

**CALIFORNIA STATE SOCCER ASSOCIATION – SOUTH**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**AUGUST 31, 2017**  
**(WITH COMPARATIVE TOTALS**  
**FOR THE YEAR ENDED AUGUST 31, 2016)**

**CALIFORNIA STATE SOCCER ASSOCIATION – SOUTH**  
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**August 31, 2017**  
**(with Comparative Totals for the Year Ended August 31, 2016)**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
California State Soccer Association – South  
Fullerton, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of California State Soccer Association – South (the “Organization”) which comprise the statement of financial position as of August 31, 2017, the related statement of activities and cash flows for the 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 the Organization as of August 31, 2017, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the Organization’s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 3, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Matter**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Singer Lewak LLP*

April 16, 2018

**CALIFORNIA STATE SOCCER ASSOCIATION – SOUTH**  
**STATEMENT OF FINANCIAL POSITION**  
**August 31, 2017**  
**(with Comparative Totals for August 31, 2016)**

<b>ASSETS</b>		
	2017	2016
<b>Assets</b>		
Cash and cash equivalents	\$ 953,088	\$ 779,340
Accounts receivable, net	89,325	328,884
Investments	3,071,215	2,731,271
Prepaid expenses and other assets	156,222	134,093
Property and equipment, net	720,908	731,729
<b>Total assets</b>	<b>\$ 4,990,758</b>	<b>\$ 4,705,317</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 742,629	\$ 896,170
Line of credit	-	239,021
Unearned revenue	1,773,260	1,419,743
Total liabilities	2,515,889	2,554,934
<b>Net assets</b>		
Unrestricted	2,474,869	2,150,383
Total net assets	2,474,869	2,150,383
<b>Total liabilities and net assets</b>	<b>\$ 4,990,758</b>	<b>\$ 4,705,317</b>

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

**CALIFORNIA STATE SOCCER ASSOCIATION – SOUTH**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended August 31, 2017**  
**(with Comparative Totals for the Year Ended August 31, 2016)**

	2017	2016
<b>Revenues and other support</b>		
Players' registrations	\$ 3,719,515	\$ 3,742,311
Fees, camps and tournaments	3,638,097	3,373,595
Promotion sales	1,186,638	1,089,413
Coaching education	540,252	299,667
California Regional League	448,913	476,154
Referee program	437,372	381,215
Advertising, sponsorship and publications	100,458	79,519
In-kind contributions	51,209	519,551
Gain on investments	275,416	120,129
Other support	55,500	83,050
Total revenues and other support	10,453,370	10,164,604
<b>Expenses</b>		
Program services		
State and National Cup	3,484,147	3,299,600
Member services	1,250,668	1,457,037
Adult programs	481,339	471,654
ODP/Pro+	466,636	738,540
Coaching education	424,213	428,279
Camps	298,224	326,507
California Regional League	291,179	384,776
Referee programs	272,082	270,847
Top Soccer	128,480	130,572
Risk management	37,686	45,181
Publication	-	17,915
Other programs	773,780	729,668
Total program services	7,908,434	8,300,576
Support services		
General and administrative	1,973,933	1,479,457
Fundraising	246,517	496,821
Total support services	2,220,450	1,976,278
Total expenses	10,128,884	10,276,854
<b>Changes in net assets</b>	324,486	(112,250)
<b>Net assets, beginning of year</b>	2,150,383	2,262,633
<b>Net assets, end of year</b>	<b>\$ 2,474,869</b>	<b>\$ 2,150,383</b>

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

**CALIFORNIA STATE SOCCER ASSOCIATION – SOUTH**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended August 31, 2017**  
**(with Comparative Totals for the Year Ended August 31, 2016)**

