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## MCKINNEY COMMUNITY DEVELOPMENT CORPORATION

### Grant Application

Fiscal Year 2013

**IMPORTANT:**

- Please read the McKinney Community Development Corporation Grant Guidelines prior to completing this application.
- Application is available at [www.mckinneycdc.org](http://www.mckinneycdc.org); by calling 214.544.0296 or by emailing [cqibson@mckinneycdc.org](mailto:cqibson@mckinneycdc.org)
- Please call to discuss your plans for submitting an application in advance of completing the form provided. Completed application and all supporting documents are required to be submitted electronically or on a CD for consideration by the MCDC board. Please submit the application to:

McKinney Community Development Corporation  
5900 S. Lake Forest Blvd., Suite 110  
McKinney, TX 75070

- *If you are interested in a preliminary review of your project proposal or idea, please complete and submit the **Letter of Inquiry** form, available at [www.mckinneycdc.org](http://www.mckinneycdc.org), by calling 214.544.0296 or emailing [cqibson@mckinneycdc.org](mailto:cqibson@mckinneycdc.org).*

***Applications must be completed in full, using this form, and received by MCDC, electronically or on a CD, by 5:00 p.m. on the date indicated in schedule below.***

**Please indicate the type of funding you are requesting:**

- |   |  |
|---|--|
| <p><input checked="" type="checkbox"/> <b>Project Grant</b><br/>Quality of Life projects that advance the mission of MCDC and are eligible for funding in accordance with the Type B sales tax statute (refer to examples in Grant Guidelines).</p> | <p><input type="checkbox"/> <b>Promotional Activity or Community Event Grant (maximum \$15,000)</b><br/>Initiatives, activities and events that promote the City of McKinney for the purpose of developing new or expanded business opportunities and/or tourism – and enhance quality of life for McKinney residents.</p> |
|---|--|

**Promotional Activity and/or Community Event Grants:**

Application Deadline	Presentation to MCDC Board	Board Vote and Award Notification
Cycle I: December 20, 2012	January 2013	February 2013
Cycle II: June 28, 2013	July 2013	August 2013

**Project Grants:**

Application Deadline	Presentation to MCDC Board	Board Vote and Award Notification
Cycle I: January 31, 2013	February 2013	March 2013
Cycle II: April 30, 2013	May 2013	June 2013
Cycle III: July 31, 2013	August 2013	September 2013

## APPLICATION

### ORGANIZATION INFORMATION

Name: Plano Sports Authority, Inc.

Federal Tax I.D.: 75-1387872

Incorporation Date: Jan 11, 1971

Mailing Address: 6500 Preston Meadow Drive

City: Plano

ST: TX

Zip: 75024

Phone: 972-208-5437

Fax: 972-208-3824

Email: dblackwood@psaplano.org

Website: www.psaplano.org

#### Check One:

Nonprofit – 501(c) Attach a copy of IRS Determination Letter

Governmental entity

For profit corporation

Other

Professional affiliations and organizations to which your organization belongs: U.S. Indoor Sports Association, Plano Chamber of Commerce and Murphy Chamber of Commerce

### REPRESENTATIVE COMPLETING APPLICATION:

Name: Mary McMillen

Title: Chief Administrative Officer

Mailing Address: 6500 Preston Meadow Drive

City: Plano

ST: Texas

Zip: 75024

Phone: 972-208-3850

Fax: 972-208-3824

Email: mmcmillen@psaplano.org

**CONTACT FOR COMMUNICATIONS BETWEEN MCDC AND ORGANIZATION:**

Name: Don Blackwood

Title: General Manager

Mailing Address: 6500 Preston Meadow Drive

City: Plano

ST: Texas

Zip: 75024

Phone: 214-284-4900

Fax: 972-208-3824

Email: dblackwood@psaplano.org

**FUNDING**

Total amount requested: 33% of Project (est. \$3.2M). Project estimated at \$9.7M.

**PROJECT**

Start Date: January 6, 2014

Completion Date: October 31, 2014

**BOARD OF DIRECTORS** *(may be included as an attachment)*

<b>Bill Wadley, Chairman</b>	<b>2801 Robin Road, Plano 75075</b>	<b>214-336-2545</b>
<b>Don Blackwood, GM</b>	<b>4557 Tuscany Dr, Plano 75093</b>	<b>214-284-4900</b>
<b>Jeff Trentham</b>	<b>2628 Teakwood Ln, Plano 75075</b>	<b>214-850-6474</b>
<b>Marc Lewis</b>	<b>600 Mustang Ridge Dr, Murphy 75094</b>	<b>214-893-7490</b>
<b>John Goines</b>	<b>RR2 Box 80K, Blue Ridge 75424</b>	<b>972-752-4861</b>

**LEADERSHIP STAFF** *(may be included as an attachment)*

<b>Don Blackwood, General Manager</b>	<b>27 Year Volunteer with PSA</b>
<b>Mary McMillen, Chief Administrative Officer</b>	<b>CPA</b>
<b>Teresa Federspiel, Senior Director of Sports</b>	<b>17 years with PSA</b>

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**Using the outline below, provide a written narrative no longer than 7 pages in length:**

**I. Applying Organization**

***Describe the mission, strategic goals and objectives, scope of services, day to day operations and number of paid staff and volunteers.***

***Disclose and summarize any significant, planned organizational changes and describe their potential impact on the Project/Promotional Activity/Community Event for which funds are requested.***

Mission:

- To provide the best quality and most varied youth sports to the regions kids in a safe and wholesome family environment.

Strategic Goals:

- Reach 100,000 youth registrants by 2016 using a combination of our own facilities and rented facilities and fields.

Scope of Services:

- Provide youth sports to 74,000 registrants in FY2012/2013
- 3 Facilities
- 30 Indoor Courts
- 3 Indoor Arenas
- Summer camp supporting 11,000 registrants in a combination of sports camps and day care certified by Child Protective Services
- On-line registration
- Centralized scheduling and support
- Centralized administrative services

Day to Day Services:

- All facilities are open every day for practice and games as appropriate
  - Summer is 7AM to 10PM week days
  - Summer Saturdays are 8AM to 9PM
  - Summer Sundays are 1PM to 10PM
  - Administrative Staff is 9AM to 5PM weekdays
  - School Year
    - Facilities are open 3:30 to 10PM weekdays except for MDO and pre-K sports during the day
    - Saturdays are 8AM to 10PM
    - Sundays are 1PM to 10PM
- Call Center operates from 12 Noon to 8PM every week day, 8AM to 8PM Saturdays and 1PM to 8PM on Sundays
- Summer/Winter/Spring Break Camps operate every year offering early drop off and late pickup.

