SUBURBAN FRIENDSHIP LEAGUE

Dissolution Process

Approved April 19, 2024

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SUMMARY

Since the Spring 2000 season, over 22,000 teams representing over 30 clubs participated in the SFL. Many of the current SFL clubs have been with the SFL for a long time. Other clubs that participated in the past dropped out for a variety of reasons such as the club was no longer viable or the club no longer desired to use the SFL's services while other clubs have joined the SFL recently. During the Spring 2024 season, the National Capital Soccer League (NCSL) subsumed the SFL's mission and the SFL decided to terminate its operations and dissolve. This paper provides the proposed dissolution process that will be voted on by the member clubs during an upcoming meeting and was developed in consultation the SFL's legal counsel. The paper contains (1) the key terms and business rules that will be used govern the asset distribution process, (2) the process that will be used to determine the individual club distributions, and (3) the approach that will be used to distribute the Member Club payments.

KEY TERMS AND BUSINESS RULES

The proposed asset distribution process provides the business rules that will be used to govern the dissolution process. These business rules use terms to facilitate a common understanding of the process. The following terms and business rules were identified as key items in the proposed asset distribution process.

- **Participating Clubs and Participating Teams** – Any club that has paid registration fees to the SFL throughout its history is considered a Participating Club. Since the only teams that the SFL accepted were associated with a club, there are no Participating Teams without a Participating Club.

- **COVID Suspension Period** – During the Spring and Fall 2020 seasons the SFL did not perform its operational mission and did not receive any income during those seasons from the clubs. This is commonly referred to as the COVID Suspension Period. The approach that is being used to handle the equity changes associated with the COVID Suspension Period is discussed elsewhere.

- **Member Club** – A Member Club for purposes of the SFL's dissolution process is a Participating Club that is a current member of an appropriate state soccer association, e.g., Virginia Youth Soccer Association (VYSA).[1]

- **Member Club Teams** – All teams associated with a given Fall 2023 Member Club during the Team Participation Period are considered as that club's teams. When a Fall 2023 Member Club is the result of two clubs that have merged or teams from another club have merged into an existing club, then the previous teams associated with the predecessor club are considered as teams associated with the Fall 2023 club. For example, assume that Club A and Club B merge

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[1] As noted in the Charter, the member clubs are expected to adhere to their appropriate state soccer association's (such as the Virginia Youth Soccer Association) guidelines and rules. The SFL has had a long standing policy that in order to participate in the SFL, the club must be a member in good standing with their state association.

and create Club C. All the teams associated with Club A and Club B are considered Club C's teams regardless of when the merger occurred. Similarly, assume that Club D's teams are moved to Club A in a subsequent season, all of Club D's teams are considered as Club A's teams.[2]

- **Asset Distribution Eligibility** – IRS regulations only allow the SFL to distribute assets to organizations that the IRS recognizes as tax exempt. Accordingly, each club is required to provide (1) its federal Taxpayer Identification Number (TIN) so that the SFL can validate that the IRS considers the Member Club as a tax exempt organization, (2) club mailing address to the SFL, and (3) a club contact for the dissolution process. A club has 30 days after the approval of the SFL Dissolution Plan to submit the required information to the SFL. Member Clubs that (1) are not considered by IRS as tax exempt organizations or (2) do not provide the necessary information within this 30 day period will be considered as Member Clubs that are not eligible to be included in the SFL Asset Distribution Payment Amount calculations.

- **Team Participation Period** – The SFL has been in operation for over 30 years. During that period, it has used several different systems to perform its financial and operational program operations. Any team shown in the financial system is considered as a team that participated in the SFL. This approach allows actual team data since the Spring 2000 season to be used in the SFL Asset Distribution Payment Amount calculations. More importantly, the club associated with the SFL's equity will only have to be estimated for the SFL's activities prior to the Spring 2000 season. As discussed elsewhere, the impacts associated with allocating the SFL's equity prior to the Spring 2000 season based on the Spring 2000 teams is considered immaterial.

- **Team Asset Distribution Rate** – A factor used in calculating the SFL Asset Distribution Payment Amounts discussed elsewhere. The formula for calculating the Team Asset Distribution Rate for each season is simple – season equity change for a given age group / teams in that age group associated with the Member Clubs that are eligible to receive SFL asset distributions. For example, assume the SFL's assets increased by $500 in Season A for Age Group A that had 50 teams that were associated with Member Clubs eligible to receive asset distributions. The Team Asset Distribution Rate for each team would be $10 ($500/50 teams). As discussed elsewhere, the Team Asset Distribution Rate for each age group in a given season will (1) generally differ between the age groups and (2) probably differ for the same age group between seasons.

- **SFL Asset Distribution Payment Amount** – A calculation for each Member Club that is eligible to receive the results of the SFL Asset Distribution Payment Amount calculations. It is calculated for each eligible club in a given season's age group using the following formula – (Member Club Teams X Team Asset Distribution Rate). For example, if Club A has three teams in Season A's Age Group A and the Team Asset Distribution Rate is $10 per team, then the SFL Asset Distribution Payment Amount for Club A's Age Group A for Season A is $30 (3 teams X

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[2] This does not include teams that simply change clubs. For example, assume that Team A played with Club A during the Fall 2021 season but moved to Club B for the Spring 2022 season. Team A would be considered as one of Club A's Member Club Teams for the Fall 2021 SFL Asset Distribution Payment Amount computations and one of Club B's Member Club Teams for the Spring 2022 SFL Asset Distribution Payment Amount computations.

$10 per team). The results of these calculations are then summarized to arrive at a club's ultimate SFL Asset Distribution Payment Amount. The application of the SFL Asset Distribution Payment Amount calculations and how they are used is discussed elsewhere.

Appendix I contains additional information on several of these terms and how the business rules associated with a given term may impact the asset distribution process. Appendix II provides the listing of the Member and Participating Clubs along with the number of teams associated with each club.

ASSET DISTRIBUTION PROCESS CONCEPTS

The process that is expected to be used to distribute the SFL assets to the eligible Member Clubs is based on the "Season/Age Group/Team" approach using the SFL Asset Distribution Payment Amount formula for each season and age group since the Spring 2000 season. The key factors in this formula are (1) the equity shown in the financial system that is associated with a given age group and season and (2) the Member Club Teams associated with the Member Clubs eligible to receive the results of the SFL Asset Distribution Payment Amount calculations. The following discusses the concepts and processes that will used to guide known and unknown situations affecting these factors that may be identified as the dissolution process evolves.

