NATIONAL OFFICE OF THE
AMERICAN YOUTH SOCCER ORGANIZATION,
AFFILIATES, AND SUBSIDIARIES

CONSOLIDATED FINANCIAL REPORT

JUNE 30, 2023

NATIONAL OFFICE OF THE AMERICAN YOUTH SOCCER ORGANIZATION, AFFILIATES, AND SUBSIDIARIES

CONTENTS

SingerLewak
Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
National Office of the American Youth Soccer
Organization, Affiliates, and Subsidiaries

Opinion
We have audited the consolidated financial statements of National Office of the American Youth Soccer Organization, Affiliates, and Subsidiaries (collectively, the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2023, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter
As described in Note 2 to the financial statements, the Organization adopted Accounting Standards Update 2016-02, *Leases (Topic 842)*, during the year ended June 30, 2023. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the 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 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating supplementary information is presented for purposes of additional analysis rather than to present the financial position, results of operations and cash flows of the individual organizations and is not a required part of the consolidated 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 consolidating supplementary information has been subjected to the auditing procedures applied in the audit 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 consolidated 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 27, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Singer Lewak LLP

November 16, 2023

NATIONAL OFFICE OF THE AMERICAN YOUTH SOCCER ORGANIZATION, AFFILIATES, AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2023

(with Comparative Financial Information as of June 30, 2022)

ASSETS

	2023	2022
Cash and cash equivalents	$ 14,197,690	$ 11,698,781
Investments	2,006,393	-
Accounts receivable, net	208,289	190,397
Other receivable	311,029	213,560
Prepaid expenses and other assets	390,248	478,090
Property and equipment, net	60,315	75,227
Right-of-use assets - operating	855,920	-
Total assets	**$ 18,029,884**	**$ 12,656,055**

LIABILITIES AND NET ASSETS

	2023	2022
Liabilities		
Accounts payable	$ 178,468	$ 181,717
Accrued expenses	1,322,289	723,562
Deferred rent	-	118,423
Deferred revenue	7,439,501	4,675,183
Due to related parties	717,035	881,825
Operating lease liability	961,742	-
Total liabilities	10,619,035	6,580,710
Net assets		
Without donor restrictions	7,250,163	5,952,556
With donor restrictions	160,686	122,789
Total net assets	7,410,849	6,075,345
Total liabilities and net assets	**$ 18,029,884**	**$ 12,656,055**

See notes to consolidated financial statements.

NATIONAL OFFICE OF THE AMERICAN YOUTH SOCCER ORGANIZATION, AFFILIATES, AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

(With Comparative Financial Information as of June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Totals	2022 Totals
Revenues and other support				
Youth league registration	$ 7,205,033	$ -	$ 7,205,033	$ 6,767,560
United registration	4,229,218	-	4,229,218	2,863,395
United other	321,588	-	321,588	379,811
Volunteer registration	692,098	-	692,098	716,660
Sponsorships	562,500	-	562,500	347,167
Soccer camps	6,347	-	6,347	138,574
Adult league registration	111,944	-	111,944	111,621
Royalties	203,025	-	203,025	119,766
Contributions	5,208	40,951	46,159	64,632
Program receipts	183,514	-	183,514	148,858
In-kind contributions	95,424	-	95,424	36,005
Gain on forgiveness of debt	-	-	-	337,500
Net investment return	29,597	-	29,597	-
Other income	3,803	-	3,803	2,648
Net assets released from restrictions	3,054	(3,054)	-	-
Total revenues and other support	13,652,353	37,897	13,690,250	12,034,197
Expenses				
Program services	8,239,781	-	8,239,781	6,684,567
General and administrative	2,384,789	-	2,384,789	2,186,943
Fundraising and membership development	1,633,896	-	1,633,896	532,501
Total supporting services	4,018,685	-	4,018,685	2,719,444
Total expenses	12,258,466	-	12,258,466	9,404,011
Impairment loss on long lived assets	100,000	-	100,000	-
Total expenses and losses	12,358,466	-	12,358,466	9,404,011
Change in net assets	1,293,887	37,897	1,331,784	2,630,186
Net assets, beginning of year	5,952,556	122,789	6,075,345	3,445,159
Reconsolidation	3,720	-	3,720	-
Net assets, end of year	**$ 7,250,163**	**$ 160,686**	**$ 7,410,849**	**$ 6,075,345**

See notes to consolidated financial statements.

