



Soccer Without Borders

Financial Statements

July 31, 2018 and 2017



Kevin P. Martin & Associates, P.C.

SOCCER WITHOUT BORDERS

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July 31, 2018 and 2017

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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, 2018 and 2017, 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, 2018 and 2017, 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.

Nuniv P. Martini & Associates, P.C.

November 1, 2018

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Statements of Financial Position

As of July 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Current Assets		
Cash and cash equivalents	\$ 790,564	\$ 603,192
Accounts receivable	116,158	90,322
Prepaid expenses	<u>21,550</u>	<u>14,699</u>
Total current assets	<u>928,272</u>	<u>708,213</u>
Fixed Assets		
Vehicles	<u>50,059</u>	<u>57,900</u>
Total fixed assets	50,059	57,900
Less: accumulated depreciation	<u>(37,646)</u>	<u>(34,167)</u>
Total net fixed assets	<u>12,413</u>	<u>23,733</u>
Other Assets		
Deposits	<u>11,676</u>	<u>24,610</u>
Total other assets	<u>11,676</u>	<u>24,610</u>
Total Assets	<u>\$ 952,361</u>	<u>\$ 756,556</u>
Current Liabilities		
Accounts payable	\$ 450	\$ 22,759
Accrued expenses	10,532	10,538
Deferred revenue	<u>60,000</u>	<u>25,000</u>
Total current liabilities	<u>70,982</u>	<u>58,297</u>
Net Assets		
Unrestricted	708,329	458,239
Board restricted	110,000	175,000
Temporarily restricted	<u>63,050</u>	<u>65,020</u>
Total net assets	<u>881,379</u>	<u>698,259</u>
Total Liabilities and Net Assets	<u>\$ 952,361</u>	<u>\$ 756,556</u>

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Statement of Activities

For the Year Ended July 31, 2018

	Unrestricted	Board Restricted	Temporarily Restricted	2018 Total
Revenue and Support				
Grants and contributions	\$ 1,460,456	\$ -	\$ 63,050	\$ 1,523,506
Released from restrictions	130,020	(65,000)	(65,020)	-
In-kind donations	85,730	-	-	85,730
Special events	100,876	-	-	100,876
Program service fees	38,719	-	-	38,719
Other revenue	7,739	-	-	7,739
Total revenue and support	1,823,540	(65,000)	(1,970)	1,756,570
Expenses				
Program services	1,393,481	-	-	1,393,481
General and administrative	98,797	-	-	98,797
Fundraising	82,672	-	-	82,672
Total expenses	1,574,950	-	-	1,574,950
Change in operating net assets	248,590	(65,000)	(1,970)	181,620
Other Revenue and Expenses				
Gain on sale of fixed assets	1,500	-	-	1,500
Total other revenue and expenses	1,500	-	-	1,500
Total Change in Net Assets	250,090	(65,000)	(1,970)	183,120
Net Assets at Beginning of Year	458,239	175,000	65,020	698,259
Net Assets at End of Year	\$ 708,329	\$ 110,000	\$ 63,050	\$ 881,379

SOCCER WITHOUT BORDERS

Statement of Activities

For the Year Ended July 31, 2017

	Unrestricted	Board Restricted	Temporarily Restricted	2017 Total
Revenue and Support				
Grants and contributions	\$ 571,090	\$ -	\$ 675,220	\$ 1,246,310
Released from restrictions	920,220	(160,000)	(760,220)	-
In-kind donations	112,530	-	-	112,530
Special events	77,592	-	-	77,592
Program service fees	27,707	-	-	27,707
Other revenue	2,427	-	-	2,427
Total revenue and support	1,711,566	(160,000)	(85,000)	1,466,566
Expenses				
Program services	1,330,590	-	-	1,330,590
General and administrative	87,801	-	-	87,801
Fundraising	90,307	-	-	90,307
Total expenses	1,508,698	-	-	1,508,698
Change in net assets	202,868	(160,000)	(85,000)	(42,132)
Total Change in Net Assets	202,868	(160,000)	(85,000)	(42,132)
Net Assets at Beginning of Year	255,371	335,000	150,020	740,391
Net Assets at End of Year	\$ 458,239	\$ 175,000	\$ 65,020	\$ 698,259