	2017	2016
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 324,486	\$ (112,250)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Allowance for doubtful accounts	33,944	31,213
Net realized and unrealized gains on investments	(275,416)	(120,129)
Depreciation and amortization	100,195	74,743
Changes in operating assets and liabilities		
(Increase) decrease in:		
Accounts receivable	205,615	(15,640)
Prepaid expenses and other assets	(22,129)	(92,018)
Increase (decrease) in:		
Accounts payable and accrued expenses	(153,541)	409,948
Unearned revenue	353,517	(94,484)
	566,671	81,383
Net cash from operating activities	566,671	81,383
<b>Cash flows from investing activities</b>		
Purchases of investments	(1,392,746)	(47,229)
Sales of investments	1,328,218	-
Purchase of property and equipment	(89,374)	(146,826)
Net cash from investing activities	(153,902)	(194,055)
<b>Cash flows from financing activities</b>		
Borrowings from line of credit	-	239,021
Payments on line of credit	(239,021)	-
Net cash from financing activities	(239,021)	239,021
<b>Net change in cash and cash equivalents</b>	173,748	126,349
<b>Cash and cash equivalents, beginning of year</b>	779,340	652,991
<b>Cash and cash equivalents, end of year</b>	<b>\$ 953,088</b>	<b>\$ 779,340</b>
<b>Supplemental disclosure of cash flow information</b>		
Interest paid	<b>\$ 2,321</b>	<b>\$ 6,579</b>

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

**CALIFORNIA STATE SOCCER ASSOCIATION – SOUTH**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2017**

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**NOTE 1 – ORGANIZATION**

California State Soccer Association – South (“Cal South” or the “Organization”) is a not-for-profit corporation organized under the laws of the State of California. Cal South’s primary purpose is to promote and provide public educational soccer programs and amateur competitions. Cal South is an affiliated branch of, and operates under the authority of, the United States Soccer Federation (“USSF”). For select programs, Cal South also operates under the authority of the United States Youth Soccer Association (“USYSA”) and the United States Adult Soccer Association (“USASA”). The Organization is the official Southern California youth and adult state soccer association of the USSF, USYSA and USASA.

Cal South represents approximately 300 Affiliate Member Leagues and Clubs comprising membership of more than 204,000 registered players, coaches, referees and league administrators. Cal South’s service area extends from San Luis Obispo County to San Diego County and provides rewarding recreational and competitive opportunities for players of all ages, genders and skill levels.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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.

Financial Statement Presentation

Cal South 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.

Unrestricted Net Assets – Includes contributions, grants, fundraising event revenue and other forms of unrestricted revenue and expenditures related to the general operations and fundraising efforts of Cal South.

Temporarily Restricted Net Assets – Includes contributions and grants received that are temporarily restricted with respect to use by the donor or grantor or time-restricted to the extent they will be collected and expended in the future. When restrictions expire, these net assets are reclassified to unrestricted net assets. Restricted contributions where restrictions are met in the same reporting period are classified as unrestricted.

Permanently Restricted Net Assets – Includes assets that have been restricted by the donor in perpetuity but permit Cal South to expend part or all of the income derived from the contributed assets.

As of August 31, 2017 and 2016, Cal South had no temporarily or permanently restricted net assets.



**CALIFORNIA STATE SOCCER ASSOCIATION – SOUTH**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2017**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Comparative Amounts

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Cal South's financial statements for the year ended August 31, 2016, from which the summarized information was derived.

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 the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Revenue from player registration fees, camps and tournaments are recorded on the accrual basis. Fees received in advance for future registration and sponsorship are considered unearned until the applicable year.

Advertising revenues from Cal South's publications are recognized in the period of publication.

Sponsorship revenue received under sponsorship agreements are deferred and recognized as income over the term of the underlying agreements. These revenues may give rise to sponsorship receivables or deferred sponsorship revenue depending on the timing of the cash receipts from sponsors.

Contributions are recorded in unrestricted net assets and are considered to be available for use unless restricted by the donor for specific purposes. Conditional contributions are recognized as revenue and recorded in unrestricted net assets when the conditions on which they depend have been substantially met.

Cash and Cash Equivalents

Cash and cash equivalents consist of items with an original maturity when purchased, of three months or less.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are recorded at fair value, based on quoted market prices. Changes in unrealized gains and losses resulting from changes in fair value are reflected in the statement of activities.

Investments received through gifts are recorded at estimated fair value at the date of donation.

**CALIFORNIA STATE SOCCER ASSOCIATION – SOUTH**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2017**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Investments (Continued)

Dividend and interest income are accrued when earned. Interest and investment income and dividends are presented net of related investment expenses.

Cal South's investments consist of fixed income securities, equity securities and investments in mutual funds. Cal South's fixed income securities, equity securities and mutual fund investments are generally publicly traded on national securities exchanges and have readily available quoted market values. Such investments are recorded at market value. Purchases and sales of securities are reflected on the trade dates.

Income earned from investments in all net asset classifications is recorded as unrestricted, except where the instructions of the donor specify otherwise. No such donor restrictions existed for the years ended August 31, 2017 and 2016.

