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October 22, 2020

Dan Schebler, County Administrator  
Santa Rosa County Florida  
6495 Caroline Street, Suite D  
Milton, FL 32570

Dan,

Please find attached the final report on the Audit of Navarre Youth Sports Association, Inc. (NYSA).

Please feel free to contact me should you have any questions or wish to discuss the report.

Respectfully,

Samuel S. Scallan, Internal Auditor  
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attch

Cc: Don Spencer, Clerk of Courts  
Navarre Youth Sports Association, Inc.  
Tammy Simmons, Santa Rosa County Administrative Services Manager-Recreation Services  
Mark Murry, Assistant County Administrator  
Mike Burton, Finance Director

**SANTA ROSA COUNTY  
CLERK OF THE CIRCUIT COURT AND  
COMPTROLLER**

**INTERNAL AUDIT DEPARTMENT**

**REPORT ON AUDIT OF THE  
NAVARRE YOUTH SPORTS ASSOCIATION  
(NYSA)**

**REPORT NUMBER BCC 19-14**

**REPORT ISSUED OCTOBER 22, 2020**

**ISSUED BY: SAMUEL SCALLAN, INTERNAL AUDITOR**

Audit of Navarre Youth Sports Association  
October 22, 2020

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## **Audit of Navarre Youth Sports Association**

### **Executive Summary**

We have conducted an audit of the Navarre Youth Sports Association (NYSA). The objectives of the engagement were to identify funding sources and amounts generated by NYSA, to review expenses and supporting documentation, to evaluate the appropriateness of those expenses, to verify that all revenues and expenses were accounted for in the books and accounts of NYSA, and to review compliance with the terms and conditions identified in the agreement with Santa Rosa County. To the extent our limited review permitted, we assessed internal controls in place.

Our work covered the period of October 1, 2018 through September 30, 2019 and flows from authority granted in language contained in the agreement between Santa Rosa County and NYSA.

Our audit was conducted in accordance with Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors, Inc.

Like other non-profit youth sports associations in Santa Rosa County, NYSA is managed by its officers and directors who all serve as volunteers without compensation. These people come from every walk of life and generally are parents of children participating in the various programs offered. NYSA is a federal 501(c)(3) not for profit corporation operating in Santa Rosa County, Florida. It is registered with the State of Florida, Department of State; Division of Corporations as a Florida Not-For-Profit Corporation. Its registration is current and lists approximately 4 officers. Bylaws indicate 12 board members of the corporation.

NYSA operates three parks in Santa Rosa County providing opportunities for youth and adults to participate in various organized sports programs.

NYSA pays for all utilities and ground maintenance of all playing fields, concession stands and restroom facilities as well as sanitation pick up. In addition, NYSA pays for all sports officiating, team jerseys and equipment and all janitorial supplies. NYSA pays for a custodian to maintain the restrooms and makes minor repairs to them.

Based on our work we believe that expenditures of funds made by NYSA were well documented, ordinary and necessary for programs and services authorized in the agreement with Santa Rosa County. We are confident that expenditures were appropriate for the programs offered. Internal controls over how NYSA collects and expends funds operate as designed and appear to be adequate to ensure such expenditures serve a valid business purpose.

We have conducted an audit of the Navarre Youth Sports Association (NYSA).

The objectives of the engagement were to:

- identify funding sources and amounts generated by NYSA
- evaluate the appropriateness of expenditures of NYSA given the organization's mission statement and status as a not-for-profit and language contained in the agreement with Santa Rosa County
- identify and examine supporting documentation for expenses of NYSA
- verify that all revenues and expenses are accounted for in the books and accounts of NYSA
- verify compliance with the various terms and conditions of the most current agreement between Santa Rosa County and NYSA.

Our work covered the period of October 1, 2018 through September 30, 2019 and is authorized in language contained in the agreement between Santa Rosa County and NYSA.

Although not a primary objective of our review, in order to gain an understanding of basic internal controls over income and expenses we attempted to identify and evaluate those controls, to the extent possible, and to make recommendations to improve those controls where appropriate.

This was a limited scope review based on agreed upon procedures and as such is not an audit of the financial statements of NYSA the purpose of which is to issue an opinion on those financial statements and accordingly, we have not issued such an opinion. Our audit was conducted in accordance with Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors, Inc.

## NYSA Background Information

NYSA is a federal 501(c)(3) not for profit corporation operating in Santa Rosa County, Florida. It is registered with the State of Florida, Department of State, Division of Corporations as a Florida Not For Profit Corporation. Its registration is current and lists 4 officers. Bylaws call for 12 directors of the corporation. There are no residency requirements for membership in NYSA.

According to information on NYSA's website, <https://www.nysasports.com/>:

*NYSA strives to teach the children of our community good sportsmanship, honesty, courage, and respect so they may be well-adjusted, stronger, and happier children.*

Individuals/families are eligible for membership in NYSA provided they are interested in furthering the objectives of the organization. Members constitute any family with any number of children participating in NYSA sports/recreational programs. Numerous members of NYSA serve as *commissioners* of the various sports offered by the association. Commissioners, directors and officers of NYSA donate their time, serving as volunteers without compensation.