Current PSA Staffing:

- 116 Full and Part Time staff
- 128 summer camp counselors and coaches
- 1,500 contract officials
- 5,000 volunteers

Planned PSA McKinney Staffing:

- 5 Full Time Employees
- 13 Part Time Employees
- Roughly 60 camp counselors and coaches for summer and school break camps

Planned organizational changes and impact on the proposed project:

None planned

## II. **Project**

***Outline details of the Project for which funds are requested. Include information regarding scope, goals, objectives, target audience.***

The proposed PSA McKinney facility would be roughly 90,000 sq. ft. with 8 indoor courts, an indoor arena and conference rooms. The facility would be able to expand another 4 indoor courts as youth sports grow in McKinney.

The facility will have a total capacity of 1,500,000 visitors each year and will be focused on basketball, volleyball, soccer, flag football, skills training and camps.

The objectives are to dramatically improve the facilities for youth sports in McKinney region and provide for a quality of play they must currently travel to Plano to enjoy.

The target audience is Pre-K through 12<sup>th</sup> grade. PSA does offer adult sports but the vast majority of facility usage is for youth and most of PSA is focused on family involvement in youth recreational sports.

***For Promotional Grants – describe how this initiative will promote the City of McKinney for the purpose of business development and/or tourism.***

Quality of life is the major benefit of a top class youth sports facility. PSA's facilities are best in class and provide for the safe and comfortable enjoyment of youth sports.

In addition, the PSA McKinney facility will draw families from all around McKinney to play in the new 4<sup>th</sup> generation facility. Businesses benefiting are restaurants, sporting goods, entertainment and hotels. The families will come to McKinney and then spend a portion of their day in McKinney businesses.

During tournaments, teams from throughout the metroplex, state and country will visit McKinney.

***Describe how the proposed Project fulfills strategic goals and objectives for the organization.***

PSA currently has several thousand registrants in McKinney and surrounding areas with drive times of over 20 minutes to other PSA facilities. This will improve their youth sports experience and level load PSA's existing facilities.

***Please also include planned activities, time frame/schedule, and estimated attendance and admission fees if applicable.***

Major activities are basketball, volleyball, soccer, skills training, outdoor sports and camps.

The facility would open Winter 2014 and provide all those activities from the beginning. At capacity, PSA McKinney would have 1,500,000 visitors annually.

PSA budgets all sports at cost. So many sports are offered that listing them all and their different fees would be lengthy. A visit to [www.psaplano.org](http://www.psaplano.org) will give the reader the list of prices.

***What is the venue/location for Project?***

The proposed location is the Southeast corner of Alma and Eldorado.

***Provide a timeline for the Project.***

Construction would start January 6, 2014 and complete by October 31, 2014. A start date of December 1, 2013 is desired and we will push for that date as we get nearer to agreement.

***Detail goals for growth/expansion in future years.***

PSA McKinney is being proposed with 50% expansion possible in indoor courts. This capacity should fulfill requirements within McKinney and the surrounding area for at least 10 years.

PSA has no other expansion planned for Collin County.

**Project Grants – please complete the section below:**

- An expansion/improvement?  Yes  No
- A replacement/repair?  Yes  No
- A multi-phase project?  Yes  No
- A new project?  Yes  No

**Has a feasibility study or market analysis been completed for this proposed project?**

PSA has deep knowledge of the operating costs and challenges of a facility. With the thousands of PSA registrants already in the area, PSA is confident the market is there to support a facility the size we are proposing.

In addition, the 0-5 age group census data indicates good growth for many years to come and will support the health of the project.

**Provide specific information to illustrate how this Project will enhance quality of life and further business development in the City of McKinney, and support one or more of MCDC's goals:**

- The kids of McKinney deserve a nearby top class sports and summer camp facility. The PSA buildings are family locations and become centers for enjoying your kids and cheering them on. Homes near PSA facilities are highly desired for young families.
- PSA has never filed for a Type B support.
- PSA McKinney will draw 1,500,000 visitors a year at capacity. Many will come from throughout the state and country for tournaments. The McKinney businesses benefiting from the facility will be restaurant, entertainment, sporting goods and hotels. In Plano, the City of Plano and PSA often partner on events drawing visitors to local hotels and eateries.
- PSA is not familiar with other MCDC partners but would be willing to work with them as we do in all our cities.
- PSA has strong financial controls and budgeting. We have had two recent full audits without comment. In addition, we have generated significant cash flow to support expansion of youth facilities. The enclosed budgets and audits will attest to the performance. Most importantly, PSA McKinney will have the financial support of the entire PSA organization.
- Contractually, in the unlikely event of PSA failure, all PSA facilities revert to the home City.

**Has a request for funding, for this Project, been submitted to MCDC in the past?**

Yes

No

### **III. Financial**

**Provide an overview of the organization's financial status including the impact of this grant request.**

PSA, with PSA Murphy, is currently budgeted to generate \$600,000 of free cash flow this coming 12 months which will grow to greater than \$1,100,000 by 2014/2015. This will more than fund PSA McKinney operating costs and fund debt retirement.

**Please attach your budget for the current year and audited financial statements for the preceding two years. If financials are not available, please indicate why.**

The last two full audits and the budget are included at the end of the application.

**What is the estimated total cost for this Project?**

\$9.7M at current scope.