Accounts Receivable

Receivables arise from player registration fees and supplies purchased. Other receivables arise primarily from sponsorships and soccer camps. Amounts collected are included in net cash provided by operating activities in the statement of cash flows. Cal South maintains an allowance for doubtful accounts that is estimated based on historical collection trends, the age of outstanding receivables and existing economic conditions. Although Cal South expects to collect amounts due, actual collections may differ from estimated amounts. Uncollectible accounts are written-off when a customer files bankruptcy, or after all attempts at collections have been pursued.

Property and Equipment

Property and equipment are recorded at cost as of the date of acquisition or fair value as of the date of receipt in the case of gifts. Depreciation and amortization are provided on a straight-line basis over the following useful lives:

Building and building improvements	39 years
Office equipment and furniture	3 to 7 years

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. At the time of retirement or disposition of property and equipment, the cost and related accumulated depreciation and amortization are removed from the accounts, and any resulting gain or loss is reflected as an adjustment to depreciation and amortization expense in the change in net assets.

**CALIFORNIA STATE SOCCER ASSOCIATION – SOUTH**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2017**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Impairment of Long-lived Assets

Cal South reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable, but no less frequently than annually. Impairment losses, if any, are recognized when estimated future cash flows (undiscounted and without interest charges) derived from such assets are less than their carrying values. Cal South determined that no impairment existed as of August 31, 2017 and 2016.

In-kind Contributions

In-kind contributions are contributions of noncash assets that can be utilized by Cal South. Amounts of noncash assets to be used within one year are recorded at their net realizable value. Amounts of noncash assets expected to be used in future years are recorded at the present value of estimated future cash flows discounted at the risk-free interest rate at the date of the contribution. Cal South recognized \$51,209 and \$534,103 of in-kind contributions for the years ended August 31, 2017 and 2016, respectively. The majority of the contributions relate to donated soccer apparel and equipment, which is included in program services in the accompanying statement of activities.

A significant portion of Cal South's programs are conducted by unpaid volunteers and committees. The value of this contributed time is not reflected in the accompanying financial statements, because the volunteers' time does not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

Functional Expenses

Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Expenses that are associated with more than one program or supporting service are allocated based on an evaluation by management.

Self-Insurance

In accordance with the Organization's accident liability insurance policy, the Organization maintains a reserve for accident claims to cover the Organization's estimate of the ultimate cost of reported claims and claims incurred but not reported and related expenses. The Organization uses third-party actuarial estimates of the future costs of the claims and related expenses. The Organization is covered under a large deductible policy in which the Organization has primary responsibility for claims under the policy. Under this policy, The Organization is responsible for covered losses and expenses up to \$300,000 "in aggregate." Amounts in excess of \$300,000 are the responsibility of the current accident insurance provider. The Organization evaluates the reserves and makes adjustments as needed. If the actual cost of the claims incurred and related expenses exceed the amounts estimated, additional reserves may be required.

The State of California requires the Organization to maintain financial instruments or security to cover potential claim losses. In satisfaction of these requirements, the Organization has a retention amount held by the current accident insurance provider.

**CALIFORNIA STATE SOCCER ASSOCIATION – SOUTH**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2017**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Income Taxes

Cal South has been designated as tax-exempt under Internal Revenue Code Section 501(c)(3) and is also exempt from state franchise taxes under Section 23701(d) of the California Revenue and Taxation Code. However, Cal South is subject to income taxes on any net income that is derived from a trade or business not in furtherance of the purposes for which it was granted exemption. No income tax provision has been recorded for the years ended August 31, 2017 and 2016, as the net income, if any, from any unrelated trade or business activities is, in the opinion of management, not material to the financial statements taken as a whole.

In accordance with Accounting Standards Codification (“ASC”) Topic No. 740, “Uncertainty in Income Taxes,” Cal South recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. To date, Cal South has not recorded any uncertain tax positions. During the years ended August 31, 2017 and 2016, Cal South did not recognize any amount in potential interest and penalties associated with uncertain tax positions and did not note any matters which may have an effect on its tax-exempt status.

Taxes Collected From Customers and Remitted To Governmental Authorities

Taxes assessed by governmental authorities on revenue-producing transactions (i.e., sales and use taxes) are recorded on a net basis and have been excluded from revenues on the accompanying statement of activities.

