



# **Soccer Without Borders**

Financial Statements

and

Independent Auditors' Report

July 31, 2023 and 2022

# **Soccer Without Borders**

## *Table of Contents*

	<i>Page</i>
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	5
Statements of Functional Expenses	7
Statements of Cash Flows	9
Notes to Financial Statements	10



**DANIEL DENNIS & Co**  
Certified Public Accountants

To the Board of Directors of  
**Soccer Without Borders**

## **Opinion**

We have audited the accompanying financial statements of Soccer Without Borders (a nonprofit organization) (the Organization), which comprise the statements of financial position as of July 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of July 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Emphasis of Matter**

### *Change in Accounting Principle*

As discussed in Note 2 to the financial statements, the Organization has adopted Financial Accounting Standards Board's Accounting Standards Update No. 2016-02, *Leases (Topic 842)* and related amendments. Our opinion is not modified with respect to this matter.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Daniel Dennis & Company LLP*  
March 7, 2024

**Soccer Without Borders**  
**Statements of Financial Position**  
**July 31, 2023 and 2022**

	2023	2022
<b>Assets</b>		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 878,405	\$ 1,773,482
Accounts receivable	753,505	361,681
Prepaid expenses	<u>47,525</u>	<u>44,941</u>
Total current assets	<u>1,679,435</u>	<u>2,180,104</u>
<i>Fixed Assets</i>		
Land	83,400	83,400
Building and improvements	512,691	443,040
Vehicles	56,619	58,119
Equipment	<u>-</u>	<u>1,159</u>
Total fixed assets	652,710	585,718
Less: accumulated depreciation	<u>(75,410)</u>	<u>(52,039)</u>
Net fixed assets	<u>577,300</u>	<u>533,679</u>
<i>Other Assets</i>		
Investments	702,654	-
Right of use - operating lease	113,135	-
Deposits	<u>5,040</u>	<u>3,860</u>
Total other assets	<u>820,829</u>	<u>3,860</u>
Total assets	<u><u>\$ 3,077,564</u></u>	<u><u>\$ 2,717,643</u></u>

*See accompanying notes to financial statements.*

**Soccer Without Borders**  
 Statements of Financial Position – *continued*  
 July 31, 2023 and 2022

	2023	2022
<b>Liabilities and Net Assets</b>		
<i>Current Liabilities</i>		
Accounts payable	\$ 22,132	\$ 34,995
Accrued expenses	-	2,635
Advances on contracts	71,471	-
Right of use - operating lease	58,138	-
Current portion of notes payable	12,828	12,437
Total current liabilities	164,569	50,067
<i>Long-Term Liabilities</i>		
Right of use - operating lease	55,190	-
Notes payable, net of current portion and unamortized debt issuance costs	212,676	225,355
Total long-term liabilities	267,866	225,355
Total liabilities	432,435	275,422
<i>Net Assets</i>		
Net assets without donor restrictions		
Undesignated	1,700,879	1,281,571
Board designated	723,500	947,000
Total net assets without donor restriction	2,424,379	2,228,571
Net assets with donor restrictions	220,750	213,650
Total net assets	2,645,129	2,442,221
Total liabilities and net assets	\$ 3,077,564	\$ 2,717,643