NATIONAL OFFICE OF THE
AMERICAN YOUTH SOCCER ORGANIZATION, AFFILIATES, AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2023
(With Comparative Financial Information as of June 30, 2022)

	Program Services	General and Administrative	Fundraising and Membership Development	2023 Total	2022 Total
Salaries, wages, taxes, and benefits	$ 4,008,468	$ 1,117,536	$ 749,525	$ 5,875,529	$ 4,208,159
Field expenses	1,545,933	82,991	161,154	1,790,078	1,384,595
Insurance	1,012,125	429,969	5,245	1,447,339	1,157,237
Office expense	262,870	358,381	101,667	722,918	522,554
Volunteer screening	68,555	-	25	68,580	102,978
Membership fees	252,152	-	-	252,152	291,155
In-kind donations	95,424	-	-	95,424	36,004
Consulting and contract labor	38,439	176,559	249,824	464,822	370,877
Travel	231,653	55,240	103,412	390,305	201,738
Marketing	91,128	76,872	195,850	363,850	151,792
Lease expense	74,713	53,780	36,073	164,566	172,653
Merchant fees	505,312	18,184	-	523,496	513,261
Depreciation and amortization	-	14,914	25,000	39,914	26,856
Postage	23,858	363	6,121	30,342	13,338
Legal	29,151	-	-	29,151	250,814
Total expenses by function	**$ 8,239,781**	**$ 2,384,789**	**$ 1,633,896**	**$ 12,258,466**	**$ 9,404,011**

See notes to consolidated financial statements.

NATIONAL OFFICE OF THE AMERICAN YOUTH SOCCER ORGANIZATION, AFFILIATES, AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2023

(with Comparative Financial Information as of June 30, 2022)

	2023	2022
Cash flows from operating activities		
Change in net assets	$ 1,331,784	$ 2,630,186
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Reconsolidation	3,720	-
Allowance for doubtful accounts	7,274	8,479
Depreciation and amortization	39,914	26,856
Impairment of long lived assets	100,000	-
Noncash lease expense	164,566	-
Gain on forgiveness of debt	-	(337,500)
Changes in operating assets and liabilities:		
Accounts receivable	(25,166)	154,435
Other receivable	(97,469)	(97,850)
Prepaid expenses and other assets	87,842	(154,040)
Accounts payable	(3,249)	(28,378)
Accrued expenses	598,727	224,185
Deferred rent	-	57,555
Deferred revenue	2,764,318	1,329,102
Operating lease liability	(177,167)	-
Net cash from operating activities	4,795,094	3,813,030
Cash flows from investing activities		
Purchase of property and equipment	(125,002)	-
Reinvestment of investment income	(29,597)	-
Purchases of investments	(1,976,796)	-
Net cash from investing activities	(2,131,395)	-
Cash flows from financing activities		
Repayments of advances from related parties	(164,790)	-
Net change in cash and cash equivalents	2,498,909	3,813,030
Cash and cash equivalents, beginning of the period	11,698,781	7,885,751
Cash and cash equivalents, end of the period	**$ 14,197,690**	**$ 11,698,781**
Supplemental disclosure of cash flow information		
Taxes paid	**$ 5,686**	**$ 5,941**

See notes to consolidated financial statements.

NOTE 1 – ORGANIZATION

The American Youth Soccer Organization (AYSO), a non-profit organization, was established in the Los Angeles area in 1964 with nine teams. It was the dream of a group of devoted soccer enthusiasts who started the organization in a garage. Today, AYSO has approximately 360,000 players. It also employs approximately 24 people at its national office in Torrance, California.

AYSO's grassroots program starts with a community-based league called a Region. A Region can range in size from a few hundred players to several thousand. Each Region is supervised by a Regional Commissioner and a local board of directors. A group of Regions in close proximity make up an area. Area Directors are responsible for activities of the Regions in their area, as well as for area-wide activities. For administrative purposes, AYSO divides the country into 13 geographic sections based on player population. Section Directors oversee activities in their respective sections.

Over the years, AYSO has created many valuable programs and concepts. Most notably, AYSO revolutionized youth sports with its "Everyone Plays" and "Balanced Teams" philosophies. In AYSO, each child who registers is guaranteed to play at least half of every game. To help create evenly matched games, all AYSO players are placed on new or "balanced" teams each year. These decisions are made based on each player's skill level and the overall ability of the team.

AYSO is supported by more than 53,000 registered volunteers. Parents donate their time as coaches, referees, team parents, or administrators. Although AYSO is primarily a youth sports organization, it also trains adults to become coaches and referees, as well as provides guidance to adults on how to start and manage a youth sports program. AYSO is continually working to improve the education of its volunteers in the fields of child development, human behavior, and sports psychology. A strong emphasis is placed on ethics, sportsmanship, and the development of the whole child.