Estimated Fair Value of Financial Instruments

Cal South accounts for the fair value of its financial instruments in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification Topic No. 820, “Fair Value Measurements and Disclosures” (“ASC 820”). ASC 820 defines fair value and requires enhanced disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., the exit price).

**CALIFORNIA STATE SOCCER ASSOCIATION – SOUTH**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2017**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Estimated Fair Value of Financial Instruments (Continued)

ASC 820 establishes a fair value hierarchy that prioritizes and ranks the level of market price observability used in measuring fair value. Market price observability is impacted by a number of factors, including the type of instrument, the characteristics specific to the instrument and the state of the marketplace (including the existence and transparency of transactions between market participants). Instruments with readily available, actively quoted prices or for which fair value can be measured from actively quoted prices in an orderly market will generally have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

As a basis for considering such assumptions, ASC 820 establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

- Level 1 – Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets
- Level 2 – Includes other inputs that are directly or indirectly observable in the marketplace
- Level 3 – Unobservable inputs that are supported by little or no market activity

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given instrument is based on the lowest level of input that is significant to the fair value measurement. Cal South's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the instrument.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. For the years ended August 31, 2017 and 2016, the application of valuation techniques applied to similar assets and liabilities has been consistent. The carrying values of investments are reflected at estimated fair value as described in Note 4 to the financial statements.

**CALIFORNIA STATE SOCCER ASSOCIATION – SOUTH**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2017**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Concentration of Credit Risk

Cash and cash equivalents are placed with high-credit, quality financial institutions. The Federal Deposit Insurance Corporation (“FDIC”) will insure up to \$250,000 of this combined total under the FDIC’s general deposit insurance rules. Cal South has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents. As of August 31, 2017 and 2016, Cal South had deposits in excess of federally insured limits totaling \$693,251 and \$682,445, respectively.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers* (“ASU 2014-09”), which supersedes the revenue recognition requirements in *Revenue Recognition (ASU Topic 605)*, and requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018, and is to be applied retrospectively, with early application permitted with the annual reporting period beginning after December 15, 2016, including interim periods within that reporting period. The Organization’s management is currently evaluating applicability of the new standard.

In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of Effective Date* (“ASU 2015-14”), to supersede nearly all existing revenue recognition guidance under GAAP. The core principle of ASU 2015-14 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. ASU 2015-14 defines a five-step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than required under existing GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each performance obligation. ASU 2015-14 will be effective for annual reporting periods beginning after December 15, 2018. Management is in the process of evaluating the impact of this guidance on the Organization’s financial statements.

**CALIFORNIA STATE SOCCER ASSOCIATION – SOUTH**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2017**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Recently Issued Accounting Pronouncements (Continued)

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (“ASU 2016-14”). The amendment would require an NFP to 1) present on the face of the statement of financial position amounts for two classes of net assets at the end of the period (*net assets with donor restrictions and net assets without donor restrictions*), rather than the currently required three classes, 2) present on the face of the statement of activities the amount of the change in each of the two classes of net assets rather than that of the currently required three classes, 3) continue to present on the face of the statement of cash flows the net amount of operating cash flows using either the direct or indirect method of reporting but no longer require the presentation or disclosure of the indirect method reconciliation, 4) provide enhanced disclosures about governing board designations and appropriations, composition of net assets with donor restrictions and how the restrictions affect the use of resources, and various others, 5) report investment return net of external and direct internal investment expenses and no longer require disclosure of those netted expenses, and 6) use, in the absence of explicit donor stipulations, the placed-in-service approach for reporting expirations of restrictions on gifts of cash or other assets to be used to acquire or construct a long-lived asset. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017; early adoption is permitted. The amendments should be applied on a retrospective basis in the year first applied. However, if presenting comparative financial statements, an NFP has the option to omit certain information as defined in the amendment. Management is in the process of evaluating the impact of this guidance on the Organization’s financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* (“ASU 2016-15”). The amendment provides guidance on eight cash flow classification issues that current GAAP is either unclear or does not include specific guidance on. ASU 2016-15 is effective for fiscal years beginning after December 15, 2018; early adoption is permitted. If early adoption is elected, any adjustments should be reflected as of the beginning of the fiscal year and all amendments must be adopted in the same period. Management does not believe the adoption of this guidance will have a material effect on the Organization’s financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230)* (“ASU 2016-18”), which requires amounts generally described as restricted cash and restricted cash equivalents to be included with cash and cash equivalents when reconciling the amounts shown on the statement of cash flows. This change will allow the user of the financial statements to clearly see when there are transfers between cash, cash equivalents and restricted cash or restricted cash equivalents or direct cash receipts or payments made from restricted cash or restricted cash equivalents. ASU 2016-18 is effective for fiscal years beginning after December 15, 2018; early adoption is permitted. If early adoption is elected, any adjustments should be reflected as of the beginning of the fiscal year. Management does not believe the adoption of this guidance will have a material effect on the Organization’s financial statements.