*See accompanying notes to financial statements.*

**Soccer Without Borders**  
**Statement of Activities**  
For the Year Ended July 31, 2023

	<u>Without Donor Restrictions</u>		<i>With Donor Restrictions</i>	<i>Total</i>
	<i>Undesignated</i>	<i>Board Designated</i>		
<i>Operating Revenue</i>				
Grants and contributions	\$ 3,806,646	\$ 148,500	\$ 180,000	\$ 4,135,146
In-kind contributions	108,223	-	-	108,223
Special events	109,041	-	-	109,041
Other revenue	7,976	-	-	7,976
Net assets released from restriction	<u>544,900</u>	<u>(372,000)</u>	<u>(172,900)</u>	<u>-</u>
Total operating revenue and support	<u>4,576,786</u>	<u>(223,500)</u>	<u>7,100</u>	<u>4,360,386</u>
<i>Operating Expenses</i>				
Program	3,319,575	-	-	3,319,575
General and administrative	637,114	-	-	637,114
Fundraising	<u>200,789</u>	<u>-</u>	<u>-</u>	<u>200,789</u>
Total operating expenses	<u>4,157,478</u>	<u>-</u>	<u>-</u>	<u>4,157,478</u>
Change in net assets	419,308	(223,500)	7,100	202,908
Net assets, beginning of year	<u>1,281,571</u>	<u>947,000</u>	<u>213,650</u>	<u>2,442,221</u>
Net assets, end of year	<u>\$ 1,700,879</u>	<u>\$ 723,500</u>	<u>\$ 220,750</u>	<u>\$ 2,645,129</u>

*See accompanying notes to financial statements.*

**Soccer Without Borders**  
Statement of Activities – *Continued*  
For the Year Ended July 31, 2022

	<u>Without Donor Restrictions</u>		<i>With Donor Restrictions</i>	<i>Total</i>
	<i>Undesignated</i>	<i>Board Designated</i>		
<i>Operating Revenue</i>				
Grants and contributions	\$ 2,492,090	\$ 697,000	\$ 213,650	\$ 3,402,740
In-kind contributions	280,728	-	-	280,728
Special events	123,752	-	-	123,752
Other revenue	7,644	-	-	7,644
Net assets released from restriction	<u>408,186</u>	<u>(213,000)</u>	<u>(195,186)</u>	<u>-</u>
Total operating revenue	<u>3,312,400</u>	<u>484,000</u>	<u>18,464</u>	<u>3,814,864</u>
<i>Operating Expenses</i>				
Program	2,682,003	-	-	2,682,003
General and administrative	346,451	-	-	346,451
Fundraising	<u>160,393</u>	<u>-</u>	<u>-</u>	<u>160,393</u>
Total operating expenses	<u>3,188,847</u>	<u>-</u>	<u>-</u>	<u>3,188,847</u>
Change in net assets from operations	123,553	484,000	18,464	626,017
Net assets, beginning of year	<u>1,158,018</u>	<u>463,000</u>	<u>195,186</u>	<u>1,816,204</u>
Net assets, end of year	<u>\$ 1,281,571</u>	<u>\$ 947,000</u>	<u>\$ 213,650</u>	<u>\$ 2,442,221</u>

*See accompanying notes to financial statements.*



**Soccer Without Borders**  
Statement of Functional Expenses  
For the Year Ended July 31, 2023

	<i>Program</i>	<i>General and Administrative</i>	<i>Fundraising</i>	<i>Total</i>
Salaries	\$ 1,714,766	\$ 323,967	\$ 139,469	\$ 2,178,202
Payroll taxes and fringe benefits	<u>304,358</u>	<u>52,341</u>	<u>20,565</u>	<u>377,264</u>
Total	2,019,124	376,308	160,034	2,555,466
Contracted services	489,639	97,884	5,640	593,163
In-kind	108,223	-	-	108,223
Program activities	349,696	-	-	349,696
Information technology	31,749	22,554	7,238	61,541
Registration and other fees	21,695	1,553	26,213	49,461
Travel	98,875	-	-	98,875
Office rent	46,764	2,483	1,664	50,911
Insurance	17,671	32,932	-	50,603
Professional fees	-	60,097	-	60,097
Meals	49,515	-	-	49,515
Occupancy	27,981	-	-	27,981
Depreciation	7,906	18,123	-	26,029
Maintenance and repairs	37,930	-	-	37,930
Miscellaneous	-	14,466	-	14,466
Utilities	12,807	-	-	12,807
Interest	<u>-</u>	<u>10,714</u>	<u>-</u>	<u>10,714</u>
Total	<u>\$ 3,319,575</u>	<u>\$ 637,114</u>	<u>\$ 200,789</u>	<u>\$ 4,157,478</u>

