

Saginaw Township Soccer Association

Saginaw, Michigan

Financial Statements

For the Year Ended November 30, 2007



REHMANN ROBSON

Certified Public Accountants

SAGINAW TOWNSHIP SOCCER ASSOCIATION

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INDEPENDENT AUDITORS' REPORT

February 18, 2008

Board of Directors
Saginaw Township Soccer Association
Saginaw, Michigan

We have audited the accompanying statement of financial position of ***Saginaw Township Soccer Association*** as of November 30, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of ***Saginaw Township Soccer Association***'s management. 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 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ***Saginaw Township Soccer Association***, as of November 30, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of ***Saginaw Township Soccer Association*** taken as a whole. The supplementary schedules of support and revenue, expenses and net assets, and functional expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in our audit of the basic financial statements, and accordingly, we express no opinion on it.

SAGINAW TOWNSHIP SOCCER ASSOCIATION

STATEMENT OF FINANCIAL POSITION

NOVEMBER 30, 2007

<u>ASSETS</u>	
Cash and cash equivalents	\$ 7,695
Accounts receivable	12,400
Inventory	18,823
Beneficial interest in assets held by Saginaw Community Foundation	65,239
Land and building usage rights, net of amortization	612,160
Property and equipment	
Land	321,034
Equipment	250,080
Less accumulated depreciation	<u>(212,918)</u>
Net property and equipment	<u>358,196</u>
Total assets	<u><u>\$1,074,513</u></u>
<u>LIABILITIES AND NET ASSETS</u>	
Liabilities	
Accounts payable	\$ 1,500
Refundable advance contribution	50,000
Line of credit	27,576
Notes payable	<u>292,118</u>
Total liabilities	<u>371,194</u>
Unrestricted net assets	
Investment in property and equipment, net of related debt	66,078
Undesignated	<u>9,842</u>
Total unrestricted	75,920
Temporarily restricted	<u>627,399</u>
Total net assets	<u>703,319</u>
Total liabilities and net assets	<u><u>\$1,074,513</u></u>

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

SAGINAW TOWNSHIP SOCCER ASSOCIATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED NOVEMBER 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue			
Registration fees	\$ 196,771	\$ -	\$ 196,771
Donations and fundraising	18,031	15,239	33,270
Sponsor fees	8,050	-	8,050
Gross sales - food and beverages	32,255	-	32,255
Gross sales - apparel	21,342	-	21,342
Team fees	44,688	-	44,688
Camp and kicks income	14,147	-	14,147
Rentals	32,283	-	32,283
Other income	1,481	-	1,481
Reclassification due to expiration of time restriction - amortization	55,994	(55,994)	-
Total support and revenue	<u>425,042</u>	<u>(40,755)</u>	<u>384,287</u>
Expenses			
Program services			
Travel and recreational soccer	249,412	-	249,412
Concessions	41,421	-	41,421
7-11 tournament	41,262	-	41,262
Camps and kicks	2,058	-	2,058
State cups and other	5,832	-	5,832
Meijer's tournament	1,250	-	1,250
Total program services	<u>341,235</u>	<u>-</u>	<u>341,235</u>
Support services - management and general	58,011	-	58,011
Support services - fund raising	6,180	-	6,180
Total expenses	<u>405,426</u>	<u>-</u>	<u>405,426</u>
Change in net assets	19,616	(40,755)	(21,139)
Net assets - beginning of year	<u>56,304</u>	<u>668,154</u>	<u>724,458</u>
Net assets - end of year	<u>\$ 75,920</u>	<u>\$ 627,399</u>	<u>\$ 703,319</u>

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

SAGINAW TOWNSHIP SOCCER ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED NOVEMBER 30, 2007

