

Kevin P. Martin & Associates, P.C.

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# Soccer Without Borders

Financial Statements

July 31, 2021 and 2020



# **SOCCER WITHOUT BORDERS**

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July 31, 2021 and 2020

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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 statements of financial position as of July 31, 2021 and 2020, and the related statements of activities, cash flows, and functional expenses for the years 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 audits. We conducted our audits 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, 2021 and 2020, 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.

## **Emphasis of Matter**

As discussed in Note 1 to the financial statements, the Organization has adopted ASU No. 2014-09, *Revenue from Contracts with Customers*. Our opinion is not modified with respect to this matter.



Numin P. Martini & Associates, P.C.

Braintree, Massachusetts  
November 24, 2021

**SOCCER WITHOUT BORDERS**

Statements of Financial Position

As of July 31, 2021 and 2020

	2021	2020
<b>Current Assets</b>		
Cash and cash equivalents		
Operating	\$ 1,436,470	\$ 769,825
Payroll Protection Program (PPP) funds	-	222,728
Total cash and cash equivalents	1,436,470	992,553
Accounts receivable	398,735	252,287
Prepaid expenses	32,297	23,802
Total current assets	1,867,502	1,268,642
<b>Fixed Assets</b>		
Vehicles	77,478	53,759
Total fixed assets	77,478	53,759
Less: accumulated depreciation	(52,948)	(49,389)
Total net fixed assets	24,530	4,370
<b>Other Assets</b>		
Deposits	18,220	13,820
Total other assets	18,220	13,820
<b>Total Assets</b>	\$ 1,910,252	\$ 1,286,832
<b>Current Liabilities</b>		
Accounts payable	\$ 23,140	\$ 12,131
Accrued expenses	908	908
Deferred revenue	70,000	30,000
Other current liabilities	-	6,750
Note payable - PPP	-	222,728
Total current liabilities	94,048	272,517
<b>Net Assets</b>		
Net assets without donor restrictions		
Board designated	463,000	265,000
Undesignated	1,158,018	582,415
Total net assets without donor restrictions	1,621,018	847,415
Net assets with donor restrictions	195,186	166,900
Total net assets	1,816,204	1,014,315
<b>Total Liabilities and Net Assets</b>	\$ 1,910,252	\$ 1,286,832

## SOCCER WITHOUT BORDERS

### Statement of Activities

For the Year Ended July 31, 2021

	Without Donor Restrictions		With Donor Restrictions	2021 Total
	Undesignated	Board Designated		
<b>Revenue and Support</b>				
Grants and contributions	\$ 2,153,100	\$ 213,000	\$ 195,186	\$ 2,561,286
Released from restrictions and designations	181,900	(15,000)	(166,900)	-
In-kind donations	49,562	-	-	49,562
Special events	64,167	-	-	64,167
Other revenue	4,549	-	-	4,549
	<b>2,453,278</b>	<b>198,000</b>	<b>28,286</b>	<b>2,679,564</b>
<b>Expenses</b>				
Program services	1,831,778	-	-	1,831,778
General and administrative	177,277	-	-	177,277
Fundraising	91,348	-	-	91,348
	<b>2,100,403</b>	<b>-</b>	<b>-</b>	<b>2,100,403</b>
Change in operating net assets	<b>352,875</b>	<b>198,000</b>	<b>28,286</b>	<b>579,161</b>
<b>Non-Operating Revenue</b>				
Forgiveness of note payable - PPP	222,728	-	-	222,728
	<b>222,728</b>	<b>-</b>	<b>-</b>	<b>222,728</b>
<b>Total Change in Net Assets</b>	<b>575,603</b>	<b>198,000</b>	<b>28,286</b>	<b>801,889</b>
<b>Net Assets at Beginning of Year</b>	<b>582,415</b>	<b>265,000</b>	<b>166,900</b>	<b>1,014,315</b>
<b>Net Assets at End of Year</b>	<b>\$ 1,158,018</b>	<b>\$ 463,000</b>	<b>\$ 195,186</b>	<b>\$ 1,816,204</b>