The agreement between NYSA and Santa Rosa County was effective April 1, 2019. According to the agreement, NYSA is organized to provide social and character development and sports programming for citizens of Santa Rosa County. The agreement states that the County and NYSA desire to develop athletic and recreational activities at County owned park areas for the use and benefit of the public. The agreement provides that NYSA may manage and administer specific parks in Santa Rosa County for the purpose of providing a location for members of NYSA, as well as other citizens and groups in Santa Rosa County to engage in athletic/recreational programs.

## Parks

NYSA operates three parks: The baseball and football fields at 8840 High School Blvd; the soccer fields at 9299 Military Trail and the Holley Baseball field located at Fl-87 & Bob Tolbert Road (See Exhibit B). They operate two concession stands at the main park on High School Blvd. with profits going to the particular sport operating the concession stand.

NYSA operates on a calendar year providing organized sports for youth and adults in Santa Rosa County for baseball, basketball, cheerleading, football, gymnastics, Lacrosse, soccer, T-ball and softball.

For the 2018-19 fiscal year ending on September 30, 2019 NYSA reported gross income of \$707,688.22. After subtracting the cost of goods sold, gross profit was \$683,819.24 and expenses of \$649,825.23. (See Profit and Loss Statement-Exhibit A). According to information provided by the organization NYSA registered over 5,300 participants for the most recent period.

## Oversight

NYSA has established written bylaws as a means of establishing control and oversight of the organization. According to those bylaws as well as information obtained from their corporate filing with the Florida Secretary of State, NYSA has twelve board of directors that include four officers all of whom donate their time. They have a paid part-time park manager; a paid part-time office assistant and the bookkeeper receives a modest stipend. In addition, NYSA pays a certified public accountant to prepare financial statements and file the annual federal tax return for the not-for-profit.

## Volunteers

As mentioned previously, NYSA sports commissioners, directors and officers volunteer their time. They receive no compensation for the time devoted to the association.

## Operations

Under the agreement with Santa Rosa County, NYSA manages the three parks mentioned earlier. In addition, the baseball park has a full-sized gymnasium used for basketball and cheerleading as well as dances and special events.

Santa Rosa County maintains the common areas of the parks such as parking lots and outer lying fields. In addition, the county maintains the ball field lights. Santa Rosa County does not pay for any of the costs of utilities.

NYSA pays for utilities and maintenance of all playing fields, concession stands and restroom facilities as well as sanitation pick up. Volunteers line the fields before games and maintain the scoreboards and controllers. For the year under review, utility expenses were \$102,838.56. Cleaning, repairs and maintenance expenses were \$30,574.40. In addition, NYSA pays for all sports officiating, team jerseys, athletic equipment and all janitorial supplies. NYSA pays for a custodian to maintain the restrooms and make minor repairs to them.

## Methodology

We obtained and reviewed detailed accounting records for the period under review. We arranged to meet with the president of NYSA who provided a guided tour of the various parks maintained by NYSA. We met numerous times with the bookkeeper for NYSA.

We spoke with the former and current president, vice president and treasurer for NYSA. We examined supporting documentation for expenditures of NYSA funds and examined the federal tax return and federal form 1099's issued to those individuals paid by NYSA. We reviewed minutes of meetings and bylaws of the organization. We were granted unrestricted access to their accounting system. We analyzed revenues and expenditures to determine the reasonableness of the amounts reported. We examined expenditures and supporting documentation to determine the appropriateness of the expense given the nature of the organization.

NYSA has created a plethora of written policies to deal with day to day operations including policies governing how the various sports commissioners operate, policies governing sports fees and cash handling. In addition, they have adopted a Mission Statement as well as a Code of Conduct.

## Internal Controls

We reviewed processes used by NYSA members to account for revenues and to ensure that expenditures are properly authorized and were for a legitimate purpose. Processes controlling the assessment, collection, deposit and recording of revenues appear adequate with appropriate separation of duties over the various functions: authorization, custody, recording and reconciliation.

Likewise, processes designed to control expenditure of funds appear to be adequate with appropriate separation of duties over the various functions: authorization, disbursing, recording and reconciliation.

Oversight of the organization is attained through monthly meetings of the board of directors. Agendas are prepared and a quorum is required. Financial statements prepared by the CPA firm are presented for review and minutes are maintained for all meetings.

### Compliance

The agreement with Santa Rosa County requires that NYSA maintain a comprehensive general liability policy in the amount of at least \$1,000,000 per occurrence providing for coverage for any and all losses or claims.

We reviewed the policy in affect during the period covered by our review and noted that the policy excludes coverage for liabilities caused by the operation of a ATV/UTV. A review of equipment owned by NYSA reveled that they own and operate four UTV's. We discussed this issue with Santa Rosa County officials who indicated that UTV's are not licensed for street use and so are covered under the general liability coverage.