- Standard Distribution Process
- Allocating Equity Associated With Seasons Prior to the Spring 2000 Season
- Allocating Equity Associated With Spring 2020 through Fall 2021 Seasons
- Allocating Equity Associated Participating Clubs Not Eligible to Be Included in SFL Asset Distribution Payment Amount Calculations
- Allocating Negative Results Resulting from the SFL Asset Distribution Payment Amount Calculations
- Allocating Assets Generated from Stale Dated Checks
- Allocating Income and Expenses from Dissolution Activities

Each of these items are discussed below.

Standard Distribution Process

Several options were considered for distributing equity as discussed in Appendix III. The SFL Asset Distribution Payment Amount formula combined with the "Season/Age Group/Team" approach was selected as the best means to distribute the SFL's assets to the Member Clubs since it more closely matches the equity that will be distributed to the Member Clubs eligible to receive SFL assets to the clubs that contributed that equity in a given season. The following example illustrates how the "Season/Age Group/Team" approach combined with the SFL Asset Distribution Payment Amount formula works.

- Season A's equity increased by $500 for Age Group A's 50 teams that were associated with Member Clubs eligible to receive asset distributions. The Team Asset Distribution Rate for each team would be $10 ($500/50 teams). Assume that Club A had five teams in that Season A's age group and Club B had one team. The SFL Asset Distribution Payment Amounts for this season and age group would be $50 for Club A, $10 for Club B, and $440 for the other clubs in Season A's Age Group A.

Once all the individual SFL Asset Distribution Payment Amounts have been calculated for the Spring 2000 through Fall 2023 seasons and the post Fall 2023 season income and expenses for the Member Clubs eligible to receive a payments from the SFL, they are summarized to arrive at the club's SFL Asset Distribution Payment Amount.

As discussed elsewhere, (1) equity adjustments to those shown currently shown in the financial management system for a given season and age group are expected to be made to address specific situations so that revenues and expenses are better matched for these computations and (2) the actual number of teams used in SFL Asset Distribution Payment Amount calculations are expected to differ from the number of teams that actually participated in a given season.

Allocating Equity Associated With Seasons Prior the Spring 2000 Season

Only summary information is readily available concerning the equity accumulated by age group for the SFL's operations prior to the Spring 2000 season, i.e., although the accumulated equity by age group is available for the operations prior to the Spring 2000 season; the equity changes by season, specific clubs, teams, and the age groups associated with a given season during this period is not readily available. Therefore, the standard approach for calculating the SFL Asset Distribution Payment Amounts cannot be used for those seasons. In order to distribute this equity, it will be added to the equity accumulated during the Spring 2000 season and considered as equity earned during the Spring 2000 season. This combined equity will then be distributed using the standard approach, i.e., the Spring 2000 team data will be used to allocate the equity accumulated prior to the Spring 2000 season. This approach is not expected to produce results that are materially different from the SFL Asset Distribution Payment Amounts that would have been computed if adequate team data was available for the activities prior to the Spring 2000 season. This expectation is based on the following

- It is believed that most, if not all, the clubs participating during the Spring 2000 season also participated in prior seasons. This is consistent with the experiences of the SFL after the Spring 2000 season, i.e., many clubs have been with the SFL for very long periods of time. As noted elsewhere, about 99 percent of the Participating Teams are considered as Member Club Teams.

- The total amount of equity associated with the SFL's operations prior to the Spring 2000 season is immaterial to the total equity that is expected to be distributed. Specifically, although the amount of the equity is substantial, when combined with the belief that the many of the same clubs that participated during the Spring 2000 season also participated in the prior seasons, then percentage of the equity associated with the operations prior to the Spring 2000 season that should be associated with a given club should not change materially. The amount of equity accumulated prior to the Spring 2000 season that is expected to be included in the Spring 2000 SFL Asset Distribution Payment Amount calculations is about $17,270.

Allocating Equity Associated With Spring 2020 through Fall 2021 Seasons

When the COVID Suspension Period began, the SFL decided that it would not assess the Participating Clubs prior to the COVID Suspension Period for the costs that the SFL would incur until it could resume normal operations. This decision was designed to reduce the financial burden on the clubs. This decision is also consistent with practice discussed in Appendix IV of using the SFL's accumulated equity to cushion the effects on the clubs of unexpected expenses. When this decision was made, it was expected that when the SFL resumed operations that these costs would be recovered from the Member Clubs during the first season. However, the Member Clubs returning to the SFL did so over two seasons rather than one season. During the Fall 2021 preseason meeting, the clubs approved a registration fee surcharge to recover the expenses incurred during the COVID Suspension Period. In addition, the clubs recognized that the clubs participating during the Spring 2021 season paid an unfair percentage of the fixed costs associated with that season. Based on a review of the costs and the desire to maintain equity between the clubs, the clubs approved an approach that resulted in all clubs paying a special assessment in the Fall 2021 season that generated revenues designed to (1) reimburse the SFL for the costs incurred during the COVID Suspension Period and (2) reimburse the SFL and Spring 2021Member Clubs for the total Spring 2021 and expected Fall 2021 season's fixed expenses in a equitable manner for all clubs regardless of whether the Member Club returned in the Spring 2021 or Fall 2021 season.

As noted elsewhere, the equity balances shown in the financial management system are used to compute the SFL Asset Distribution Payment Amounts for each season. During the Spring 2020 through the Fall 2021 seasons the financial management system properly recognized the income and expenses in the season they were incurred. These practices were consistent with all the other seasons. However, these equity balances do not support the objective of the "Season/Age Group/Team" approach that is designed to match the revenues and expenses that should be associated with a given member club for equity distribution purposes. Specifically, as noted in the above discussion, the clubs approved a registration fee surcharge for the Fall 2021 season designed to generate the revenue that should be associated with the appropriate expenses that should be borne by all the Member Clubs during the Spring 2000 through Fall 2021 seasons. Therefore, adjustments are needed to the season equity balances in the system used to calculate the SFL Asset Distribution Payment Amounts for the Spring 2020 through Fall 2021 seasons. The adjustments that will be made follow.

- All equity changes shown in the financial management system for the Spring and Fall 2020 season will be moved to the Fall 2021 season. These equity changes are needed since that is when the revenue that was designed to compensate the SFL for those expenses was expected to be received based on the Fall 2021 preseason meeting with the clubs.

- All equity changes to the Spring 2021 season that were associated with the fixed costs incurred will be moved to the Fall 2021 season. Again, this equity change is consistent with the decision approved by the clubs in the Fall 2021 preseason meeting that was expected to generate the revenue to compensate the SFL and the Spring 2021 Member Clubs for those expenses.

After all the equity adjustments in the system used to compute the SFL Asset Distribution Payment Amounts are made, a comparison of the age group equity amounts shown in the financial management system at the end of the Fall 2021 season and the system used to compute the SFL Asset Distribution Payment Amounts will be made. No differences are expected in this comparison.