**SOCCER WITHOUT BORDERS**

Statement of Activities

For the Year Ended July 31, 2020

	Without Donor Restrictions		With Donor Restrictions	2020 Total
	Undesignated	Board Designated		
<b>Revenue and Support</b>				
Grants and contributions	\$ 2,038,476	\$ 15,000	\$ 166,900	\$ 2,220,376
Released from restrictions	30,000	-	(30,000)	-
In-kind donations	94,464	-	-	94,464
Special events	69,100	-	-	69,100
Program service fees	3,653	-	-	3,653
Other revenue	14,041	-	-	14,041
	<u>2,249,734</u>	<u>15,000</u>	<u>136,900</u>	<u>2,401,634</u>
<b>Total revenue and support</b>				
<b>Expenses</b>				
Program services	1,969,280	-	-	1,969,280
General and administrative	163,373	-	-	163,373
Fundraising	133,114	-	-	133,114
	<u>2,265,767</u>	<u>-</u>	<u>-</u>	<u>2,265,767</u>
<b>Total expenses</b>				
<b>Total Change in Net Assets</b>	(16,033)	15,000	136,900	135,867
<b>Net Assets at Beginning of Year</b>	<u>598,448</u>	<u>250,000</u>	<u>30,000</u>	<u>878,448</u>
<b>Net Assets at End of Year</b>	<u>\$ 582,415</u>	<u>\$ 265,000</u>	<u>\$ 166,900</u>	<u>\$ 1,014,315</u>

# SOCCER WITHOUT BORDERS

## Statements of Cash Flows

For the Years Ended July 31, 2021 and 2020

<b>Cash Flows from Operating Activities</b>	<u>2021</u>	<u>2020</u>
<b>Change in net assets</b>	\$ 801,889	\$ 135,867
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,559	7,483
Forgiveness of note payable - PPP	(222,728)	-
Decrease (increase) in assets:		
Accounts receivable	(146,448)	(71,286)
Prepaid expenses	(8,495)	(527)
Deposits	(4,400)	9,454
Increase (decrease) in liabilities:		
Accounts payable	11,009	(9,582)
Accrued expenses	-	705
Deferred revenue	40,000	5,000
Other current liabilities	<u>(6,750)</u>	<u>(6,750)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>467,636</u>	<u>70,364</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of fixed assets	<u>(23,719)</u>	<u>-</u>
<b>Net Cash Used in Investing Activities</b>	<u>(23,719)</u>	<u>-</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from note payable - PPP	<u>-</u>	<u>222,728</u>
<b>Net Cash Provided by Financing Activities</b>	<u>-</u>	<u>222,728</u>
<b>Net Increase in Cash and Cash Equivalents</b>	443,917	293,092
<b>Cash and Cash Equivalents - Beginning</b>	<u>992,553</u>	<u>699,461</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 1,436,470</u>	<u>\$ 992,553</u>



**SOCCER WITHOUT BORDERS**

Statement of Functional Expenses

For the Year Ended July 31, 2021

	Program Services	General and Administrative	Fundraising	2021 Total
Salaries	\$ 1,082,233	\$ 115,594	\$ 55,979	\$ 1,253,806
Payroll taxes and fringe benefits	163,427	16,559	7,212	187,198
Subtotal	1,245,660	132,153	63,191	1,441,004
Contract coaches	230,687	-	-	230,687
Contract staff	52,779	-	8,560	61,339
Technology services and office supplies	39,942	15,331	4,807	60,080
Recreational equipment and supplies	54,023	-	-	54,023
In-kind expenses	49,336	113	113	49,562
Rent	39,916	1,900	659	42,475
Training and professional development	29,574	-	-	29,574
Transportation	19,463	-	-	19,463
Travel	19,316	-	-	19,316
Insurance	8,566	9,767	-	18,333
Meals	17,329	-	-	17,329
Accounting services	-	14,991	-	14,991
Bank and online processor fees	-	2,464	7,097	9,561
Field rental	7,197	-	-	7,197
Fundraising technology and supplies	-	-	6,921	6,921
Other facility costs	6,279	-	-	6,279
Utilities	4,948	-	-	4,948
Miscellaneous	3,762	-	-	3,762
Vehicle depreciation	3,001	558	-	3,559
<b>Total Functional Expenses</b>	<b>\$ 1,831,778</b>	<b>\$ 177,277</b>	<b>\$ 91,348</b>	<b>\$ 2,100,403</b>

