COMBINED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021
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</tr>
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</tr>
</tbody>
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INDEPENDENT AUDITOR’S REPORT

To the Board of Directors
Grassroot Soccer, Inc.
Hanover, New Hampshire

Opinion

We have audited the accompanying combined financial statements of Grassroot Soccer, Inc. and related entities (collectively referred to as GRS), which comprise the combined statement of financial position as of December 31, 2022, and the related combined statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of GRS as of December 31, 2022, and the combined change 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 and Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of GRS 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 Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about GRS’ ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.
Auditor’s Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s 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 and Government 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, including omissions, 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 combined 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 combined 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 combined 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 GRS’ 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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about GRS’ 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.

Report on Summarized Comparative Information

We have previously audited GRS’ 2021 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated September 27, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 21, 2023, on our consideration of GRS’ internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters.
The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of GRS' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering GRS' internal control over financial reporting and compliance.

August 21, 2023
GRASSROOT SOCCER, INC.

COMBINED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$4,436,848</td>
<td>$4,277,386</td>
</tr>
<tr>
<td>Employee and partner advances and other</td>
<td>115,204</td>
<td>89,332</td>
</tr>
<tr>
<td>Grants receivable</td>
<td>539,078</td>
<td>905,241</td>
</tr>
<tr>
<td>Contract receivables</td>
<td>46,456</td>
<td>1,284</td>
</tr>
<tr>
<td>Contributions receivable</td>
<td>1,759,089</td>
<td>2,759,145</td>
</tr>
<tr>
<td>Inventory</td>
<td>1,386</td>
<td>1,386</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>57,090</td>
<td>51,399</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>6,955,151</strong></td>
<td><strong>8,085,173</strong></td>
</tr>
<tr>
<td>FIXED ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>10,524</td>
<td>24,503</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>81,273</td>
<td>128,296</td>
</tr>
<tr>
<td>Vehicles</td>
<td>110,395</td>
<td>107,105</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>40,802</td>
<td>48,593</td>
</tr>
<tr>
<td>Software</td>
<td>37,874</td>
<td>54,042</td>
</tr>
<tr>
<td><strong>Less: Accumulated depreciation and amortization</strong></td>
<td><strong>(214,931)</strong></td>
<td><strong>(295,310)</strong></td>
</tr>
<tr>
<td><strong>Net fixed assets</strong></td>
<td><strong>66,037</strong></td>
<td><strong>67,229</strong></td>
</tr>
<tr>
<td>OTHER ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits</td>
<td>47,075</td>
<td>36,077</td>
</tr>
<tr>
<td>Right-of-use assets, net</td>
<td>140,122</td>
<td>149,691</td>
</tr>
<tr>
<td>Grants receivable, net of current portion and discount</td>
<td>89,356</td>
<td>261,477</td>
</tr>
<tr>
<td>Contributions receivable, net of current portion and discount</td>
<td>470,673</td>
<td>937,676</td>
</tr>
<tr>
<td><strong>Total other assets</strong></td>
<td><strong>747,226</strong></td>
<td><strong>1,384,921</strong></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$7,768,414</strong></td>
<td><strong>$9,537,323</strong></td>
</tr>
</tbody>
</table>

LIABILITIES AND NET ASSETS

<table>
<thead>
<tr>
<th>CURRENT LIABILITIES</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating lease liability, current portion</td>
<td>$85,543</td>
<td>$70,034</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>121,050</td>
<td>138,210</td>
</tr>
<tr>
<td>Refundable advance</td>
<td>37,290</td>
<td>33,456</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td><strong>243,883</strong></td>
<td><strong>241,700</strong></td>
</tr>
</tbody>
</table>

LONG-TERM LIABILITIES

| Operating lease liability, net of current portion | 63,856 | 89,760 |
|**Total liabilities** | **307,739** | **331,460** |

NET ASSETS

| Without donor restrictions | 4,965,975 | 4,059,964 |
|With donor restrictions | 2,494,700 | 5,145,899 |
|**Total net assets** | **7,460,675** | **9,205,863** |

