

**McLean Youth Soccer Association**

**Financial Statements  
For the Fiscal Year Ended  
June 30, 2008**

**McLean Youth Soccer Association**  
**Statements of Financial Position**  
**As of June 30**

Unaudited

	2008	2007
<b><u>Assets</u></b>		
Cash & cash equivalents	\$ 17,643	\$ 1,304,953
Other assets, net	91,777	48,926
Total current assets	109,420	1,353,879
Contributions receivable, long term	-	20,264
Equipment, systems, & leasehold improvements	462,401	440,401
Accumulated depreciation	(346,820)	(324,900)
Equipment, systems, & leasehold improvements, net	115,581	115,501
Field use rights	2,350,010	549,786
Accumulated amortization	(476,669)	(456,567)
Field use rights, net	1,873,341	93,219
<b>Total Assets</b>	<b>\$ 2,098,342</b>	<b>\$ 1,582,863</b>
<b><u>Liabilities and Net Assets</u></b>		
Accounts payable & accrued expenses	\$ 99,673	\$ 91,140
Deferred member fees	165,376	222,719
Line of credit	59,500	-
Note payable, current portion	54,000	49,539
Total current liabilities	378,549	363,398
Note payable, long term	275,633	339,632
Total liabilities	654,182	703,030
Net assets, unrestricted	1,444,160	(138,533)
Net assets, temporarily restricted	-	1,018,366
Total net assets	1,444,160	879,833
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,098,342</b>	<b>\$ 1,582,863</b>

The accompanying footnotes are an integral part of these statements.

**McLean Youth Soccer Association**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30**

Unaudited

	FY 2008				FY 2007
	Unrestricted		General & Administration		Total
	Program Services	Field Development	Administration	Temporarily Restricted	Total
<b>Revenues &amp; Support</b>					
Member registration fees	\$ 1,135,212	\$ -	\$ 1,135,212	\$ -	\$ 1,135,212
Member training fees	169,746	-	169,746	-	169,746
Team registration fees	91,019	-	91,019	-	91,019
Contributions	1,750	-	1,750	66,811	68,561
Tournament fees	34,978	-	34,978	-	34,978
Other income	17,674	-	17,674	-	17,674
Contract settlement	-	-	-	-	-
Interest income	-	-	16,286	26,183	42,469
<b>Total Revenues &amp; Support</b>	<b>1,450,379</b>	<b>-</b>	<b>16,286</b>	<b>92,994</b>	<b>1,559,659</b>
<b>Expenses</b>					
Member training & development	224,008	-	224,008	-	224,008
Field maintenance and rental	238,239	-	238,239	-	238,239
Club/team participation fees	105,677	-	105,677	-	105,677
Registration systems	73,326	-	319	-	73,645
Referee fees	56,192	-	-	-	56,192
Contract labor	52,336	1,461	14,068	-	67,865
Uniforms & game supplies	79,481	-	-	-	79,481
Tournament expenses	31,626	-	-	-	31,626
Office & other expenses	13,495	311	3,004	-	16,810
Allowance for uncollectible pledges	-	15,750	-	-	15,750
Aid to members	13,219	-	-	-	13,219
Interest expense	-	30,798	-	-	30,798
Depreciation & amortization	42,022	-	42,022	-	42,022
Contract settlement	-	-	-	-	-
<b>Total Expenses</b>	<b>929,621</b>	<b>48,320</b>	<b>17,391</b>	<b>-</b>	<b>995,332</b>
Assets released from restrictions	-	1,111,360	-	(1,111,360)	-
<b>Increase (decrease) in net assets</b>	<b>\$ 520,758</b>	<b>\$ 1,063,040</b>	<b>\$ (1,105)</b>	<b>(1,018,366)</b>	<b>564,327</b>
<b>Net assets at beginning of year</b>					<b>879,833</b>
<b>Net assets at end of year</b>					<b>\$ 1,444,160</b>
					<b>\$ 879,833</b>

**McLean Youth Soccer Association  
Statements of Cash Flows  
For the Fiscal Years Ended June 30**

Unaudited

	FY 2008	FY 2007
<b><u>Cash Flows from Operating Activities</u></b>		
Increase in net assets	\$ 564,327	\$ 353,156
Adjustments to reconcile to operating cash flows:		
Depreciation and amortization expense	42,022	108,456
Allowance for uncollectible pledges	15,750	-
Non-cash contract settlement charge	-	267,365
(Increase) in current assets, net	(58,601)	(29,418)
(Decrease) Increase in current liabilities, net	(48,810)	148,224
Decrease (Increase) in pledges receivable, long term	20,264	(20,264)
Cash flows from operating activities	534,952	827,519
 <b><u>Cash Flows from Investing Activities</u></b>		
Capital expenditures	(22,000)	-
Donations for field development	(1,800,224)	-
Cash flows from investing activities	(1,822,224)	-
 <b><u>Cash Flows from Borrowing Activities</u></b>		
Repayment of notes payable and line of credit	(324,538)	(46,221)
Borrowings on notes payable and line of credit	324,500	-
Cash flows from borrowing activities	(38)	(46,221)
 Net change in cash & cash equivalents	 (1,287,310)	 781,298
Cash & cash equivalents, beginning of year	1,304,953	523,655
 Cash & cash equivalents, end of year	 \$ 17,643	 \$ 1,304,953

The accompanying footnotes are an integral part of these statements.