Allocating Equity Associated Participating
Clubs Not Eligible to Be Included in SFL
Asset Distribution Payment Amount Calculations

As noted elsewhere, certain Participating Clubs may not be considered as Member Clubs and some Member Clubs may not be eligible to be included in the SFL Asset Distribution Payment Amount calculations. However, the teams associated with these clubs are included in the teams associated with a given age group and season. The approach planned to address this issue is to simply eliminate those teams from the SFL Asset Distribution Payment Amount calculation. The following example illustrates this process.

- Assume that the financial management system shows that a total of 100 teams were registered in Age Group A and Season A and that the season equity for those teams was $900 or $9 per team. A review of the clubs associated with the 100 teams shows that only 90 teams are considered associated with Member Clubs that are eligible to receive SFL assets, i.e., the clubs associated with the other 10 teams are not eligible to be included in the SFL Asset Distribution Payment Amount calculations because they are not Member Clubs or they are Member Clubs that are not eligible to receive SFL assets. Accordingly, the results of the SFL Asset Distribution Payment Amount calculation for this age group will be $10 per team ($900 / 90 eligible teams).

Allocating Negative Results Resulting from the
SFL Asset Distribution Payment Amount Calculations

It is anticipated that after performing the SFL Asset Distribution Payment Amount calculations and summarizing the results by club, some Member Clubs will have negative balances. The causes of these negative balances result from the following.

- Registration fee refunds that were given to the clubs after the Fall 2021 season.

- One club has a large accounts receivable balance caused by its decision to drop all its teams during the Fall 2023 season which caused the SFL to totally reschedule all the games. Based on a preliminary review of the SFL Asset Distribution Payment Amount calculations, assuming all Member Clubs are eligible to receive SFL asset payments, it does not appear that the Standard Distribution Process will totally eliminate this receivable balance.

Each of these are discussed below.

Negative SFL Asset Distribution Payment
Amounts Based on Registration Fee Refunds

The SFL announced to the clubs that it (1) would not be undertaking significant system improvement efforts and (2) was looking for another organization to take over its mission or the SFL would terminate operations no later than the end of the Spring 2025 season whichever came first. It also announced that the majority of the equity accumulated over the prior seasons was now considered excessive and that it would be used to offset the registration fees due during the remaining seasons the SFL operated. The later was consistent with how the SFL had operated since its inception.[3] Specifically, when the season's revenues and the existing equity balances exceeded the SFL's needs and the clubs's desires to use the equity accounts to cushion their exposure to significant expenditures as discussed in Appendix IV, the clubs were given refunds to offset the subsequent season's registration fees. In the preseason meetings the SFL presented a two part approach for computing the refunds associated with a given club and the clubs approved this approach. These refunds started with the Spring 2022 season and were composed of two parts.

- The first part of the refund was the amount of the Fall 2021 special assessment paid by the club that was designed to recapture the expenses associated with the COVID Suspension Period. This amount was chosen for two reasons. First, the Fall 2021 special assessment was designed to (1) recapture equity that had been lost during the COVID Suspension Period and (2) build up some equity to support a major system improvement effort that was envisioned at that time. Had the SFL known that it would not need these funds, then it would have never made this assessment and simply used the equity balances before the COVID Suspension Period to fund these costs. Using the amount of the Fall 2021 special assessment made it easy to match the amount the club had contributed to the SFL's equity from these payments. In subsequent seasons, the clubs approved the use of the Fall 2021 special assessment amount in the rebate calculations for ease of use.

- The second part of the refund calculation was based on the operating surplus from the previous season. The clubs approved the use of a flat per team rate regardless of age group. It was computed by taking the excess operating surplus for the season and dividing it by the total teams for that season. For example, if the excess operating surplus was $10,000 for Season A and the SFL had 500 teams, then the rebate would be $20 per team. If Club A had 10 teams in the SFL during Season A, its refund amount would be $200 for the following season regardless of the number teams registered, i.e., it would still get credit for the $200 regardless of whether it registered fewer than 10 teams or registered more than 10 teams in the subsequent season. Again this is consistent with how the SFL had handled similar refunds in previous seasons.

The only limit on the refunds provided was that they could not exceed the amount of that club's registration fees, i.e., the SFL did not issue any refund checks. For example, if a club's fees for a season totaled $2,000 and the refunds totaled $2,100 then the club's refund was limited to $2,000. This practice was approved by the clubs.

Several clubs joined the SFL after the COVID Suspension Period. Since they did not pay the Fall 2021 special assessment or contribute any funds that resulted in the operating surpluses prior to the Spring 2022 season, these clubs were not eligible to receive the refunds associated with the operations prior to the Spring 2022 season although they were eligible to receive the refunds associated with the previous season's operations if they had teams participating in that season. Since the refunds associated with a

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[3] Seasons where the SFL used per team refunds associated with prior season operations to offset the current season's fees include most of the Spring 2001 through the Spring 2014 seasons and the Spring 2022 though Fall 2023 seasons.

previous season's operations were always less than the registration fees for these clubs, their invoices had an amount due which the clubs paid.

The total refunds provided starting with the Spring 2022 season have resulted in negative equity balances for the Spring 2022 through Fall 2023 seasons. This is consistent with the expectations associated with decision to issue those refunds – clubs were receiving back their contributions from the seasons prior to the Spring 2022 season that were considered excessive to the SFL's needs. For the Member Clubs that participated prior to the COVID Suspension Period these negative balances will be offset by the positive balances associated with in earlier seasons when the SFL Asset Distribution Payment Amount calculations are summarized, i.e., these reductions only reflect funds already returned to a given club.

While the negative equity balances associated with Spring 2022 through the Fall 2023 seasons only reflect funds already returned to the Member Clubs that participated in the SFL prior to the COVID Suspension Period, they adversely affect the SFL Asset Distribution Payment Amount computations for the clubs that joined the SFL after the COVID Suspension Period. Specifically, the SFL Asset Distribution Payment Amount computations for these clubs will result in a negative balance since all the seasons they participated in the SFL had negative equity balances caused by the refunds that were associated with the SFL's operations prior to the Spring 2022 season. Normally, a negative amount would be considered a receivable or money owed to the SFL. In this case, the approach that will be used is to simply eliminate these Member Clubs from the Standard Distribution Process which will result in these clubs not receiving any asset distribution payments from the SFL or these clubs owing the SFL any money.

