



Soccer Without Borders

Financial Statements

July 31, 2016



Kevin P. Martin & Associates, P.C.

SOCCER WITHOUT BORDERS

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July 31, 2016

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Independent Auditors' Report

To the Board of Directors of
Soccer Without Borders

We have audited the accompanying financial statements of Soccer Without Borders (a national nonprofit organization), (the Organization), which comprise the statement of financial position as of July 31, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of July 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Nevin P. Martin & Chute P.C.

November 15, 2016

Soccer Without Borders

Statement of Financial Position

As of July 31, 2016

	<u>2016</u>
Current Assets	
Cash and cash equivalents	\$ 665,919
Accounts receivable	83,481
Prepaid expenses	<u>12,076</u>
Total current assets	<u>761,476</u>
Fixed Assets	
Vehicles	<u>42,900</u>
Total fixed assets	42,900
Less: accumulated depreciation	<u>(23,400)</u>
Total net fixed assets	<u>19,500</u>
Other Assets	
Deposits	<u>32,706</u>
Total other assets	<u>32,706</u>
Total Assets	\$ <u><u>813,682</u></u>
Current Liabilities	
Accounts payable	\$ 5,199
Accrued expenses	6,786
Deferred revenue	30,000
Other current liabilities	<u>31,306</u>
Total liabilities	<u>73,291</u>
Net Assets	
Unrestricted	255,371
Board restricted	335,000
Temporarily restricted	<u>150,020</u>
Total net assets	<u>740,391</u>
Total Liabilities and Net Assets	\$ <u><u>813,682</u></u>

Soccer Without Borders

Statement of Activities

For the Year Ended July 31, 2016

	Unrestricted	Board Restricted	Temporarily Restricted	2016 Total
Revenue and Support				
Grants and contributions	\$ 303,791	\$ 110,000	738,160	\$ 1,151,951
Released from restrictions	618,140	-	(618,140)	-
Award revenue	-	225,000	-	225,000
In-Kind donations	65,358	-	-	65,358
Special events	51,353	-	-	51,353
Program service fees	13,600	-	-	13,600
Other revenue	3,044	-	-	3,044
	<u>1,055,286</u>	<u>335,000</u>	<u>120,020</u>	<u>1,510,306</u>
Expenses				
Program services	852,571	-	-	852,571
General and administrative	32,573	-	-	32,573
Fundraising	134,331	-	-	134,331
	<u>1,019,475</u>	<u>-</u>	<u>-</u>	<u>1,019,475</u>
Total Change in Net Assets	35,811	335,000	120,020	490,831
Net Assets at Beginning of Year	<u>219,560</u>	<u>-</u>	<u>30,000</u>	<u>249,560</u>
Net Assets at End of Year	<u>\$ 255,371</u>	<u>\$ 335,000</u>	<u>150,020</u>	<u>\$ 740,391</u>

Soccer Without Borders

Statement of Cash Flows

For the Year Ended July 31, 2016

Cash Flows from Operating Activities	<u>2016</u>
Change in net assets	\$ 490,831
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	10,850
Decrease (increase) in assets:	
Promises to give	(68,690)
Prepaid expenses	(1,561)
Deposits	(31,806)
Increase (decrease) in liabilities:	
Accounts payable	(2,271)
Accrued expenses	(1,873)
Deferred revenue	30,000
Other current liabilities	<u>31,306</u>
Net Cash Provided by Operating Activities	<u>456,786</u>
Cash Flows from Investing Activities	
Purchase of fixed assets	<u>(13,500)</u>
Net Cash Used in Investing Activities	<u>(13,500)</u>
Net Increase in Cash and Cash Equivalents	443,286
Cash and Cash Equivalents - Beginning of year	<u>222,633</u>
Cash and Cash Equivalents - End of year	<u>\$ 665,919</u>