**TOTAL LIABILITIES AND NET ASSETS**

|  | **$7,768,414** | **$9,537,323** |

See accompanying notes to combined financial statements.
## GRASSROOT SOCCER, INC.
### COMBINED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
#### FOR THE YEAR ENDED DECEMBER 31, 2022
##### WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE AND SUPPORT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td>$ 1,223,957</td>
<td>$ 901,988</td>
<td>$ 2,125,945</td>
<td>$ 3,086,686</td>
</tr>
<tr>
<td>Contracts</td>
<td>178,994</td>
<td>-</td>
<td>178,994</td>
<td>222,597</td>
</tr>
<tr>
<td>Contributions</td>
<td>964,591</td>
<td>1,129,334</td>
<td>2,093,925</td>
<td>923,369</td>
</tr>
<tr>
<td>Event income</td>
<td>1,761,197</td>
<td>-</td>
<td>1,761,197</td>
<td>1,779,783</td>
</tr>
<tr>
<td>Interest income and other income</td>
<td>22,158</td>
<td>-</td>
<td>22,158</td>
<td>12,915</td>
</tr>
<tr>
<td>Net assets released from donor restrictions</td>
<td>4,680,496</td>
<td>(4,680,496)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total revenue and support</strong></td>
<td>8,831,393</td>
<td>(2,649,174)</td>
<td>6,182,219</td>
<td>6,025,350</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>EXPENSES</strong></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Services</td>
<td>5,523,694</td>
<td>-</td>
<td>5,523,694</td>
<td>5,649,944</td>
</tr>
<tr>
<td>Supporting Services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management and General</td>
<td>915,082</td>
<td>-</td>
<td>915,082</td>
<td>708,396</td>
</tr>
<tr>
<td>Fundraising</td>
<td>1,314,993</td>
<td>-</td>
<td>1,314,993</td>
<td>1,170,176</td>
</tr>
<tr>
<td><strong>Total supporting services</strong></td>
<td>2,230,075</td>
<td>-</td>
<td>2,230,075</td>
<td>1,878,572</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>7,753,769</td>
<td>-</td>
<td>7,753,769</td>
<td>7,528,516</td>
</tr>
<tr>
<td>Change in net assets before other items</td>
<td>1,077,624</td>
<td>(2,649,174)</td>
<td>(1,571,550)</td>
<td>(1,503,166)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>OTHER ITEMS</strong></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Discontinued operations</td>
<td>(34,056)</td>
<td>-</td>
<td>(34,056)</td>
<td>-</td>
</tr>
<tr>
<td>Extinguishment of debt</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>641,996</td>
</tr>
<tr>
<td>Currency loss</td>
<td>(137,557)</td>
<td>(2,025)</td>
<td>(139,582)</td>
<td>(80,659)</td>
</tr>
<tr>
<td><strong>Change in net assets</strong></td>
<td>906,011</td>
<td>(2,651,199)</td>
<td>(1,745,188)</td>
<td>(941,829)</td>
</tr>
<tr>
<td><strong>Net assets at beginning of year</strong></td>
<td>4,059,964</td>
<td>5,145,899</td>
<td>9,205,863</td>
<td>10,147,692</td>
</tr>
<tr>
<td><strong>NET ASSETS AT END OF YEAR</strong></td>
<td><strong>$ 4,965,975</strong></td>
<td><strong>$ 2,494,700</strong></td>
<td><strong>$ 7,460,675</strong></td>
<td><strong>$ 9,205,863</strong></td>
</tr>
</tbody>
</table>

See accompanying notes to combined financial statements.
# GRASSROOT SOCCER, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