Cash flows from operating activities	
Change in net assets	\$ (21,139)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Additions to beneficial interest in assets held by Saginaw Community Foundation	(65,239)
Depreciation	7,063
Amortization	55,994
Changes in operating assets and liabilities which provided (used) cash:	
Accounts receivable	(7,400)
Inventory	(7,255)
Accounts payable	1,500
Refundable advance contribution	50,000
	<hr/>
Net cash provided by operating activities	13,524
	<hr/>
Cash flows from investing activities	
Purchase of equipment	(7,961)
	<hr/>
Cash flows from financing activities	
Proceeds from line of credit	17,000
Repayment of line of credit	(14,945)
Repayment of long-term debt	(6,411)
	<hr/>
Net cash used in financing activities	(4,356)
	<hr/>
Net increase in cash and cash equivalents	1,207
Cash and cash equivalents - beginning of year	6,488
	<hr/>
Cash and cash equivalents - end of year	\$ 7,695
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Supplemental disclosure of cash flows information:	
Cash paid for interest	\$ 25,767
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The accompanying notes are an integral part of these financial statements

SAGINAW TOWNSHIP SOCCER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The *Saginaw Township Soccer Association* (the “Association”) has served the communities’ soccer enthusiasts needs since 1972, when it was created to support our communities’ international relationship with Cambridge, Ontario during the CanAmerica Games. The Association is supported primarily through registration and team fees and donor contributions.

Financial Statement Presentation

The Association reports 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 November 30, 2007, the Association had no permanently restricted net assets.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles, and accordingly reflect all significant receivables, payables, and other liabilities. Under this method revenues are recognized when earned and expenses are recorded as incurred.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and money market savings accounts with banks or other financial institutions. At times, such deposits may exceed federally insured limits.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management’s assessment of the credit history with individuals and agencies with outstanding balances and current relationships with them, they have concluded that realization losses on balances outstanding at year-end will be immaterial.

SAGINAW TOWNSHIP SOCCER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

Inventory

Inventory consists largely of clothing items and is stated at estimated fair value.

Property and Equipment and Depreciation

Buildings, leasehold improvements, and furniture and fixtures are stated at cost and are being depreciated over their estimated useful lives, which range from 5 to 20 years, using the straight-line method of depreciation. It is the Association's policy to capitalize such assets with a useful life of over 1 year. Management annually reviews these assets to determine whether carrying values have been impaired.

Revenue Recognition

Registration, sponsor, and team fees are recognized at the time registrations are made.

Revenues for food, beverages, and apparel are recognized at the point-of-sale.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Conditional promises to give are not included as support until the conditions are substantially met.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

SAGINAW TOWNSHIP SOCCER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

Income Taxes

The Association is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is also exempt from similar state and local taxes.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make 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 revenues and expenses during the year. Actual results could differ from those estimates.

2. LAND AND BUILDING USAGE RIGHTS

The Association has entered into a lease agreement with Saginaw Township (the "Township") for the use of land, land improvements, and buildings owned by Saginaw Township, (collectively referred to as "The Saginaw Township Soccer Complex"). The lease agreement, which was initially entered into on August 27, 1990, for a 15-year period and then automatically renewed for an additional 15-year period, expires on August 26, 2020, and requires no lease payments. However, the Association must pay annual maintenance expenses to the Township not to exceed \$50,000 for the upkeep of the soccer fields and related facilities. Maintenance expenses paid to the Township for the year ended November 30, 2007, amounted to \$25,578.

As the use of the property is an unconditional promise to give, it has been recognized on the statement of financial position of the Association as land and building usage rights. The underlying property giving rise to the usage rights was recorded as its fair value at the date of donation, which was the acquisition and construction cost of the property, and is being amortized over the 30 year term of the lease for the property or the useful life of certain improvements.