The primarily rationale for not considering these negative SFL Asset Distribution Payment Amount computations as receivables is that the these Member Clubs only received reductions in their registration fees based on operating surpluses that resulted in the seasons that the clubs had teams and they had paid registration fees for those teams, i.e., they did not receive the refunds associated with the Fall 2021 special assessments. For example, the first season that these clubs utilized the SFL's services, they paid the full registration fees while the existing Member Clubs received refunds for the operating surpluses during the previous season and the refunds associated with the Fall 2021 special assessments. The two Member Clubs that will be excluded from the Standard Distribution Process because of the negative balances that are expected from the SFL Asset Distribution Payment Amount calculations are Old Dominion and PSA Ashburn.

SFL Asset Distribution Payment Amounts Not Offsetting Receivables

In the Fall 2023 season, one club (referred to as Club A) dropped its teams well after the initial game schedules had been generated and the SFL was required to regenerate the Fall 2023 season schedules. The complete rescheduling of the season's games was required since Club A had a large number of teams distributed throughout the various age groups. This made the original game schedules, including those associated with age groups that did not have teams from Club A, unworkable. The SFL had no real choice but to reschedule the Fall 2023 games as if Club A's teams had never been registered in the first place. The costs associated for this penalty had no impact the Fall 2023 season equity entries since the payment for the scheduling expenses associated with effort were offset by identical income entries to recognize the expected income associated with the receivable. It is expected that Club A would meet the definition of a Member Club and eligible to receive payments using the Standard Distribution Process. However, should the SFL Asset Distribution Payment Amount computations associated with Club A be insufficient to offset this receivable, a decision needs to be made on what actions should be taken on this receivable's remaining balance.

It is expected that Club A will still have a receivable balance after the initial SFL Asset Distribution Payment Amount computations for Club A are applied against Club A's receivable balance. The expected receivable balance will depend on the ultimate definition of a Member Club. The current estimate is that this uncollectible balance will be less than $6,000. The following process will be used for this remaining balance – (1) no attempts will be made to collect this difference either directly or indirectly, (2) the remaining receivable balance will be treated as reduction in the Fall 2023 season equity, and (3) Club A will not be considered a Member Club for any Standard Distribution Process calculations related to the revenues and expenses related to the period after the Fall 2023 season.

This process was adopted for the following reasons.

- Collecting the remaining receivable balance from the Club A is expected to be very difficult and controversial since (1) Club A will no longer be dealing with the SFL and (2) its Fall 2023 actions indicated that it no longer wanted to deal with or support the SFL. In addition, the potential costs associated with collecting the remaining balance through some other process is not considered cost effective and would delay processing the payments to the Member Clubs that will receive payments under the Standard Distribution Process.

- Eliminating Club A from the SFL Asset Distribution Payment Amount calculations associated with the revenues and expenses associated with the activities subsequent to the Fall 2023 season ensures that another receivable is not created that would have to be allocated to the clubs that will be involved in that process that is discussed elsewhere. Specifically, Club A (1) is expected to have no equity remaining after the Fall 2023 season and (2) the costs associated with the dissolution process are expected to exceed the income. Including Club A's teams in these calculations would only generate another receivable.

- The decision to reduce the Fall 2023 equity balances for any remaining receivable balance is consistent with the objective of matching revenues and expenses to support the "Season/Age Group/Team" approach in the Standard Distribution Process.

The rationale to apply any remaining receivable balance as a reduction of the Fall 2023 season equity is designed to match the costs of the uncollectible amount to the clubs that received the benefits of those costs. Specifically, the clubs that actually participated in the Fall 2023 season were the clubs that received the substantial benefits for the costs associated with the rescheduling actions. Examples of the benefits realized by the Fall 2023 Member Clubs for rescheduling the Fall 2023 games include the following.

- If the original game schedules had been retained, a large number of games would have been dropped and many teams would have not been scheduled to play eight games. Specifically, a large number of teams in the various age groups would have only been scheduled to play seven or fewer games rather than the eight games the clubs and teams expected to be scheduled to play during the Fall 2023 season.

- The original game schedules had been developed to optimize game official scheduling activities for each club and reduce the game conflicts with coaches having two or more SFL teams. Simply dropping the games associated with teams from Club A would have created gaps in the field game schedules. This would have made getting the game officials needed to support the SFL games more difficult. While this concern could have been addressed by moving the games to eliminate these gaps, this process would have affected (1) game schedule changes that the clubs had already made to the draft game schedules to support their club's desires, e.g., eliminating conflicts for their coaches that also coached non SFL teams, (2) changes the SFL made in the original schedules to reduce or eliminate game conflicts with coaches having two or more SFL teams, and (3) not addressing the fundamental problem of teams not being scheduled to play the expected eight games during the Fall 2023 season.

- The net cost associated with this rescheduling per Fall 2023 team is not considered excessive. It is expected to be about $12 per team or less.

Although it is not currently expected that Club A's SFL Asset Distribution Payment Amount balance will exceed the receivable balance, should Club A have a positive balance, i.e., its itital Asset Distribution Payment Amount balance does exceed the amount owed to the SFL, the following process will be used.

- An evaluation of whether Club A meets the requirements to be considered as a Member Club that is eligible to receive a SFL Asset Distribution Payment Amount, e.g., has it has provided the necessary information to show that IRS considers it a Tax Exempt Organization, etc. If it does not, then it will not be included in the clubs that are used to determine how the revenues and expenses subsequent to the Fall 2023 season are distributed to the member clubs.[4]

- The expenses associated with the activities subsequent to the Fall 2023 season are expected to exceed the income received during this period, i.e., the changes to this period's equity balances will be negative and result in a reduction in the SFL Asset Distribution Payment Amounts that the eligible Member Clubs will receive as discussed elsewhere. Since the initial reductions can be estimated as discussed elsewhere, a computation will be made to determine whether the expected allocation will eliminate any possible payment to Club A. If this calculation shows that Club A will probably be eliminated from receiving a SFL Asset Distribution Payment Amount, then Club A will be excluded from these calculations since the ultimate result would be receivable that would then have to be allocated to the clubs actually receiving SFL Asset Distribution Payment Amounts.

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[4] Considering that Club A is a Member Club eligible for a SFL Asset Distribution Payment Amount in the initial calculations discussed above, even it turns out later that it is not, better matches the revenues and expenses associated with a given season.

Allocating Assets Generated from Stale Dated Checks

The SFL expects to issue checks to transfer its assets to the Member Clubs as discussed elsewhere. These checks have a limited time to be cashed – 180 days. After that date they are considered as stale dated and not negotiable. Although most checks that the SFL has issued have been cashed in a reasonable time period, throughout its history some checks have not. The standard practice used for checks not cashed in a timely period or the SFL has not been asked to reissue them, these checks are cancelled and the check amount is recognized as income. Should the payee later ask for the funds, as has happened in the past, a new check is issued to the payee and it is recognized as an expense in the current season. While it is not expected that any of the checks issued associated with the SFL Asset Distribution Payment Amounts will not be cashed in a timely manner, the following definition and process will be used should this situation arise.