AYSO is a member of the United States Soccer Federation. Throughout the years, AYSO has also maintained relations with organizations such as Major League Soccer, Women's Pro Soccer, National Soccer Hall of Fame, the Partnership for a Drug-Free America, the President's Council on Physical Fitness, the National Council of Youth Sports, Girl Scouts USA, the National Association for Sports and Physical Education, People to People, Optimists International, Police Athletic Leagues, Positive Coaching Alliance, National Soccer Coaches Association, National Council for Accreditation of Coaching Education, Boys and Girls Clubs of America, YMCA, and the Character Counts program. In addition, AYSO works closely with a number of corporations that are part of AYSO's National Team of Sponsors.

NOTE 1 – ORGANIZATION (Continued)

During the year ended June 30, 2023, AYSO consolidated certain Regions for which they acquired controlling financial interest. As of July 1, 2022, AYSO consolidated the previously non-controlling interests which consisted of the following: cash $8,720, net assets without donor restrictions $3,720 and revenue of $5,000 from the consolidated financial statements.

AYSO Services Corporation (AYSOS), a wholly owned subsidiary, was established as a Delaware C Corporation and was registered to do business in the state of California in October 2017. AYSOS was formed to provide administrative services and field personnel in support of youth sports programs.

AYSO Adult (AYSOA), an affiliate organization under common control, a non-profit organization, was established as a non-profit in Delaware and was registered to do business in the state of California in November 2016. The purpose is to provide adult soccer programs for participants all over the United States. AYSOA was formed to create soccer play opportunities while teaching a greater awareness of the game and benefits of recreational soccer play for fitness and wellness.

AYSO WHEN! Foundation (AYSOF), an affiliate organization under common control, a non-profit organization, was established as a non-profit in Delaware and was registered to do business in the state of California in September 2019. The purpose is to support philosophically aligned programs that utilize safe, fun and fair soccer programs to promote awareness and literacy of wellness, health, education and nutrition for the benefit of youth in all communities and other charitable and educational programs.

<u>Basis of Accounting</u>
The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

<u>Reclassifications</u>
Certain amounts included in the June 30, 2022 consolidated financial statements have been reclassified to conform to the June 30, 2023 presentation.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation
The accompanying consolidated financial statements include the accounts of the National Office of the American Youth Soccer Organization, AYSO Services Corporation, AYSO Adult and AYSO WHEN! Foundation (collectively, the "Organization"). All significant intercompany transactions and balances have been eliminated in consolidation.

Comparative Amounts
The consolidated financial statements include certain prior year summarized financial information in total but not by net asset class. 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 the Organization's consolidated financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Use of Estimates
The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

Accounts Receivable
Receivables from Regions arise from player registration fees, supplies purchased, and services rendered. Other receivables arise primarily from sponsorships and soccer camps. Amounts collected from Regions and others are included in net cash provided by operating activities in the consolidated statements of cash flows. The Organization maintains an allowance for doubtful accounts that is estimated based on historical collection trends, the age of outstanding receivables, and existing economic conditions. Although the Organization expects to collect amounts due, actual collections may differ from estimated amounts. Uncollectible accounts are written off after all attempts at collections have been pursued.

NOTE 2 –SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

Computer equipment and software	4 years
Leasehold improvements	Lesser of economic life or term of lease
Office equipment and furniture	5 years

Internally Developed Software
The Organization accounts for costs incurred to develop computer software for internal use in accordance with ASC Subtopic 350-40, *Internal-Use Software*. As required by ASC Subtopic 350-40, the Organization capitalizes the costs incurred during the application development stage, which include costs to design the software configuration and interfaces, coding, installation, and testing. Capitalized software development costs are amortized over four years. The capitalization and ongoing assessment of recoverability of developmental costs require considerable judgment by management with respect to certain external factors, including, but not limited to, technological and economic feasibility, and estimated economic life.

As the Organization continues to refine its internally developed software, it follows the provisions of ASC Subtopic 350-40 and capitalizes and amortizes upgrades and enhancements to the software for which it is probable that such expenditures will result in additional functionality. These costs are included in net property and equipment on the accompanying consolidated statement of financial position.

Impairment of Long-lived Assets
The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. 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. For the years ending June 30, 2023 and 2022, the Organization recorded an impairment of $100,000 and $0, respectively.

Investments
The Organization records investment purchases at cost. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return (loss) is reported in the statement of activities as increases or decreases in net assets without donor restrictions.