FOR THE PERIOD ENDED DECEMBER 31, 2022

WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021

<table>
<thead>
<tr>
<th>Management and General</th>
<th>Fundraising</th>
<th>Total Supporting Services</th>
<th>Total Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Program Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and related benefits</td>
<td>$2,747,743</td>
<td>$560,659</td>
<td>$1,382,293</td>
</tr>
<tr>
<td>Contract labor</td>
<td>$645,626</td>
<td>$12,444</td>
<td>$12,717</td>
</tr>
<tr>
<td>Travel</td>
<td>$523,619</td>
<td>$103,596</td>
<td>$114,719</td>
</tr>
<tr>
<td>Subgrant expense</td>
<td>$485,389</td>
<td>$246,996</td>
<td>$276,378</td>
</tr>
<tr>
<td>Professional fees</td>
<td>$200,972</td>
<td>$246,996</td>
<td>$276,378</td>
</tr>
<tr>
<td>Meeting expense</td>
<td>$135,595</td>
<td>$271,690</td>
<td>$272,413</td>
</tr>
<tr>
<td>Occupancy</td>
<td>$184,570</td>
<td>$12,842</td>
<td>$31,662</td>
</tr>
<tr>
<td>Program supplies</td>
<td>$172,957</td>
<td>$1,581</td>
<td>$2,204</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>$106,871</td>
<td>$1,493</td>
<td>$2,810</td>
</tr>
<tr>
<td>Subscriptions and fees</td>
<td>$49,911</td>
<td>$24,007</td>
<td>$16,796</td>
</tr>
<tr>
<td>Insurance</td>
<td>$45,436</td>
<td>$6,813</td>
<td>$10,502</td>
</tr>
<tr>
<td>Printing and reproduction</td>
<td>$47,396</td>
<td>$9,984</td>
<td>$10,502</td>
</tr>
<tr>
<td>Bank fees and service charges</td>
<td>$22,749</td>
<td>$25,931</td>
<td>$27,980</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>$33,555</td>
<td>$6,847</td>
<td>$16,884</td>
</tr>
<tr>
<td>Supplies/equipment</td>
<td>$43,314</td>
<td>$1,581</td>
<td>$2,204</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>$31,666</td>
<td>$880</td>
<td>$2,170</td>
</tr>
<tr>
<td>Advertising</td>
<td>$9,492</td>
<td>$17,406</td>
<td>$18,395</td>
</tr>
<tr>
<td>Equipment rental</td>
<td>$16,343</td>
<td>$358</td>
<td>$882</td>
</tr>
<tr>
<td>Postage and delivery</td>
<td>$6,324</td>
<td>$9,376</td>
<td>$9,425</td>
</tr>
<tr>
<td>Other expenses</td>
<td>$8,467</td>
<td>$416</td>
<td>$680</td>
</tr>
<tr>
<td>Education and conferences</td>
<td>$5,699</td>
<td>$1,674</td>
<td>$1,744</td>
</tr>
</tbody>
</table>

**TOTAL**

$5,523,694 $915,082 $1,314,993 $2,230,075 $7,753,769 $7,528,516

See accompanying notes to combined financial statements.
GRASSROOT SOCCER, INC.

COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021

CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>(1,745,188)</td>
<td>(941,829)</td>
</tr>
</tbody>
</table>

Adjustments to reconcile change in net assets to net cash provided by operating activities:

- Depreciation and amortization: 50,436 53,413
- Loss (gain) on sale of fixed assets: 7,216 (565)
- Loss on sale of donated securities: 5,617 321
- Receipt of contributed securities: (738,426) (525,810)
- Proceeds from the sale of contributed securities: 732,809 525,489
- Amortization of right-of-use assets: 9,569 63,814
- Change in discount on long-term receivables: 13,274 (138,908)
- Extinguishment of debt: - (641,996)

(Increase) decrease in:
- Employee and partner advances and other: (25,872) (32,305)
- Grants and contracts receivable: 500,504 431,379
- Contributions receivable: 1,446,393 1,992,497
- Prepaid expenses: (5,691) 8,170
- Deposits: (10,998) (10,998)

(Decrease) increase in:
- Accounts payable and accrued liabilities: (17,160) 39,330
- Refundable advance: 3,834 19,320
- Lease liability: (10,395) (63,568)

Net cash provided by operating activities: 215,922 777,754

CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of fixed assets</td>
<td>(57,360)</td>
<td>(23,864)</td>
</tr>
<tr>
<td>Proceeds from disposal of fixed assets</td>
<td>900</td>
<td>1,760</td>
</tr>
</tbody>
</table>

Net cash used by investing activities: (56,460) (22,104)

CASH FLOWS FROM FINANCING ACTIVITIES

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from loan payable</td>
<td>-</td>
<td>229,096</td>
</tr>
</tbody>
</table>

Net cash provided by financing activities: - 229,096

Net increase in cash and cash equivalents: 159,462 984,746

Cash and cash equivalents at beginning of year: 4,277,386 3,292,640

CASH AND CASH EQUIVALENTS AT END OF YEAR

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 4,436,848</td>
<td>$ 4,277,386</td>
</tr>
</tbody>
</table>

SUPPLEMENTAL INFORMATION:

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Right-of-Use Assets</td>
<td>$ 105,195</td>
<td>$ -</td>
</tr>
<tr>
<td>Operating Lease Liabilities</td>
<td>$ 106,060</td>
<td>$ -</td>
</tr>
</tbody>
</table>

See accompanying notes to combined financial statements.
1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**

**Organization** -

Grassroot Soccer, Inc. is a non-profit organization, incorporated in the State of New Mexico. Grassroot Soccer, Inc. and related entities, collectively, is an adolescent health organization that leverages the power of soccer to educate, inspire, and mobilize youth in developing countries to overcome their greatest health challenges, live healthier, more productive lives, and be agents for change in their communities.

