WSYSA BOARD OF DIRECTORS MEETING
January 26, 2007

CALL TO ORDER

Wain Jackson called a scheduled meeting to order at the Marriott Courtyard, Tacoma, Washington at 7:30 pm

ROLL CALL

Present:

President Wain Jackson
1st VP Brian Lawler
VP Competition Gail Zimbelman
VP Development Mike Margolies
VP Recreation Bryan Vasbinder
Secretary Cynthia Spencer
Treasurer George Maitland
District 1 Comm. Jan Phillips
District 2 Comm. Shari Tumey
District 3 Comm. Stu Snow
District 4 Comm. Laurie Myers
District 5 Comm. Dennis Vasbinder
District 6 Comm. Mike Terris
District 7 Comm. Ken Phillipson
WSYSA Exec Dir Todd McGann

Absent
2nd VP Dale Warren (excused – for his wedding)

Guests
Auditors from Hawthorne & Co., CPAs
Glen Harlow, field auditor
David Hawthorne, principal of Hawthorne & Co

Ron Lambalot, President of North County Youth Soccer Assn.
Ralph Thornton, President of Whidbey Island Youth Soccer Assn.

AUDITOR'S REPORT on FYE2006

David Hawthorne presented an overview of the audit process and the purpose of the audit (to express an opinion on whether our financial statements are fairly presented). The audit process included:

- Review of current events and management risks (including period following the end of the fiscal year up to the date the financial statements are finalized)
- Review and testing of critical processes
- Review and testing of risk management processes
- Discussion of judgmental areas

Mr. Hawthorne informed the board that they are issuing an unqualified opinion stating that the financial statements of WSYSA are fairly presented, in all material respects, in accordance with Generally Accepted Accounting Principles (GAAP).

In completing their audit, Mr. Hawthorne informed the Board that:
- there were no significant or unusual transactions.
- there were no proposed adjustments not recorded by the association
- there were no significant audit adjustments

A management letter has been compiled for discussion by the Board including detail of internal control weaknesses that were identified during the audit (see below).

Summary of Auditor Findings: Glen Harlow, field auditor
Net income increased due to higher program fees and investment accounts, while holding general and administrative (G&A) expenses steady.

Management Considerations:
- Banking policies – Bank balance at single bank exceed insurance limits. Noted that funds were moved during the last year to several banks, however, a large balance (substantially all working capital that varies in amount based upon time of year) remains at Key Bank. Consideration of the bank's financial strength should be monitored.
- Fixed assets – Capital assets, including computers, laptops, etc. are not fully catalogued and controlled (logs showing location / responsibility for specific units)
- Approval and documentation of Expenses -- Procedures were implemented last year and are being followed (correction of prior year).
- Requisition of Supplies – Need formal process for requisition of supplies.
- Employee Attitudes and Morale – High turnover last year and low morale, which increases risk to the organization. Noted that the Board has hired an HR firm and is actively addressing these issues, as well as hiring highly qualified individuals.

Special procedures for Washington State Referee Committee accounts (not audited)
- Funds held in trust by WSYSA for WSRC
- Obtained copies of the WSRC general ledger
- Reconciled and verified the WSRC bank balances, therefore confirmed that they are stated corrected within WSYSA's financial statements.

Presentation of Consolidated Summary of Operations
- Five year summary presented
- Different presentation than in years past (separating Marketing, General & Administrative (MG&A) expenses from Program expenses)
  - Variation between years of expense distribution between two lines. Why?
  - MG&A expenses include overheads like employees, office costs, rent, etc.
  - Some of the expenses (i.e., salary) can be split between Program Expense and MG&A. Allocation should come from WSYSA. May not be consistently allocated year-to-year.
- Financial Statements are presented on a Modified Cash Basis (not accrual).
  - Recognize expenses that are accrued (accounts payable)
  - Income is recognized when it is received.

- Accrual accounting would recognize revenue when it is billed / contract is signed
  - Player Fees
  - Program Fees
  - Sponsorship Fees
- Impact of Sarbanes Oxley Act
  - Federal rules require consideration of auditor changes every five years.
  - Hawthorne & Co CPAs have been auditors for more than five years
    - Not possible to change audit partners (single partner in firm)
    - Have rotated field auditor (Glen for last three years)
  - Level of audit assurance for FYE2007 is to a "high level" of assurance

Approval of Minutes

- December 9th BOD Meeting – Reviewed and approved as amended.
- December 16th BOD Meeting (continuation of 12/9 meeting) – Reviewed and approved as amended.