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue
Deferred revenue is recognized when the Organization receives consideration, or if it has the unconditional right to receive consideration, in advance of performance. Deferred revenue is the Organization's obligation to transfer goods or services to a customer for which the Organization has received consideration, or a specified amount of consideration is due, from the customer.

Net Assets
The accompanying consolidated financial statements include the consolidated statements of financial position that present the amounts for each of the two classes of net assets: without donor restrictions and with donor restrictions. These net assets are classified based on the existence or absence of donor-imposed restrictions and consolidated statement of activities that reflects the changes in those categories of net assets.

Net assets without donor restrictions are either not restricted by donors or the donor-imposed restrictions have been fulfilled. Net assets with donor restrictions include those assets whose use by the Organization has been limited by donors to later periods of time, in perpetuity, or for specified purposes. The investment return from assets held in perpetuity may be used for purposes as specified by the donor or, if the donor has not specified a purpose, for purposes approved by the board of trustees.

Revenue Recognition
Under ASC Topic 606, the Organization recognizes revenue from its counterparties based on the type of revenue and service provided in exchange. The Organization applies the following five-step approach: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue, when or as, the Organization satisfies the performance obligation.

At contract inception, once the contract is determined to be within the scope of ASC Topic 606, the Organization identifies the performance obligations in the contract by assessing whether the goods or services promised within each contract are distinct. The Organization then recognizes revenue for the amount of the transaction price that is allocated to the respective performance obligation when or as the performance obligation is satisfied.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)
Nature of Products and Services
The Organization recognizes revenue from registration fees, royalty income, sponsorships, services, and supply center. Revenues are collected through online portals and in person sales. The Organization typically satisfies its performance obligations and recognizes revenue at a point in time for sales and services, generally upon the transfer of title of products to the customer or the completion of services, depending on the terms of each underlying agreement. The Organization typically satisfies its performance obligations and recognizes revenue over a period of time for sponsorship revenues.

Transaction Price
The Organization measures revenue as the amount of consideration for which it expects to be entitled in exchange for transferring goods or providing services. Revenue is recorded based on the transaction price, which includes fixed consideration and estimates of variable consideration. The amount of variable consideration included in the transaction price is constrained and is included only to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. In some cases, the Organization must apply judgment, including contractual rates and historical payment trends, when estimating variable consideration. Variable consideration is estimated as follows:

- Right of return: The Organization has sole discretion as to whether a refund request will be accepted based upon the reasonableness of the request. If accepted, the Organization will issue refunds. The Organization grants either a full or partial refund of any consideration paid or a credit that can be applied against amounts owed, or that will be owed to the customer in the future.

For the years ended June 30, 2023, and 2022, revenue was reduced due to the following variable considerations:

	2023	2022
Refunds	$ 101,851	$ 151,568

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)
Transaction Price (Continued)
The timing of the Organization's revenue recognition may differ from the timing of payment by its customers. A receivable is recorded when revenue is recognized prior to payment and the Organization has an unconditional right to payment, which occurs when a customer is invoiced. Alternatively, when a payment precedes the provision of the related services, the Organization records deferred revenue until the performance obligations are satisfied.

The Organization has elected the practical expedient that permits an entity not to recognize a significant financing component if the time between the transfer of a good or service and payment is one year or less. The Organization does not enter into contracts in which the period between payment by the customer and the transfer of promised goods or services to the customer is greater than 12 months.

Contributions
Unconditional promises to give are recorded as contributions in the period such contributions are made based on the present value of the estimated future cash flows. All unconditional gifts are included in net assets without donor restrictions unless they are specifically restricted by the donor's terms of the gift or require the passage of time.

In-kind Contributions
Contributed nonfinancial assets include donated professional services, equipment and other in-kind contributions which are recorded at the respective fair values of the goods or services received. Amounts of nonfinancial assets to be used within one year are recorded at their net realizable value. Amounts of nonfinancial 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. The contributed services received either create or enhance nonfinancial assets or require specialized skills, which are provided by individuals possessing those skills, and would typically need to be purchased, if not provided by donation. The Organization recognized $95,424 and $36,005 of unrestricted in-kind sponsorship contributions during the years ended June 30, 2023, and 2022, respectively. The majority of contributions relate to donated advertising, soccer apparel, and equipment, which are included in program costs in the accompanying consolidated statements of activities.

A substantial number of volunteers have donated significant amounts of time to the Organization. The services that these individuals rendered, however, do not meet the above criteria and, as such, are not recognized as revenue.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses
All expenses can be identified with a specific program or supporting service and charged directly to the related program or supporting service. Expenses relating to more than one function such as rent, and insurance are allocated based on the proportion of square footage utilized on the activity.

