



Soccer Without Borders

Financial Statements

and

Independent Auditors' Report

July 31, 2022 and 2021

Soccer Without Borders

Table of Contents

	<i>Page</i>
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9



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 statement of financial position as of July 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

Basis for Opinion

We conducted our audit 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.

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.

Other Matter – Report of Comparative Information

The financial statements of the Organization as of and for the year ended July 31, 2021, were audited by other auditors, whose report dated November 24, 2021, expressed an unmodified opinion on those statements.

Daniel Dennis & Company LLP
January 27, 2023

Soccer Without Borders
Statements of Financial Position
July 31, 2022 and 2021

	2022	2021
Assets		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 1,773,482	\$ 1,436,470
Accounts receivable	361,681	398,735
Prepaid expenses	<u>44,941</u>	<u>32,297</u>
Total current assets	<u>2,180,104</u>	<u>1,867,502</u>
<i>Fixed Assets</i>		
Land	83,400	-
Building and improvements	443,040	-
Vehicles	58,119	77,478
Equipment	<u>1,159</u>	<u>-</u>
Total fixed assets	585,718	77,478
Less: accumulated depreciation	<u>(52,039)</u>	<u>(52,948)</u>
Net fixed assets	<u>533,679</u>	<u>24,530</u>
<i>Other Assets</i>		
Deposits	<u>3,860</u>	<u>18,220</u>
Total assets	<u>\$ 2,717,643</u>	<u>\$ 1,910,252</u>
Liabilities and Net Assets		
<i>Current Liabilities</i>		
Accounts payable	\$ 34,995	\$ 23,140
Accrued expenses	2,635	908
Deferred revenue	-	70,000
Current portion of notes payable	<u>12,437</u>	<u>-</u>
Total current liabilities	<u>50,067</u>	<u>94,048</u>
<i>Long-Term Liabilities</i>		
Notes payable, net of current portion and unamortized debt issuance costs	<u>225,355</u>	<u>-</u>
Total liabilities	<u>275,422</u>	<u>94,048</u>
<i>Net Assets</i>		
Net assets without donor restrictions		
Undesignated	1,281,571	1,158,018
Board designated	<u>947,000</u>	<u>463,000</u>
Total net assets without donor restriction	2,228,571	1,621,018
Net assets with donor restrictions	<u>213,650</u>	<u>195,186</u>
Total net assets	<u>2,442,221</u>	<u>1,816,204</u>
Total liabilities and net assets	<u>\$ 2,717,643</u>	<u>\$ 1,910,252</u>
<i>See accompanying notes to financial statements.</i>		

Soccer Without Borders
Statement of Activities
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 and support	<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	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 Activities – *Continued*
For the Year Ended July 31, 2021

	<u>Without Donor Restrictions</u>			<i>Total</i>
	<i>Undesignated</i>	<i>Board Designated</i>	<i>With Donor Restrictions</i>	
<i>Operating Revenue</i>				
Grants and contributions	\$ 2,153,100	\$ 213,000	\$ 195,186	\$ 2,561,286
In-kind contributions	49,562	-	-	49,562
Special events	64,167	-	-	64,167
Other revenue	4,549	-	-	4,549
Net assets released from restriction	<u>181,900</u>	<u>(15,000)</u>	<u>(166,900)</u>	<u>-</u>
Total operating revenue	<u>2,453,278</u>	<u>198,000</u>	<u>28,286</u>	<u>2,679,564</u>
<i>Operating Expenses</i>				
Program	1,831,778	-	-	1,831,778
General and administrative	177,277	-	-	177,277
Fundraising	<u>91,348</u>	<u>-</u>	<u>-</u>	<u>91,348</u>
Total operating expenses	<u>2,100,403</u>	<u>-</u>	<u>-</u>	<u>2,100,403</u>
Change in net assets from operations	352,875	198,000	28,286	579,161
<i>Non-Operating Revenue</i>				
Forgiveness of debt	<u>222,728</u>	<u>-</u>	<u>-</u>	<u>222,728</u>
Change in net assets	575,603	198,000	28,286	801,889
Net assets, beginning of year	<u>582,415</u>	<u>265,000</u>	<u>166,900</u>	<u>1,014,315</u>
Net assets, end of year	<u>\$ 1,158,018</u>	<u>\$ 463,000</u>	<u>\$ 195,186</u>	<u>\$ 1,816,204</u>

See accompanying notes to financial statements.