Grassroot Soccer South Africa is registered as a non-profit making organization under the Companies Act of South Africa, No 71 on April 10, 2006.

Grassroot Soccer Education Limited (Zambia) obtained approval from the Ministry of Finance and National Planning for tax exemption under Section 41 of the Income Tax Act, 1996, as a public benefit organization on March 1, 2011.

Grassroot Soccer Zimbabwe was registered as a non-profit making organization under the Private Voluntary Organizations Act Chapter 17:05 on the 23rd of March 2011 and began operating as such on the 1st of June 2011. Effective May 13, 2022, Grassroot Soccer, Inc. voted to end their affiliate agreement with Grassroot Soccer Zimbabwe effective June 30, 2022. Accordingly, Grassroot Soccer, Inc. will no longer provide supporting services or financial support to Grassroot Soccer Zimbabwe beyond that date. The effect associated with the separation of Grassroot Soccer Zimbabwe is shown in the Statement of Activities under other items as a loss on discontinued operations.

Grassroot Soccer U.K. is a charitable company limited by guarantee, incorporated on January 9, 2010 and registered as a charity on April 7, 2010. The company was established under a Memorandum of Association, which established the objects and powers of the charitable company and is governed under its Articles of Association.

The accompanying combined financial statements reflect the activity of Grassroot Soccer, Inc., Grassroot Soccer South Africa, Grassroot Soccer Education Limited (Zambia), Grassroot Soccer Zimbabwe and Grassroot Soccer U.K (collectively, GRS). The financial statements of the organizations have been combined because they are under common control. All intercompany transactions have been eliminated during combination.

**Basis of presentation** -

The accompanying combined financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.

- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Basis of presentation (continued) -

- **Net Assets With Donor Restrictions (continued)** - All other donor-restricted contributions
  are reported as increases in "net assets with donor restrictions", depending on the nature of
  the restrictions. When a restriction expires, net assets with donor restrictions are reclassified
to net assets without donor restrictions and reported in the Combined Statement of Activities
and Change in Net Assets as net assets released from donor restrictions.

The combined financial statements include certain prior year summarized comparative
information in total but not by net asset class. Such information does not include sufficient detail
to constitute a presentation in conformity with generally accepted accounting principles.
Accordingly, such information should be read in conjunction with GRS' combined financial
statements for the year ended December 31, 2021, from which the summarized information
was derived.

Cash and cash equivalents -

GRS considers all cash and other highly liquid investments with initial maturities of three
months or less to be cash equivalents. Bank deposit accounts are insured by the Federal
Deposit Insurance Corporation ("FDIC") up to a limit of $250,000. At times during the year, GRS
maintains cash balances in excess of the FDIC insurance limits. Management believes the risk
in these situations to be minimal.

GRS had $772,455 of cash and cash equivalents held in accounts in foreign countries at
December 31, 2022. The majority of these funds are uninsured.

Foreign currency translation -

The dollar ("Dollars") is the functional currency for GRS operations. Transactions in currencies
other than U.S. Dollars are translated into Dollars at the rate of exchange in effect during the
month of the transaction. Current assets and liabilities denominated in non-U.S. currency are
translated into Dollars at the exchange rate in effect at the date of the Combined Statement of
Financial Position.

Receivables -

Receivables are recorded at net their net realizable value, which approximates fair value.
Contributions receivable are written unconditional promises to make future payments and are
recognized as revenue in the period pledged. Contribution payments extending beyond one
year are discounted to recognize the present value of future cash flows and in subsequent
years, this discount is accreted and recorded as additional contribution revenue in accordance
with donor-imposed restrictions.

Grants receivable are recorded at their net realizable value, which approximates fair value.
Grants receivable that are expected to be collected in future years are recorded at fair value,
measured as the present value of their future cash flows. The discounts on these amounts are
computed using risk-adjusted interest rates applicable to the years in which the promises are
received. Amortization of the discounts is included in grants revenue.