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 consolidated statements of activities.

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, starting July 2019, 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.

Income Taxes
AYSO 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.

In accordance with U.S. GAAP, the Organization recognizes the impact of tax positions in the consolidated 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, the Organization has not recorded any uncertain tax positions. During the years ended June 30, 2023, and 2022, the Organization 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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)
Further, AYSOS requires that deferred tax assets and liabilities be recognized using enacted tax rates for the effect of temporary differences between the book and tax basis of recorded assets and liabilities. ASC Topic 740 also requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some or all of the net deferred tax assets will not be realized. The valuation allowance is reviewed periodically based upon the facts and circumstances known at the time. In assessing this valuation allowance, the Organization reviews historical and future expected operating results and other factors, including its recent cumulative earnings experience, expectations of future taxable income by taxing jurisdiction, and the carryforward periods available for tax reporting purposes, to determine whether it is more likely than not that deferred tax assets are realizable.

ASC Topic 740 provides guidance on the minimum threshold that an uncertain income tax benefit is required to meet before it can be recognized in the consolidated financial statements which applies to all income tax positions taken by AYSOS.

ASC Topic 740 contains a two-step approach to recognizing and measuring uncertain income tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement.

If it is not more likely than not that the benefit will be sustained on its technical merits, no benefit will be recorded. Uncertain income tax positions that relate only to timing of when an item is included on a tax return are considered to have met the recognition threshold.

AYSOA and AYSOF have been designated as tax exempt under Internal Revenue Code Section 501(c)(4) and is also exempt from state franchise taxes under Section 23701(d) of the California Revenue and Taxation Code.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations of Credit Risk

Credit risk is the failure of another party to perform in accordance with the contract terms. Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents, investments, accounts receivable, and other receivable.

Cash and Cash Equivalents

The Organization maintains its cash and cash equivalent balances with investment-grade institutions that, from time to time, exceed amounts insured by the Federal Deposit Insurance Corporation. Deposits held in noninterest-bearing transaction accounts are aggregated with any interest-bearing deposits the owner may hold in the same ownership category and the combined total insured up to at least $250,000. As of June 30, 2023, and 2022, the Organization had $12,155,385 and $9,235,416 in excess of the federally insured amounts, respectively. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments

The Organization maintains its investments in a financial institution that, from time to time, exceed amounts covered by the Securities Investor Protection Corporation (“SIPC”). The limit of SIPC protection is $500,000, which includes a $250,000 limit in cash. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk.

Receivables

With respect to accounts and other receivables, the Organization routinely assesses the financial strength of its debtors and believes that the related credit risk exposure is limited.

For the year ended June 30, 2023, and 2022, there were three customers that accounted for 62% and 53% of receivables, respectively.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Change in Accounting Principle

Effective July 1, 2022, the Organization adopted Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, using the modified retrospective transition method. The Organization adopted ASC 842 using the effective date method, which requires the Organization to account for leases under ASC Topic 842 beginning July 1, 2022, without adjusting prior years. The prior year financial statements account for leases under the legacy standard (ASC Topic 840). The adoption of ASC Topic 842 resulted in a significant increase in the Organization's assets and liabilities presented on the Organization's Consolidated Statements of Financial Position and the related changes in these balances presented on the Organization's Consolidated Statements of Cash Flows. The adoption of ASC Topic 842 did not have an impact on the Organization's Consolidated Statement of Activities; therefore, no cumulative adjustment to beginning net assets was required as a result of adoption. The adoption of ASC Topic 842 primarily resulted in the recognition of operating lease liability totaling $1,109,107 as of July 1, 2022, based upon the present value of the remaining minimum rental payments using discount rates as of the adoption date. In addition, the Organization recorded corresponding operating lease right-of-use assets totaling $990,684, and reclassification of previously existing deferred rent of $118,423. See Note 12 for additional discussion related to leases.

Upon adoption, the Organization elected the following accounting policies or practical expedients related to ASC Topic 842:

- not reassess whether any expired or existing contracts are or contain leases, not reassess the lease classification for any expired or existing leases, and not reassess initial direct costs for any existing leases;

- apply accounting similar to ASC Topic 840 operating leases accounting to leases that meet the definition of short-term leases; and

- the Organization does not have to reassess initial direct costs.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements
In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2023. Management does not believe the adoption of this guidance will have a material impact on the Organization’s consolidated financial statements.