## SOCCER WITHOUT BORDERS

### Statement of Functional Expenses

For the Year Ended July 31, 2020

	Program Services	General and Administrative	Fundraising	2020 Total
Salaries	\$ 1,098,357	\$ 113,059	\$ 78,405	\$ 1,289,821
Payroll taxes and fringe benefits	164,177	15,402	9,104	188,683
Subtotal	1,262,534	128,461	87,509	1,478,504
Contract coaches	135,179	-	-	135,179
In-kind expenses	93,676	394	394	94,464
Contract staff	76,267	8,647	8,647	93,561
Transportation	72,496	-	501	72,997
Rent	67,041	1,913	2,813	71,767
Recreational equipment and supplies	71,418	-	-	71,418
Meals	43,037	-	3,937	46,974
Technology services and office supplies	36,470	10,175	-	46,645
Fees, dues and subscriptions	5,266	5,496	15,690	26,452
Travel	24,554	135	85	24,774
Training and professional development	20,924	-	398	21,322
Insurance	10,289	8,122	-	18,411
Accounting services	9,015	-	-	9,015
Bank and online processor fees	1,975	30	7,008	9,013
Field rental	8,672	-	-	8,672
Vehicle depreciation	7,483	-	-	7,483
Registration fees	7,179	-	-	7,179
Utilities	6,721	-	-	6,721
Fundraising technology and supplies	-	-	5,292	5,292
Referee fees	3,970	-	-	3,970
Other facility costs	2,140	-	840	2,980
Background check fees	2,974	-	-	2,974
<b>Total Functional Expenses</b>	<b>\$ 1,969,280</b>	<b>\$ 163,373</b>	<b>\$ 133,114</b>	<b>\$ 2,265,767</b>

# **SOCCER WITHOUT BORDERS**

## Notes to Financial Statements

July 31, 2021 and 2020

### **(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***

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 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. First beginning programming in 2006, 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 that 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.

#### ***(b) Basis of Presentation***

The statements of activities report all changes in net assets, including changes in net assets without donor restrictions from operating activities. Operating revenues consist of those monies received and other contributions attributable to the Organization's ongoing efforts. Non-operating revenue consists of the forgiveness received on the Organization's Paycheck Protection Program (PPP) note payable.

#### ***(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 statements of financial position present 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:

# SOCCER WITHOUT BORDERS

## Notes to Financial Statements

July 31, 2021 and 2020

### (1) Summary of Significant Accounting Policies - continued

#### *(c) Standards of Accounting and Reporting - continued*

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 or 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 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

#### *(d) Cash and Cash Equivalents*

The Organization considers all highly liquid investments purchased with an original maturity of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

The Organization maintains its cash balances at multiple financial institutions that operate in 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, 2021 and 2020.

#### *(e) Revenue Recognition*

The Organization earns revenue as follows:

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.

# SOCCKER WITHOUT BORDERS

## Notes to Financial Statements

July 31, 2021 and 2020

### (1) Summary of Significant Accounting Policies - continued

#### *(e) Revenue Recognition - continued*

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.

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 a 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.

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.

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 activities.

# SOCCKER WITHOUT BORDERS

## Notes to Financial Statements

July 31, 2021 and 2020

### (1) Summary of Significant Accounting Policies - continued

#### *(e) 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 630 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 activities.

Program Service Fees - Program service fee revenue refers to fees for international exchange trips and fees paid by outside teams playing in the Organization's leagues.. 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, MD, and WA. During the year ended July 31, 2021, the Organization derived approximately 52% of its total revenue from foundations and individual donors, 36% from governmental agencies, and 12% from other sources. During the year ended July 31, 2020, the Organization derived approximately 68% of its total revenue from foundations and individual donors, 25% from governmental agencies, and 7% from other sources. All revenue is recorded at the estimated net realizable amounts.

#### *(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, 2021 and 2020, management has determined any allowance would be immaterial.

As of July 31, 2021, 99% of the Organization's accounts receivable were due from foundations and corporations and 1% from other sources. As of July 31, 2020, 100% of the Organization's accounts receivable were due from foundations and corporations.

