

FINANCIAL STATEMENTS



**FOR THE YEAR ENDED DECEMBER 31, 2016
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2015**

GRASSROOT SOCCER, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Grassroot Soccer, Inc.
Norwich, Vermont

We have audited the accompanying financial statements of Grassroot Soccer, Inc. (GRS), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and change in net assets, functional expenses and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 GRS as of December 31, 2016, and the 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.

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Report on Summarized Comparative Information

We have previously audited GRS's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 10, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gelman Rosenberg & Freedman

August 2, 2017

GRASSROOT SOCCER, INC.

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2016
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015

ASSETS

	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,168,974	\$ 2,617,493
Employee and partner advances and other	160,879	23,475
Grants and contracts receivable	2,474,718	1,722,002
Contributions receivable	317,688	576,451
Inventory	19,035	43,490
Prepaid expenses	<u>65,009</u>	<u>62,913</u>
Total current assets	<u>5,206,303</u>	<u>5,045,824</u>
FIXED ASSETS		
Furniture and equipment	19,503	21,127
Computer equipment	69,997	62,345
Vehicles	70,155	75,085
Leasehold improvements	12,805	12,805
Software	<u>37,459</u>	<u>40,845</u>
	209,919	212,207
Less: Accumulated depreciation and amortization	<u>(154,681)</u>	<u>(168,737)</u>
Net fixed assets	<u>55,238</u>	<u>43,470</u>
OTHER ASSETS		
Deposits	13,819	14,944
Grants and contracts receivable, net of current portion	624,518	390,491
Contributions receivable, net of current portion	<u>57,831</u>	<u>113,982</u>
Total other assets	<u>696,168</u>	<u>519,417</u>
TOTAL ASSETS	<u>\$ 5,957,709</u>	<u>\$ 5,608,711</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 179,636	\$ 151,989
Refundable advance	<u>111,167</u>	<u>-</u>
Total current liabilities	<u>290,803</u>	<u>151,989</u>
NET ASSETS		
Unrestricted	2,060,532	1,486,467
Temporarily restricted	<u>3,606,374</u>	<u>3,970,255</u>
Total net assets	<u>5,666,906</u>	<u>5,456,722</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,957,709</u>	<u>\$ 5,608,711</u>

See accompanying notes to financial statements.

GRASSROOT SOCCER, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

	<u>2016</u>			<u>2015</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
REVENUE				
Grants and contracts	\$ -	\$ 4,228,486	\$ 4,228,486	\$ 2,994,152
Contributions	1,737,446	40,037	1,777,483	1,780,922
Special events	1,061,049	-	1,061,049	1,224,506
In-kind contributions	7,752	19,671	27,423	31,648
Other	16,824	18,168	34,992	17,221
Interest income	14,893	-	14,893	10,069
Net assets released from donor restrictions	<u>4,621,076</u>	<u>(4,621,076)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>7,459,040</u>	<u>(314,714)</u>	<u>7,144,326</u>	<u>6,058,518</u>
EXPENSES				
Program Services	<u>5,271,768</u>	<u>-</u>	<u>5,271,768</u>	<u>5,169,615</u>
Supporting Services:				
Management and General	747,052	-	747,052	678,335
Fundraising	<u>773,531</u>	<u>-</u>	<u>773,531</u>	<u>921,406</u>
Total supporting services	<u>1,520,583</u>	<u>-</u>	<u>1,520,583</u>	<u>1,599,741</u>
Total expenses	<u>6,792,351</u>	<u>-</u>	<u>6,792,351</u>	<u>6,769,356</u>
Change in net assets before other item	666,689	(314,714)	351,975	(710,838)
OTHER ITEM				
Currency loss	<u>(92,624)</u>	<u>(49,167)</u>	<u>(141,791)</u>	<u>(229,041)</u>
Change in net assets	574,065	(363,881)	210,184	(939,879)
Net assets at beginning of year	<u>1,486,467</u>	<u>3,970,255</u>	<u>5,456,722</u>	<u>6,396,601</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,060,532</u>	<u>\$ 3,606,374</u>	<u>\$ 5,666,906</u>	<u>\$ 5,456,722</u>

GRASSROOT SOCCER, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE PERIOD ENDED DECEMBER 31, 2016
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