NOTE 3 – FAIR VALUE MEASUREMENTS AND INVESTMENTS

As defined in FASB Accounting Standards Codification (“ASC”) Topic No. 820, “Fair Value Measurements and Disclosures” (“ASC 820”), fair value is the price that would be received to sell an asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses the market or income approach. Based on this approach, the Organization utilizes certain assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and the reliability of the information used to determine fair values.

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 – Include other inputs that are directly or indirectly observable in the marketplace

Level 3 – Unobservable inputs which are supported by little or no market activity

NOTE 3 – FAIR VALUE MEASUREMENTS AND INVESTMENTS (Continued)

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.

Following are descriptions of the valuation methodologies used for assets measured at fair value:

The fair value of U.S. Government Obligations is the market value based on quoted prices for identical assets in an active market and classified within Level 1 of the fair value hierarchy.

As of June 30, 2023 and 2022, investments consisted of the following:

	2023	2022
U.S. Government obligations	**$ 2,006,393**	**$ -**

NOTE 4 – ACCOUNTS RECEIVABLE

As of June 30, 2023, and 2022, accounts receivable consisted of the following:

	2023	2022
Accounts receivable – Regions	$ 131,599	$ 68,432
Accounts receivable – other	134,192	172,193
Allowance for doubtful accounts	(57,502)	(50,228)
Total	**$ 208,289**	**$ 190,397**

NOTE 5 – PREPAID EXPENSES AND OTHER ASSETS

As of June 30, 2023, and 2022, prepaid expenses and other assets consisted of the following:

	2023	2022
Prepaid insurance	$ 8,679	$ 38,136
Prepaid taxes	135	135
Prepaid merchant fees	205,281	84,505
Prepaid subscriptions and memberships	158,655	337,816
Deposits	17,498	17,498
Total	**$ 390,248**	**$ 478,090**

NOTE 6 – PROPERTY AND EQUIPMENT

As of June 30, 2023, and 2022, property and equipment consisted of the following:

	2023	2022
Computer equipment and software	$ 162,569	$ 1,818,418
Office equipment and furniture	36,721	200,079
Leasehold improvements	17,433	198,296
	216,723	2,216,793
Less accumulated depreciation and amortization	(156,408)	(2,141,566)
Total	**$ 60,315**	**$ 75,227**

NOTE 7 – ACCRUED EXPENSES

As of June 30, 2023, and 2022, accrued expenses consisted of the following:

	2023	2022
Other accrued expenses	$ 612,757	$ 246,517
Accrued payroll, payroll taxes, and related benefits	218,808	92,045
Accrued settlement	262,758	260,000
Accrued vacation	191,811	125,000
Accrued insurance	36,155	-
Total	**$ 1,322,289**	**$ 723,562**

NOTE 8 – DEFERRED REVENUE

As of June 30, 2023, and 2022, deferred revenue consisted of the following:

	2023	2022
Registration	$ 3,125,720	$ 2,898,550
United registration	4,218,999	1,740,581
Camp fees	-	1,925
Sponsorships	57,151	24,166
Other	37,631	9,961
Total	**$ 7,439,501**	**$ 4,675,183**

NOTE 9 – PPP NOTES PAYABLE

On January 29, 2021, AYSO Services was informed by a bank that the U.S. Small Business Administration (SBA) approved their request for a loan under the SBA's Paycheck Protection Program (PPP) as authorized under the CARES Act. AYSO Services signed a promissory note totaling $337,500 for PPP loan and, in accordance with the CARES Act, AYSO Services utilized the PPP loan proceeds for eligible costs. On December 28, 2022, AYSO Services was informed by their bank that the outstanding balance of the PPP note payable of $337,500 was forgiven in full.

NOTE 10 – DUE TO RELATED PARTIES

On June 30, 2023, AYSO had non-interest-bearing balances due to certain Regions totaling $717,035.

The future aggregate payments required to be made on the amounts due to related parties are as follows:

Year Ending June 30,	
2024	$ 179,259
2025	179,259
2026	179,259
2027	179,258
Total	**$ 717,035**

NOTE 11 – RETIREMENT PLAN

AYSO offers its employees a defined-contribution savings plan to provide retirement benefits in accordance with Section 403(b) of the Internal Revenue Code. Employees who work more than twenty hours per week and meet minimum contribution requirements are eligible to participate in the plan when hired and are 100% vested in all contributions to the plan. As of July 2012, the Organization matched fifty cents of every dollar up to the first 6% of annual compensation contributed by the participant. Participants become eligible for matching contributions after twelve months of consecutive employment and 1,000 hours of service. Matching benefits vest over a period of five years. AYSO contributed $63,313 and $67,594 to the plan on behalf of its employees during the years ended June 30, 2023, and 2022, respectively.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Operating Leases

Operating lease right-of-use assets and operating lease liabilities are recognized at the lease commencement date. Operating lease liabilities represent the present value of lease payments. Operating lease right-of-use assets represent the Organization's right to use an underlying asset and are based upon the operating lease liabilities adjusted for prepayments or accrued lease payments and lease incentives.