> **Stale Dated Checks** – The checks issued to the clubs based on their SFL Asset Distribution Payment Amount computations have a limited period they can be cashed – they must be cashed within 180 days of the issue date. After this date they are considered as stale dated checks and the banks and SFL is not obligated to accept them. It is expected that all of the initial checks issued to the clubs will be cashed well before they become stale dated. However, should any checks become stale dated, (1) the club associated with that check will lose its claim to those funds, (2) the club will not be eligible to receive the subsequent SFL Asset Distribution Payment Amount that would be normally associated with the club, and (3) the funds associated with the stale dated check will be distributed to the remaining clubs in accordance with the process used to distribute the revenues and expenses subsequent to the Fall 2023 season. The process of making payments to the clubs is discussed elsewhere.

Allocating Income and Expenses from Dissolution Activities

It is expected that the income and expenses that the SFL receives and incurs after the Fall 2023 season will result in a net loss. It is also expected that most of these items should apply to all clubs that will be receiving payments associated with the SFL Asset Distribution Payment Amount computations, i.e., they will not apply to a specific season. Specifically, the income received after the Fall 2023 season is associated with the current equity balances and the expenses are expected to be associated with the dissolution process. The process that will be used to distribute the income and expenses after the Fall 2023 season will be to allocate them based on total teams associated with the clubs eligible to receive the SFL Asset Distribution Payment Amounts using the Standard Distribution Process discussed elsewhere. The following is an example of how this will work.

- Assume that the total number of teams associated with the Member Clubs eligible to receive the results of the SFL Asset Distribution Payment Amount computations total 15,000 teams and Club A's teams represent five percent of those teams. Club A's SFL Asset Distribution Payment Amount would be adjusted to reflect 5 percent of the income and expenses incurred since the Fall 2023 season.

Should any income or expenses identified after the Fall 2023 season be found to apply to a given season, then those items will be allocated based on the process that was used to allocate that season's equity.

SFL ASSET DISTRIBUTION PAYMENTS

The Standard Distribution Process using the "Season/Age Group/Team" methodology that is being used to allocate the SFL's assets to the applicable clubs is expect to result in a reasonable estimate of the SFL's assets that are associated with a given club whose payments generated those assets. The SFL Asset Distribution Payments will be made in two phases. Each phase is discussed below.

- Phase I payments will be based on computing an initial amount of the funds that potentially should be distributed to a given Member Club eligible to receive SFL assets using the Asset Distribution Process Concepts discussed elsewhere. This amount will then be adjusted to reflect the estimated income and expenses that the SFL expects to incur subsequent to the close of the Fall 2023 season (December 31, 2023). Once this amount is determined, the SFL will reduce this amount by 10 percent to allow for any unexpected costs and the clubs will be provided checks for this amount rounded down to the nearest $100. For example, if the estimated SFL asset amount associated with Club A is $1,100 after computing the SFL assets associated with the clubs eligible to receive SFL asset payments using the methodology discussed elsewhere, Club A would receive a check for $900 for its Phase I payment (($1,100 less ($1,100 X 10 percent)) rounded down to the nearest $100). Should this calculation result in a payment of $200 or less, the payment to the club will delayed until the Phase II payments are processed.

- Phase II payments will be made after all income has been received and all expenses have been paid. The final SFL Asset Distribution Payment Amount for each club eligible to receive a SFL Asset Distribution Payment will be calculated. The Phase I payment will be deducted from this amount and a check for the difference will then be sent to the applicable Member Club. Continuing the example above, assume that the final SFL Asset Distribution Payment Amount for Club A is $1,120. Club A would receive a check for $220 ($1,120 less the Phase I payment of $900).

At this point, the SFL will have no more assets and its financial operations will cease. The SFL's operational operations ceased at the end of the Fall 2023 season (December 31, 2023).

Key Terms and Business Rules – Additional Information

As discussed elsewhere the proposed dissolution process defines key terms and business rules used to govern the dissolution process. The following provides additional information on several of these terms and business rules.

Member Club

As noted elsewhere, a Member Club for purposes of the SFL's dissolution process is a Participating Club that is a current member of an appropriate state soccer association, e.g., Virginia Youth Soccer Association (VYSA). Table 1 below shows the seven Participating Clubs that would not be considered Member Clubs under the proposed definition.

Table 1: Participating Clubs that Are Not Considered Member Clubs Under Proposed Member Club Definition

Current Club Name	Club's Last SFL Season	PreCOVID Teams	Post COVID Teams	Total Teams Participating
Ashburn Soccer Club	Club's Final SFL Season – Spring 2013	131	0	131
Bucknell Soccer Club	Club's Final SFL Season – Fall 2001	10	0	10
Cugini Soccer Club	Club's Final SFL Season – Spring 2013	18	0	18
Falls Church Soccer Association	Club's Final SFL Season – Fall 2019	54	0	54
International FC	Club's Final SFL Season – Spring 2014	7	0	7
Occoquan Soccer Club	Club's Final SFL Season – Fall 2007	12	0	12
Reston Independent Soccer Club	Club's Final SFL Season – Spring 2006	19	0	19

Notes

- The teams from these seven clubs represent about one percent of the total Participating Teams during the Spring 2000 through Fall 2023 seasons. None of these clubs are shown as current members of VYSA.
- A preliminary analysis of the asset distribution amounts shows that three of these clubs would not receive any funds under the distribution proposal discussed elsewhere while the other four clubs would receive about $2,600 total.

Member Club Teams

As noted elsewhere, all teams associated with a given Fall 2023 Member Club during the Team Participation Period are considered as that club's teams. When a Fall 2023 Member Club is the result of two clubs that have merged or teams from another club have merged into an existing club, then the previous teams associated with the predecessor club are considered as teams associated with the Fall 2023 club. Table 2 shows the Fall 2023 Member and Participating Clubs and how teams that may have been associated with another club in a season prior to the Fall 2023 season are considered associated with the Fall 2023 Member and Participating Clubs.