	2016			2015	
	<u>Supporting Services</u>				
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>	<u>Total Expenses</u>
Salaries and related benefits	\$ 1,854,048	\$ 665,718	\$ 403,624	\$ 2,923,390	\$ 2,959,638
Subgrant expense	733,566	-	-	733,566	534,675
Contract labor	689,495	4,287	12,780	706,562	779,371
Meeting expense	456,558	881	121,759	579,198	220,835
Travel	500,457	9,229	40,871	550,557	501,818
Professional fees	194,817	22,971	77,324	295,112	258,904
Occupancy	163,427	16,599	11,630	191,656	286,168
Program supplies	163,632	-	-	163,632	545,676
Dues and subscriptions	47,452	4,419	32,630	84,501	53,679
Printing and reproduction	70,672	707	9,362	80,741	83,901
Telecommunications	75,636	1,686	3,286	80,608	62,300
Supplies/equipment	68,446	2,151	2,475	73,072	69,110
Repairs and maintenance	67,298	905	549	68,752	71,027
Insurance	46,323	9,076	5,503	60,902	56,105
Equipment rental	53,192	608	3,343	57,143	26,075
Other expenses	34,103	1,387	3,557	39,047	85,858
Bank fees and service charges	16,329	848	18,925	36,102	20,058
Depreciation and amortization	14,800	5,314	3,222	23,336	23,321
Advertising	8,091	13	9,793	17,897	35,734
Postage and delivery	5,709	130	3,948	9,787	13,824
Education and training	5,586	-	3,365	8,951	59,835
License and permits	2,131	123	5,585	7,839	21,444
TOTAL	\$ 5,271,768	\$ 747,052	\$ 773,531	\$ 6,792,351	\$ 6,769,356

GRASSROOT SOCCER, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 210,184	\$ (939,879)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	23,335	20,058
Loss (gain) on sale of fixed assets	1,277	(2,477)
Donated inventory disbursed	24,455	28,115
Change in allowance for doubtful accounts	(8,000)	8,000
Change in discount on long-term receivables	3,151	(39,081)
(Increase) decrease in:		
Employee and partner advances	(137,404)	19,431
Grants and contracts receivable	(985,743)	1,617,050
Contributions receivable	318,763	(321,556)
Prepaid expenses	(2,096)	(9,297)
Deposits	1,125	6,782
Increase in:		
Accounts payable and accrued liabilities	27,647	13,824
Refundable advance	<u>111,167</u>	<u>-</u>
Net cash (used) provided by operating activities	<u>(412,139)</u>	<u>400,970</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(37,748)	(47,791)
Proceeds from sale of fixed assets	<u>1,368</u>	<u>5,328</u>
Net cash used by investing activities	<u>(36,380)</u>	<u>(42,463)</u>
Net (decrease) increase in cash and cash equivalents	(448,519)	358,507
Cash and cash equivalents at beginning of year	<u>2,617,493</u>	<u>2,258,986</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,168,974</u>	<u>\$ 2,617,493</u>
SUPPLEMENTAL INFORMATION:		
Donated Securities	<u>\$ 254,472</u>	<u>\$ 263,184</u>

GRASSROOT SOCCER, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Grassroot Soccer, Inc. (GRS) is a non-profit organization, incorporated in the State of New Mexico. GRS 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.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

The 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's financial statements for the year ended December 31, 2015, 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 \$743,716 of cash and cash equivalents held in accounts in foreign countries at December 31, 2016. 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 Statement of Financial Position.

Receivables -

Receivables approximate fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

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 and contracts receivable are recorded at their net realizable value, which approximates fair value. Grants and contracts 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.

GRASSROOT SOCCER, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Receivables (continued) -

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 and contract revenue.

Fixed assets -

Fixed assets in excess of \$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. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. Fixed assets purchased with grant funds are expensed and charged to the corresponding program.

Income taxes -

GRS is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. GRS is not a private foundation.

Uncertain tax positions -

For the year ended December 31, 2016, 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 financial statements.

Inventory -

Inventory consists of donated sports apparel, shoes and other materials, which are recorded at fair market value as of the date of donation. The inventory is disbursed on a first in first out basis, as needed.

Net asset classification -

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of GRS and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of GRS and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions.

Grants, contributions and contracts -

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions.