Lease term and discount rate for operating leases were as follows:

Weighted-average remaining lease term	5.3 years
Weighted-average discount rate	2.90%

The Organization leases its office facilities from an unrelated third party under a long-term, noncancelable operating lease that requires minimum monthly payments of $15,094 expiring October 2028.

The Organization also leases equipment under operating leases that requires minimum aggregate monthly payments of $269. The leases expire in January 2024.

At June 30, 2023, the Organization has $1,038,813 of noncancelable operating lease commitments.

The following is a schedule by years of undiscounted future minimum lease payments as of June 30, 2023:

Year Ended June 30,	Total
2024	$ 182,482
2025	187,957
2026	193,595
2027	199,403
2028	205,385
Thereafter	69,991
Total lease payments	1,038,813
Less: interest	(77,071)
Present value of lease liabilities	**$ 961,742**

NOTE 12 – COMMITMENTS AND CONTINGENCIES (Continued)

For the year ended June 30, 2023, lease expense related to facility and equipment leases was $173,298 and $3,696, respectively.

Future minimum lease commitments, as determined under Topic 840, for all non-cancelable operating leases are as follows as of June 30, 2022:

Year Ended June 30,		Total
2023	$	180,865
2024		184,639
2025		187,957
2026		193,595
2027		199,403
Thereafter		275,376
Total	**$**	**1,221,835**

For the year ended June 30, 2022, rent expense related to facility and equipment leases was $172,653 and $3,542, respectively.

Contingent Royalty Income

The Organization has a license agreement with a major sponsor that entitles the sponsor to operate a catalog and internet retail sales business under the trade name AYSO Store. Pursuant to the agreement, the Organization is entitled to receive 7% of the net sales of AYSO Store products sold. The royalty agreement matures in March 2025. During the years ended June 30, 2023, and 2022, the Organization recognized earned royalties of $194,366 and $114,645, respectively, which is included in operating revenue.

Litigation and Claims

The Organization is, from time to time, involved in claims and assessments arising out of matters occurring in its normal business operations. The Organization has insurance coverage to provide protection against certain contingencies.

NOTE 13 – NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2023, and 2022, net assets with donor restrictions are restricted for the following purposes:

	2023	2022
Playership fund	$ 146,411	$ 99,934
Disaster relief fund	14,275	14,275
More soccer for more kids	-	8,580
Total	**$ 160,686**	**$ 122,789**

During the years ended June 30, 2023, and 2022, net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

	2023	2022
Playership fund	$ 3,054	$ 2,080

NOTE 14 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The following table reflects the Organization's financial assets as of June 30, 2023, and 2022 that are without donor or other contractual restrictions limiting their use and are available to meet general expenditures within one year of the date of the statement of financial position.

	2023	2022
Cash and cash equivalents	$ 14,197,690	$ 11,698,781
Investments	2,006,393	-
Accounts receivable, net	208,289	190,397
Other receivable	311,029	213,560
Financial assets at year end	16,723,401	12,102,738
Less amounts unavailable for general expenditure due to time, purpose or contractual restrictions	191,835	111,058
Financial assets available to meet cash needs for general expenditures within one year	**$ 16,531,566**	**$ 11,991,680**

NOTE 14 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES (Continued)

When establishing the business plan and annual budget each year, the Organization's board and directors evaluate financial assets available to meet general expenditures over the year and predictable sources of earned revenue. The Organization supplements the financial assets available in the next year with revenues from certain earned income sources:

- National Player Fees: The Organization estimates total number of registered participants.

- Sponsorships: The Organization considers existing sponsorship agreements and reasonably predicts additional sponsorship funding.

AYSO reasonably compares these revenue sources against budgeted expenses to determine funding or investment shortfalls in order to achieve a balanced budget.

NOTE 15 – SUBSEQUENT EVENTS

In September 2023, the Organization concluded that it met eligibility for the Employee Retention Credit ("ERC") and accordingly recorded income and a receivable in the amount $419,233.

Management has evaluated all activity through November 16, 2023 (the date the financial statements were available for issuance) and concluded that no other subsequent events have occurred that would require recognition in the consolidated financial statements or disclosure in the notes to the consolidated financial statements.

