

MANHATTAN SOCCER CLUB, INC.,

FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED

AUGUST 31, 2019 AND AUGUST 31, 2018

MANHATTAN SOCCER CLUB, INC.

**FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED
AUGUST 31, 2019 AND AUGUST 31, 2018**

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Joseph A. Panasci

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Independent Auditor's Report

To the Board of Directors of Manhattan Soccer Club, Inc.

I have audited the accompanying financial statements of Manhattan Soccer Club, Inc., (a nonprofit organization) which comprise the statement of financial position as of August 31, 2019 and the related statements of activities and changes in net assets, cash flows, and statement of functional expenses for the fiscal 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Manhattan Soccer Club, Inc., as of August 31, 2019 and the changes in its net assets and its cash flows and functional expenses for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report (continued)

Report on Summarized Comparative Information

I have previously audited the Manhattan Soccer Club, Inc.'s fiscal year ended August 31, 2018 financial statements, and I expressed an unmodified audit opinion on those financial statements in my report dated July 13, 2019. In my opinion, the summarized comparative information presented herein as of and for the fiscal year then ended August 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Joseph A. Panasci

Maplewood, N.J.

July 15, 2019

MANHATTAN SOCCER CLUB, INC.

**STATEMENT OF FINANCIAL POSITION
AS OF AUGUST 31, 2019 AND AUGUST 31, 2018**

Assets	<u>2019</u>	<u>2018</u>
Current Assets:		
Cash and cash equivalents	\$ 3,588,876	\$ 3,160,443
Other receivables	14,843	5,550
Prepaid registration costs	131,088	119,920
Prepaid team expenses	131,752	22,922
Prepaid credit card fees	87,694	70,942
Other assets	16,667	
	<hr/>	<hr/>
Total Current Assets and Total Assets	<u>\$ 3,970,920</u>	<u>\$ 3,379,777</u>
Liabilities and Net Assets		
Current Liabilities:		
Payroll taxes and other expenses payable	\$ 30,199	\$ 12,698
Customer's deposits	3,002,333	2,569,214
	<hr/>	<hr/>
Total Current Liabilities and Total Liabilities	<u>3,032,532</u>	<u>2,581,912</u>
Net Assets:		
Without donor restrictions	927,206	786,753
With donor restrictions	11,182	11,112
	<hr/>	<hr/>
Total Net Assets	<u>938,388</u>	<u>797,865</u>
	<hr/>	<hr/>
Total Liabilities and Net Assets	<u>\$ 3,970,920</u>	<u>\$ 3,379,777</u>

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

MANHATTAN SOCCER CLUB, INC.

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2019 AND AUGUST 31, 2018**

	2019		2018	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Changes in Net Assets				
Revenues and support				
Contributions	\$ 217,561	\$ -	\$ 217,561	\$ 64,926
Team Registration fees	3,862,812		\$ 3,862,812	3,297,124
Manhattan Kickoff Classic	38,548		38,548	515,749
Hotel commissions	-		-	30,826
Sponsorships	26,840		26,840	21,000
Interest income and other	25,876	70	25,946	25,759
Total revenues and support	<u>4,171,637</u>	<u>70</u>	<u>4,171,707</u>	<u>3,955,384</u>
Expenses				
Program services	3,735,595		3,735,595	3,696,009
Supporting services:				
General and Administrative	235,660		235,660	107,219
Fund raising	59,929	-	59,929	20,361
Total Expenses	<u>4,031,184</u>	<u>-</u>	<u>4,031,184</u>	<u>3,823,589</u>
Increase in Net Assets	140,453	70	140,523	131,795
Net Assets, Beginning of Year	<u>786,753</u>	<u>11,112</u>	<u>797,865</u>	<u>666,070</u>
Net Assets, End of Year	<u>\$ 927,206</u>	<u>\$ 11,182</u>	<u>\$ 938,388</u>	<u>\$ 797,865</u>

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

MANHATTAN SOCCER CLUB, INC.