*See accompanying notes to financial statements.*

**Soccer Without Borders**  
Statement of Functional Expenses – *Continued*  
For the Year Ended July 31, 2022

	<i>Program</i>	<i>General and Administrative</i>	<i>Fundraising</i>	<i>Total</i>
Salaries	\$ 1,288,806	\$ 203,930	\$ 103,645	\$ 1,596,381
Payroll taxes and fringe benefits	<u>192,286</u>	<u>27,674</u>	<u>14,812</u>	<u>234,772</u>
Total	1,481,092	231,604	118,457	1,831,153
Contracted services	426,883	15,932	9,038	451,853
In-kind	280,728	-	-	280,728
Program activities	246,981	-	-	246,981
Information technology	33,361	13,662	4,314	51,337
Registration and other fees	21,585	1,210	26,949	49,744
Travel	46,605	-	-	46,605
Office rent	43,110	1,386	1,635	46,131
Insurance	16,143	24,523	-	40,666
Professional fees	-	33,055	-	33,055
Meals	27,574	-	-	27,574
Occupancy	25,861	-	-	25,861
Depreciation	8,593	7,915	-	16,508
Maintenance and repairs	11,205	-	-	11,205
Miscellaneous	-	9,575	-	9,575
Utilities	8,452	-	-	8,452
Interest	-	7,589	-	7,589
Real estate tax	<u>3,830</u>	<u>-</u>	<u>-</u>	<u>3,830</u>
Total	<u>\$ 2,682,003</u>	<u>\$ 346,451</u>	<u>\$ 160,393</u>	<u>\$ 3,188,847</u>

*See accompanying notes to financial statements*

**Soccer Without Borders**  
**Statements of Cash Flows**  
For the Years Ended July 31, 2023 and 2022

<i>Cash Flows From Operating Activities</i>	2023	2022
Change in net assets	\$ 202,908	\$ 626,017
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	26,029	16,508
Amortization of debt issuance costs	-	308
Change in operating assets and liabilities:		
Accounts receivable	(391,824)	37,054
Prepaid expenses	(2,584)	(12,644)
Deposits	(1,180)	14,360
Accounts payable	(12,863)	11,855
Accrued expenses	(2,635)	1,727
Advances on contracts	71,471	(70,000)
Net cash (used in)/provided by operating activities	<u>(110,678)</u>	<u>625,185</u>
 <i>Cash Flows From Investing Activities</i>		
Purchase of fixed assets	<u>(69,650)</u>	<u>(525,657)</u>
Net cash used in financing activities	<u>(69,650)</u>	<u>(525,657)</u>
 <i>Cash Flows From Financing Activities</i>		
Purchase of investments	(702,654)	-
Proceeds from note payable	-	250,000
Debt issuance costs	-	(4,462)
Payments on note payable	<u>(12,095)</u>	<u>(8,054)</u>
Net cash (used in)/provided by financing activities	<u>(714,749)</u>	<u>237,484</u>
 Change in cash	(895,077)	337,012
Cash, beginning of year	<u>1,773,482</u>	<u>1,436,470</u>
Cash, end of year	<u>\$ 878,405</u>	<u>\$ 1,773,482</u>

*See accompanying notes to financial statements.*

**Soccer Without Borders**  
Notes to Financial Statements  
July 31, 2023 and 2022

**1. *Nature of Operations***

Soccer Without Borders (the Organization) was formed for charitable purposes as a 501(c)(3) nonprofit which aims to build a more inclusive world through soccer. The Organization began its program in 2006 and runs year-round, youth-development programs in under-served areas in the United States and abroad, providing young people with the skills and support they need to reach their full potential.

Currently, the Organization has two major areas of focus: newcomer youth and girls. Newcomer refugee, asylum-seeking, and immigrant youth and adolescent girls are two of the most vulnerable populations in the United States and around the world today. In addition, the Organization provides free after-school and summer activities to youth from over 70 nations, living in some of the world's most challenging urban areas, where youth are disproportionately at-risk for academic failure, gang recruitment, depression, diabetes, unplanned pregnancies, drugs, and other unhealthy choices and circumstances.