***(Please include a budget for the proposed Project.)***

**Preliminary Budget for PSA McKinney**

	85,000 sq. ft. PSA Murphy Final Budget	90,000 sq. ft. PSA McKinney Preliminary Budget
Contingencies (owners, construction, utilities, logo and etc)	\$ 295,000	\$ 318,190.12
Reimbursables	\$ 215,588	\$ 232,535.50
Sitework	\$ 317,089	\$ 342,015.55
Hard Costs	<u>\$ 6,290,721</u>	<u>\$ 6,660,763</u>
Total GMP	\$ 7,433,503	\$ 8,062,475
Pre-Construction Costs	\$ 403,886	\$ 424,080
Finish Out - Floors, Goals, Arena, Electronics and etc.	\$ 1,155,662	\$ 1,213,445
Total Cost	\$ 8,993,051	\$ 9,700,000
PSA Equity Investment	\$ 3,000,000	\$ -
MCDC Investment	\$ -	\$ 3,201,000
Bank Loan	\$ 5,993,051	\$ 6,499,000

Obviously, we do not know at this time if costs for foundation design, storm water mediation and utilities will be significantly greater than Murphy. Any additions to these will impact the hard costs listed above.

**What percentage of Project funding will be provided by the Applicant? 67%**

**Are Matching Funds available?**  Yes  No

Cash \$	Source	% of Total
In-Kind \$	Source	% of Total

**Are other sources of funding available?** *If so, please list source and amount.*

The 67% of the project cost will be covered through a bank loan with the debt funded from PSA operating funds. These loans are usually for 20 years.

**Have any other federal, state, or municipal entities or foundations been approached for funding?** *If so, please list entity, date of request and amount requested.*

No



#### **IV. Marketing and Outreach**

**Describe marketing plans and outreach strategies for your organization and for the Project for which you are requesting funding – and how they are designed to help you achieve current and future goals.**

PSA is not requesting money for outreach or marketing. All of those costs will be covered by PSA operating funds.

#### **V. Metrics to Evaluate Success**

**Outline the metrics that will be used to evaluate success of the proposed Project. If funding is awarded, a final report will be required summarizing success in achieving objectives outlined for the event.**

The ONLY metric for measurement of success is the growth in youth sports. PSA will provide a baseline start point and periodically report to the MCDC the growth in youth sports and utilization of the proposed facility.

#### **Acknowledgements**

***If funding is approved by the MCDC board of directors, Applicant will assure:***

- The Project/Promotional Activity/Community Event for which financial assistance is sought will be administered by or under the supervision of the applying organization;
- All funds awarded will be used exclusively for the purpose described in this application;

#### **Acknowledgements - continued**

- MCDC will be recognized in all marketing, outreach, advertising and public relations as a funder of the Project/Promotional Activity/Community Event. Specifics to be agreed upon by applicant and MCDC and included in an executed Performance Agreement;
- Organization's officials who have signed the application are authorized by the organization to submit the application;
- Applicant will comply with the MCDC Grant Guidelines in executing the Project/Promotional Activity/Community Event for which funds were received.
- A final report detailing the success of the Project/Promotional Activity/Community event, as measured against identified metrics, will be provided to MCDC no later than 30 days following the completion of the Project/Promotional Activity/Community Event.
- Up to 80% of the approved grant may be provided, on a reimbursement basis, prior to conclusion of the Project/Promotional Activity/Community Event with submission of invoices/receipts to MCDC. The final 20% will be forwarded upon MCDC's receipt of unpaid invoices/receipts; documentation of fulfillment of obligations to MCDC; and final report on the Project/Promotional Activity/Community Event.
- The required performance agreement will contain a provision certifying that the applicant does not and will not knowingly employ an undocumented worker in accordance with Chapter 2264 of the Texas Government Code, as amended. Further, should the applicant be convicted of a violation under 8 U.S.C. § 1324a(f), the applicant will be required to repay the amount of the public subsidy provided under the agreement plus interest, at an agreed to interest rate, not later than the 120<sup>th</sup> day after the date the MCDC notifies the applicant of the violation.

**We certify that all figures, facts and representations made in this application, including attachments, are true and correct to the best of our knowledge.**

**Chief Executive Officer**

  
Signature

Don Blackwood, GM  
Printed Name

July 31, 2013  
Date

**Representative Completing Application**

  
Signature

Bill Wadley, Chairman of BOD  
Printed Name

July 31, 2013  
Date

***INCOMPLETE APPLICATIONS, OR THOSE RECEIVED AFTER THE DEADLINE, WILL NOT BE CONSIDERED.***

**CHECKLIST:**

**Completed Application:**

- Use the form/format provided
- Organization Description
- Outline of Project/Promotional Activity/Community Event; description, goals and objectives
- Project/Promotional Activity/Community Event timeline
- Plans for marketing and outreach
- Evaluation metrics
- List of board of directors and staff

**Attachments:**

- Financials: organization's budget for current fiscal year; Project/Promotional Activity/Community Event budget; audited financial statements
- Feasibility Study or Market Analysis if completed (Executive Summary)
- IRS Determination Letter (if applicable)

***A FINAL REPORT IS TO BE PROVIDED TO MCDC WITHIN 30 DAYS OF THE EVENT/COMPLETION OF THE PROJECT/PROMOTIONAL ACTIVITY/COMMUNITY EVENT.***

***PLEASE USE THE FORM/FORMAT OUTLINED ON THE NEXT PAGE.***

**Plano Sports Authority, Inc.**

**Audited Financial Statements**

**July 31, 2012**

**Plano Sports Authority, Inc.**  
**Audited Financial Statements**  
**July 31, 2012**

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ALBRIGHT, HILL & SUMPTER  
CERTIFIED PUBLIC ACCOUNTANTS  
A Professional Corporation

INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Plano Sports Authority, Inc.  
6500 Preston Meadow Drive  
Plano, Texas 75024

We have audited the accompanying Statement of Financial Position of Plano Sports Authority, Inc., as of July 31, 2012, and the related Statements of Activities and Cash Flows for the year then ended. These financial statements are the responsibility of Plano Sports Authority, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Plano Sports Authority, Inc.'s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Plano Sports Authority, Inc., as of July 31, 2012, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Albright, Hill & Sumpter, PC  
Certified Public Accountants