Management considers all amounts to be fully collectible. Accordingly, an allowance for
doubtful accounts has not been established.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Fixed assets -

Fixed assets in excess of $1,500 are capitalized and are stated at cost. Fixed assets are
depreciated on a straight-line basis over the estimated useful lives of the related assets,
generally three to five years. The cost of maintenance and repairs is recorded as expenses are
incurred. Leasehold improvements are amortized over the life of the lease.

Income taxes -

Grassroot Soccer, Inc. is exempt from Federal income taxes under Section 501(c)(3) of the
Internal Revenue Code and is only subject to tax on unrelated business income. Grassroot
Soccer, Inc. is not a private foundation.

Grassroot Soccer South Africa, Grassroot Soccer Education Limited (Zambia), Grassroot
Soccer Zimbabwe and Grassroot Soccer U.K are registered charitable organizations under the
laws and regulations of each respective country, and accordingly, are exempt from income
taxes.

Uncertain tax positions -

For the year ended December 31, 2022, GRS has documented its consideration of FASB ASC
740-10, Income Taxes, that provides guidance for reporting uncertainty in income taxes and
has determined that no material uncertain tax positions qualify for either recognition or
disclosure in the combined financial statements.

Inventory -

Inventory consists of donated sports apparel, shoes and other materials. In accordance with
ASU 2015-11, inventory is measured at the lower of cost and net realizable value using the
first-in, first-out method of inventory.

Revenue recognition -

The majority of GRS’ revenue is received through grants and contributions from the U.S. and
foreign governments, international organizations and other entities. Contributions and grants
are recognized in the appropriate category of net assets in the period received. GRS performs
an analysis of the individual contribution, grant and contract to determine if the revenue streams
follow the contributions rules or if considered an exchange transaction depending on whether
the transaction is reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic
958): Clarifying the Scope and Accounting Guidance for Contributions Received and
Contributions Made.

For contributions and grants and contracts qualifying under the contributions rules, revenue is
recognized upon notification of the award and satisfaction of all conditions, if applicable.
Conditional promises to give are not recognized until the condition on which they depend are
substantially met. Contributions and grants qualifying as contributions that are unconditional
that have donor restrictions are recognized as "without donor restrictions" only to the extent of
actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of
time restrictions; such funds in excess of expenses incurred are shown as net assets with donor
restrictions in the accompanying combined financial statements.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
   (Continued)

Revenue recognition (continued) -

Grant agreements qualifying as conditional contributions contain a right of return and a
barrier. Revenue is recognized when the condition or conditions are satisfied. Most grants and
contract awards from the United States Government and other entities are for direct and indirect
program costs. These transactions are nonreciprocal and classified as conditional and are
recognized as contributions when the revenue becomes unconditional. Typically, these
agreements also contain a right of return or right of release from obligation provision and the
entity has limited discretion over how funds transferred should be spent.

As such, GRS recognizes revenue for these conditional contributions when the related barrier
has been overcome (generally, when qualifying expenditures are incurred). Funds received in
advance of the incurrence of qualifying expenditures are recorded as refundable advances. For
contributions and grants and contracts treated as contributions, GRS had $2,438,029 in
unrecognized conditional awards as of December 31, 2022.

Contracts classified as exchange transactions follow ASU 2014-09, Revenue from Contracts
With Customers, and record revenue when the performance obligations are met. GRS has
elected to opt out of all (or certain) disclosures not required for nonpublic entities. The revenue
is recorded directly to without donor restrictions and the transaction price is based on expenses
incurred, or an estimated percentage of completion, in compliance with the criteria stipulated in
the contract agreement.

Periodically, GRS receives contributions in the form of securities, which are recorded at their
fair market value on the date of donation. GRS typically sells the securities immediately upon
receipt, minimizing the amount of potential realized gains or losses from the transaction. For the
year ended December 31, 2022, GRS received a total of $732,809 in donated securities.

GRS has event income for the annual gala each year. Revenue is recognized when the event
takes place.

 Volunteer services -

GRS receives a significant amount of donated time from various volunteers. These donated
services are not reflected in the accompanying combined financial statements since these
services do not meet the criteria for recognition as contributed services.