OFFICER REPORTS

President: Wain submitted a written report.
1st VP: Brian highlighted accomplishments and promised an email summary

Treasurer: George walked the Board through the YTD financial statements and reminded the Board that the reports are based on a cash basis (therefore do not accrue for expenses related to the revenue received from the state tournaments).

New for FYE2007, monthly reports will be distributed to the board showing YTD budget to actual income and expenses by responsibility area.

The Board reviewed the financials and raised questions for George regarding specific line items.

- Ken & Jan reported that their districts would like more comparative data and interpretive data included in the Council Book.

VP Competition: Gail reported that most of the weather-delayed matches have been made up. Commissioners and Challenge Cup are moving into elimination rounds this weekend. Championship Cup matches begin this weekend.

Laurie Meyers expressed thanks to the other Districts which have agreed to provide fields for District IV matches during the Commissioners Cup finals weekends (since District IV only has 1 turf field).

VP Recreation: Bryan Vasbinder reported a volunteer has stepped up for SoccerStart.

VP Development: Mike Margolies submitted a written report, as well as an activity report from Dave Schumacher, WSYSA Director of Coaching. Highlights of Mike's report included:

- "C" licensing clinic was approved and registration is now open.
- Regional coaching director resigned, Dave has identified a potential replacement.
- Mike attended a NSEAA national coaching conference and is considering whether we should offer NSEAA clinics (less physically challenging for coaches).

- ODP tryouts at Starfire were easy flowing, much smoother than last year. Over 400 kids turned out for three age groups.

Executive Director: Todd submitted a written report.

- Has verbal commitment from the GMMB / Dept of Health (See through the Smoke. Com) to extend their sponsorship for another year.
- House Bill 1457 proposed in the state legislature to sanction youth referees (under age 14). Would also exempt all USSF certified referees from Labor & Industry insurance.
- Feb. 19 will be Youth Soccer Day on the Hill with soccer players from WSYSA meeting with the Governor.

District IV Commissioner: Laurie Myers reported Fields Today, Fit Tomorrow campaign to expand the number of turf fields in the district. Working with NW Parks Foundation. Targeted new fields include:

- Bainbridge Island – 2 turf fields
- Gordon Field – South Kitsap is reallocating a park to the county
- Pendergast – Bremerton will get 2 turf fields
- Kingston – new HS will have turf (next fall)

UNFINISHED BUSINESS

401(k) Plan

Todd highlighted the plan designed for WSYSA Office Staff (detailed in his report) and requested Board approval to move forward.

Shari Tumey moved to approve the plan for employees working full time (40 hours / week) who have completed at least one year of service. Motion was seconded. Motion was unanimously approved.

Field Development Fund

Brian Lawler recommended using WSYSA's field development funds as a rolling loan fund and shared a proposed fund policy statement. Laurie recommended working with NW Parks Foundation.

Todd reminded the Board that funds generated by WSYSA license plates will help expand the fund.

Laurie moved to accept the draft statement as a WSYSA policy framework. Shari seconded. Motion passed to reconvene the Fields Committee with the charter as designated in the policy statement as drafted by Brian.

Boundary Committee

Brian Lawler provided a status update from the Boundary Committee with recommendations for a WSYSA policy from the working group of member associations that focuses on use of fields where boundaries are unclear or disputed (ex: Liberty HS in Renton is part of Issaquah School District).

Discussion surrounded whether WSYSA or the District Commissioners should be involved in mediating use of fields, and which of the recommendations are appropriate for WSYSA involvement (vs. District or Association). Ken highlighted that boundary issues are not just field-related, also involve soccer-related activities (recruiting, fundraising, mailings, etc., as defined by the Board in 2002).

Ken recommended providing enforcement capability. Recommended be able to suspend violators until they comply. Option is to put the Association in bad standing if they fail to comply. District Commissioners could be awarded the power to recommend suspension. Todd suggested putting respect for boundaries in Coaches Code of Ethics, then violators can be charged with Ethics Violations.

Brian will take Board recommendations back to the Committee.

Academy Definition
Action was deferred until the next meeting as copies of the proposal were unavailable at the meeting.

COUNCIL AGENDA
Will add under New Business: Field Development.

Presidents Meeting: WSYSA will book a room for a Presidents Meeting from 3-5 pm Saturday afternoon of Soccer Fair. Ron Lambalot and Ralph Thornton agreed to issue an invitation to all association presidents.

District fees: District player fee hasn't been changed in years (stagnant at 35 cents/player).

ADJOURNMENT

There being no other business the meeting was adjourned at 10:30 pm.

Respectively submitted,
Cynthia J Spencer
WSYSA Secretary