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Statements of Cash Flows

For the Years Ended July 31, 2018 and 2017

Cash Flows from Operating Activities	<u>2018</u>	<u>2017</u>
Change in net assets	\$ 183,120	\$ (42,132)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	12,479	10,767
Gain on sale of fixed assets	(1,500)	-
Decrease (increase) in assets:		
Accounts receivable	(25,836)	(6,841)
Prepaid expenses	(6,851)	(2,623)
Deposits	12,934	8,096
Increase (decrease) in liabilities:		
Accounts payable	(22,309)	17,560
Accrued expenses	(6)	3,752
Deferred revenue	35,000	(5,000)
Other current liabilities	-	(31,306)
Net Cash Provided by (Used in) Operating Activities	<u>187,031</u>	<u>(47,727)</u>
Cash Flows from Investing Activities		
Purchase of fixed assets	(1,159)	(15,000)
Proceeds from sale of fixed assets	<u>1,500</u>	<u>-</u>
Net Cash Provided by (Used in) Investing Activities	<u>341</u>	<u>(15,000)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	187,372	(62,727)
Cash and Cash Equivalents - Beginning of year	<u>603,192</u>	<u>665,919</u>
Cash and Cash Equivalents - End of year	<u><u>\$ 790,564</u></u>	<u><u>\$ 603,192</u></u>

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Statement of Functional Expenses

For the Year Ended July 31, 2018

	Program Services	General and Administrative	Fundraising	2018 Total
Salaries	\$ 678,864	\$ 80,719	\$ 46,305	\$ 805,888
Payroll taxes and fringe benefits	98,366	10,777	6,023	115,166
Subtotal	777,230	91,496	52,328	921,054
Contract coaches	144,958	-	-	144,958
In-kind expenses	84,942	394	394	85,730
Transportation	74,649	-	44	74,693
Rent	46,179	1,393	1,981	49,553
Contract staff	46,815	-	-	46,815
Meals	45,411	-	1,014	46,425
Travel	39,306	-	-	39,306
Registration fees	24,927	-	-	24,927
Recreational equipment and supplies	24,882	-	-	24,882
Fees, dues and subscriptions	5,202	3,788	8,935	17,925
Insurance	15,454	1,485	445	17,384
Accounting services	13,223	-	-	13,223
Vehicle depreciation	11,900	-	-	11,900
Bank and online processor fees	724	-	8,502	9,226
Field rental	8,839	-	-	8,839
Office supplies and technology	7,481	206	8	7,695
Referee fees	6,152	-	-	6,152
Utilities	4,486	-	3	4,489
Other facility costs	2,500	-	1,470	3,970
Promotional items	-	-	3,803	3,803
Background check fees	3,596	-	-	3,596
Fundraising supplies	-	-	2,797	2,797
Printed materials and apparel	2,325	-	-	2,325
Professional development	2,203	4	9	2,216
Postage	97	31	939	1,067
 Total Functional Expenses	 \$ 1,393,481	 \$ 98,797	 \$ 82,672	 \$ 1,574,950

SOCCER WITHOUT BORDERS

Statement of Functional Expenses

For the Year Ended July 31, 2017

	Program Services	General and Administrative	Fundraising	2017 Total
Salaries	\$ 578,318	\$ 64,936	\$ 53,320	\$ 696,574
Payroll taxes and fringe benefits	74,040	7,892	5,297	87,229
Subtotal	652,358	72,828	58,617	783,803
Contract coaches	145,884	-	-	145,884
In-kind expenses	111,592	394	394	112,380
Contract staff	76,091	1,050	3,378	80,519
Transportation	78,125	-	120	78,245
Meals	53,975	-	1,700	55,675
Travel	55,022	-	-	55,022
Rent	41,739	288	2,586	44,613
Recreational equipment and supplies	28,497	-	-	28,497
Registration fees	21,055	-	-	21,055
Fees, dues and subscriptions	5,436	2,561	7,168	15,165
Accounting services	4,800	8,750	-	13,550
Insurance	9,619	1,491	406	11,516
Vehicle depreciation	10,767	-	-	10,767
Office supplies and technology	8,457	192	9	8,658
Field rental	7,726	-	-	7,726
Bank and online processor fees	894	-	6,378	7,272
Other facility costs	5,056	-	1,886	6,942
Utilities	1,779	29	2,652	4,460
Office equipment	2,615	12	-	2,627
Printed materials and apparel	2,335	156	-	2,491
Postage	1,497	46	746	2,289
Fundraising supplies	-	-	2,252	2,252
Promotional items	389	-	1,758	2,147
Professional development	1,820	4	257	2,081
Background check fees	1,374	-	-	1,374
Referee fees	907	-	-	907
Miscellaneous	781	-	-	781
Total Functional Expenses	\$ 1,330,590	\$ 87,801	\$ 90,307	\$ 1,508,698

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Notes to Financial Statements

July 31, 2018 and 2017

(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 60 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 unrestricted net assets from operating activities. Operating revenues consist of those monies received and other contributions attributable to the Organization's ongoing efforts.