Table 2: Fall 2023 Member Clubs That Are Considered As Having Teams Associated With Previous Clubs

Fall 2023 Member and Participating Clubs	Teams Assigned to Other Clubs Prior to the Fall 2023 Season
Annandale Boys and Girls Club	Cougars Youth Club
Burke Athletic Club	Burke Soccer Club
Great Falls – Reston Soccer Club	Great Falls Athletic Association
Great Falls – Reston Soccer Club	Reston Soccer Association
Northern Piedmont Sports Club	Fauquier County Soccer Club
Northern Piedmont Sports Club	Warrenton Youth Sports Club
Northern Virginia Soccer Club	Manassas Area Soccer Association
Northern Virginia Soccer Club	Mid–County Soccer Association

Asset Distribution Eligibility

IRS regulations only allow the SFL to distribute assets to organizations that the IRS recognizes as tax exempt. Accordingly, each club is required to provide (1) its federal Taxpayer Identification Number (TIN) so that the SFL can validate that the IRS considers the Member Club as a tax exempt organization, (2) club mailing address to the SFL, and (3) a club contact for the dissolution process. A club has 30 days after the approval of the SFL Dissolution Plan to submit the required information to the SFL. Member Clubs that (1) are not considered by IRS as tax exempt organizations or (2) do not provide the necessary information within this 30 day period will be considered as Member Clubs that are not eligible to be included in the SFL Asset Distribution Payment Amount calculations. Table 3 illustrates how the various requirements used in the dissolution process can affect a club's Asset Distribution Eligibility.

Table 3: Impact of Dissolution Process Requirements on a Club's Asset Distribution Eligibility

Asset Distribution Eligibility Requirement	Club A	Club B	Club C	Club D
Club Considered A Participating Club	**Yes**	Yes	Yes	Yes
Club Considered A Member Club	**Yes**	Yes	Yes	No
Club Provides Taxpayer Identification Number (TIN), Club Mailing Address, and Club Contact Information Within 30 Day Period After SFL Dissolution Plan Is Approved	**Yes**	Yes	No	NA
SFL Confirms That Club Is Considered By IRS As A Tax Exempt Organization	**Yes**	No	NA	NA
Club Eligible for SFL Asset Distribution Payment Amount	**Yes**	**No**	**No**	**No**

Team Participation Period

The SFL has been in operation for over 30 years. During that period, it has used several different systems to perform its financial and operational program operations. The following provides the information that is available concerning the teams and equity accumulated since the SFL's inception.

- **Inception through the Fall 1999 Season** – Only summary information is readily available concerning the equity accumulated by age group, i.e., although the accumulated equity by age group is available for this period; the equity by season, specific clubs, teams, and the age groups associated with a given season during this period is not readily available. The equity accumulated during this period that is expected to be included in the SFL Asset Distribution Payment Amount calculations is about $17,270. The process for allocating this equity to a given club is discussed elsewhere.

- **Spring 2000 though the Fall 2023 Seasons** – The financial management system and its supporting records contains the necessary information to determine (1) the clubs that participated during the Spring 2000 through Fall 2023 seasons, (2) the number of teams associated with a given club each season, and (3) age group associated with each club's teams for each season. For example, the financial system could show that Club A had two Under 14 Girls teams and three Under 16 Girls teams during the Spring 2000 season. The financial management system also provides the equity associated with each age group by season.

Although the financial management system includes teams that were dropped and did not play games, it was decided any team shown in the financial system should be considered as a team that participated in the SFL. This approach allows actual team data since the Spring 2000 season to be used in the SFL Asset Distribution Payment Amount calculations. More importantly, the club associated with the SFL's equity will only have to be estimated for the SFL's activities prior to the Spring 2000 season. As discussed elsewhere, the impacts associated with allocating the SFL's equity prior to the Spring 2000 season based on the Spring 2000 teams is considered immaterial.

Spring 2000 through Fall 2023
Club and Team SFL Participation

Current Club Name	Member Club	VYSA Member	Club's Last SFL Season	Pre Covid Teams	Post COVID Teams	Total Teams Participating
Alexandria Soccer Association	Yes	Yes	Club's Final SFL Season – Spring 2023	641	111	752
Annandale Boys and Girls Club	Yes	Yes	Last SFL Season – Fall 2023	1,605	210	1,815
Arlington Soccer Association	Yes	Yes	Club's Final SFL Season – Fall 2006	23	0	23
Ashburn Soccer Club	No	No	Club's Final SFL Season – Spring 2013	131	0	131
Braddock Road Youth Club	Yes	Yes	Last SFL Season – Fall 2023	331	83	414
Bucknell Soccer Club	No	No	Club's Final SFL Season – Fall 2001	10	0	10
Burke Athletic Club	Yes	Yes	Last SFL Season – Fall 2023	594	46	640
Chantilly Youth Association	Yes	Yes	Last SFL Season – Fall 2023	1,556	163	1,719
Clarke County Soccer League	Yes	Yes	Club's Final SFL Season – Spring 2022	123	4	127
Cugini Soccer Club	No	No	Club's Final SFL Season – Spring 2013	18	0	18
Fairfax Police Youth Club	Yes	Yes	Last SFL Season – Fall 2023	998	153	1,151
Falls Church Soccer Association	No	No	Club's Final SFL Season – Fall 2019	54	0	54

Spring 2000 through Fall 2023
Club and Team SFL Participation

Current Club Name	Member Club	VYSA Member	Club's Last SFL Season	Pre Covid Teams	Post COVID Teams	Total Teams Participating
FC Dulles	Yes	Yes	Last SFL Season – Fall 2023	24	6	30
Great Falls Reston Soccer Club	Yes	Yes	Last SFL Season – Fall 2023	1,580	159	1,739
Gunston Soccer	Yes	Yes	Last SFL Season – Fall 2023	257	162	419
Herndon Youth Soccer	Yes	Yes	Last SFL Season – Fall 2023	1,440	142	1,582
International FC	No	No	Club' s Final SFL Season – Spring 2014	7	0	7
Lee-Mt. Vernon Sports Club	Yes	Yes	Last SFL Season – Fall 2023	253	63	316
Loudoun Soccer	Yes	Yes	Club's Final SFL Season – Fall 2019	1,925	0	1,925
McLean Youth Soccer	Yes	Yes	Last SFL Season – Fall 2023	1,546	210	1,756
Northern Piedmont Sports Club	Yes	Yes	Last SFL Season – Fall 2023	471	124	595
Northern Virginia Soccer Club	Yes	Yes	Last SFL Season – Fall 2023	1,076	261	1,337
Occoquan Soccer Club	No	No	Club's Final SFL Season – Fall 2007	12	0	12
Old Dominion Football Club	Yes	Yes	Last SFL Season – Fall 2023	0	13	13

Spring 2000 through Fall 2023
Club and Team SFL Participation

Current Club Name	Member Club	VYSA Member	Club's Last SFL Season	Pre Covid Teams	Post COVID Teams	Total Teams Participating
Players Soccer Academy	Yes	Yes	Last SFL Season – Fall 2023	0	40	40
Prince William Soccer Inc.	Yes	Yes	Last SFL Season – Fall 2023	1,291	190	1,481
Reston Independent Soccer Club	No	No	Club's Final SFL Season – Spring 2006	19	0	19
Soccer on the Hill	Yes	NA	Last SFL Season – Fall 2023	391	82	473
Southwestern Youth Association	Yes	Yes	Last SFL Season – Fall 2023	419	83	502
Springfield South County Youth Club	Yes	Yes	Last SFL Season – Fall 2023	513	192	705
Sterling Youth Soccer Association	Yes	Yes	Last SFL Season – Fall 2023	1,126	120	1,246
Team America	Yes	Yes	Last SFL Season – Fall 2023	499	16	515
Vienna Youth Soccer	Yes	Yes	Club's Final SFL Season – Fall 2015	213	0	213
Virginia Soccer Association (Haymarket)	Yes	Yes	Last SFL Season – Fall 2023	695	92	787

Note: NA – Not Applicable. VYSA requirement does not apply since club belongs to another state soccer association as required by the SFL rules.

