



AYSO Financing Initiative

AYSO is seeking to raise \$2 million in funding to sustain essential operations through the end of the current Membership Year amidst the significant challenges presented by the COVID-19 pandemic. We are seeking this funding from AYSO Sections, Areas and Regions and AYSO United teams that are willing and have adequate financial resources to participate.

- AYSO has a business model that relies on National Player Fees (NPF) to fund its on-going operations, which operations exist to support local programs.
- The COVID-19 crisis has led to an 80% decline in registrations.
- While we have significantly reduced the operating costs of the AYSO Office because of the COVID-19 crisis, it is not possible to reduce costs further without eliminating services that will be necessary when registration numbers improve.
- We believe the circumstances leading up to this situation are highly unusual and most likely temporary in nature.
- Participation in this program is voluntary
- We do not anticipate making a further request for funding with respect to the current Membership Year.

The most recent financial reports and budget presented to the National Board of Directors can be obtained upon request from Patty Mallan at patriciamallan@ayso.org.

AYSO has committed to the following measures to address the financial challenges:

- Spending caps on AYSO Office expenses (subject to player count)
- AYSO Office headcount reduced to 12-15 persons
- Voluntary salary reductions for senior staff until registration targets are met
- Use of up to one-third of its reserves/line of credit to fund operations.

To assist AYSO, each AYSO Section, Area or Region or AYSO United team (also referred to as a “Membership Unit”) has the opportunity to make an outright contribution to AYSO, to provide AYSO with an advance on the NPF that the Membership Unit will be required to pay to AYSO in future years for participation in the AYSO program, or both.

If the Membership Unit opts to make an advance payment on its NPF, the advance will be credited by AYSO to the amount of the NPF otherwise payable by the Membership Unit each Membership Year in 20% increments over 5 years beginning in Membership Year 2022. AYSO may accelerate this timing if its financial situation improves significantly better than currently forecast. To the extent any of the advances are not needed, AYSO may return those advances directly rather than in the form of NPF credits.

The amount of the advance stated below includes any NPF already paid by the Membership Unit during Membership Year 2020 but the Membership Unit is unable to conduct soccer activities.

If the Membership Unit prefers, it may make an outright contribution of funds to AYSO without any requirement to receive future NPF credits or may, in the future, notify AYSO that the Membership Unit is willing to forgo any amount of the NPF credits. The Membership Unit

should do so only if it is confident that its financial condition is sufficiently strong to support its operations in light of the uncertain risks relating to the pandemic and other potential financial stresses.

The payment from the Membership Unit will be placed in a separate account to be used for funding ongoing operational costs, and AYSO will create an accounting process for tracking future NPF credits and report to Membership Units quarterly on our results.

As more fully described in Appendix A, AYSO is also committing to maintain the integrity of this AYSO Financing Initiative and the priorities we have discussed with the Executive Members regarding the future use of excess cash above the August 29, 2020 Budget.

AYSO and the Membership Unit stated below acknowledge the terms of this AYSO Financing Initiative.

Membership Unit (S/A/R or Club Identity): _____

Amount Committed (*you may select either or both options*):

- Advance against future NPF payments: \$ _____
- Outright contribution: \$ _____

Signature: _____

Printed Name of Executive Member: _____

American Youth Soccer Organization

Signature: _____

Printed Name: _____

Title: _____

Checks should be made payable to “AYSO” with NAP Code 5702 on the memo line. Please deliver the check together with this AYSO Financing Initiative to the address below by October 10, 2020:

Lock box:
American Youth Soccer Organization
File: 1259
1801 W. Olympic Blvd.
Pasadena, CA 91199-1259



Addendum A
to
AYSO Financing Initiative

The purpose of this Addendum A is to clarify the terms under which the AYSO Board of Directors will authorize changes to AYSO Office operating expenses during the period covered by this AYSO Financing Initiative.

This Addendum is provided as clarifying guidance so that any future changes to these terms be made with full consideration of the original objectives and intended commitments by the parties to this AYSO Financing Initiative.

The primary objective of this program is to solicit voluntary contributions and advanced payments of National Player Fees (NPF) from AYSO Sections, Areas and Regions to sustain essential operations through the end of Membership Year 2020 in response to the reduced number of player registrations resulting from the COVID-19 pandemic. In exchange for advance payment of NPF, AYSO will provide a credit for future NPF in 20% increments over 5 years beginning in Membership Year 2022.

Further, AYSO has committed to a Budget and cash flow plan through June 2021 (as approved at the Board Meeting on August 29, 2020). This Budget significantly reduces expenses and office staff headcount, imposes salary reductions for senior staff, and anticipates using up to one third of AYSO cash reserves and line of credit.

Because of the highly unusual circumstances and most likely temporary nature of the COVID-19 crisis, it is probable that AYSO's financial results will differ from the approved Budget.

To the extent that actual financial results are better than expected, this is how the use of excess cash above the August 29, 2020 Budget will be prioritized until AYSO has issued or reserved all future fee credits due to participating Sections, Areas and Regions:

1. Creation of a reserve equal to the amount of the following year's National Player Fee credits;
2. Restoration of staff salary reductions and AYSO 403(b) retirement account employer match;
3. Addition to Section Operating Funds;
4. General AYSO expense increases of up to 10% per year in the aggregate (inclusive of restoration of staff salary reductions and restoration of the AYSO 403(b) match), including any additional staff positions; and
5. Specific investments in AYSO initiatives to improve support of local programs and achieve player registration growth and/or retention. Any funds used for this purpose will be separately identified in the Annual Budget (both revenues and expenses) and will require annual approval for renewal.

In order to change the priorities listed above or any of the material terms of the AYSO Financing Initiative, the following requirements must be met:

1. prior notification to executive members of the proposed changes;
2. the opportunity for executive members to provide comments;
3. a two-thirds vote of the National Board of Directors approving the changes in a public business meeting; and
4. notification to executive members of the approved changes.