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Notes to Financial Statements

July 31, 2018 and 2017

(1) Summary of Significant Accounting Policies - continued

(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 three classes of net assets (unrestricted, temporarily restricted and permanently restricted) 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:

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

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

(d) Cash and Cash Equivalents

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

The Organization maintains its cash balances at multiple financial institutions that operate in Massachusetts (MA). 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, 2018 and 2017.

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Notes to Financial Statements

July 31, 2018 and 2017

(1) Summary of Significant Accounting Policies - continued

(e) Revenue Recognition

The Organization earns revenue as follows:

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

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

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

Donated Services – Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals with those skills, and would otherwise be purchased by the Organization. The Organization leverages more than 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. 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.

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Notes to Financial Statements

July 31, 2018 and 2017

(1) Summary of Significant Accounting Policies - continued

(e) Revenue Recognition - continued

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, 2018, the Organization derived approximately 64% of its total revenue from foundations and individual donors, 25% from governmental agencies, and 11% from other sources. During the year ended July 31, 2017, the Organization derived approximately 66% of its total revenue from foundations and individual donors, 21% from governmental agencies, and 13% 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, 2018 and 2017, management has determined any allowance would be immaterial.

As of July 31, 2018, 95% of the Organization's accounts receivable were due from foundations and corporations and 5% from other sources. As of July 31, 2017, 100% of the Organization's accounts receivable were due from foundations and corporations.

(g) Fixed Assets

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

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

Vehicles	3 years
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(h) Fundraising Expense

Fundraising expense relates to the activities of raising general and specific contributions to the Organization and promoting special events, including time and funds allocated to grant-writing and reporting, awareness-raising, and specific campaigns and events. Fundraising expenses as a percentage of total contribution and special event revenue were 7% and 9% for the years ended July 31, 2018 and 2017 respectively. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

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Notes to Financial Statements

July 31, 2018 and 2017

(1) Summary of Significant Accounting Policies - continued

(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 in the statements of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. Administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Payroll and associated costs are allocated to functions based 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.

(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) Reclassifications

Certain amounts in the prior year have been reclassified to conform to the current year presentation.

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Notes to Financial Statements

July 31, 2018 and 2017

(2) Contributed Services and Gifts In-Kind

Contributed services and gifts in-kind for the years ended July 31, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Pro-bono outside services:		
Facility use	S 2,025	\$ 2,025
Storage	-	1,200
Gifts in kind:		
Soccer equipment	60,146	65,068
Player registration fees	9,905	27,285
Coaching equipment	4,420	4,300
School supplies	-	518
Uniforms	-	500
Food	50	150
Office Supplies	100	-
Rent	<u>9,084</u>	<u>11,484</u>
Total	S <u>85,730</u>	\$ <u>112,530</u>

(3) Operating Lease Commitments

The Organization also occupies office and retail store space under non-cancelable, operating lease agreements with various expiration dates through 2019. The Organization is liable for certain real estate tax increases and operating cost adjustments under the office lease terms. The minimum annual operating non-cancelable lease commitments on property for the Organization are as follows:

2019	\$ 19,101
2020	1,202

Rent expense for the years ended July 31, 2018 and 2017 was \$49,553 and \$44,613 respectively.

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Notes to Financial Statements

July 31, 2018 and 2017

(4) Restricted Net Assets

(a) Temporarily Restricted Net Assets

Temporarily restricted net assets consist of resources available to meet future obligations, but only in compliance with the restrictions specified by donors. As of July 31, 2018 and 2017, temporarily restricted net assets are restricted for the following purposes:

	<u>2018</u>	<u>2017</u>
Program	\$ <u>63,050</u>	\$ <u>65,020</u>
Total	\$ <u>63,050</u>	\$ <u>65,020</u>

(b) Board Restricted Net Assets

During the year ended July 31, 2016, the Board of Directors designated \$335,000 of unrestricted net assets to be held in order to provide a continuous source of income. During the years ended July 31, 2018 and 2017, \$65,000 and \$160,000 of board restricted net assets were released as unrestricted, respectively. As of July 31, 2018 and 2017, board restricted net assets totaled \$110,000 and \$175,000 respectively.

(5) Subsequent Events

The Organization has performed an evaluation of subsequent events through November 1, 2018, which is the date the Organization's financial statements were available to be issued. No material subsequent events have occurred since July 31, 2018 that required recognition or disclosure in these financial statements.