Soccer Without Borders

Statement of Functional Expenses

For the Year Ended July 31, 2016

	Program Services	General and Administrative	Fundraising	2016 Total
Salaries	\$ 340,873	\$ 16,142	\$ 86,332	\$ 443,347
Payroll taxes	29,916	1,546	7,824	39,286
Fringe benefits	10,047	131	858	11,036
Subtotal	380,836	17,819	95,014	493,669
Contract coaches	121,864	-	-	121,864
Meals	48,159	-	6,848	55,007
Transportation	48,483	-	-	48,483
Recreational equipment and supplies	48,321	-	-	48,321
Travel	47,577	-	392	47,969
Rent	33,995	188	1,586	35,769
Contract staff	25,678	493	6,453	32,624
Registration fees	28,852	-	-	28,852
Other facility costs	15,695	-	964	16,659
Insurance	8,667	2,216	428	11,311
Depreciation	10,850	-	-	10,850
Printed materials and apparel	817	-	9,534	10,351
Other in-kind expenses	9,082	-	776	9,858
Accounting services	-	9,023	-	9,023
Bank and online processor fees	2,205	46	5,708	7,959
Fees, dues and subscriptions	1,742	2,656	3,419	7,817
Professional development	5,339	23	124	5,486
Utilities	3,669	-	47	3,716
International income tax	2,804	-	-	2,804
Postage	845	46	1,612	2,503
Office supplies	2,051	6	42	2,099
Miscellaneous	2,016	-	-	2,016
Office equipment	1,384	37	73	1,494
Promotional items	707	4	629	1,340
Technology	803	16	183	1,002
Fundraising supplies	-	-	499	499
Referee fees	130	-	-	130
Total Functional Expenses	\$ 852,571	\$ 32,573	\$ 134,331	\$ 1,019,475

SOCCER WITHOUT BORDERS

Notes to Financial Statements

July 31, 2016

(1) Summary of Significant Accounting Policies

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The significant accounting policies followed by Soccer Without Borders (the Organization) are described below to enhance the usefulness of the financial statements to the reader.

(a) Nature of Activities

Soccer Without Borders (the Organization) was formed for charitable purposes as a 501(c)(3) nonprofit which aims to build a more inclusive and peaceful world through soccer. The Organization runs year-round youth-development programs in under-served areas in the United States and abroad, providing young people with the skills and supports they need to reach their full potential. Currently the organization has two major areas of focus: newcomer youth and girls. Newcomer refugee, asylee and immigrant youth and adolescent girls are two of the most vulnerable populations in the United States and around the world today. Not only are these youth navigating cultural, educational, social, and often linguistic barriers, their often traumatic backgrounds create significant barriers to traditional models of academic and social “success.” The combination of poverty, urban violence, and cultural isolation lead many youth to feel hopeless, leading to unhealthy decision making. The Organization operates 30+ weeks per year, 3-6 days per week, supporting our youth participants to develop personally, make healthy lifestyle choices, build social capital, advance academically, and develop language skills. The program’s evidence-based design is intentionally adaptable to local context and resources, while consistent in the five main program activities: soccer play and instruction, team- building, educational support (academic and language), civic engagement, and cultural exchange. The balance and dosage of these activities in a safe and welcoming team environment led by a trained and committed coach creates a powerfully influential environment that is focus on the development of the whole person over many years.

(b) Basis of Presentation

The statement of activities reports all changes in net assets, including changes in unrestricted net assets from operating and non-operating activities. Operating revenues consist of those monies received and other contributions attributable to the Organization’s ongoing efforts.

(c) Standards of Accounting and Reporting

The Organization’s net assets (excess of its assets over liabilities) and its revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The statement of financial position presents three classes of net assets (unrestricted, temporarily restricted and permanently restricted) and the statement of activities displays the change in each class of net assets. The classes of net assets applicable to the Organization are presented as follows:

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Notes to Financial Statements

July 31, 2016

(1) Summary of Significant Accounting Policies - continued

(c) Standards of Accounting and Reporting - continued

Unrestricted - Unrestricted net assets are not subject to donor imposed restrictions. Unrestricted net assets consist of assets and contributions available for the support of operations. Unrestricted net assets may be designated for specific purposes by management or the Board of Directors. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law.

Temporarily Restricted - Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

(d) Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

The Organization maintains its cash balances at several financial institution located in Massachusetts, California, Colorado, and Maryland. The cash balances are insured by the Federal Deposit Insurance Corporation. At times these balances may exceed the federal insurance limits; however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of July 31, 2016.

(e) Revenue Recognition

The Organization earns revenue as follows:

Grants - Grants are recorded as revenue as costs related to the services provided are incurred.