Use of estimates -

The preparation of the combined 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 at the date of the
combined financial statements and the reported amounts of revenue and expenses during the
reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a
functional basis in the Combined Statement of Activities and Change in Net Assets.
Accordingly, certain costs have been allocated among the programs and supporting services
benefited.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Functional allocation of expenses (continued) -

Expenses directly attributed to a specific functional area are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis. Occupancy cost, depreciation, and office costs are allocated based on square footage.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

New accounting pronouncement not yet adopted -

Accounting Standard Update (ASU) 2016-13, Financial Instruments – Credit Losses (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for GRS for the year ending December 31, 2023. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach.

GRS plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying combined financial statements.

2. GRANTS AND CONTRIBUTIONS RECEIVABLE

As of December 31, 2022, contributors to GRS have made written grants and contributions to give in the amount of $2,924,671.

Grants and contributions are due as follows at December 31, 2022:

<table>
<thead>
<tr>
<th></th>
<th>Grants</th>
<th>Contributions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than one year</td>
<td>$539,078</td>
<td>$1,759,089</td>
<td>$2,298,167</td>
</tr>
<tr>
<td>One to five years</td>
<td>96,504</td>
<td>530,000</td>
<td>626,504</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>635,582</strong></td>
<td><strong>2,289,089</strong></td>
<td><strong>2,924,671</strong></td>
</tr>
<tr>
<td>Less: Discount balance to present value (8.00%)</td>
<td>(7,148)</td>
<td>(59,327)</td>
<td>(66,475)</td>
</tr>
<tr>
<td><strong>TOTAL GRANTS AND CONTRIBUTIONS RECEIVABLE</strong></td>
<td><strong>$628,434</strong></td>
<td><strong>$2,229,762</strong></td>
<td><strong>$2,858,196</strong></td>
</tr>
</tbody>
</table>

3. LEASE COMMITMENT

In March 2018, GRS signed a lease agreement for five years commencing July 1, 2018 expiring July 1, 2023 with an option to extend for an additional five years. Base payments are $4,244 per month increasing by about 3% per year.
3. **LEASE COMMITMENT (Continued)**

GRS signed a lease in December 2018 in Lusaka, for approximately ZMW 18,000 ($1,500 USD) a month for seven years with lease payments increasing by 5% each year. The lease expires on November 30, 2025. The lease is renewable every five years.

GRS signed a lease in June 2021 in Cape Town, for approximately ZAR 42,000 ($2,741 USD) a month for two years with lease payments increasing by 10% each year. The lease expires on May 31, 2023.

GRS signed a lease in April 2022 in Johannesburg, for approximately ZAR 37,500 ($2,205 USD) a month for thirty months with lease payments increasing by 6% each year. The lease expires on May 31, 2023.

ASU 2019-01, *Leases* (Topic 842), changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Combined Statement of Financial Position and disclosure of key information about leasing arrangements. GRS elected in 2018 to early implement the ASU and elected the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. GRS elected the practical expedient that allows lessees to to not separate lease and non-lease components by class of underlying asset and are applying the expedient to all relevant asset classes. As a result, GRS recorded right-of-use assets and operating lease liabilities of $352,788 by calculating the net present value of the lease commitments using a discount rate of 5.75% for the US and Lusaka leases beginning in 2018. GRS recorded right-of-use asset and operating lease liability of $41,708 as of January 1, 2022 by calculating the net present value of the lease commitments using a discount rate of 7.27% for the Cape Town lease beginning in 2021. GRS recorded right-of-use asset and operating lease liability of $63,487 by calculating the net present value of the lease commitments using a discount rate of 7.27% for the Johannesburg lease beginning in 2022. As of December 31, 2022, the weight-average remaining lease term and rate for financing leases is 1.67 years and 5.98%, respectively.

The right-of-use assets and operating lease liabilities are being amortized over the respective lives of the leases. As of December 31, 2022, the unamortized right-of-use assets were $140,122 and unamortized operating lease liabilities were valued at $149,399.