The Organization's mission statement is to use soccer as a vehicle for positive change, providing underserved youth with a toolkit to overcome obstacles to growth, inclusion, and personal success. Its holistic, evidence-based model combines soccer practices and games with academic and language support, civic engagement, and cultural exchange activities, while proactively reducing barriers to entry, which typically leave newcomers excluded. Together in a welcoming team environment, led by a caring mentor-coach, under-served youth advance academically, develop personally, make healthy lifestyle choices, build social capital, and develop English language skills. The balance and dosage of these activities creates a powerfully influential environment that is focused on the development of the whole person over many years.

**2. *Summary of Significant Accounting Policies***

*Basis of Accounting*

The Organization uses the accrual basis of accounting and records its revenue and expenses in the period when they are earned and incurred in accordance with accounting principles generally accepted in the United States of America (GAAP).

*Cash and Cash Equivalents*

For the purposes of the statement of financial position and statement of cash flows, the Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents. There were no cash equivalents as of July 31, 2023 and 2022.

The Organization maintains its cash balances at multiple financial institutions that operate in the state of Maryland (MD). 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, 2023 and 2022.

**Soccer Without Borders**  
Notes to Financial Statements – *Continued*  
July 31, 2023 and 2022

2. ***Summary of Significant Accounting Policies – Continued***

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

*Property and Equipment*

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 statements of activities.

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

Building and improvements	40 years
Vehicles and equipment	3 years

*Investments*

The Organization reports investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the accompanying statement of activities. Investment return is presented net of investment fees.

The Organization accounts for its investments using accounting standards set by FASB which establish a consistent framework for measuring fair value and expands the related disclosure requirements. The standards establish a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority (Level 1) to unadjusted quoted prices in active markets to identical assets and liabilities, and gives the lowest priority (Level 3) to unobservable inputs.

*Classification of Net Assets*

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.

**Soccer Without Borders**  
Notes to Financial Statements – *Continued*  
July 31, 2023 and 2022

2. ***Summary of Significant Accounting Policies – Continued***

*Classification of Net Assets – continued*

The statements of financial position presents two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) and the statements of activities display the change in each class of net assets. The classes of net assets applicable to the Organization are presented as follows:

*Net assets without donor restrictions* – Net assets that are not subject to donor imposed restrictions. Net assets without donor restrictions consist of assets and contributions available for the support of operations. These net assets may be designated for specific purposes by management of the Board of Directors. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law.

Net assets without donor restrictions designated by the Board represent funds set aside by Board action. These include funds set aside to fund long-term planning and related projects and future operating deficits. During the years ended July 31, 2023 and 2022, the board voted to designate \$148,500 and \$697,000, respectively, and release \$372,000 and \$213,000, respectively. Board designated net assets at July 31, 2023 and 2022, were \$723,500 and \$947,000, respectively.

*Net assets with donor restrictions* – Net assets that 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Organization reports conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the same reporting period.

*In-Kind Contributions*

The Organization receives donated materials and services in support of its programs. Donated space, materials and services are recorded at fair value. Donated services that (a) create or enhance a nonfinancial asset or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if they were not donated, are recorded as in-kind contributions in the financial statements. Donated services such as fund-raising, clerical assistance or other volunteer efforts not requiring specialized skills are not recorded in the financial statements.

*Income Taxes*

The Organization is exempt from income taxes as a non-profit corporation under Section 501(c)(3) of the U.S. Internal Revenue Code and is also exempt from state income taxes, except for income taxes on unrelated business income, if any. For the years ended July 31, 2023 and 2022, the Organization had no unrelated business income subject to income taxes. Accordingly, no provision for income taxes has been included in these financial statements.