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2019 AND AUGUST 31, 2018**

	<u>2019</u>	<u>2018</u>
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities		
Change in net assets	\$ 140,523	\$ 131,795
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
(Increase) decrease in operating assets:		
Other receivables	(9,292)	11,928
Prepaid registration costs	(11,168)	(15,791)
Prepaid team expenses	(108,831)	(5,241)
Prepaid credit card fees	(16,751)	(20,776)
Other assets	(16,667)	-
Increase (decrease) in operating liabilities:		
Payroll taxes and other expenses payable	(7,500)	(80,601)
Customers deposits	433,119	682,440
Other liabilities	25,000	-
	428,433	703,754
Net Cash Provided by Operating Activities	428,433	703,754
Cash and Cash Equivalents, Beginning of Year	3,160,443	2,456,689
Cash and Cash Equivalents, End of Year	\$ 3,588,876	\$ 3,160,443

The accompanying notes are an integral part of the financial statements

MANHATTAN SOCCER CLUB, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEARS ENDED AUGUST 31, 2019 AND AUGUST 31, 2018

	2019			2018	
	Program Services Team Activities, Tournaments, Other Program Expenses	Supporting Services General and Administrative Expenses	Fund Raising Expenses	Total Expenses	Total Expenses
Grant-Randalls Island field maintenance	\$ 50,000	\$ -	\$ -	50,000	\$ 50,000
Compensation of officers	279,800	49,500	20,700	350,000	335,000
Other salaries	1,586,032	84,363	16,873	1,687,268	1,385,988
Payroll taxes	157,067	11,269	3,163	171,499	149,386
Payroll related insurance	31,383	2,291	1,193	34,867	10,059
Fund raising consultant			18,000	18,000	-
Bank and credit card fees	129,317			129,317	112,106
Accounting		7,976		7,976	7,295
Advertising and promotion	12,836			12,836	15,269
Conferences and meetings	2,288	2,006		4,294	3,548
Insurance		4,542		4,542	5,112
Bus travel expense	428,684			428,684	348,955
Team operating expenses	203,198			203,198	254,079
Tournament expenses	215,440			215,440	250,282
Field and gym rentals	380,200			380,200	494,836
Field equipment and maintenance	36,856			36,856	167,912
Team registration fees	144,289			144,289	122,941
Other operational expenses	78,205	73,713	-	151,918	110,821
Total Functional Expenses 2019	<u>\$ 3,735,595</u>	<u>\$ 235,660</u>	<u>\$ 59,929</u>	<u>\$ 4,031,184</u>	
Total Functional Expenses 2018	<u>\$ 3,696,009</u>	<u>\$ 107,219</u>	<u>\$ 20,361</u>		<u>\$ 3,823,589</u>

The accompanying notes are an integral part of the financial statements

MANHATTAN SOCCER CLUB, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2019 AND AUGUST 31, 2018

Note 1-Summary of Significant Accounting Policies`

Nature of Activities

The Manhattan Soccer Club, Inc. (MSC) a not-for-profit corporation was founded in 1996 to provide soccer training and playing opportunities for young children and teenagers in the New York City area. Its players range in age from six through twenty-three years of age and are predominantly residents of Manhattan. The teams play in leagues organized under the auspices of the United States Youth Soccer Association and US Club Soccer, both of which are affiliates of the United States Soccer Federation, the governing body of soccer in the United States of America.

Recently Issued Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) ASU 2016-14, Presentation of Financial Statements of Not-for Profit entities. The amendments in this ASU make improvements to the information provided in the financial statements and accompanying notes of not-for-profit entities. The amendments set forth in the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance, and cash flows. MSC adopted ASU-2016-14 for the fiscal year ended August 31, 2018.

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) ASU 2018-08, Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The effective date is December 15, 2019 and is applicable to the fiscal years beginning on September 1, 2020 and ending on August 31, 2021.

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U. S. GAAP) specific to not-for-profit organizations. Under these standards, an organization is required to report information regarding its financial position and activities according to two classes of net assets depending on the existence and/or nature of any donor restrictions as follows: net assets without donor restrictions and net assets with donor restrictions. In the statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

MANHATTAN SOCCER CLUB, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2019 AND AUGUST 31, 2018

Note 1-Summary of Significant Accounting Policies (continued)

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence or nature of any donor restrictions based on the donor's intent.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Allowance for Doubtful Accounts

The Organization uses the allowance method to determine uncollectable promises receivable. The allowance is based on prior years' experience and management's analyses of specific promises made. Management deemed all receivables collectable at August 31, 2019 and August 31, 2018 and therefore there is no provision for doubtful accounts.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cost Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation, payroll taxes and employee benefits which are allocated on the basis of estimates of time and effort.