Contributions - Contributions are recorded upon receipt or pledge as unrestricted or temporarily restricted support depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

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Notes to Financial Statements

July 31, 2016

(1) Summary of Significant Accounting Policies - continued

(e) Revenue Recognition - continued

Donated Property and Equipment – Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. The donations are shown as in-kind in the statement of activities.

Donated Services – Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals with those skills, and would otherwise be purchased by the Organization. The Organization leverages more than 450 volunteers annually for program and fundraising services. These are not recognized as contributions in the financial statements since the recognition criteria were not met.

Special Events - Special event revenue is primarily derived from contributions collected and fees charged for admission at various sponsored events. Special events revenue is recognized when earned. Special events are incidental to the Organization's operations and the related direct expenses have been reported with fundraising expense in the accompanying statement of activities.

Program Service Fees - Program service fee revenue refers to fees for international exchange trips. Revenue is earned and recognized by the Organization when units or services are provided and billed.

Deferred revenue represents contract income received prior to year-end. These amounts are deferred and recognized when the service is performed.

Substantially all of the Organization's revenue is derived from its program activities in MA, CA, CO, and MD. During the year ended July 31, 2016, the Organization derived approximately 24% of its total revenue from governmental agencies, 68% foundations and individual donors, and 8% from other sources. All revenue is recorded at the estimated net realizable amounts.

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Notes to Financial Statements

July 31, 2016

(1) Summary of Significant Accounting Policies - continued

(f) Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to an allowance for doubtful accounts based on a history of past write-offs and collections and current credit conditions. As of July 31, 2016, management has determined any allowance would be immaterial.

As of July 31, 2016, 100% of the Organization's accounts receivable is due from foundations and corporations.

(g) Fixed Assets

Vehicles are recorded at cost or if donated, fair value on the date of receipt. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

The Organization computes depreciation using the straight-line method over the following estimated lives:

Vehicles	3 years
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(h) Fundraising Expense

Fundraising expense relates to the activities of raising general and specific contributions to the Organization and promoting special events, including time and funds allocated to grant-writing and reporting, awareness-raising, and specific campaigns and events. Immaterial amounts of fundraising are included in administration expenses.

(i) Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. Administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Payroll and associated costs are allocated to functions based upon actual time charges time studies. Occupancy costs are allocated based upon associated FTEs.

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Notes to Financial Statements

July 31, 2016

(1) Summary of Significant Accounting Policies - continued

(j) Use of Estimates

In preparing the Organization's financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(k) Income Taxes

The Organization qualifies as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is generally not subject to income tax. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization is not a private foundation under Section 509(a)(1).

(2) Contributed Services and Gifts in Kind

Contributed services and gifts in kind for the year ended July 31, 2016 were as follows:

Pro-bono outside services:	
Facility use	\$ 2,025
Storage	2,100
Gifts in kind:	
Coaching equipment	5,000
Gift cards	50
Player registration fees	19,020
Rent	7,758
Scholarships	3,330
School supplies	281
Soccer equipment	23,250
Conference passes	<u>2,544</u>
Total	\$ <u>65,358</u>

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Notes to Financial Statements

July 31, 2016

(3) Operating Lease Commitments

The Organization also occupies office space under one year, renewable, operating lease agreements with various expiration dates through 2019. The Organization is also liable for certain real estate tax increases and operating cost adjustments under the office lease terms. Rent expense for the year ended July 31, 2016 was \$35,769.

(4) Restricted Net Assets

(a) Temporarily Restricted Net Assets

Temporarily restricted net assets consist of resources available to meet future obligations, but only in compliance with the restrictions specified by donors. As of July 31, 2016, temporarily restricted net assets are restricted for the following purposes:

Program	\$ 150,020
Time	<u>15,000</u>
Total	\$ <u>165,020</u>

(b) Board Restricted Net Assets

The Board of Directors has designated \$335,000 of unrestricted net assets to be held in perpetuity to provide a continuous source of income, all of which was designated during the year ended July 31, 2016.

(5) Subsequent Events

The Organization has performed an evaluation of subsequent events through November 15, 2016, which is the date the Organization's financial statements were available to be issued. No material subsequent events have occurred since July 31, 2016 that required recognition or disclosure in these financial statements.