under section 501(c) (3) of the Internal Revenue Code.

MYSA's mission is to promote, organize, and facilitate youth soccer activities in the community. MYSA sponsors soccer programs for members four to 18 years of age, sources and maintains playing fields, facilitates year-round training and development, retains coaches and trainers, and provides a developmental program for members with physical challenges. Additionally, MYSA has undertaken a multi-year effort to fund and develop high quality playing fields for the use of its members and the community, the Field Development Initiative. MYSA is a member of the Virginia Youth Soccer Association.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operating Year

MYSA operates on a fiscal year from July 1 to June 30 which coincides with the fall and spring season cycle during which members participate in a single age group.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting following the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), which is the sole source of authoritative generally accepted accounting principles in the United States of America. MYSA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets.

Member Fees, Support, and Expenses

MYSA member registration fees are reported as revenue in the period earned and expenses are recorded when incurred in accordance with the accrual basis of accounting. Contributions received and unconditional promises to give are measured at their fair values and are reported as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. MYSA reports gifts of cash and other assets as restricted revenue if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as assets released from restrictions.

Donated Services

MYSA's success in conducting its mission is highly dependent on attracting committed volunteers to act as board members, manage its operations, and conduct certain program activities. Hundreds of volunteers donate tens of thousands of hours each year to MYSA. The value of these donated services is not reflected in the financial statements.

See accountant's review report. The accompanying notes and schedule are an integral part of these financial statements.

MCLEAN YOUTH SOCCER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Facilities

Fairfax County's Park Authority, Public Schools, and Board of Supervisors provide the majority of the fields used by MYSA for member training and games. In exchange for field assignments, MYSA paid Fairfax County approximately \$56,000 and \$51,700 in FY 2011 and FY 2010, respectively, in accordance with the County's published rate schedule. In most cases, MYSA has committed to maintain these fields at its own expense. Additionally, Capital One, a McLean based Fortune 500 company, provides MYSA with access to two fields at no charge. MYSA shares all these fields with other members of the community under terms specified by the field owners.

Functional Allocation of Expenses

The costs of supporting the various activities of MYSA are summarized on a functional basis in the statement of activities. Certain costs have been allocated among the functions benefited based on documented time records and the relative amount of time spent on each function or other rational allocation methods.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires MYSA to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and related financial statement disclosures. Actual results could differ from those estimates.

Fair Value of Financial Instruments

Cash and cash equivalents are valued at their carrying amount due to their short maturities. The carrying value of all financial instruments approximates the fair value thereof as of the date of these financial statements.

Equipment and Systems

Equipment and systems consist of field equipment and member registration systems. Purchases are recorded at cost (fair value if contributed) and evaluated annually for any permanent diminution in value. Depreciation is provided on the straight-line method over the estimated useful life of the assets ranging from three to five years.

Field Use Rights and Improvements

Field use rights consist of preferred field assignments conferred by contract with Fairfax County and related site improvements in exchange for MYSA's cash donations to fund field improvements including synthetic turf surfaces. These intangible assets are recorded at cost and evaluated annually for any permanent diminution in value. Amortization is provided on the straight-line method over the related contract term typically resulting in asset lives of ten years.

Temporarily Restricted Net Assets

At the direction of the donors, temporarily restricted net assets are available for either fundraising, development, and debt service related to MYSA's Field Development Initiative or financial aid for members.

MCLEAN YOUTH SOCCER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

MYSA is a not-for-profit organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. MYSA is required to measure, recognize, present and disclose in its financial statements uncertain tax positions MYSA has taken in the tax years that remain subject to examination, or expects to take on a tax return. Tax benefits from uncertain tax positions are recognized only if it is more likely than not that the tax position will be sustained upon examination by taxing authorities. Prior year income tax returns may be subject to examination in various tax jurisdictions, most of which define open tax years as three years from the later of the due date of the return, or the date the return was filed. MYSA has not recorded a liability for uncertain tax positions for any open tax years.

Reclassifications

Certain prior year account balances have been reclassified to conform to the current year's presentation.

NOTE 3 – OTHER CURRENT ASSETS

Other current assets consist of the following at June 30:

	2011	2010
Fees receivable from members	\$ 7,339	\$ 9,446
Allowance for uncollectible fees	(3,439)	(1,859)
Royalties receivable	-	21,064
Prepaid expenses	51,366	65,216
	<u>\$ 55,266</u>	<u>\$ 93,867</u>

NOTE 4 – INDEBTEDNESS

In July 2008, MYSA entered into a \$4 million term loan facility for its Field Development Initiative and a line of credit with Access National Bank (“ANB”) secured by substantially all the assets of MYSA. An initial draw on the term loan facility in the amount of \$400,000 was made, bearing interest at 6.58 percent over ten years. A portion of the proceeds were used to repay all outstanding balances on borrowings from prior field development activities.

In July 2009, MYSA prepaid all outstanding indebtedness on its term loan plus accrued interest totaling \$296,267 from cash on hand. In May 2010, MYSA closed its borrowing facilities to avoid commitment fees since no new borrowings were anticipated.

MCLEAN YOUTH SOCCER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – CONCENTRATIONS OF CREDIT RISK

At various times during the year, MYSA had deposits with financial institutions in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2011, MYSA's deposits did not exceed the \$250,000 FDIC insurance limit.

The majority of MYSA membership is from the McLean Virginia area of Fairfax County.

NOTE 6 – FIELD DEVELOPMENT INITIATIVE

As part of its Field Development Initiative (“FDI”), in August 2007, MYSA entered into an agreement with the Fairfax County Park Authority (“FCPA”) to facilitate the development of synthetic surface sports fields at County-owned sites. Under the agreement, the FCPA has the option to convert up to two synthetic surface fields per year contingent upon MYSA providing advance funding for each project, which is treated as a donation. In exchange for donating the funds for these field improvements to FCPA, MYSA will receive future preferential field allocations (i.e., Field Use Rights) at these sites for 10 years but otherwise will receive no benefits nor retain any obligations related to these fields.

In FY 2010, MYSA donated \$84,200 to FCPA for design work on a field project. In FY 2011, MYSA donated an additional \$606,400 for the development of this project which was completed in November 2010. Additionally, MYSA donated \$761,200 for the design and development of another project which was completed in September 2012. FCPA contributed \$150,000 of its own funds to the development of each of these two projects. The donations by MYSA are reported as field use rights in the accompanying statement of financial position and as donations for field development projects in the statements of cash flows.

Subject to the availability of suitable sites, funding, and the cooperation of the FCPA, MYSA expects to develop additional fields over the next several years.

NOTE 7 – IRS SETTLEMENT

As the result of an audit initiated in November 2010, MYSA entered into a settlement with the Internal Revenue Service concerning the classification of certain workers. The settlement requires MYSA to treat certain groups of workers as employees as opposed to independent contractors as MYSA had done in the past. MYSA expects the classification of these workers as employees will result in modest increases in its future operating costs. The settlement also required MYSA to pay \$102,981 to the IRS for delinquent payroll taxes on these misclassified workers; no interest or penalties were assessed. This settlement is included in accounts payable and accrued expenses in the FY 2010 statement of financial position. The settlement covers tax years 2007 through 2010 and no further adjustments or assessments are anticipated from this audit.

NOTE 8 – SUBSEQUENT EVENTS

MYSA has evaluated subsequent events through October 6, 2011, which is the date the financial statements were available to be issued.