#### Fee Structure-Allowance for Needy Children

Included in NYSA's agreement with Santa Rosa County is a provision allowing them to charge fees for participation in organized events for amounts reasonably anticipated to cover expenses. Language in the agreement also requires that the fee structure provide for appropriate allowances for participation by children without sufficient funds to pay the fees.

We obtained the fee structure for the various sports offered by NYSA and noted there is no such provision. During our review we inquired regarding discounted rates for needy children. Officials we spoke to explained that allowances for needy children are generally left up to the individual commissioner for that sport who must take into account anticipated expenses of that program. Leaving matters such as this up to individuals within the organization without clearly defined criteria can lead to less than desirable results.

We recommend that the board of directors for NYSA formally establish discount rates or amounts, including eligibility criteria, to be followed in granting discounts to needy children.

### Conclusion

Based on our work we conclude that expenditures made by NYSA were for programs and services authorized in the agreement with Santa Rosa County and were properly supported by an invoice or receipt. Revenues generated by the organization were properly recorded in accounting ledgers maintain by NYSA and deposited into the bank account maintained by them.

Please see NYSA's management's response to this report as Exhibit C.

End of Report



**Navarre Youth Sports Association**  
**Profit & Loss**

October 2018 through September 2019  
Santa Rosa County Clerk of Courts  
Internal Audit Department **Exhibit A**  
Audit of Navarre Youth Sports Association (NYSA)  
NYSA Profit and Loss Statement  
October 1, 2018 to September 30, 2019

**INCOME**

Ordinary Income/Expense

Concessions Income	\$ 60,129.61	
Concession Expense-Cost of Goods Sold	(23,868.98)	\$ 36,260.63
Donations		50.00
NUFC Club Dues	\$ 74,550.05	
US Soccer Club	6,005.00	
Dues Income - Other	18,677.75	
Total Dues Income		\$ 99,232.80
Raider 5K-Fund Raisers Income	\$ 4,317.50	
RAIDER NIGHT	2,265.81	
Fund Raisers Income - Other	17,359.75	
Total Fund Raisers Income		\$ 23,943.06
Insurance Income		52,483.20
Interest Income		4,410.62
Memberships Income		51,011.00
Miscellaneous Income		4,259.00
Office Income		52,705.56
Registration Income		
Summer Camp Income	\$ 6,740.00	
Registration Income - Other	142,343.19	
Total Registration Income		\$ 149,083.19
Rental Income		1,500.00
Return Item Income		-262.00
Return Items		-2,684.54
Sponsorships Income		31,594.00
Tournament Fee Income		61,181.83
Aparrel Sales	\$ 1,435.00	
Uniform Income - Other	8,548.22	
Total Uniform Income		\$ 9,983.22
Utilities Income		109,067.67
Other Income		1,891.01
<b>Total Income</b>		<b>\$ 685,710.25</b>

**EXPENSES**

Accounting & Legal Expense	\$ 7,275.00
Administration Fees	105.00
Advertising Expense	7,578.00

Navarre Youth Sports Association  
**Profit & Loss**

October 2018 through September 2019

**INCOME**

Awards & Trophies Expense	12,324.03
Bank Service Charge	9,289.80
Cleaning Expense	7,580.00
Coaches Expense	21,156.35
Donation Expense	175.00
Dues Expense	34,742.16
Equipment Expense	15,728.90
Field Maintenance Expense	1,466.14
Fund Raising Expense	367.79
Insurance Expense	26,866.42
License & Taxes Expense	347.50
Membership Expense	0.00
Miscellaneous Expense	800.00
Office Expense	34,313.77
Payroll Expenses (Allstaff)	35,872.28
Postage	142.00
Reconciliation Discrepancies	48.89
Rent Expense	310.00
Repairs & Maintenance Expense	21,528.40
Security Expense	631.86
Supplies Expense	4,038.15
Taxes Expense	5,912.63
Telephone Expense	3,713.52
Tournament Fees	56,245.00
Trainer Expense	54,184.81
Umpire/Ref's Expense	64,957.30
Uniforms Expense	119,285.97
Utilities Expense	102,838.56
Other Expense	68.76
<b>Total Expense</b>	<b>\$ 649,893.99</b>
<b>Net Income</b>	<b>\$ 35,816.26</b>

Navarre Youth Sports Association  
Exhibit B Map of NYSA Parks



Map data ©2020 1000 ft





The Navarre Youth Sports Association \* 8840 High School Blvd. Navarre, FL 32566\* 850-939-5202

9/24/2020

Mr. Scallan,

I have reviewed your report on the Audit of Navarre Youth Sports Association, Inc. (NYSA) with the NYSA Board. On behalf of the Board of Directors I would like to take this opportunity to thank you as well as Santa Rosa County for conducting this audit of our organization. My predecessor Daren Thomas met with you on multiple occasions and I was able to speak with you a number of times as well. While we appreciate that there were no findings in the audit, we are taking measures to address the suggestions that were made around establishing a Fee Structure-Allowance for Needy Children. Thank you again for conducting a thorough audit of our organization.

Regards,

Paul V. Villanova  
NYSA Board President