**McLean Youth Soccer Association**  
**Footnotes to Financial Statements**  
**For the Fiscal Year Ended**  
**June 30, 2008**  
Unaudited

**1) Organization & 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 is a member of the Virginia Youth Soccer Association.

MYSA's mission is to promote, organize, and facilitate youth soccer activities in the community. MYSA sponsors soccer programs for members five to 18 years of age, sources and maintains playing fields, facilitates year-round training and development, retains coaches and trainers, and provides developmental programs for members four years of age and those with physical challenges. Additionally, in 2006, MYSA began 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, as further described in footnote 7 below.

In the past two years, MYSA member registration has been as follows:

	<u>FY 2008</u>		<u>FY 2007</u>	
	<u>Spring</u>	<u>Fall</u>	<u>Spring</u>	<u>Fall</u>
Developmental players	130	158	126	122
Recreation players	2,516	2,601	2,595	2,579
Travel players	<u>1,072</u>	<u>952</u>	<u>896</u>	<u>899</u>
Total members	<u>3,718</u>	<u>3,711</u>	<u>3,617</u>	<u>3,600</u>

**2) Significant Accounting Policies** - MYSA operates on a fiscal year ("FY") from July 1 to June 30 which coincides with the fall and spring season cycle during which members participate in a single age group.

*Member Fees, Support, and Expenses.* MYSA member and team participation fees are reported as revenue in the period earned and expenses are recorded when incurred in accordance with the accrual basis of accounting. Member registration fees are reported net of need based or service based fee reductions granted by the Board of Directors totaling approximately \$9,900 and \$7,700 in FY 2008 and FY 2007, respectively. Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. MYSA reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. When a donor 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 activity as assets released from restrictions.

*Donated Services and Facilities.* 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.

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 \$43,000 and \$40,000 in FY 2008 and FY 2007, respectively, in accordance with the County's published rate schedule. In most cases, MYSA is committed to maintain these fields at its own expense. Additionally, Capital One, a Fortune 500 company, provides MYSA fields for member training and games at its McLean headquarters facility at no charge. MYSA shares all these fields with other members of the community under terms specified by the field owners. The value of these field resources is not reflected in these financial statements beyond that noted above.

*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.

*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.

*Cash & Cash Equivalents and Related Risks.* Cash and cash equivalents consist of cash held in interest bearing accounts that may be invested in money market accounts, repurchase agreements, and/or certificates of deposit with maturities of less than 90 days or with unrestricted access to the funds. These investments are held at a single bank which potentially exposes MYSA to concentrations of credit and market risk though MYSA has not experienced any losses on its investments.

*Equipment, Systems & Leasehold Improvements and Field Use Rights.* Equipment, systems & leasehold improvements consist of field equipment, member registration systems, and long-lived improvements to non-owned fields. Field use rights consist of preferred field assignments conferred by contract with Fairfax County in exchange for MYSA's donation of field improvements including synthetic turf surfaces and related site improvements. Assets are recorded at cost and evaluated annually for any permanent diminution in value. Depreciation and amortization is provided on the straight-line method over the shorter of the estimated useful life of the asset or the related contract term resulting in three to ten year asset lives.

*Temporarily Restricted Net Assets.* Temporarily restricted net assets are available for fundraising, development, and debt service related to MYSA's field development activities.

**3) Other Assets** – Other assets consist of the following at June 30th:

	<u>2008</u>	<u>2007</u>
Pledges receivable	\$50,831	\$32,317
Allowance for uncollectible pledges	(15,750)	-
Other accrued receivables	425	16,609
Prepaid expenses	<u>56,271</u>	<u>-</u>
Total	<u>\$91,777</u>	<u>\$48,926</u>

**4) Indebtedness** – MYSA has a term note payable outstanding to SonaBank NA secured by substantially all of MYSA's assets. Proceeds from the term note were used to install a synthetic turf surface and make other improvements to a field owned by Fairfax County. Principle and interest at 6.875% are due in equal monthly payments over the ten year term of the note until maturity in September 2013. In April 2008, MYSA entered into a line of credit with SonaBank NA for up to \$250,000 secured by substantially all of MYSA's assets. Borrowings under the line bear interest at a floating rate equal to the Prime rate plus 0.5% (5.5% during FY 2008). The line of credit matures in March 2010. In July 2008, the line of credit and the term note were re-financed. See footnote 8 below for further details.