# SOCCKER WITHOUT BORDERS

## Notes to Financial Statements

July 31, 2021 and 2020

### (1) Summary of Significant Accounting Policies - continued

#### *(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 statements 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. Fundraising expenses as a percentage of total contribution and special event revenue were 7% and 8% for the years ended July 31, 2021 and 2020 respectively. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

#### *(i) Functional Allocation of 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 FTEs.

#### *(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.

# SOCCKER WITHOUT BORDERS

## Notes to Financial Statements

July 31, 2021 and 2020

### (1) Summary of Significant Accounting Policies - continued

#### *(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).

#### *(l) Recent Accounting Standard Adopted*

On August 1, 2020, the Organization adopted ASU 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, ASC 606). ASC 606 supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and requires the reporting entity to recognize revenues when control of promised goods or services is transferred to customers and at an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. On July 1 2020, the Organization adopted ASC 606 using the modified retrospective method applied to those contracts which were not completed as of August 1, 2020 (the practical expedient elected). Results for reporting periods beginning after August 1, 2020, are presented under ASC 606, while prior period amounts are not adjusted and continue to be reported in accordance with the Organization's historic accounting under ASC 605.

There were no material changes in the timing of recognition of revenue and, therefore, there were no adjustments to the opening balance of net assets without donor restrictions. The Organization does not expect the adoption of the new revenue standard to have a significant impact on its changes in net assets on an ongoing basis.

#### *(m) Recent Accounting Standards*

In June 2020, FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*. ASU 2020-05 deferred the implementation date of ASU 2016-02 and ASU 2014-09 by one year. These ASUs are described below. The Organization has adopted ASU 2014-09. ASU 2016-02 is described below.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)* which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today.



# SOCCKER WITHOUT BORDERS

## Notes to Financial Statements

July 31, 2021 and 2020

### (1) Summary of Significant Accounting Policies - continued

#### (m) Recent Accounting Standards

The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The ASU was set to be effective on January 1, 2021, with early adoption permitted. The effective date was extended to fiscal years beginning after December 15, 2021. The Organization is currently evaluating the impact the adoption of this new standard will have on its financial statements.

In July 2018, FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases* and ASU 2018-11, *Leases (Topic 842), Targeted Improvements*. In December 2018, FASB issued ASU 2018-20, *Leases (Topic 842), Narrow-Scope Improvements for Lessors*. Adoption of these ASUs will run concurrent with the Organization's adoption of ASU 2016-02.

#### (n) Payroll Protection Program Loan

As described at Note 4, the Organization received a (n) Payroll Protection Program (PPP) loan during the fiscal year ended July 31, 2020. The Organization had elected to follow the guidance regarding Debt found in FASB ASC 470 - Not-for Profit Entities - Debt to account for its PPP loan. As a result, during the year ended July 31, 2020, the Organization recognized \$222,728 of debt. The Organization made no payments to the principal and did not pay any interest during the duration of the loan. During the year ended July 31, 2021, the loan was forgiven.

### (2) Contributed Services and Gifts In-Kind

Contributed services and gifts in-kind for the years ended July 31, 2021 and 2020 were as follows:

	2021	2020
Pro-bono outside services:		
Facility use	\$ 2,025	\$ 2,025
Gifts in kind:		
Coaching equipment	7,000	5,000
Gift Checks	-	4,250
Office equipment	2,200	-
Office Supplies	500	750
Player registration fees	-	440
Rent	12,684	17,499
Soccer equipment	25,153	64,500
Total	\$ <u>49,562</u>	\$ <u>94,464</u>

## SOCCKER WITHOUT BORDERS

### Notes to Financial Statements

July 31, 2021 and 2020

#### (3) Operating Lease Commitments

The Organization also occupies office and retail store space as a tenant at will or with annual renewable leases. The Organization is liable for certain real estate tax increases and operating cost adjustments under the office lease terms. Rent expense for the years ended July 31, 2021 and 2020 was \$42,475 and \$71,767, respectively.