**Soccer Without Borders**  
Notes to Financial Statements – *Continued*  
July 31, 2023 and 2022

2. ***Summary of Significant Accounting Policies – Continued***

*Income Taxes – continued*

The Organization evaluates tax positions taken or expected to be taken in its tax returns to determine whether the tax positions are more-likely-than-not of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold, along with accrued interest and penalty thereon would be recorded as an expense in the current year financial statements. At July 31, 2023, the Organization believes that it has no uncertain tax positions within any of its open tax years, 2020 through 2022.

*Functional Expenses*

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and 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 on actual time studies. Occupancy costs are allocated based upon associated full time equivalents.

*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 history of past write-offs and collects and current credit conditions. At July 31, 2023 and 2022, the Organization deemed that no allowance for doubtful accounts was necessary on accounts and grants receivable.

*Revenue and Revenue Recognition*

The Organization generally measures revenue based on the amounts of consideration it expects to be entitled for the transfers of goods and services to a customer, then recognizes its revenue as performance obligations are satisfied under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Organization evaluates its revenue contracts with customers based on the five-step model under Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

*Grants* – The Organization receives funding from Federal and state governmental agencies and various other grantors for direct and indirect program costs associated with specific programs and projects. Various grants are subject to certain barriers as outlined in the agreement. Revenue is recognized as the barrier is met. For unconditional grants, revenue is recognized as contribution revenue that increases net assets with donor restrictions at the time the grant is received or pledged, and the funds are released from restriction when the restriction has been met.

**Soccer Without Borders**  
Notes to Financial Statements – *Continued*  
July 31, 2023 and 2022

**2. *Summary of Significant Accounting Policies – Continued***

*Revenue and Revenue Recognition – Continued*

*Contributions* – In accordance with ASC Sub Topic 958-605, *Revenue Recognition*, the Organization must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of promise to transfer assets exists. Indicators of a barrier include measurable performance-related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Organization should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met. As of July 31, 2023, \$71,471 from all advanced payments has not been recognized as revenue because qualifying expenses had not been incurred and is reported as advances on contracts on the Statements of Financial Position. In addition, as of July 31, 2023, the Organization has a conditional pledge totaling \$150,000 which the Organization has not recorded as the pledge is subject to barriers and funding from the contributor. During fiscal year 2023, the Organization submitted an application to receive Employer Retention Credits under the CARES Act totaling \$683,925 which the Organization has not received an approval or denial for from the Internal Revenue Service and as a result, the activity has not been reflected in these financial statements.

Contributions without donor restrictions are recognized as revenue when received or unconditionally pledged. Contributions with donor restrictions are recorded as revenues and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as services are performed and costs are incurred pro-rata over the period covered by the grant or contribution as time restrictions lapse. Contributions received with donor restrictions which are met in the same period are recorded as net assets without donor restriction.

*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 net assets without donor restrictions 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 net assets with donor restrictions to net assets without donor restrictions at that time. The donations are shown as in-kind donations on the statements of activity.



**Soccer Without Borders**  
Notes to Financial Statements – *Continued*  
July 31, 2023 and 2022

**2. *Summary of Significant Accounting Policies – Continued***

*Revenue and Revenue Recognition – Continued*

*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 300 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 on the accompanying statements of activity.

*Debt Issuance Costs*

Debt issuance costs, net of accumulated amortization, are reported as direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using the effective interest method.

*Leases*

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the balance sheet except for leases with an initial term of less than 12 months for which the Organization made the short-term lease election. The ROU assets resulting from operating leases are included in Other Assets and the related liabilities are included in Liabilities in the Statement of Financial Position. At lease commencement, ROU assets and lease liabilities reflect the present value of the future minimum payments over the lease term and discounted using the risk-free rate. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

*Change in Accounting Principle*

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which supersedes existing guidance in *Topic 840, Leases*. The FASB subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transitions to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; and ASU 2019-01 *Leases (Topic 842): Codification Improvements*. Topic 842 amends both lessor and lessee accounting with the most significant change in being the requirement for lessees to recognize the ROU assets and lease liabilities on the Statement of Financial Position for operating leases.