SAGINAW TOWNSHIP SOCCER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

The land and building usage rights as of November 30, 2007, consists of the following amounts:

Land	\$ 221,490
Land improvements	787,486
Buildings	<u>357,115</u>
Total	1,366,091
Less: accumulated amortization	<u>753,931</u>
Land and building usage rights, net	<u>\$ 612,160</u>

3. DEBT

Long-term debt of the Saginaw Township Soccer Association at November 30, 2007, is summarized as follows:

Note with Citizens Bank secured by real estate, payable in monthly installments of \$2,531, including 8.0% annual interest, with a final principal payment of \$265,518 due on August 25, 2011. **\$ 292,118**

Scheduled principal maturities of long-term debt for each of the years succeeding November 30, 2007, are summarized as follows:

<u>Fiscal Year Ending</u> <u>November 30</u>	<u>Amount</u>
2008	\$ 7,308
2009	7,914
2010	8,571
2011	<u>268,325</u>
Total	<u>\$ 292,118</u>

SAGINAW TOWNSHIP SOCCER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

The note payable is secured by a real estate mortgage and assignment of rents and leases on the property located at 4800 Mackinaw, Saginaw, Michigan and a business loan agreement.

In addition to the note payable, the Association also is obligated on outstanding borrowings pursuant to a \$90,000 revolving line of credit with Citizens Bank. Interest on borrowings is charged at the prime rate, which was 8.25% at November 30, 2007. The line of credit agreement expires November 30, 2008.

4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at November 30, 2007, represent resources that are donor restricted for the following purposes:

Land and building usage rights	\$ 612,160
Contributions – donor restricted for soccer complex expansion project	<u>15,239</u>
Total	<u>\$ 627,399</u>

The temporarily restricted net assets for donor restricted contributions are held at the Saginaw Community Foundation for the express purpose of the Association's future soccer complex expansion project. All donations are received directly by the Foundation. Temporarily restricted donations received during the year ended November 30, 2007, amounted to \$19,206, net of \$3,967 in program expenses during the year.

5. PLEDGE CAMPAIGN

In 2007, the Association began a pledge campaign, "Soccer Goal 2009", for the purpose of expanding the facilities of the Saginaw Township Soccer Complex. In addition to individual pledges which can be made directly to the Saginaw Community Foundation, the Association is seeking various foundation and large grants. As of November 30, 2007, the Association has received \$875,000 in conditional promises to give. These promises to give are conditional upon the Association proceeding with the construction of the soccer field expansion. The decision to proceed will be made in 2008 upon receipt of favorable construction cost proposals.

SAGINAW TOWNSHIP SOCCER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

During the year ended November 30, 2007, the Association received \$50,000 of the above promises to give which must be returned if the Association does not proceed with the expansion. The \$50,000 has been recorded on the statement of financial position in the beneficial interest in assets held by Saginaw Community Foundation and also as a refundable advance contribution. The remaining \$825,000 in conditional promises to give have not been recognized as assets in the statement of financial position.

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SUPPLEMENTARY INFORMATION

SAGINAW TOWNSHIP SOCCER ASSOCIATION

**SCHEDULE OF SUPPORT AND REVENUE, EXPENSES AND NET ASSETS
(UNRESTRICTED)**

FOR THE YEAR ENDED NOVEMBER 30, 2007

	Program Services			
	Travel and Recreational Soccer	Concessions	7-11 Tournament	Camps and Kicks
Support and revenue				
Registration fees	\$ 196,771	\$ -	\$ -	\$ -
Donations and fundraising	16,771	-	-	-
Sponsor fees	550	-	7,500	-
Gross sales - food and drinks	-	32,255	-	-
Gross sales - clothing sales	-	9,825	11,517	-
Team fees	-	-	43,988	-
Camp and kicks income	-	-	-	14,147
Rentals	300	-	-	-
Other income	3	-	1,333	-
Total support and revenue	\$ 214,395	\$ 42,080	\$ 64,338	\$ 14,147
 Expenses	 \$ 249,412	 \$ 41,421	 \$ 41,262	 \$ 2,058
 Change in net assets				
Reclassification due to expiration of time restrictions				
Net assets, unrestricted - beginning of year				
 Net assets, unrestricted - end of year				