GRS also has two short term lease agreements in foreign countries for office space that expire during 2023. Future minimum commitments are as follows:

<table>
<thead>
<tr>
<th>Year Ending December 31</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>$114,656</td>
</tr>
<tr>
<td>2024</td>
<td>44,925</td>
</tr>
<tr>
<td>2025</td>
<td>22,112</td>
</tr>
<tr>
<td><strong>Less: Imputed interest</strong></td>
<td>(32,294)</td>
</tr>
<tr>
<td><strong>Less: Current portion</strong></td>
<td>(85,543)</td>
</tr>
<tr>
<td><strong>LONG-TERM PORTION</strong></td>
<td>$63,856</td>
</tr>
</tbody>
</table>

Lease expense for the year ended December 31, 2022 was $199,859, and is presented in Occupancy expense on the Combined Statement of Functional Expenses totaling $231,382 for the year ended December 31, 2022.
4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2022:

- **Time Restricted:**
  - United States of America: $1,761,413

- **Purpose Restricted:**
  - Zambia: 248,315
  - Kenya: 198,507
  - South Africa: 162,289
  - Malawi: 83,440
  - Global: 29,129
  - Nigeria: 10,221
  - GRSP: 1,386

**Total Purpose Restricted:** $733,287

**TOTAL NET ASSETS WITH DONOR RESTRICTIONS:** $2,494,700

5. NET ASSETS RELEASED FROM RESTRICTIONS

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

- **Time Restricted:**
  - United States of America: $2,722,764

- **Purpose Restricted:**
  - Zambia: 532,013
  - South Africa: 406,790
  - Nigeria: 291,020
  - Mozambique: 288,331
  - Zimbabwe: 154,608
  - Papua New Guinea: 79,593
  - GRSP: 78,963
  - Malawi: 64,365
  - Kenya: 40,241
  - Global: 20,550
  - Equatorial Guinea: 1,258

**Total Purpose Restricted:** $1,957,732

**TOTAL NET ASSETS RELEASED FROM RESTRICTIONS:** $4,680,496

6. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Combined Statement of Financial Position date comprise the following at December 31, 2022:

- Cash and cash equivalents: $4,436,848
- Employee and partner advances and other: 115,204
- Grants receivable: 628,434
- Contributions receivable: 2,229,762
- Contract receivables: 46,456

**Subtotal financial assets available:** 7,456,704

**Less: Donor restricted funds:** (2,494,700)

**FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR:** $4,962,004
6. LIQUIDITY AND AVAILABILITY (Continued)

GRS is substantially supported by restricted contributions. Because a donor’s restriction requires resources to be used in a particular manner or in a future period, GRS 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 GRS’ liquidity management, its policy is to structure its financial assets to be available and liquid as its obligations become due. In the event of an unanticipated liquidity need, GRS has a line of credit agreement (as further discussed in Note 10) which allows for additional available borrowings up to $475,000.

7. FOREIGN OPERATIONS

GRS maintains facilities in South Africa, Zambia, and Europe, as well as administers programs in several other foreign countries via relationships with implementing partners. As of December 31, 2022, GRS had current assets, including cash, receivables, prepaid expenses and inventories to be utilized for overseas operations totaling $1,077,542. Additionally, property and equipment, net of accumulated depreciation, amounted to $52,743. Liabilities in other countries totaled $201,984. Total support and revenue received for foreign operations amounted to $2,490,327 for the year ended December 31, 2022.

Foreign currency transaction gains, resulting from exchange rate fluctuations on transactions denominated in a currency other than the functional currency, totaled $(139,582) in 2022, and has been reported separately in the accompanying Combined Statement of Activities and Change in Net Assets.

8. EXPENSES - BY SEGMENT

The following is a detail of expenses, by country, for the year ended December 31, 2022:

<table>
<thead>
<tr>
<th></th>
<th>South Africa</th>
<th>Zambia</th>
<th>Zimbabwe</th>
<th>Global Operations</th>
<th>Total Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and related benefits</td>
<td>$455,729</td>
<td>$587,017</td>
<td>$146,887</td>
<td>$2,940,403</td>
<td>$4,130,036</td>
</tr>
<tr>
<td>Contract labor</td>
<td>44,255</td>
<td>286,587</td>
<td>49,326</td>
<td>278,175</td>
<td>659,434</td>
</tr>
<tr>
<td>Travel</td>
<td>62,442</td>
<td>235,277</td>
<td>9,511</td>
<td>331,108</td>
<td>638,338</td>
</tr>
<tr>
<td>Subgrant expense</td>
<td>5,684</td>
<td>79,219</td>
<td>-</td>
<td>400,486</td>
<td>485,389</td>
</tr>
<tr>
<td>Professional fees</td>
<td>16,228</td>
<td>43,073</td>
<td>10,612</td>
<td>407,437</td>
<td>477,350</td>
</tr>
<tr>
<td>Meeting expense</td>
<td>2,341</td>
<td>97,703</td>
<td>6,299</td>
<td>301,665</td>
<td>408,008</td>
</tr>
<tr>
<td>Occupancy</td>
<td>43,585</td>
<td>30,439</td>
<td>6,235</td>
<td>135,973</td>
<td>216,232</td>
</tr>
<tr>
<td>Program supplies</td>
<td>33,018</td>
<td>128,763</td>
<td>10,774</td>
<td>402</td>
<td>172,957</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>18,844</td>
<td>66,542</td>
<td>831</td>
<td>23,464</td>
<td>109,681</td>
</tr>
<tr>
<td>Subscriptions and fees</td>
<td>10,913</td>
<td>3,473</td>
<td>56</td>
<td>64,893</td>
<td>79,335</td>
</tr>
<tr>
<td>Insurance</td>
<td>5,213</td>
<td>5,130</td>
<td>1,121</td>
<td>50,768</td>
<td>62,232</td>
</tr>
<tr>
<td>Printing and reproduction</td>
<td>9,546</td>
<td>26,336</td>
<td>319</td>
<td>21,697</td>
<td>57,898</td>
</tr>
<tr>
<td>Bank fee and service charges</td>
<td>1,204</td>
<td>9,079</td>
<td>4,547</td>
<td>35,899</td>
<td>50,729</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>1,318</td>
<td>32,796</td>
<td>4,128</td>
<td>12,194</td>
<td>50,436</td>
</tr>
<tr>
<td>Supplies/equipment</td>
<td>3,874</td>
<td>34,288</td>
<td>760</td>
<td>6,596</td>
<td>45,518</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>8,184</td>
<td>15,502</td>
<td>2,206</td>
<td>7,944</td>
<td>33,836</td>
</tr>
<tr>
<td>Advertising</td>
<td>1,153</td>
<td>1,771</td>
<td>80</td>
<td>24,883</td>
<td>27,887</td>
</tr>
<tr>
<td>Equipment rental</td>
<td>7,778</td>
<td>676</td>
<td>-</td>
<td>8,871</td>
<td>17,225</td>
</tr>
<tr>
<td>Postage and delivery</td>
<td>434</td>
<td>5,561</td>
<td>-</td>
<td>9,754</td>
<td>15,749</td>
</tr>
<tr>
<td>Other expenses</td>
<td>6,931</td>
<td>541</td>
<td>-</td>
<td>1,675</td>
<td>9,147</td>
</tr>
<tr>
<td>Education and training</td>
<td>3,463</td>
<td>1,140</td>
<td>25</td>
<td>2,815</td>
<td>7,443</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$ 742,137</strong></td>
<td><strong>$ 1,690,913</strong></td>
<td><strong>$ 253,717</strong></td>
<td><strong>$ 5,067,002</strong></td>
<td><strong>$ 7,753,769</strong></td>
</tr>
</tbody>
</table>
8. EXPENSES - BY SEGMENT (Continued)

GRS Global Operations -

GRS global operations consists of costs incurred at GRS offices in the United States and Europe as well as costs incurred for partner led programs in various countries where GRS provides technical assistance.

9. RETIREMENT PLAN

Effective March 1, 2011, GRS implemented a defined contribution 401(k) plan to provide retirement benefits to its employees. Employees are eligible to receive any matching or discretionary contributions after one year of service and the Plan has a four-year graded vesting schedule. Matching contributions are determined annually by GRS as a fixed percentage of salary for all participating employees. Discretionary contributions are determined annually by GRS and are allocated based on the employee's salary as a percentage of the total organizational salary. Retirement expense for the year ended December 31, 2022 was $0.

10. LINE OF CREDIT

In August 2013, GRS opened a line of credit with a financial institution for $600,000, which is renewed annually. In 2020, the line of credit was reduced to $475,000. The line of credit was renewed during 2022 and expires in September 2023. The interest rate as of December 31, 2022 is 8.00%.

Interest on the line of credit balance shall bear the prime rate plus .5%, but in no case less than 4% per annum. There was no outstanding balance on the line of credit as of December 31, 2022.

11. SUBSEQUENT EVENTS

In preparing these combined financial statements, GRS has evaluated events and transactions for potential recognition or disclosure through August 21, 2023, the date the combined financial statements were issued.