MANHATTAN SOCCER CLUB, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED AUGUST 31, 2019 AND AUGUST 31, 2018

Note 1-Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investment available for current use with an initial maturity of three months or less to be cash equivalents. As of August 31, 2019 cash and cash equivalents amounted to \$1,788,165 in checking accounts and \$1,800,712 in money market accounts. As of August 31, 2018 cash and cash equivalents amounted to \$2,375,336 in checking accounts and \$785,107 in money market accounts. The money market funds were deposited in an Eagle Level Tier 1 Sweep Program which is eligible for FDIC coverage up to \$250,000 in total for all accounts at the same bank. Federal banking regulations require that the bank reserve the right to require seven (7) days prior notice before permitting a withdrawal of these funds. Although the bank does not currently exercise this seven days prior notice provision, the bank may in its sole discretion, chose to do so.

Prepaid Expenses

Prepaid expenses consist of costs incurred in the current fiscal year which are applicable to subsequent fiscal year. Prepaid expenses amounted to \$350,534 and \$213,784 as of August 31, 2019 and August 31, 2018, respectively. Prepaid expenses consist principally of tournament registration fees and other team expenses including field and gym rentals.

Donor Restricted Net Assets-Endowment Fund

The organization's endowment fund was established in 2008 to build a pipeline for future gifts, allow for program expansion, and enhance stability and prestige. Contributions to the endowment fund are subject to donor restrictions that stipulate to original principle of the gift is to be held and invested by the Organization indefinitely, and income from the fund will be used at the Board's discretion. As required by generally accepted accounting principles, net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. As of August 31, 2019 and 2018, the endowment fund was composed of investments in a money market fund totaling \$11,182 and \$11,112, respectively. The endowment fund earned \$70 and \$42 interest for the fiscal year ended August 31, 2019 and August 31, 2018, respectively and no other activity occurred for the endowment fund.

Customer Deposits

Customer deposits consists of team registration fees received in the current year which are applicable to the subsequent fiscal year. These deposits are deferred and recognized as

MANHATTAN SOCCER CLUB, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2019 AND AUGUST 31, 2018

Note 1-Summary of Significant Accounting Policies (continued)

Customer Deposits (continued)

without donor restrictions at the time the services are performed. The customers deposits amounted to \$3,002,333 and \$2,569,214 and August 31, 2019 and August 31, 2018, respectively.

Contributed Services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations and various committee assignments. The Organization receives more than 10,000 volunteer hours per year mostly from parents of players and former players.

Revenue Recognition

Team registration fees, bus travel revenue and the Manhattan Kickoff Classic Driven by Yokohama tournament fees are recognized monthly throughout the soccer season. The soccer season runs from September through July.

Hotel commissions represents monies received from hotels in which players and parents stay during the Manhattan Kickoff Classic Driven by Yokohama tournament. The hotel commissions are recognized when cash is received from the hotels.

Sponsorships represents monies received from businesses to promote their respective business signs at the soccer fields and disseminate flyers via e mail. The Organization recognizes sponsorship income monthly throughout the soccer season.

Note 2- Liquidity Resources

Manhattan Soccer Club, Inc. has various sources of liquidity at its disposal, including cash and cash equivalents. The following schedule reflects the MSC's financial assets and liabilities as of August 31, 2019, and August 31, 2018, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of net assets with donor restrictions.