*Albright, Hill & Sumpter*

October 30, 2012

12160 North Abrams Road  
Suite 412  
Dallas, Texas 75243  
972.270.5452  
972.686.4216 Fax

**Plano Sports Authority, Inc.**  
**Statement of Financial Position**  
**July 31, 2012**

**Assets**

<b>Current assets</b>		
Cash and cash equivalents	\$	3,119,208
Accounts receivable		14,904
Prepaid expenses and other assets		95,172
<b>Total current assets</b>		<u>3,229,284</u>
<b>Property and equipment</b>		
Buildings		20,281,057
Office equipment		566,700
Concession stand		150,000
Concession equipment		126,033
Sports equipment		578,624
<b>Total property and equipment</b>		<u>21,702,414</u>
Accumulated depreciation		(8,942,695)
<b>Net property and equipment</b>		<u>12,759,719</u>
<b>Total assets</b>	<b>\$</b>	<u><u>15,989,003</u></u>

**Liabilities and Net Assets**

<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$	276,480
Current portion of notes payable		459,280
Deferred revenue		773,210
<b>Total current liabilities</b>		<u>1,508,970</u>
<b>Long-term debt</b>		
Notes payable		<u>8,391,407</u>
<b>Total liabilities</b>		9,900,377
<b>Net assets (unrestricted)</b>		<u>6,088,626</u>
<b>Total liabilities and net assets</b>	<b>\$</b>	<u><u>15,989,003</u></u>

The accompanying notes are an integral part of this statement.

**Plano Sports Authority, Inc.**  
**Statement of Activities**  
**For the year ended July 31, 2012**

Revenue and support		
Program revenue	\$	8,042,863
Operating/management fees		129,322
Rental		173,906
Contributions/sponsorships		315,601
Grants		50,000
Other		413,825
Interest		6,550
<b>Total revenue and support</b>		<u><u>9,132,067</u></u>
 Expenses		
Programs		4,724,319
Supporting services		3,559,632
<b>Total expenses</b>		<u><u>8,283,951</u></u>
 Change in net assets		848,116
 Net assets, beginning of the year (unrestricted)		5,240,510
<b>Net assets, end of the year (unrestricted)</b>	<b>\$</b>	<u><u>6,088,626</u></u>

The accompanying notes are an integral part of this statement.



Plano Sports Authority, Inc.  
Statement of Cash Flows  
For the year ended July 31, 2012

Cash flows from operating activities:	
Change in net assets	\$ 848,116
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,240,491
(Increase) in operating assets:	
Accounts receivable	(1,104)
Prepaid expenses and other assets	(77,348)
Increase in operating liabilities:	
Accounts payable and accrued expenses	115,761
Deferred revenue	215,557
Net cash provided by operating activities	<u>2,341,473</u>
Cash flows from investing activities:	
Acquisition of property and equipment	(408,376)
Net cash (used in) investing activities	<u>(408,376)</u>
Cash flows from financing activities:	
Repayment of long-term debt	(486,582)
Net cash (used in) financing activities	<u>(486,582)</u>
Net increase in cash	1,446,515
Cash at beginning of the year	1,672,693
Cash at end of the year	<u>\$ 3,119,208</u>
Supplemental non cash flow information:	
Interest paid	\$ 491,876
Income taxes paid	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

Plano Sports Authority, Inc.  
Notes to Financial Statements  
July 31, 2012

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

In fulfilling its responsibility for the preparation of Plano Sports Authority, Inc.'s (PSA) financial statements and disclosures, management selects accounting principles generally accepted in the United States of America and adopts methods for their application. The application of accounting principles requires estimating, matching and timing of revenue and costs in the determination of support and expenditures. It is also necessary for management to determine measure, allocate and make certain assumptions regarding resources and obligations within the financial process according to these principles. Below are certain significant accounting policies selected by management.

**Nature and Purpose of PSA**

Plano Sports Authority, Inc. was formed in 1971 to provide and promote a year round program for supervised recreational activities and to promote various youth sport activities. PSA is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is classified, by the Internal Revenue Service, as a public charity. The majority of PSA's activities are carried out in Plano and Frisco, Texas.

**Basis of Presentation**

The financial statements have been prepared using the accrual method of accounting and conform to generally accepted accounting principles in the United States of America (GAAP). As required by GAAP, net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. As of July 31, 2012, there were no donor-imposed restrictions.

**Revenue Recognition**

The majority of PSA's revenue is derived from various program service fees such as registration/participation fees and facility rental fees. Such fees are recognized as revenue in the month the activity commences. Deferred revenue is recognized for fees collected in advance of the activity commencement date.

PSA reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor-imposed restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Plano Sports Authority, Inc.  
Notes to Financial Statements  
July 31, 2012

Gifts of long-lived assets with explicit restrictions that specify how the assets must be used and cash that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, PSA reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**Property and Equipment**

PSA capitalizes expenditures for furniture and equipment with a cost in excess of \$500. Sports equipment with a useful life of one year or less is charged to expenses. Donated assets are capitalized at the estimated fair value of the asset on the date of the donation. Depreciation is provided by the use of the straight-line method over the following estimated useful lives:

Buildings and improvements	20 years
Landscaping/grounds	20 years
Office equipment and furniture	5-7 years
Sports equipment	3 years

Depreciation expense for the year ended July 31, 2012 was \$1,240,491.

Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted cash flows from the assets are less than the carrying value of the assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value, less costs to sell. Based on the most recent analysis, PSA believes no impairment of long-lived assets existed at July 31, 2012.

**Compensated Absences**

Employees of PSA are entitled to paid vacation, paid sick days and personal days off, depending on job classification, length of service and other factors. It is impracticable to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. PSA's policy is to recognize the cost of compensated absences when actually paid to employees.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities of PSA have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated between the programs and supporting services benefited.

**Plano Sports Authority, Inc.**  
**Notes to Financial Statements**  
**July 31, 2012**

Accounting Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Such estimates and assumptions primarily relate to valuation as of the date of the financial statements. Accordingly, actual results could differ from these estimates and assumptions. The methods used in making accounting estimates are believed by management to be reasonable and have been consistently applied.

NOTE 2 - NOTES PAYABLE

PSA has a mortgage loan with Legacy Bank collateralized by PSA's building in Plano, Texas. This mortgage bears interest at 3.8% per annum. This mortgage calls for monthly installments of principal and interest totaling \$31,519 until maturity in May 2022 at which time all unpaid principal and interest is due. The net book value of this building as of July 31, 2012 approximated \$5,707,500 and is included in net property and equipment.