In December 2007, MYSA borrowed \$225,000 from three of its members (two of whom were on MYSA's Board of Directors) on unsecured promissory notes bearing interest at 6.875%. Proceeds from these notes were used to fulfill MYSA's Phase 1 field development pledge to Fairfax County as further discussed in footnote 7 below. These unsecured promissory notes were repaid in full in April 2008.

**5) Contract Settlement** – In 2003, MYSA and the Fairfax County Park Authority entered into a Memorandum of Agreement (the "2003 MoA") in which MYSA agreed, among other things, to install a synthetic surface and make other improvements to a field owned by Fairfax County; and the Park Authority agreed, among other things, to give MYSA certain field use rights. In FY 2007, MYSA and the Park Authority agreed to amend the 2003 MoA. As a result, the Park Authority paid MYSA \$267,365 and MYSA agreed to give up certain of the field use rights. This payment is reported as contract settlement revenue in the accompanying statement of activities. Concurrently, MYSA recorded an amortization charge totaling \$267,365 against the capitalized basis of its field use rights representing the diminution in value of such rights as a result of amending the 2003 MoA.

**6) Board Restriction of Net Assets** – In July 2007, the Board of Directors of MYSA passed a motion retroactive to June 2007 to temporarily restrict \$900,000 of its cash and cash equivalents for future expenditures related to its Field Development Initiative. This resulted in a temporary deficit in the unrestricted net assets of MYSA.

**7) Field Development Initiative** – As part of its Field Development Initiative, in August 2007, MYSA entered into a two-year agreement with the Fairfax County Park Authority to facilitate the development of synthetic surface fields at County-owned sites. Under the agreement, the Park Authority has the option to convert up to two synthetic surface fields per year contingent upon MYSA providing advance funding (a donation) for each project. In exchange for donating the funds for these field improvements to Fairfax County,

MYSA will receive future preferential field allocations (i.e., field use rights) at these sites but otherwise will receive no benefits nor retain any obligations related to these fields.

During FY 2008, MYSA made advances totaling \$1,800,224 to the Park Authority for design and construction of the first two fields to be converted (“Phase 1”) which is reported as a capital expenditure in the accompanying statements of financial position and cash flows. Phase 1 fields are expected to be available for use in the fall of 2008. Subject to the availability of suitable sites and funding, MYSA expects to develop up to eight additional fields over the next three years.

**8) Subsequent Event, Refinancing of Indebtedness** – In July 2008, MYSA entered into a \$4 million term loan facility and a \$150,000 line of credit facility with Access National Bank (“ANB”) secured by substantially all the assets of MYSA. After paying a commitment fee of \$15,000 on the first \$2 million of borrowing capacity under the term loan facility, an initial draw in the amount of \$400,000 was made at 6.58% annual interest, a portion of which was used to repay all outstanding balances on the SonaBank NA term note payable and line of credit. MYSA has moved all its cash accounts to ANB as a condition of the new loan agreements.

The term loan facility provides MYSA with up to \$4 million to be used for its Field Development Initiative. Subject to ANB approval, MYSA may make future draws through June 2010 of no less than \$500,000 each (a “Term Loan”). Future draws may be made through June 2011 with the payment of a \$12,000 commitment fee on the second \$2 million of borrowing capacity under the term loan facility. Principal and interest is due on each Term Loan in equal monthly payments over its 10 year life. At MYSA’s option, interest is payable on each Term Loan at a fixed rate equal to either the then current (i) Federal Home Loan Bank of Atlanta Five Year Rate Index plus 2.5% (“5 Year Index Rate”) with a floor rate of 5.5% for a period of five years and resetting for the final five years at the then current 5 Year Index Rate, or (ii) Federal Home Loan Bank of Atlanta Ten Year Fixed Rate Index plus 2.75% with a floor rate of 5.75% for a period of 10 years. Prepayments of principal in excess of 20% of the outstanding balance of any Term Loan may be subject to a prepayment fee of up to 2% of such excess. Among other conditions, MYSA is required to maintain a minimum debt service coverage ratio of 1.5x on a rolling four quarter basis.

The ANB line of credit facility provides MYSA with up to \$150,000 to be used for working capital needs subject to ANB approval at the time of a draw. Borrowings under the line bear interest at a floating rate equal to the Prime rate plus 1% with a floor rate of 5.5%. The line must be paid off for 60 consecutive days each fiscal year, is due on demand, and is subject to renewal annually.