Concepts Considered to Support SFL Asset Distribution Payment Amount Computations

Several different methodologies were considered to compute the ultimate SFL Asset Distribution Payment Amounts to the Member Clubs eligible to receive these payments. The ability to match revenues and costs, implementation complexity, and implementation difficulty vary between them. After reviewing several different methodologies, it was decided that the "Season/Age Group/Team" approach provided the best way to match the contributions made by the clubs over the years to the assets that should be returned to them. The following methodologies were considered by the SFL.

- **Simple Team Equity** – The total equity that is available for distribution to the clubs is divided by the total number of teams from a given time period, e.g., the last SFL season, since the COVID Suspension Period, etc., to arrive at a Team Asset Distribution Rate that is multiplied by the Participating Member Club Teams from that club. The following is an example.

    - Assume Club A had 10 teams each season in various age groups and the period used for the computation were the Spring 2018 through the Fall 2023 seasons. During these 10 seasons, the assume that the SFL had a total of 4,000 teams associated with clubs eligible to receive SFL Asset Distribution Payment Amounts and the equity to be distributed totaled $40,000. This translates into a Team Asset Distribution Rate of $10 per team ($40,000 / 4,000 teams). Under the Simple Team Equity methodology, Club A would receive $1,000 (100 teams X $10 per team).

- **Simple Age Group Equity** – This approach is similar to the Simple Team Equity approach except that the Team Asset Distribution Rate is computed for each age group and multiplied by number of eligible teams associated with that age group. This approach recognizes that the actual revenues and costs for each age group may differ.

- **Season/Age Group/Team** – This approach is more complex since it requires team information on the number of teams, clubs associated with those teams, and equity changes for each season. Furthermore, it requires this data for a long period of time since the team data and equity associated with a given age group and season may vary, i.e., the per team equity associated with a given season may vary between age groups and the percentage of teams in a given age group associated with a given club may change between seasons.

A review of the SFL operations over the years showed that the equity associated with the various age groups varied during a given season and the percentage of teams associated with a given club also changed between seasons. Accordingly, although significantly more complex, it was decided that the "Season/Age Group/Team" approach should be used as the foundation to determine the ultimate SFL Asset Distribution Payment Amounts.

Table 4 illustrates some of the changes that occurred between seasons in the teams and the per team equity between the two seasons in the Fall 2018 and Spring 2019 soccer year.[5]

Table 4: Comparison of the Teams and Preliminary Team Asset Distribution Rates for Teams Participating In the Fall 2018 and Spring 2019 Soccer Year

Age Group	Total Spring 2019 Teams	Spring 2019 Team Increase (Decrease)	Preliminary Per Team Percent Equity Increase (Decrease)
Under 11/12 Boys	77	(2)	7.3%
Under 11/12 Girls	56	4	16.5%
Under 13/14 Boys	114	6	3.4%
Under 13/14 Girls	83	1	8.9%
Under 16 Boys	61	(2)	-7.5%
Under 16 Girls	38	(6)	-1.2%
Under 19 Boys	52	(2)	-10.4%
Under 19 Girls	33	(6)	-8.4%

As can be seen in the above table, the differences between seasons can be significant. More importantly, the composition of the teams within a given age group between seasons can impact a given club's SFL Asset Distribution Payment Amount. The following example illustrates this issue.

- Assume that Club A had four Under 13/14 Girls teams and Club B had three teams during the Fall 2018 season. During the Spring 2019 season, Club A had three teams and Club B had four teams. Accordingly, the total teams participating in these two seasons were the same as shown in the above table. Using a "blended rate" so there was no difference in the Team Asset Distribution Rates between the two seasons would result in Club A being over compensated for the equity change increase from the Fall 2018 season while Club B would be under compensated by the same amount.

While the difference in this example may seem insignificant, over time the differences can "add up" and result in significant differences in the SFL Asset Distribution Payment to a given club.

[5] This period was selected since it was the last traditional soccer year (Fall/Spring teams) that had the traditional season tournament in each season.

SFL Accounting Practices and Processes

Since its inception, the SFL's financial management practices and processes have been designed to capture the revenues and expenses associated the teams participating in a given age group during a given season. At the outset, this was easy since the SFL only had teams in one age group – Under 14 Girls. As the SFL grew and incorporated other age groups, the basic concept of allocating revenue and costs to the age groups participating in the SFL was maintained. However, when the clubs decided that they wanted to formally break out the teams in the Under 12 and Under 14 age groups for operational purposes a decision had to be made on what would be done in the financial management system, i.e., would the current equity associated with the Under 12 and Under 14 age groups be split out into the new individual age groups, should the combined equity be maintained, etc. It was decided that these age groups, for financial management purposes, should continue to be combined since there was no significant benefits to separating them for financial management purposes. Since the Under 12 and Under 14 age groups were split operationally, the SFL has used 12 operational age groups and eight financial management age groups.

FINANCIAL MANAGEMENT PRACTICES AND PROCESSES

Since its inception, the SFL's financial management practices and processes have been designed to (1) capture the revenues and expenses associated the teams participating in a given age group during a given season, (2) maintain a stable registration fee structure, and (3) provide adequate equity to fund the SFL's working capital needs.[6] The following are the key practices and processes used to accomplish these objectives.

- **Budgets were prepared so that the expected revenues and expenses are equal** – Budgets were designed to provide reasonable assurance that the expected expenses in a given season could be recovered through (1) the expected revenue for that season and (2) existing equity balances, if needed, to maintain a stable registration fee structure. In most cases, the relationship of an expected expense in the budget and a given season is clear. For example, the expected expenses shown in a budget for such items as scheduling fees, mailing costs, tournament expenses, etc., are clearly expenses that can be expected to be incurred during the season covered by the budget since they are directly related to the number of teams expected to participate in the

[6] The SFL adopted an approach that allowed the clubs to pay the registration fees after the season began in order to ease the financial burden on the clubs. This allowed the clubs to better match the actual collection of the player registration fees to when the payment of the team registration fees to the SFL was made. However, the SFL had significant expenses that may require payment before the club registration fees were received. The SFL's equity was used for this working capital need.