SUPPLEMENTAL SCHEDULES

NATIONAL OFFICE OF THE AMERICAN YOUTH SOCCER ORGANIZATION, AFFILIATES, AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2023

(with Comparative Financial Information as of June 30, 2022)

ASSETS

	AYSO	AYSO Services	AYSO Adult	AYSO WHEN!	Eliminations	Total
Cash and cash equivalents	$ 13,908,071	$ 102,192	$ 144,809	$ 42,618	$ -	$ 14,197,690
Investments	2,006,393	-	-	-	-	2,006,393
Accounts receivable, net	205,441	-	2,848	-	-	208,289
Other receivable	217,601	80,678	12,750	-	-	311,029
Prepaid expenses and other assets	390,248	-	-	-	-	390,248
Property and equipment, net	60,315	-	-	-	-	60,315
Intercompany receivable	162,692	5,053	-	-	(167,745)	-
Investment in subsidiary	246,531	-	-	-	(246,531)	-
Right-of-use assets - operating	855,920	-	-	-	-	855,920
Total assets	**$ 18,053,212**	**$ 187,923**	**$ 160,407**	**$ 42,618**	**$ (414,276)**	**$ 18,029,884**

LIABILITIES AND NET ASSETS

	AYSO	AYSO Services	AYSO Adult	AYSO WHEN!	Eliminations	Total
Liabilities						
Accounts payable	$ 176,276	$ -	$ 2,192	$ -	$ -	$ 178,468
Accrued expenses	1,049,679	262,763	9,847	-	-	1,322,289
Deferred revenue	7,439,501	-	-	-	-	7,439,501
Intercompany payable	-	16,195	9,789	141,761	(167,745)	-
Due to related parties	717,035	-	-	-	-	717,035
Operating lease liability	961,742	-	-	-	-	961,742
Total liabilities	10,344,233	278,958	21,828	141,761	(167,745)	10,619,035
Net assets						
Without donor restrictions	7,548,293	-	138,579	(99,143)	(337,566)	7,250,163
With donor restrictions	160,686	-	-	-	-	160,686
Shareholder deficit	-	(91,035)	-	-	91,035	-
Total net assets and shareholder deficit	7,708,979	(91,035)	138,579	(99,143)	(246,531)	7,410,849
Total liabilities and net assets and shareholder deficit	**$ 18,053,212**	**$ 187,923**	**$ 160,407**	**$ 42,618**	**$ (414,276)**	**$ 18,029,884**

NATIONAL OFFICE OF THE AMERICAN YOUTH SOCCER ORGANIZATION, AFFILIATES, AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

(with Comparative Financial Information as of June 30, 2022)

	AYSO	AYSO Services	AYSO Adult	AYSO WHEN!	Eliminations	Total
Revenues and other support						
Youth league registration	7,205,033	$ -	$ -	$ -	$ -	$ 7,205,033
United registration	4,229,218	-	-	-	-	4,229,218
United other	321,588	-	-	-	-	321,588
Volunteer registration	692,098	-	-	-	-	692,098
Sponsorships	562,500	-	-	-	-	562,500
Soccer camps	6,347	-	-	-	-	6,347
Adult league registration	-	-	111,944	-	-	111,944
Royalties	203,025	-	-	-	-	203,025
Contributions	46,056	-	-	103	-	46,159
Program receipts	183,514	-	-	-	-	183,514
In-kind contributions	95,424	-	-	-	-	95,424
Net investment return	29,597	-	-	-	-	29,597
Other income	3,803	-	-	-	-	3,803
Total revenues and other support	13,578,203	-	111,944	103	-	13,690,250
Expenses						
Program services	8,152,511	11,973	75,297	-	-	8,239,781
General and administrative	2,384,789	-	-	-	-	2,384,789
Fundraising and membership development	1,633,896	-	-	-	-	1,633,896
Total supporting services	4,018,685	-	-	-	-	4,018,685
Total expenses	12,171,196	11,973	75,297	-	-	12,258,466
Impairment loss on long lived assets	100,000	-	-	-	-	100,000
Total expenses and losses	12,271,196	11,973	75,297	-	-	12,358,466
Changes in net assets, and shareholder equity	1,307,007	(11,973)	36,647	103	-	1,331,784
Net assets and shareholder deficit, beginning of year	6,398,252	(79,062)	101,932	(99,246)	(246,531)	6,075,345
Reconsolidation	3,720	-	-	-	-	3,720
Net assets and shareholder shareholder deficit, end of year	**$ 7,708,979**	**$ (91,035)**	**$ 138,579**	**$ (99,143)**	**$ (246,531)**	**$ 7,410,849**