Program Services		Support Services			
State Cups and Other	Meijer's Tournament	Management and General	Fundraising		Total
\$ -	\$ -	\$ -	\$ -		\$ 196,771
-	1,260	-	-		18,031
-	-	-	-		8,050
-	-	-	-		32,255
-	-	-	-		21,342
-	700	-	-		44,688
-	-	-	-		14,147
31,983	-	-	-		32,283
145	-	-	-		1,481
<u>\$ 32,128</u>	<u>\$ 1,960</u>	<u>\$ -</u>	<u>\$ -</u>		369,048
<u>\$ 5,832</u>	<u>\$ 1,250</u>	<u>\$ -</u>	<u>\$ -</u>		405,426
					(36,378)
					55,994
					<u>56,304</u>
					<u>\$ 75,920</u>

SAGINAW TOWNSHIP SOCCER ASSOCIATION

SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED NOVEMBER 30, 2007

	Program Services			
	Travel and Soccer	Concessions	7-11 Tournament	Camps and Kicks
Club professional	\$ 25,030	\$ -	\$ -	\$ -
Referee costs and fees	20,799	-	14,394	-
Travel fees and expenses	35,248	1,225	-	-
MSYSA fees and expenses	14,332	-	325	-
Maintenance	74,518	-	5,238	-
Supplies	7,972	-	2,403	-
Advertising	-	-	340	-
Insurance	790	-	-	-
Interest	-	-	-	-
VISA charges	-	-	-	-
Internet and DISH TV expenses	1,463	-	1,260	-
Legal and accounting	-	-	-	-
Administrative help	-	-	-	-
Miscellaneous	1,923	-	600	190
Printing and postage	-	-	-	-
Rentals	3,190	-	815	-
Saginaw Chamber of Commerce	-	-	-	-
Telephone	-	-	-	-
Trophies, awards, and giveaways	518	-	5,680	-
Utilities	572	-	-	-
Concession costs	-	21,691	-	-
Clothing	-	11,464	6,132	-
Concession workers	-	7,041	1,000	-
First aid	-	-	2,350	-
Security guards/police/traffic	-	-	725	-
Fundraising	-	-	-	-
Coaching	-	-	-	1,868
Donations	-	-	-	-
Total expenses before depreciation and amortization	186,355	41,421	41,262	2,058
Depreciation	7,063	-	-	-
Amortization	55,994	-	-	-
Total expenses	\$ 249,412	\$ 41,421	\$ 41,262	\$ 2,058

Program Services		Support Services		
State Cups and Other	Meijer's Tournament	Management and General	Fundraising	Total
\$ -	\$ -	\$ -	\$ -	\$ 25,030
-	-	-	-	35,193
-	-	-	-	36,473
-	750	-	-	15,407
1,445	-	-	-	81,201
334	-	-	-	10,709
-	-	3,960	-	4,300
-	-	7,018	-	7,808
-	-	25,767	-	25,767
-	-	3,358	-	3,358
-	-	-	-	2,723
-	-	10,000	-	10,000
-	-	2,526	-	2,526
-	-	-	-	2,713
-	-	2,575	-	2,575
2,253	-	-	-	6,258
-	-	570	-	570
-	-	2,237	-	2,237
-	-	-	-	6,198
-	-	-	-	572
500	500	-	-	22,691
-	-	-	-	17,596
1,050	-	-	-	9,091
-	-	-	-	2,350
-	-	-	-	725
-	-	-	6,180	6,180
-	-	-	-	1,868
250	-	-	-	250
5,832	1,250	58,011	6,180	342,369
-	-	-	-	7,063
-	-	-	-	55,994
<u>\$ 5,832</u>	<u>\$ 1,250</u>	<u>\$ 58,011</u>	<u>\$ 6,180</u>	<u>\$ 405,426</u>