SFL. In other cases whether the estimated expenses, primarily tournament expenses[7] and web site development costs, would actually be incurred in a given season or established to generate excess revenues that could be used for other purposes in a subsequent season was less certain. This approach was adopted in order to accomplish the clubs' desire to (1) have a stable fee structure that would not vary significantly between seasons and (2) have significant SFL resources available to handle unexpected expenses and significant non reoccurring expenses, such as major system development activities, funded from the equity accounts rather than special assessments or a significant increase to the registration fees in a subsequent season. The effectiveness of this approach is demonstrated by the unchanged registration fees between the Spring 2015 and the Fall 2023 seasons.[8]

The objective of maintaining stable registration fees over such a long period even though the costs associated with a given expense item may have increased during this period was accomplished by using the equity accounts to "cushion" any costs that exceeded the expected revenues as called for in the budget approach discussed above. Since the equity accounts are viewed as a source of funding for expenses that may exceed the those shown in the budget, any differences between the budgeted amounts and the actual amounts are added to or deducted from the applicable age group's general equity account, i.e., none of the excessive revenues that may be associated with a given expense item in the budget are considered as "restricted" to a given purpose. For example, if the web site development expenses for one season are less than expected, the excess revenue is added to the applicable equity accounts and can be used to offset cases where other expenses, such as tournament expenses or web site expenses for another season were greater than expected in that season's budget.

- **Direct income and expenses are recorded to a given financial management age group** – Financial management transactions that can be directly attributed to a given financial manage age group are posted to the applicable account that is tied to that age group, e.g., registration fees[9], scheduling fees, tournament fees, etc. The Fall 2021 season provides a good illustration of this practice since that season had an end of season tournament. About 85 percent of the income and

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7 Although the amount of tournament expenses for a given season could be reliability estimated based on the number of expected teams, the actual expenses could vary significantly since (1) not all registered teams elected to participate in the tournament and (2) in some seasons, a significant number of tournament games were cancelled due to such factors as weather.

8 The actual registration fees were different in the latter years because of the elimination of the tournament and Special Bonus Season games. However, after adjusting the Spring 2015 registration fees for the expected expenses associated with these special end of season games when the Spring 2015 rates were established, the registration fees were comparable to the Fall 2023 fees, i.e., no significant increases or decreases.

9 The SFL rules require clubs to pay the registration fees for any teams that are dropped after the registration period. These revenues are included as income for the applicable financial management age group although these teams are not included in the in the operational system.

63 percent of the expenses were considered as direct income and expenses to a given age group since they could be directly shown as primarily related to a given age group.

- **Indirect income and expenses are allocated to the financial management age groups based on the number of teams participating in a given age group** – Indirect income and expenses are allocated to each financial management age group based on the number of operational teams in a given age group. Examples of the indirect items include interest income, late team registration fees, costs associated with the web site, costs associated distributing the various season mailings, etc. For example, during the Fall 2021 season the Under 13/14 Boys financial management age group represented about 20.5 percent of the operational teams. Accordingly, it received credit for about 20.5 percent of the indirect income and was assessed about 20.5 percent of the indirect expenses.

- **Each season's financial results are posted to the applicable financial management equity age group accounts** – Each season the direct and indirect income and expenses are computed for each financial management age group and the net result is posted to that financial management age group's equity account. As noted elsewhere, none of the excess revenues are considered restricted and may be used for any purpose in subsequent seasons.

These practices makes it easy to determine the Team Asset Distribution Rate that should be used for a given season since the per team equity changes can vary each season as shown below.

- In the Fall 2021 season the per team Under 13/14 Boys financial management age group's equity increased less than the Under 13/14 Girls financial age group's equity. On the other hand, during the Fall 2019 season (the last season before the COVID Suspension Period) the per team Under 13/14 Boys financial management age group's equity increased more than the Under 13/14 Girls financial management's age group. These seasons were chosen since (1) both seasons had the SFL tournament and (2) these seasons illustrate how the per team income and expenses can vary significantly. In these cases, the primary reason for the differences was the number of teams that participated in the tournament. The impact of the tournament on a given age group's equity changes is illustrated by the equity changes during the Fall 2023 season. In the Fall 2023 season, the equity change per team for these two age groups were essentially the same. Specifically, since basically all the expenses during the Fall 2023 season were related either directly or indirectly to the number of teams associated with a given financial management age group the per team changes were basically the same.

Financial Management Age Groups

The relationship between the operational age groups and the financial management age groups were the same until the clubs decided that they wanted to have distinct operational age groups for the Under 11 and Under 12 teams rather than having them combined in the Under 12 age group and Under 13 and Under 14 teams rather than having them combined in the Under 14 age group. Accordingly, a decision had to made on how to treat the equity associated with these "combined" age groups before they were split. A decision was made to "split" age groups for operational purposes and treat them as a combined age group for financial management and reporting purposes. The factors that led to this decision included the following.

- The registration fees and team expenses were the same for the individual age groups. Specifically, the clubs paid the same registration fees and team specific expenses were the same for the “combined” age group regardless of a team’s operational age group assignment. For example, the registration fees would be the same for Club A and Club B if a Club A had two Under 11 teams and two Under 12 teams and Club B had four (4) Under 11 teams or four Under 12 teams. Similarly, a club would receive the same reimbursement for tournament officials regardless of whether a club hosted the same number of Under 11 games, Under 12 games, or a combination of Under 11 and Under 12 games.

- Adopting this approach eliminated the need to determine how the equity should be divided that was associated with the operations before the age groups were split for operational purposes. Attempting to divide this equity would have been a difficult and error prone process without any real benefits.

Table 5 shows the relationship between the operational and financial age groups.

Table 5: Relationship Between the Operational and Financial Management Age Groups

Operational Age Group – Boys	**Financial Age Group – Boys**	**Operational Age Group – Girls**	**Financial Age Group – Girls**
Under 11 Boys	Under 11/12 Boys	Under 11 Girls	Under 11/12 Girls
Under 12 Boys	Under 11/12 Boys	Under 12 Girls	Under 11/12 Girls
Under 13 Boys	Under 13/14 Boys	Under 13 Girls	Under 13/14 Girls
Under 14 Boys	Under 13/14 Boys	Under 14 Girls	Under 13/14 Girls
Under 16 Boys	Under 16 Boys	Under 16 Girls	Under 16 Girls
Under 19 Boys	Under 19 Boys	Under 19 Girls	Under 19 Girls