#### (4) Paycheck Protection Program (PPP) Loan

During the year ended July 31, 2020, the Organization received a PPP loan established by the CARES Act and administered by the Small Business Administration (SBA). The loan was passed through Reading Cooperative Bank. No collateral or personal guarantees were required. The loan bore interest at a rate of 1%, which was deferred for the first six months, and had a maturity date of April 14, 2022. The SBA had disclosed criteria for forgiveness which included but was not limited to maintaining the full-time equivalent number of employees over a certain time period and expending the funds on eligible expenses over the covered period. During the year ended July 31, 2021, the Organization recognized forgiveness of the loan in full, upon notification of forgiveness of the loan from the SBA.

#### (5) Net Assets

##### (a) Net Assets With Donor Restrictions

Net assets with donor restrictions consist of resources available to meet future obligations, but only in compliance with the restrictions specified by donors. As of July 31, 2021 and 2020, net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
Time restricted	\$ 157,986	\$ 106,900
Program restricted	<u>37,200</u>	<u>60,000</u>
Total	<u>\$ 195,186</u>	<u>\$ 166,900</u>

Net assets released from restrictions during the year ended July 31, 2021 were \$166,900, of which \$60,000 was from program restrictions and \$106,900 was from time restrictions. Net assets released from restrictions during the year ended July 31, 2020 were \$30,000, of which \$30,000 was from time restrictions.

## SOCCER WITHOUT BORDERS

### Notes to Financial Statements

July 31, 2021 and 2020

#### (5) Net Assets - continued

##### *(b) Net Assets Without Donor Restrictions*

The Organization's net assets without donor restrictions is comprised of undesignated and Board designated amounts for the following purposes as of July 31, 2021 and 2020:

		2021		2020
Undesignated	\$	1,158,018	\$	582,415
Board designated for operating reserve *		463,000		265,000
<b>Total</b>	<b>\$</b>	<b>1,621,018</b>	<b>\$</b>	<b>847,415</b>

\*During the year ended July 31, 2016, the Board of Directors designated \$335,000 of net assets without donor restrictions to be held in order to provide a continuous source of income. During the years ended July 31, 2021 and 2020, \$15,000 and zero, respectively, of board restricted net assets were released as undesignated. During the years ended July 31, 2021 and 2020, the Board of Directors designated \$213,000 and \$15,000, respectively, of net assets without donor restrictions to be held in order to provide a continuous source of income. As of July 31, 2021 and 2020, board restricted net assets totaled \$463,000 and \$265,000, respectively.

#### (6) Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of July 31, 2021 and 2020, 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.

		2021		2020
Financial assets at year end				
Cash and cash equivalents	\$	1,436,470	\$	992,553
Accounts receivable		398,735		252,287
<b>Total</b>		<b>1,835,205</b>		<b>1,244,840</b>
Less amounts unavailable for general expenditures within one year, due to:				
Restricted by donors for specific purposes and time		195,186		166,900
<b>Total</b>		<b>195,186</b>		<b>166,900</b>
Financial assets available to meet cash needs for general expenditures within one year	\$	1,640,019	\$	1,077,940

# **SOCCER WITHOUT BORDERS**

## Notes to Financial Statements

July 31, 2021 and 2020

### **(6) Liquidity and Availability of Resources - continued**

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.

### **(7) COVID-19 - Risks and Uncertainties**

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity. At this stage, the limited impact to the Organization resulted in a loss of revenues and other adverse effects to the Organization's financial position, results of operations, and cash flows. Further, the Organization's liquidity as of July 31, 2021 and 2020 is documented at Note 6. The Organization is not able to estimate the length or severity of this outbreak and the related financial impact. Management plans to adjust its operations accordingly and will continue to assess and monitor the situation as it evolves. If the length of the outbreak and related effects on the Organization's operations continue for an extended period of time the Organization may have to seek alternative measures to finance its operations. The Organization does not believe that the impact of COVID-19 would have a material adverse effect on its financial condition or liquidity.

### **(8) Subsequent Events**

The Organization has performed an evaluation of subsequent events through November 24, 2021, which is the date the Organization's financial statements were available to be issued. No material subsequent events have occurred, except as noted below, since July 31, 2021 that required recognition or disclosure in these financial statements.

On November 04, 2021 the Organization purchased a building for \$495,000 in Baltimore, MD to serve as its headquarters. The building was purchased using debt in the amount of \$250,000 and cash in the amount of \$245,000.