**Soccer Without Borders**  
Notes to Financial Statements – *Continued*  
July 31, 2023 and 2022

**2. *Summary of Significant Accounting Policies – Continued***

*Change in Accounting Principle – continued*

The Organization adopted the leasing standards effective August 1, 2022, using the modified retrospective approach with August 1, 2022 as the initial date of application. The Organization elected to use all available practical expedients provided in the transition guidance. These allowed the Organization to not reassess the identification, classification and initial direct costs of lessor agreements and to use hindsight in lessee and lessor agreements for determining lease term and ROU asset impairment. As of August 1, 2022, adoption of Topic 842 did not result in any change to net assets or any material adjustments to the Statement of Financial Position accounts related to lessor accounting, but it did result in an increase in operating lease ROU asset and in long-term lease liabilities of \$73,990, related to lessee accounting.

*Reclassification*

Certain 2022 amounts have been reclassified to conform with the 2023 financial statement presentation.

**3. *Fair Value and Investments***

The Organization uses the framework outlined in the FASB's Accounting Standards Codification (ASC) *Topic 820, Fair Value Measurements and Disclosures* for measuring fair value that includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are as follows:

Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 - Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3 - Unobservable inputs that reflect the Organization's assumptions about the assumptions that market participants would use in pricing the asset or liability. The Organization develops these inputs based on the best information available, including the Organization's data.

**Soccer Without Borders**  
Notes to Financial Statements – *Continued*  
July 31, 2023 and 2022

**3. Fair Value and Investments – continued**

The Organization’s investments consist of U.S. Treasury Notes which are valued based on daily redemption values. The table below presents the balances of assets measured at fair value on a recurring basis, as of July 31, 2023. The Organization did not hold any investments at July 31, 2022.

<i>Description</i>	<i>Level 1</i>	<i>Total</i>
U.S. Treasury Notes	<u>\$ 702,654</u>	<u>\$ 702,654</u>

**4. Notes Payable**

*One M&T Plaza*

In November 2021, the Organization obtained a note from One M&T Plaza in the original amount of \$250,000. This note matures on November 4, 2031, at which time any outstanding principal and accrued interest shall be due and payable. The note bears interest at 4.47% per annum and requires monthly payments of principal and interest of \$1,917. At July 31, 2023 and 2022, the outstanding principal balance was \$229,658 and \$241,946, respectively. Interest expense for the years ended July 31, 2023 and 2022 was \$10,714 and \$7,281, respectively.

Future principal payments of notes payable for the next five years and thereafter are as follows:

<i>Fiscal Year</i>	<i>Amount</i>
2024	\$ 12,896
2025	13,485
2026	14,100
2027	14,743
2028	15,416
Thereafter	<u>159,018</u>
Total	<u>\$ 229,658</u>

As of July 31, 2023 and 2022, unamortized debt issuance costs of \$4,154, consisted of debt issuance costs of \$4,462 less accumulated amortization of \$308. The effective interest rate is approximately 4.74% over the life of the loan. During the year ended 2022, amortization of debt issuance cost recorded as interest expense was \$308.

**Soccer Without Borders**  
Notes to Financial Statements – *Continued*  
July 31, 2023 and 2022

**5. Leases**

The Organization occupies office and retail store space as a tenant at will or with annual renewable leases through fiscal year 2026. The Organization includes in the determination of the right-of-use assets and lease liabilities, any renewal options when the options are reasonably certain to be exercised. The Organization is liable for certain real estate tax increases and operating cost adjustments under the office lease terms. The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Organization has applied the risk-free rate option to the leases. The weighted-average discount rate as of July 31, 2023 was 3.8%. As of July 31, 2023, the weighted-average remaining lease term of the operating leases was 2.5 years. Rent expense for the years ended July 31, 2023 and 2022 was \$50,911 and \$46,131, respectively and is included in office rent on the Statement of Functional Expenses.