**CALIFORNIA STATE SOCCER ASSOCIATION – SOUTH**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2017**

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**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivables as of August 31, 2017 and 2016 consisted of:

	<u>2017</u>	<u>2016</u>
Sponsorships	\$ 98,333	\$ 108,500
Registration	40,616	208,539
Royalty	-	42,246
Referee fees/certifications	15,800	15,800
Soccer Nation vendors	12,215	12,215
Cal South Soccer Foundation	377	204
Other	<u>36,724</u>	<u>22,176</u>
	204,065	409,680
Less allowance for doubtful accounts	<u>(114,740)</u>	<u>(80,796)</u>
<b>Total receivables, net</b>	<b><u>\$ 89,325</u></b>	<b><u>\$ 328,884</u></b>

**NOTE 4 – INVESTMENTS**

Cal South's investments in fixed income securities, equity securities and mutual funds were accounted for at fair value and were measured using Level 1 inputs, which are the quoted market prices available in active markets.

Investments as of August 31, 2017 and 2016 consisted of:

	<u>2017</u>	<u>2016</u>
Fixed income	\$ 1,257,128	\$ 1,132,684
U.S. equities	1,071,399	923,665
International equities	494,467	440,199
Other	<u>248,221</u>	<u>234,723</u>
<b>Total investments</b>	<b><u>\$ 3,071,215</u></b>	<b><u>\$ 2,731,271</u></b>



**CALIFORNIA STATE SOCCER ASSOCIATION – SOUTH**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2017**

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**NOTE 5 – PROPERTY AND EQUIPMENT**

As of August 31, 2017 and 2016, property and equipment consisted of the following:

	2017	2016
Building	\$ 294,398	\$ 294,398
Building improvements	245,485	245,485
Office equipment and furniture	528,285	438,912
Land	148,500	148,500
	1,216,668	1,127,295
Less accumulated depreciation and amortization	(495,760)	(395,566)
<b>Total property and equipment, net</b>	<b>\$ 720,908</b>	<b>\$ 731,729</b>

For the years ended August 31, 2017 and 2016, depreciation and amortization expense amounted to \$100,195 and \$74,743, respectively.

**NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

As of August 31, 2017 and 2016, accounts payable and accrued expenses consisted of the following:

	2017	2016
Accounts payable	\$ 311,560	\$ 396,431
Accrued payroll, payroll taxes and related benefits	212,728	185,823
Other accrued expenses	212,821	313,916
<b>Total</b>	<b>\$ 737,109</b>	<b>\$ 896,170</b>

**NOTE 7 – LINE OF CREDIT**

The Company is able to establish a revolving line of credit with a bank that allows the Organization to borrow upon to a maximum of the collateralized against all monies, securities, commodities and other property held in investments accounts with the bank. The line matures when the collateralized accounts are closed. Interest on the line is payable at a variable rate determined by the bank's reference rate (5.75% and 5.00% as of August 31, 2017 and 2016, respectively) plus or minus 2.75% to -0.75% based on the size of the loan. As of August 31, 2017 and 2016, the available unused portion of the line of credit was \$3,071,215 and \$2,492,250, respectively.

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**NOTE 8 – UNEARNED REVENUE**

Unearned revenue consists of payments received for future player registrations and sponsorships. As of August 31, 2017 and 2016, unearned revenue amounted to \$1,773,260 and \$1,419,743, respectively.

**NOTE 9 – DEFERRED COMPENSATION PLANS**

Cal South sponsors a qualified 401(k) plan (the “Plan”), which covers all eligible employees as defined in the Plan agreement. Cal South’s contributions to the Plan are discretionary as defined in the Plan agreement. For the years ended August 31, 2017 and 2016, no matching contributions were made.