In 2009, a second facility was completed and PSA entered into a term loan with a principal balance of \$6,298,983. This term loan bears interest at 6.125% annually and matures in September 2029. Monthly principal and interest payments of \$45,807 began in October 2009. All construction period interest was capitalized and is being amortized. The net book value of this building as of July 31, 2012 approximated \$6,353,000 and is included in net property and equipment.

Future maturities of long-term debt are approximated as follows at July 31:

<u>Years Ending July 31,</u>	
2013	\$ 459,280
2014	482,304
2015	506,516
2016	530,917
2017	558,802
Thereafter	<u>6,312,868</u>
Total	<u>\$ 8,850,687</u>

Net book value of building is included in net property and equipment. Future maturities of long-term debt are approximated as follows at July 31:

Plano Sports Authority, Inc.  
Notes to Financial Statements  
July 31, 2012

**NOTE 3 - COMMITMENTS, OTHER AGREEMENTS AND CONTINGENCIES**

- A. In February 1999, PSA entered into an agreement with North Texas Coca-Cola Bottling Company for exclusive rights to promote only Coca-Cola products at the concession stand located at Russell Creek Park for fifteen (15) years and at the Plano Youth Center for thirty (30) years from the date of the agreement.
- B. In the normal course of business, PSA maintains balances in financial institutions in excess of federally insured amounts. As of July 31, 2012, balances in excess of federally insured amounts approximated \$2,500,000.
- C. PSA operates from facilities it owns but is subject to ground leases with the City of Plano. Such leases are generally for a thirty (30) year period with an option to renew such lease for two additional ten (10) year periods.

**NOTE 4 - RETIREMENT PLAN**

PSA maintains a 401(k) retirement plan for its employees. Substantially all employees are eligible to participate. PSA must generally match the employee's elective contribution in an amount not exceeding 3% of the employee's compensation.

PSA's matching contribution expense was \$41,065 for the year ended July 31, 2012.

**NOTE 5 - PROGRAM EXPENSES**

Program expenses before administrative charges are summarized as follows for the year ended July 31, 2012:

PSA club sports	\$	475,642
Arena leagues		157,788
Non-club sports		6,292
Sports		1,187,893
Tournaments		29,981
Camps/clinics		706,456
Concessions		417,672
Martial arts		185,966
Other		394,529
Depreciation		1,162,100
		\$ 4,724,319

**Plano Sports Authority, Inc.**  
**Notes to Financial Statements**  
**July 31, 2012**

**NOTE 6 - DISCLOSURES ABOUT UNCERTAINTY IN INCOME TAXES UNDER FASB ASC 740**

PSA files an annual information return. With few exceptions, PSA is no longer subject to U.S. federal income tax examinations by tax authorities for years before July 31, 2009.

PSA has adopted the provisions of FASB ASC 740, *Accounting for Uncertainty in Income Taxes*. As of July 31, 2012, there were no unrecognized tax benefits.

PSA recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in administrative expense. There were no such interest and penalties for 2012.

PSA may become liable for tax on unrelated business income. As of July 31, 2012, management's position is that all income producing activities are directly related to PSA's mission.

**NOTE 7 - SUBSEQUENT EVENTS**

On October 30, 2012, PSA entered into an agreement with the City of Murphy to construct, maintain and operate a multi-purpose indoor athletic facility, including offices and other multi-use indoor spaces to serve the Murphy community and surrounding communities. Accordingly, PSA has been approved for a loan up to \$7,200,000, with an interest rate of 4% and a maturity date of April 30, 2034, to finance construction of the facility.

Management has reviewed events occurring subsequent to July 31, 2012 through the issue date of the financial statements, October 30, 2012. Based on this review, no events (other than as disclosed above) have occurred requiring disclosure.

**NOTE 8 - FAIR VALUE OF FINANCIAL INSTRUMENTS**

PSA's financial instruments are cash and cash equivalents, accounts and notes payable. The recorded values of these financial instruments approximate their estimated fair values as of July 31, 2012.

**NOTE 9 - RELATED PARTIES**

PSA employs various family members of the board. During the year ended July 31, 2012 three such family members were employed. Total compensation paid to these family members approximated \$107,000.

members of the board  
are not employed by the  
Authority. \$1,000,000.  
Item

## Plano Sports Authority, Inc.

### Audited Financial Statements

July 31, 2011

members of the board  
are not employed by the  
Authority. \$1,000,000.  
Item

members of the board  
are not employed by the  
Authority. \$1,000,000.  
Item

**Plano Sports Authority, Inc.**

**Audited Financial Statements**

**July 31, 2011**

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ALBRIGHT, HILL & SUMPTER  
CERTIFIED PUBLIC ACCOUNTANTS  
A Professional Corporation

INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Plano Sports Authority, Inc.  
6500 Preston Meadow Drive  
Plano, Texas 75024

We have audited the accompanying Statement of Financial Position of Plano Sports Authority, Inc., as of July 31, 2011, and the related Statements of Activities and Cash Flows for the year then ended. These financial statements are the responsibility of Plano Sports Authority, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Plano Sports Authority, Inc.'s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Plano Sports Authority, Inc., as of July 31, 2011, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Albright, Hill & Sumpter, PC  
Certified Public Accountants

*Albright, Hill & Sumpter*

October 11, 2011

12160 North Abrams Road  
Suite 412  
Dallas, Texas 75243  
972.270.5452  
972.686.4216 Fax

**Plano Sports Authority, Inc.**  
**Statement of Financial Position**  
**July 31, 2011**

**Assets**

<b>Current assets</b>	
Cash and cash equivalents	\$ 1,672,693
Accounts receivable	13,800
Prepaid expenses and other assets	17,824
<b>Total current assets</b>	1,704,317
 <b>Property and equipment</b>	
Buildings	19,910,520
Office equipment	512,794
Concession stand	150,000
Concession equipment	117,254
Sports equipment	571,948
<b>Total property and equipment</b>	21,262,516
Accumulated depreciation	(7,702,203)
<b>Net property and equipment</b>	13,560,313
 Lighting deposit	 31,521
 <b>Total assets</b>	 \$ 15,296,151

**Liabilities and Net Assets**

<b>Current liabilities</b>	
Accounts payable and accrued expenses	\$ 160,719
Current portion of notes payable	566,790
Deferred revenue	557,653
<b>Total current liabilities</b>	1,285,162
 Long-term debt	
Notes payable	8,770,479
<b>Total liabilities</b>	10,055,641
 Net assets (unrestricted)	 5,240,510
 <b>Total liabilities and net assets</b>	 \$ 15,296,151

The accompanying notes are an integral part of this statement.