Future maturities of lease liabilities are presented in the following table, for the years ending July 31,:

<i>Fiscal Year</i>	<i>Amount</i>
2024	\$ 58,138
2025	47,459
2026	<u>15,884</u>
Total lease payments	121,481
Less present value discount	<u>(8,153)</u>
Total	<u><u>\$ 113,328</u></u>

**6. Contingency**

*Government Contracts*

The Organization's various grants and contracts are subject to audit by appropriate government agencies. Acceptance of final costs incurred under these grants and contracts resides with these grantor agencies. As of the date of these financial statements, the materiality of adjustments to final costs, if any, cannot be determined although management does not anticipate any. Therefore, no adjustment has been made to the financial statements.

**Soccer Without Borders**  
Notes to Financial Statements – *Continued*  
July 31, 2023 and 2022

**7. *In-Kind Contributions***

Contributed services and gifts in-kind for the years ended July 31, 2023 and 2022 were as follows:

	2023	2022
Facility use	\$ 22,800	\$ 16,800
Office supplies	-	5,200
Player registration fees	26,410	21,250
Soccer equipment	<u>59,013</u>	<u>237,478</u>
Total	<u>\$ 108,223</u>	<u>\$ 280,728</u>

Equipment and office supplies were valued using estimated average U.S. prices for identical or similar products or services using pricing data of similar products or services under a ‘like-kind’ methodology, considering the condition of the goods and services at the time of contribution. Facility use and rent was valued based on estimated fair value per square foot for similar space. Player registration fees were valued based on the estimated fees charged. The Organization utilized the in-kind contributions in the programs and supporting services provided.

The Organization also receives contributions from unpaid volunteers in support of its programmatic functions. These in-kind contributions are not recorded in the financial statements because they were not services that (a) created or enhanced a nonfinancial asset or (b) required specialized skills, were provided by individuals possessing those skills, and would have needed to be purchased if they were not donated.

**8. *Net Assets with Donor Restrictions***

Net assets with donor restrictions for the years ended July 31, 2023 and 2022, were as follows:

	2023	2022
Time restrictions	\$ 45,750	\$ 137,400
Purpose restrictions	<u>175,000</u>	<u>76,250</u>
Total	<u>\$ 220,750</u>	<u>\$ 213,650</u>

Net assets released from net assets with donor restrictions for the years ended July 31, 2023 and 2022, were as follows:

	2023	2022
Time restrictions	\$ 96,650	\$ 157,986
Purpose restrictions	<u>76,250</u>	<u>37,200</u>
Total	<u>\$ 172,900</u>	<u>\$ 195,186</u>

**Soccer Without Borders**  
Notes to Financial Statements – *Continued*  
July 31, 2023 and 2022

**9. *Liquidity and Availability of Resources***

The following reflects the Organization’s financial assets for the years ended July 31, 2023 and 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year from the statement of financial position date.

	<i>2023</i>	<i>2022</i>
<i>Financial assets at year end</i>		
Unrestricted cash	\$ 878,405	\$ 1,773,482
Accounts receivable	<u>753,505</u>	<u>361,681</u>
Total financial assets	1,631,910	2,135,163
 <i>Less amounts unavailable to be used within one year</i>		
Net assets with donor restrictions	<u>(180,000)</u>	<u>(213,650)</u>
Financial assets available to meet general expenses within one year	<u>\$ 1,451,910</u>	<u>\$ 1,921,513</u>

The Organization is supported by restricted contributions. Because a donor’s restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**10. *Concentration***

Approximately 85% of accounts receivable at July 31, 2023 were due from local governments. Approximately 57% and 43% of account receivable at July 31, 2022 were due from Foundations/corporations and local governments, respectively.

**11. *Subsequent Events***

The Organization has performed an evaluation of subsequent events through March 7, 2024, which is the date of the Organization’s financial statements were available to be issued. No material subsequent events have occurred since July 31, 2023, that requires recognition or disclosure in these financial statements.