Soccer Without Borders
Statement of Functional Expenses
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
Statement of Functional Expenses – *Continued*
For the Year Ended July 31, 2021

	<i>Program</i>	<i>General and Administrative</i>	<i>Fundraising</i>	<i>Total</i>
Salaries	\$ 1,082,233	\$ 115,594	\$ 55,979	\$ 1,253,806
Payroll taxes and fringe benefits	<u>163,427</u>	<u>16,559</u>	<u>7,212</u>	<u>187,198</u>
Total	1,245,660	132,153	63,191	1,441,004
Contracted services	283,466	-	8,560	292,026
Program activities	85,083	-	-	85,083
Information technology	39,384	15,331	4,807	59,522
In-kind	49,336	113	113	49,562
Office rent	39,916	1,900	659	42,475
Registration and other fees	22,315	1,836	14,018	38,169
Insurance	8,566	9,767	-	18,333
Miscellaneous	17,103	628	-	17,731
Professional fees	-	14,991	-	14,991
Travel	14,976	-	-	14,976
Maintenance and repairs	9,013	-	-	9,013
Meals	9,011	-	-	9,011
Utilities	4,948	-	-	4,948
Depreciation	<u>3,001</u>	<u>558</u>	<u>-</u>	<u>3,559</u>
Total	<u>\$ 1,831,778</u>	<u>\$ 177,277</u>	<u>\$ 91,348</u>	<u>\$ 2,100,403</u>

See accompanying notes to financial statements

Soccer Without Borders
Statements of Cash Flows
For the Years Ended July 31, 2022 and 2021

<i>Cash Flows From Operating Activities</i>	<i>2022</i>	<i>2021</i>
Change in net assets	\$ 626,017	\$ 801,889
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	16,508	3,559
Amortization of debt issuance costs	308	-
Forgiveness of debt	-	(222,728)
Change in operating assets and liabilities:		
Accounts receivable	37,054	(146,448)
Prepaid expenses	(12,644)	(8,495)
Deposits	14,360	(4,400)
Accounts payable	11,855	11,009
Accrued expenses	1,727	-
Other current liabilities	-	(6,750)
Deferred revenue	<u>(70,000)</u>	<u>40,000</u>
Net cash provided by operating activities	<u>625,185</u>	<u>467,636</u>
 <i>Cash Flows From Investing Activities</i>		
Purchase of fixed assets	<u>(525,657)</u>	<u>(23,719)</u>
Net cash used in financing activities	<u>(525,657)</u>	<u>(23,719)</u>
 <i>Cash Flows From Financing Activities</i>		
Proceeds from note payable	250,000	-
Debt issuance costs	(4,462)	-
Payments on note payable	<u>(8,054)</u>	<u>-</u>
Net cash provided by financing activities	<u>237,484</u>	<u>-</u>
 Change in cash	337,012	443,917
Cash, beginning of year	<u>1,436,470</u>	<u>992,553</u>
Cash, end of year	<u>\$ 1,773,482</u>	<u>\$ 1,436,470</u>

See accompanying notes to financial statements.

Soccer Without Borders
Notes to Financial Statements
July 31, 2022 and 2021

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, 2022 and 2021.

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, 2022 and 2021.

Soccer Without Borders
Notes to Financial Statements – *Continued*
July 31, 2022 and 2021

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

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.

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, 2022 and 2021, the board voted to designate \$697,000 and \$213,000, respectively, and release \$213,000 and \$15,000, respectively. Board designated net assets at July 31, 2022 and 2021, were \$947,000 and \$463,000, respectively.

Soccer Without Borders
Notes to Financial Statements – *Continued*
July 31, 2022 and 2021

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

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, 2022 and 2021, the Organization had no unrelated business income subject to income taxes. Accordingly, no provision for income taxes has been included in these financial statements.

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, 2022, the Organization believes that it has no uncertain tax positions within any of its open tax years, 2019 through 2021.

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.

Soccer Without Borders
Notes to Financial Statements – *Continued*
July 31, 2022 and 2021

2. *Summary of Significant Accounting Policies – Continued*

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, 2022 and 2021, 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.

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.

Soccer Without Borders
Notes to Financial Statements – *Continued*
July 31, 2022 and 2021

2. *Summary of Significant Accounting Policies – Continued*

Revenue and Revenue Recognition – Continued

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.

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.