**Plano Sports Authority, Inc.**  
**Statement of Activities**  
**For the year ended July 31, 2011**

Revenue and support	
Program revenue	\$ 6,664,665
Operating/management fees	395,240
Rental	172,670
Contributions/sponsorships	283,724
Other	335,419
Interest	9,644
<b>Total revenue and support</b>	<b><u>7,861,362</u></b>
Expenses	
Programs	4,108,821
Supporting services	3,571,297
<b>Total expenses</b>	<b><u>7,680,118</u></b>
Change in net assets	181,244
Net assets, beginning of the year (unrestricted)	5,059,266
Net assets, end of the year (unrestricted)	<b><u>\$ 5,240,510</u></b>

The accompanying notes are an integral part of this statement.

Plano Sports Authority, Inc.  
Statement of Cash Flows  
For the year ended July 31, 2011

Cash flows from operating activities:	
Change in net assets	\$ 181,244
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,252,792
In-kind receipt of indoor turf	(100,000)
Decrease (increase) in operating assets:	
Accounts receivable	96,488
Prepaid expenses and other assets	(28,510)
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	17,255
Deferred revenue	268,536
Net cash provided by operating activities	<u>1,687,805</u>
Cash flows from investing activities:	
Acquisition of property and equipment	(239,343)
Net cash (used in) investing activities	<u>(239,343)</u>
Cash flows from financing activities:	
Repayment of long-term debt	(1,022,834)
Net cash (used in) financing activities	<u>(1,022,834)</u>
Net increase in cash	425,628
Cash at beginning of the year	1,247,065
Cash at end of the year	<u>\$ 1,672,693</u>
Supplemental non cash flow information:	
Interest paid	\$ 527,052
Income taxes paid	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

Plano Sports Authority, Inc.  
Notes to Financial Statements  
July 31, 2011

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

In fulfilling its responsibility for the preparation of Plano Sports Authority, Inc.'s (PSA) financial statements and disclosures, management selects accounting principles generally accepted in the United States of America and adopts methods for their application. The application of accounting principles requires estimating, matching and timing of revenue and costs in the determination of support and expenditures. It is also necessary for management to determine, measure, allocate and make certain assumptions regarding resources and obligations within the financial process according to these principles. Below are certain significant accounting policies selected by management.

**Nature and Purpose of PSA**

Plano Sports Authority, Inc. was formed in 1971 to provide and promote a year round program for supervised recreational activities and to promote various youth sport activities. PSA is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is classified, by the Internal Revenue Service, as a public charity. The majority of PSA's activities are carried out in Plano and Frisco, Texas.

**Basis of Presentation**

The financial statements have been prepared using the accrual method of accounting and conform to generally accepted accounting principles in the United States of America (GAAP). As required by GAAP, net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. As of July 31, 2011, there were no donor-imposed restrictions.

**Revenue**

The majority of PSA's revenue is derived from various program service fees such as registration/participation fees and facility rental fees. Such fees are recognized as revenue in the month the activity commences. Deferred revenue is recognized for fees collected in advance of the activity commencement date.

PSA reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor-imposed restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

**Plano Sports Authority, Inc.**  
**Notes to Financial Statements**  
**July 31, 2011**

In order to provide programs involving ice sports and a related "pro shop," PSA entered into an operating agreement with a specific vendor in 2000. Pursuant to this agreement, the vendor/operator is to pay an operating fee to PSA for certain rights and privileges granted to the vendor/operator. During the year ended July 31, 2011, this operating agreement was terminated. Total operating fees (including fees for termination) were \$360,868 for the year ended July 31, 2011.

Gifts of long-lived assets with explicit restrictions that specify how the assets must be used and cash that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, PSA reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**Property and Equipment**

PSA capitalizes expenditures for furniture and equipment with a cost in excess of \$500. Sports equipment with a useful life of one year or less is charged to expenses. Donated assets are capitalized at the estimated fair value of the asset on the date of the donation. Depreciation is provided by the use of the straight-line method over the following estimated useful lives:

Buildings and improvements	20 years
Landscaping/grounds	20 years
Office equipment and furniture	5-7 years
Sports equipment	3 years

Depreciation expense for the year ended July 31, 2011 was \$1,252,792.

Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted cash flows from the assets are less than the carrying value of the assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value, less costs to sell. Based on the most recent analysis, PSA believes no impairment of long-lived assets existed at July 31, 2011.

**Compensated Absences**

Employees of PSA are entitled to paid vacation, paid sick days and personal days off, depending on job classification, length of service and other factors. It is impracticable to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. PSA's policy is to recognize the cost of compensated absences when actually paid to employees.

Plano Sports Authority, Inc.  
Notes to Financial Statements  
July 31, 2011

Functional Allocation of Expenses

The costs of providing the various programs and other activities of PSA have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated between the programs and supporting services benefited.

Accounting Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Such estimates and assumptions primarily relate to valuation as of the date of the financial statements. Accordingly, actual results could differ from these estimates and assumptions. The methods used in making accounting estimates are believed by management to be reasonable and have been consistently applied.

NOTE 2 - NOTES PAYABLE

PSA has a mortgage loan with Legacy Bank collateralized by PSA's building in Plano, Texas. This mortgage bears interest at 6% per annum. This mortgage calls for monthly installments of principal and interest totaling \$41,628 until maturity in May 2022 at which time all unpaid principal and interest is due. The net book value of this building as of July 31, 2011 approximated \$6,000,000 and is included in net property and equipment.