Cal South further sponsored a separate deferred-compensation plan for a key executive of Cal South, the purpose of which was to provide for annual retirement benefits to the executive or the executive’s beneficiaries upon his retirement, death or disability. For the years ended August 31, 2017 and 2016, no contributions were made.

**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

Litigation and Claims

Cal South is, from time to time, involved in claims and assessments arising out of matters occurring in its normal business operations. Cal South has insurance coverage to provide protection against certain contingencies. Management believes resolution of these matters will not have a material adverse effect on Cal South’s financial position or results of operations.

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**NOTE 11 – RELATED PARTY TRANSACTIONS**

Cal South established Cal South Soccer Foundation (“CSSF”) as a resource in the community to provide advice, financial and logistical support and serve as a collaborative resource in creating outreach soccer programs and the development of soccer and facilities in areas where such a need exists. As of August 31, 2017 and 2016, accounts payable to CSSF for a portion of the player registration fee totaled zero.

Cal South manages CSSF payroll and passes the expenses along to them. As of August 31, 2017 and 2016, accounts receivable for administrative and payroll expenses totaled \$377 and \$204, respectively.

Pursuant to certain affiliation agreements, Cal South paid a portion of its players’ registration and other fees to its affiliates (USSF, USYSA and USASA) amounting to \$634,363 and \$646,117 for the years ended August 31, 2017 and 2016, respectively.

**NOTE 12 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through April 16, 2018, which is the date the financial statements were available to be issued.

## **SUPPLEMENTARY INFORMATION**

**CALIFORNIA STATE SOCCER ASSOCIATION – SOUTH**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended August 31, 2017**  
**(with Comparative Totals for the Year Ended August 31, 2016)**