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

Soccer Without Borders
Notes to Financial Statements – *Continued*
July 31, 2022 and 2021

2. *Summary of Significant Accounting Policies – Continued*

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.

New Accounting Pronouncement

In September 2020, the Financial Accounting Standards Board (FASB) issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. The Organization adopted and implemented this pronouncement on July 1, 2021, using the prospective method of application. The adoption of ASU 2020-07 resulted in no material changes to the recognition of collections.

Reclassification

Certain 2021 amounts have been reclassified to conform with the 2022 financial statement presentation.

3. *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, 2022, the outstanding principal balance was \$241,946. Interest expense for the year ended July 31, 2022 was \$7,281.

Paycheck Protection Program Loan

During the year ended July 31, 2020, the Organization received a Paycheck Protection Program 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.

Soccer Without Borders
Notes to Financial Statements – *Continued*
July 31, 2022 and 2021

3. Notes Payable – continued

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

<i>Fiscal Year</i>	<i>Amount</i>
2023	\$ 12,437
2024	13,053
2025	13,648
2026	14,271
2027	14,922
Thereafter	<u>173,615</u>
Total	<u>\$ 241,946</u>

As of July 31, 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 July 31, 2022, amortization of debt issuance cost recorded as interest expense was \$308.

4. Operating Lease Commitments

The Organization 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, 2022 and 2021 was \$46,131 and \$42,475, respectively.

At July 31, 2022, future minimum rent expected under the leases are as follows:

<i>Fiscal Year</i>	<i>Amount</i>
2023	\$ 25,830
2024	\$ 15,600
2025	\$ 15,600

5. Contingencies

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, 2022 and 2021

5. Contingencies – continued

COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a novel strain of coronavirus (COVID-19) as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. Future potential impact may include disruptions or restrictions on the Organization’s employees’ ability to work or may limit the program services provided. Operating functions may be changed to address these issues. Changes to the operating environment may increase operating costs. The future effects of these issues cannot be reasonably estimated.

6. In-Kind Contributions

Contributed services and gifts in-kind for the years ended July 31, 2022 and 2021 were as follows:

	<i>2022</i>	<i>2021</i>
Facility use	\$ 16,800	\$ 2,025
Coaching equipment	-	7,000
Office equipment	-	2,200
Office supplies	5,200	500
Player registration fees	21,250	-
Rent	-	12,684
Soccer equipment	<u>237,478</u>	<u>25,153</u>
Total	<u>\$ 280,728</u>	<u>\$ 49,562</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.

Soccer Without Borders
Notes to Financial Statements – *Continued*
July 31, 2022 and 2021

7. *Net Assets with Donor Restrictions*

Net assets with donor restrictions for the years ended July 31, 2022 and 2021, were as follows:

	<i>2022</i>	<i>2021</i>
Time restrictions	\$ 137,400	\$ 157,986
Purpose restrictions	<u>76,250</u>	<u>37,200</u>
Total	<u>\$ 213,650</u>	<u>\$ 195,186</u>

Net assets released from net assets with donor restrictions for the years ended July 31, 2022 and 2021, were as follows:

	<i>2022</i>	<i>2021</i>
Time restrictions	\$ 157,986	\$ 106,900
Purpose restrictions	<u>37,200</u>	<u>60,000</u>
Total	<u>\$ 195,186</u>	<u>\$ 166,900</u>

8. *Liquidity and Availability of Resources*

The following reflects the Organization’s financial assets for the years ended July 31, 2022 and 2021, 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>2022</i>	<i>2021</i>
<i>Financial assets at year end</i>		
Unrestricted cash	\$ 1,773,482	\$ 1,436,470
Accounts receivable	<u>361,681</u>	<u>398,735</u>
Total financial assets	2,135,163	1,835,205
<i>Less amounts unavailable to be used within one year</i>		
Net assets with donor restrictions	<u>(213,650)</u>	<u>(195,186)</u>
Financial assets available to meet general expenses within one year	<u>\$ 1,921,513</u>	<u>\$ 1,640,019</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.

Soccer Without Borders
Notes to Financial Statements – *Continued*
July 31, 2022 and 2021

9. Concentration

Approximately 99% of account receivable at July 31, 2022 and 2021 were due from foundations and corporations.

10. Subsequent Events

The Organization has performed an evaluation of subsequent events through January 27, 2023, which is the date of the Organization's financial statements were available to be issued. No material subsequent events have occurred since July 31, 2022, that requires recognition or disclosure in these financial statements.