In 2009, a second facility was completed and PSA entered into a term loan with a principal balance of \$6,298,983. This term loan bears interest at 6.125% annually and matures in September 2029. Monthly principal and interest payments of \$45,807 began in October 2009. All construction period interest was capitalized and is being amortized. The net book value of this building as of July 31, 2011 approximated \$6,300,000 and is included in net property and equipment.

Future maturities of long-term debt are approximated as follows at July 31:

<u>Years Ending July 31,</u>		
2012	\$	566,790
2013		569,523
2014		621,590
2015		651,058
2016		682,004
Thereafter		6,246,304
Total	\$	<u>9,337,269</u>

1) approximated by  
the program and  
at the State  
of Texas

**Plano Sports Authority, Inc.**  
**Notes to Financial Statements**  
**July 31, 2011**

**NOTE 3 – COMMITMENTS, OTHER AGREEMENTS AND CONTINGENCIES**

- A. In February 1999, PSA entered into an agreement with North Texas Coca-Cola Bottling Company for exclusive rights to promote only Coca-Cola products at the concession stand located at Russell Creek Park for fifteen (15) years and at the Plano Youth Center for thirty (30) years from the date of the agreement.
- B. In the normal course of business, PSA maintains balances in financial institutions in excess of federally insured amounts. As of July 31, 2011, balances in excess of federally insured amounts approximated \$1,230,000.
- C. PSA operates from facilities it owns but is subject to ground leases with the City of Plano. Such leases are generally for a thirty (30) year period with an option to renew such lease for two additional ten (10) year periods.

**NOTE 4 – RETIREMENT PLAN**

PSA maintains a 401(k) retirement plan for its employees. Substantially all employees are eligible to participate. PSA must generally match the employee's elective contribution in an amount not exceeding 3% of the employee's compensation.

PSA's matching contribution expense was \$4,613 for the year ended July 31, 2011.

**NOTE 5 – PROGRAM EXPENSES**

Program expenses before administrative charges are summarized as follows for the year ended July 31, 2011:

PSA club sports	\$ 292,960
Arena leagues	141,318
Non-club sports	73,517
Sports	1,035,774
Tournaments	35,687
Ice sports	47,576
Camps/clinics	451,103
Concessions	390,791
Martial arts	147,325
Other	277,562
Depreciation	1,215,208
	<u>\$4,108,821</u>



Plano Sports Authority, Inc.  
Notes to Financial Statements  
July 31, 2011

NOTE 6 - DISCLOSURES ABOUT UNCERTAINTY IN INCOME TAXES UNDER FASB ASC 740

PSA files an annual information return. With few exceptions, PSA is no longer subject to U.S. federal income tax examinations by tax authorities for years before July 31, 2007.

PSA has adopted the provisions of FASB ASC 740, *Accounting for Uncertainty in Income Taxes*. As of July 31, 2011, there were no unrecognized tax benefits.

PSA recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in administrative expense. There were no such interest and penalties for 2011.

PSA may become liable for tax on unrelated business income. As of July 31, 2011, management's position is that all income producing activities are directly related to PSA's mission.

NOTE 7 - SUBSEQUENT EVENTS

Management has reviewed events occurring subsequent to July 31, 2011 through the issue date of the financial statements, October 11, 2011. Based on this review, no events have occurred requiring disclosure.

NOTE 8 - FAIR VALUE OF FINANCIAL INSTRUMENTS

PSA's financial instruments are cash and cash equivalents, accounts and notes payable. The recorded values of these financial instruments approximate their estimated fair values as of July 31, 2011.

NOTE 9 - RELATED PARTIES

PSA employs various family members of the board. During the year ended July 31, 2011 four such family members were employed. Total compensation paid to these family members approximated \$120,000.



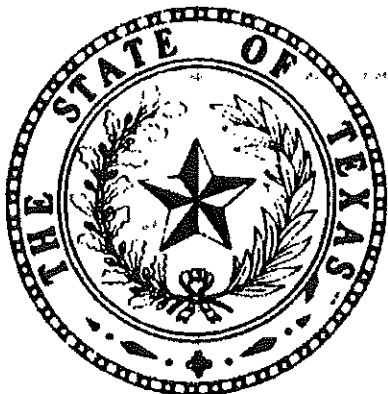
**The State of Texas**  
**Secretary of State**

IT IS HEREBY CERTIFIED, THAT  
PLANO SPORTS AUTHORITY  
FILED ARTICLES OF INCORPORATION IN THIS OFFICE AND WAS ISSUED  
A CERTIFICATE OF INCORPORATION ON

JAN. 11, 1971;

THAT SO FAR AS IS SHOWN BY THE RECORDS OF THIS  
DEPARTMENT, NO CERTIFICATE OF DISSOLUTION HAS BEEN FILED FOR SAID  
CORPORATION, AND IT IS STILL IN EXISTENCE.

IN TESTIMONY WHEREOF, I HAVE HEREUNTO  
SIGNED MY NAME AND CAUSED TO BE  
IMPRESSED HEREON THE SEAL OF STATE ON  
AUG. 16, 1989



*John S. Bayne, Jr.*  
Secretary of State

## Department of the Treasury

District Director  
Internal Revenue Service

Date

MAY 28 1974

In reply refer to:

A: 1227, 309: RLM

DAL: 80: 74-310

Plano Sports Authority  
c/o Conley and Company  
661 E. 18th Street, Suite 100  
Plano, Texas 75074

Gentlemen:

Based on information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code.

We have further determined you are not a private foundation within the meaning of section 509(a) of the Code, because you are an organization described in section 509(a)(2).

You are not liable for social security (FICA) taxes unless you file a waiver of exemption certificate as provided in the Federal Insurance Contributions Act. You are not liable for the taxes imposed under the Federal Unemployment Tax Act (FUTA).

Since you are not a private foundation, you are not subject to the excise taxes under Chapter 42 of the Code. However, you are not automatically exempt from other Federal excise taxes.

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes under sections 2055, 2106, and 2522 of the Code.

If your purposes, character, or method of operation is changed, you must let us know so we can consider the effect of the change on your exempt status. Also, you must inform us of all changes in your name or address.