Expenses	Program Services											Support Services			2017 Total	2016 Total	
	Member Services	State and National Cup	ODP/Pro+	Camps	Coaching Education	Referee Programs	Adult Programs	Risk Management	California Regional League	Top Soccer	Other Programs	Total Program	General and Administrative	Fundraising			Total Support
Advertising	\$ 1,572	\$ -	\$ -	\$ 400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 2,472	\$ 2,148	\$ -	\$ 2,148	\$ 4,620	\$ 1,964
Bad debts	-	-	-	-	-	-	-	-	-	-	-	-	35,344	-	35,344	35,344	81,721
Bank charges	38,436	39,579	1,609	3,632	5,141	4,628	3,559	-	4,737	-	61	101,382	10,604	-	10,604	111,986	91,473
Contract labor	818	174,294	97,015	106,336	77,115	62,549	1,843	-	22,924	-	1,405	544,299	110,634	-	110,634	654,933	574,474
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-	-	100,195	-	100,195	100,195	74,743
Donated goods	7,219	1,944	37,996	-	-	-	-	-	-	-	-	47,159	-	-	47,159	489,833	47,159
Dues and subscriptions	567	-	-	-	4,165	-	-	-	-	-	-	4,732	15,162	770	15,932	20,664	8,892
Employee benefits	14,203	8,396	8,312	1,294	8,172	786	9,399	1,945	2,113	4,779	18,568	77,967	30,701	11,434	120,102	142,483	142,483
Entry fees	-	66,625	10,000	-	-	-	700	-	-	-	-	77,325	-	-	77,325	77,325	47,300
Equipment leases	-	-	-	-	-	-	-	-	-	-	-	-	11,234	-	11,234	11,234	15,080
Event on-site medical	1,200	136,011	-	-	-	285	740	-	16,468	-	1,725	156,429	-	-	156,429	156,429	151,701
Expensed and equipment leases	-	7,552	370	-	32,228	313	-	-	-	20,284	36,273	97,020	43,314	-	43,314	140,334	90,460
Field and equipment rental	5,177	1,084,469	10,314	9,212	34,637	1,788	9,982	-	143,415	-	52,436	1,351,430	14,155	13,269	27,424	1,378,854	1,250,982
Fundraising apparel	-	544,542	-	-	-	-	-	-	-	-	-	544,542	-	-	544,542	633,341	633,341
Insurance	280,025	288,351	11,723	26,464	37,456	33,714	25,930	-	34,509	-	445	738,617	67,257	10,000	77,257	815,874	786,198
Lodging	-	59,395	59,329	42,323	19,733	10,177	-	-	2,731	773	80,971	275,432	34,035	-	34,035	309,467	294,450
Mileage and auto	3,963	10,827	1,635	2,455	1,640	1,057	296	-	808	1,429	30,510	54,620	8,751	-	8,751	63,371	92,775
NSCAA membership	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,755
Office supplies	-	2,574	752	291	173	669	-	-	-	43	9,315	13,817	42,766	-	42,766	56,583	32,232
Payroll taxes	17,030	10,067	9,966	1,551	9,798	942	11,269	2,333	2,534	5,730	22,263	93,483	36,812	13,710	50,522	144,005	155,320
Per diem	2,454	27,771	42,723	40,656	11,640	1,991	2,944	-	1,243	798	66,339	198,559	41,834	-	41,834	240,393	236,330
Pins and awards	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27,396
Postage and shipping	7,284	8,347	-	104	446	821	5	-	-	69	6,686	23,762	11,429	-	11,429	35,191	47,588
Printing	6,531	10,133	2,687	29,296	-	-	162	-	-	4,815	24,601	78,225	714	-	714	78,939	115,655
Professional services	177,206	7,311	450	5,311	11,850	5,577	19,689	-	1,120	-	13,750	236,503	525,041	-	525,041	761,544	591,354
Program supplies	7,430	25,157	-	5,311	20,365	-	24,581	-	227	5,732	15,667	104,920	106,016	-	106,016	210,936	216,570
Promotional items	2,819	-	-	1,356	-	-	-	-	-	-	1,316	5,491	65,557	-	65,557	71,048	139,609
Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,784
Purchases – pins and awards	33,903	82,771	-	-	-	-	1,038	-	-	-	2,352	120,064	11,545	-	11,545	131,609	-
Referee fees	23,855	161,912	-	-	-	4,015	1,537	-	18,904	-	1,398	211,621	-	-	211,621	211,621	123,104
Registrar fees	-	-	-	-	-	-	17,026	-	-	-	-	17,026	-	-	-	17,026	6,994
Registration – affiliate organizations	324,211	-	-	-	3,082	126,053	169,654	-	-	-	600	623,600	5,045	-	5,045	628,645	635,523
Rent	-	12,497	2,535	-	-	-	-	-	2,535	-	-	17,567	2,535	-	2,535	20,102	17,329
Repairs and maintenance	-	-	-	-	-	-	-	-	-	-	-	-	9,428	-	9,428	12,294	12,294
Salaries and wages	237,730	129,106	127,808	19,897	126,021	12,082	144,525	29,915	32,497	73,490	310,607	1,243,678	474,013	175,822	649,835	1,893,513	2,022,024
SCMAF registration	-	-	-	-	-	-	15,861	-	-	-	-	15,861	-	-	-	15,861	8,478
Signature league	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,036
Taxes and licenses	-	-	-	-	-	-	-	-	-	-	-	-	15,091	-	15,091	15,091	12,190
Team subsidy	-	503,900	-	-	-	-	5,367	-	-	-	-	509,267	-	-	509,267	515,146	515,146
Telephone and utilities	5,645	7,149	13,759	2,714	3,507	1,322	2,065	816	1,476	1,291	20,622	60,366	37,890	3,778	41,668	102,034	94,013
Tournament expense	25,505	-	-	-	-	-	-	-	-	-	-	25,505	976	-	976	28,481	28,481
Training and seminars	-	-	-	900	132	447	-	-	-	-	-	1,893	54,281	-	54,281	56,174	86,583
Travel	6,340	61,913	16,216	2,251	5,667	1,785	234	-	30	2,256	29,820	126,512	7,178	2,000	9,178	135,690	140,803
Workers' compensation	19,545	11,554	11,437	1,781	11,245	1,081	12,933	2,677	2,908	6,577	25,550	107,288	42,248	15,734	57,982	185,270	153,338
Miscellaneous expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,811
<b>Total expenses</b>	<b>\$ 1,250,668</b>	<b>\$ 3,484,147</b>	<b>\$ 466,636</b>	<b>\$ 298,224</b>	<b>\$ 424,213</b>	<b>\$ 272,082</b>	<b>\$ 481,339</b>	<b>\$ 37,686</b>	<b>\$ 291,179</b>	<b>\$ 128,480</b>	<b>\$ 773,780</b>	<b>\$ 7,908,434</b>	<b>\$ 1,973,933</b>	<b>\$ 246,517</b>	<b>\$ 2,220,450</b>	<b>\$ 10,128,884</b>	<b>\$ 10,276,884</b>

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