MANHATTAN SOCCER CLUB, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED AUGUST 31, 2019 AND AUGUST 31, 2018

Note 2- Liquidity Resources (continued)

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$3,588,876	\$3,160,443
Receivables, net	<u>14,843</u>	<u>5,550</u>
Total financial assets	3,603,719	3,165,663
Less payroll taxes and other expenses payable	30,199	12,699
Less donor restricted endowment fund	<u>11,182</u>	<u>11,112</u>
Financial assets available to meet cash needs		
for general expenditures within one year	<u>\$3,645,100</u>	<u>\$3,139,182</u>

Note 3- Concentration of Credit Risk

The Company maintains accounts with two local financial institutions, the balances of which from time to time exceed the federally insured limits. The uninsured balances in excess of FDIC insured amount as of August 31, 2019 and August 31, 2018 were as follows:

	<u>2019</u>	<u>2018</u>
First Republic Bank	\$2,779,664	\$2,364,939
TD Bank	<u>309,212</u>	<u>295,504</u>
Total uninsured balances	<u>\$3,088,876</u>	<u>\$2,660,443</u>

Note 4 -Income Tax Status

The Manhattan Soccer Club, Inc. was incorporated on November 11, 1996 and determined to be tax-exempt under Section 501 (c)(3) of the Internal Revenue Code by a letter dated March 5, 1997. In addition, MSC qualifies for the charitable deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

Professional Standards require management to evaluate the tax positions taken by the Company and to recognize a tax liability (or asset) if the Company has taken a position that

MANHATTAN SOCCER CLUB, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2019 AND AUGUST 31, 2018

Note 4 -Income Tax Status(continued)

would not be sustained upon examination by the Internal Revenue Service or by any of the states where it files tax returns. The Company is subject to routine audits by various tax jurisdictions; however, there are currently no audits for any tax period in progress. The IRS has not assessed unrelated business income taxes on the organization. However the years subject to examination are fiscal year ended August 31, 2017 through fiscal year ended August 31, 2019.

Note 5-Commitments

The Manhattan Soccer Club, Inc. is obligated under the following contracts for the fiscal years ended August 31, 2019 and August 31, 2018. All contracts are negotiated on a yearly basis.

Employment contracts for all employees in the amount of \$1,853,800 and \$1,847,900, for fiscal years ended August 31, 2019 and August 31, 2018, respectively.

Contract with an independent fund raiser in the amount of \$12,000 and \$15,000, for fiscal years ended August 31, 2019 and August 31, 2018, respectively .

Various contracts for field rent, gym rent and field maintenance in the amount of \$30,000 and \$91,725, for fiscal years ended August 31, 2019 and August 31, 2018, respectively.

Randall's Island donation for field maintenance \$50,000 and \$50,000, for fiscal years ended August 31, 2019 and August 31, 2018, respectively.

Note 6-Contingencies

Players

MSC requires players to sign hold harmless agreements as part of its registration process. However, in the normal course of operations there are players injured which could result in claims against MSC. No current claims are outstanding against MSC and management did not provide an accrual for anticipated future claims.

Coaches

MSC agrees to defend its coaches and trainers against reasonable claims by third parties in their employment agreements. No current claims are on going and no accruals have been provided by management.

MANHATTAN SOCCER CLUB, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2019 AND AUGUST 31, 2018

Note 7-Evaluation of Subsequent Events

The organization has evaluated events and transactions for potential recognition or disclosure through July 15, 2020, which is the date the financial statements were available to be issued. In early 2020, an outbreak of a novel strain of coronavirus (Covid-19) emerged globally. As a result, events have occurred domestically in the United States and globally, including mandates from federal, state, and local governments, leading to an overall decline in global activity. The impact of Covid-19 on the financial performance and revenue streams cannot be reasonably estimated at this time.

The organization cancelled the remaining balance of the Spring 2020 season which was due to end in June 2020, and the 2020 summer season on approximately March 13, 2020 due to the outbreak of Covid-19. The organization has a no refund policy for registration fees except for special circumstances. A few refunds were made to graduating seniors for the cancelled 2020 spring and summer seasons which were insignificant.

The organization is considering offering a registration credit of twenty percent (20%) for the fiscal year end August 31, 2021 season which runs from September 2020 through March 2021. Management is projecting to issue approximately \$500,000 in discounts, however the final number will not be known until registrations begin for a possible fall 2020 season. Management is in discussions as to the feasibility of holding the September 2020 through March 2021 season due to the uncertainty of the Covid-19 pandemic.

The organization received \$424,800 under the Small Business Administration (SBA) Payroll Protection Program (PPP) and May 4, 2020 which was used exclusively for payroll payments. They will apply for the debt forgiveness program.