If your gross receipts each year are normally more than \$5,000, you are required to file Form 990, Return of Organization Exempt From Income Tax, by the 15th day of the fifth month after the end of your annual accounting period. The law imposes a penalty of \$10 a day, up to a maximum of \$5,000, for failure to file a return on time.

You are not required to file Federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

You need an employer identification number even if you have no employees. If an employer identification number was not entered on your application, a number will be assigned to you and you will be advised of it. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service. Please keep this determination letter in your permanent records.

Sincerely yours,

*A. W. McCullough*  
District Director

ADDENDUM: This letter of exemption is effective September 28, 1973.

Form **SS-15**  
 (Rev. Nov. 1973)  
 Department of the Treasury  
 Internal Revenue Service

**Certificate Waiving Exemption from Taxes  
 Under the Federal Insurance Contributions Act**  
 (For use by organization exempt from income tax as an organization  
 described in section 501(c)(3) of the Internal Revenue Code)

Please type or print:	Full name of organization. Please identify employee group if you are an organization described in section 3121(k)(1)(E) of the Federal Insurance Contributions Act.  <b>PLANO SPORTS AUTHORITY</b>	Employer identification number (if any)  <b>75-1387872</b>
	P. O. Box 22 Address (Number and street)	Effective date (for date to be inserted, see item 3 below)  <b>January 1, 1977</b>
	Plano, Texas 75074 City, State, and ZIP code	

**YOUR COPY**

The above is a religious, charitable, educational, or other organization entitled to exemption from Federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3) of the Code, and, if organized after October 9, 1969 and subject to section 508(a) of the Code, has satisfied the requirements of section 508(a). The organization hereby certifies that it wishes to have the Federal Insurance system of the Social Security Act extended to services performed by its employees (or by a group of its employees as provided in section 3121(k)(1)(E) of the Federal Insurance Contributions Act if this certificate is filed under section 3121(k)(1)(E)).

This certificate is accompanied by Form SS-15a which (a) contains the signature, address, and social security number of each employee who concurs in the filing of the certificate or (b) is noted "none" for no concurring employee.

It is understood that:

(1) The list on Form SS-15a accompanying this certificate may be amended, at any time before the end of the 24th month following the calendar quarter in which the certificate is filed, by filing a list on Form SS-15a Supplement, containing the signature, address, and social security number of each additional employee who concurs in the filing of this certificate.

(2) Taxes imposed under the Federal Insurance Contributions Act will apply to this organization and to each employee whose services constitute employment and whose signature appears on the accompanying list (or any supplemental list filed before the end of the first month following the calendar quarter in which this certificate is filed) beginning with the first day this certificate is effective. (See item 3.) The taxes also will apply immediately to services that constitute employment performed by any individual who enters employment in this organization after the close of the calendar quarter in which this certificate is filed. If an individual is employed by an organization in the same quarter in which the certificate is filed and continuously thereafter, and does not sign the original list of concurring employees on Form

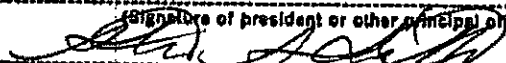
SS-15a, he can be covered only through the filing of a list on Form SS-15a Supplement. However, an individual is immediately covered if he is hired or reemployed by an organization after the calendar quarter in which the organization filed a waiver certificate, and it is not necessary for him to sign a supplemental list. For services performed by an individual whose signature appears on a supplemental list filed after the first month following the calendar quarter in which the certificate is filed, the taxes shall apply to employment services he performed on or after the first day of the calendar quarter in which the supplemental list is filed.

(3) This certificate shall be in effect for the period beginning with the date specified by the organization in the effective date line above, which is: (a) the first day of the calendar quarter in which this certificate is filed, (b) the first day of the following calendar quarter, or (c) the first day of any one of 20 calendar quarters preceding the quarter in which this certificate is filed. After the certificate has been in effect for not less than eight years, it may be terminated by the organization by giving two years' advance notice, in accordance with section 3121(k) of the Federal Insurance Contributions Act and the applicable regulations.

(4) This certificate is not terminated if this organization loses its exemption as an organization described in section 501(c)(3) of the Internal Revenue Code. It continues effective for any subsequent periods during which the organization is exempt.

(5) The acceptance by the Internal Revenue Service of this organization's certificate on Form SS-15 has no effect on a determination of the organization's status under section 501(c)(3) of the Internal Revenue Code.

(6) If this certificate is filed under section 3121(k)(1)(E) of the Federal Insurance Contributions Act, all of the foregoing is applicable in the same manner as if services performed by individuals as members of the group of employees, identified in the above name line, were the only services performed in the employ of the organization, and as if all other services were deemed to be performed for a different employer.

\_\_\_\_\_  
 (Signature of president or other principal officer)  
  
 \_\_\_\_\_  
 (Signature of secretary, treasurer, etc.)

**PRESIDENT** (Title) 3-28-77  
**BUSINESS DIRECTOR** 4/24/73  
 \_\_\_\_\_ (Title) 3-28-77

Excerpts from section 3121 of the Federal Insurance Contributions Act  
 (b) Employment.—For purposes of this chapter, the term "employment" means \* \* \* any service, of whatever nature, performed after 1954 either (A) by an employee for the person employing him, irrespective of the citizenship or

residence of either, (i) within the United States, \* \* \* or (B) outside the United States by a citizen of the United States as an employee for an American employer \* \* \* except that \* \* \* such term shall not include—

(OVER)

**PLANO SPORTS AUTHORITY, INC.**  
**PSA FINANCIAL STATEMENT**

**Preliminary Results as of July 30, 2013**

**Does not include all Expenses and Revenues for the current year**

	<u>2012/2013 Budget</u>	<u>Actuals to Date 8/1/2012-7/30/2013</u>	<u>2013/2014 Budget</u>
Income	9,554,607	9,466,454	9,805,474
Cost of Goods Sold	715,000	694,571	715,408
Gross Profit	8,839,607	8,771,883	9,090,066
Expense	6,645,466 *	6,345,982 *	6,879,812 *
Net Income	2,194,141	2,425,901	2,210,254

\* - Income Statement presented without Depreciation and Capitalized Construction Costs

17                      9,4  
000                      68