GRASSROOT SOCCER, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Grants, contributions and contracts (continued) -

Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements. Contracts are recorded as unrestricted revenue as reimbursable costs are incurred. Contract funds received in advance of expenditure are recorded as refundable advances.

GRS receives funding under grants and contracts from the U.S. and foreign governments, international organizations and other grantors for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such grants are considered exchange transactions and are recorded as unrestricted income to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements.

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, 2016, GRS received a total of \$254,472 in donated securities.

In-kind contributions -

Unrestricted in-kind contributions consist of donated telephone services, computer equipment and inventory. In-kind contributions are recorded at their fair market value as of the date of the gift.

Volunteer services -

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

Use of estimates -

The preparation of the 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 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 Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

New accounting pronouncement -

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958), intended to improve financial reporting for not-for-profit entities. The ASU will reduce the current three classes of net assets into two: with and without donor restrictions.

GRASSROOT SOCCER, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

New accounting pronouncement (continued) -

The change in each of the classes of net assets must be reported on the Statement of Activities and Change in Net Assets. The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. The ASU is effective for years beginning after December 15, 2017. Early adoption is permitted. The ASU should be applied on a retrospective basis in the year the ASU is first applied. While the ASU will change the presentation of the GRS's financial statements, it is not expected to alter GRS's reported financial position.

2. GRANTS, CONTRACTS AND CONTRIBUTIONS RECEIVABLE

As of December 31, 2016, contributors to GRS have made written promises to give \$3,503,241 in grants, contracts and contributions. Grants, contracts and contributions are due as follows at December 31, 2016:

	<u>Grants</u>	<u>Contracts</u>	<u>Contributions</u>	<u>Total</u>
Less than one year	\$ 2,414,689	\$ 60,029	\$ 317,688	\$ 2,792,406
One to five years	<u>650,835</u>	<u>-</u>	<u>60,000</u>	<u>710,835</u>
Total	3,065,524	60,029	377,688	3,503,241
Less: Discount balance to present value (3.50%)	<u>(26,317)</u>	<u>-</u>	<u>(2,169)</u>	<u>(28,486)</u>
TOTAL GRANTS, CONTRACTS AND CONTRIBUTIONS RECEIVABLE	<u>\$ 3,039,207</u>	<u>\$ 60,029</u>	<u>\$ 375,519</u>	<u>\$ 3,474,755</u>

3. LEASE COMMITMENT

In June 2008, GRS entered into a lease agreement for office space, commencing July 1, 2008 and expiring July 1, 2013. During 2011, the lease was extended through July 1, 2018 under the same terms and conditions of the existing agreement. GRS also has various lease agreements in foreign countries for office space and intern housing through 2017. Future minimum commitments are as follows:

<u>Year Ending December 31,</u>	
2017	\$ 142,529
2018	<u>32,438</u>
	<u>\$ 174,967</u>

Occupancy expense, including short-term lease agreements in foreign countries, utilities and storage space, totaled \$191,656 for the year ended December 31, 2016.

GRASSROOT SOCCER, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2016:

South Africa	\$ 2,270,271
GRSP	443,256
Zambia	379,600
Zimbabwe	267,523
United States of America	151,165
Tanzania	34,872
Europe	26,718
Global	21,770
Malawi	8,273
Peace Corps Zambia	<u>2,926</u>
TOTAL TEMPORARILY RESTRICTED NET ASSETS	<u>\$ 3,606,374</u>

5. NET ASSETS RELEASED FROM RESTRICTIONS

The following temporarily restricted net assets were released from donor restrictions by incurring expenses, which satisfied the restricted purposes specified by the donors:

South Africa	\$ 2,189,089
Zimbabwe	537,904
Zambia	522,385
Nigeria	443,113
GRSP	149,496
Tanzania	140,314
Malawi	101,669
Equatorial Guinea	98,429
United States of America	93,333
Rwanda	52,356
Global	38,902
Cameroon	37,666
Ethiopia	37,525
Ghana	29,642
Botswana	28,355
Uganda	22,721
Partnership SA	21,877
Mozambique	18,786
Swaziland	14,278
Lesotho	10,467
Madagascar	10,410
Senegal	10,000
DRC-Congo	5,800
Kenya	3,311
Europe	<u>3,248</u>
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	<u>\$ 4,621,076</u>

GRASSROOT SOCCER, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

6. CONTINGENCY

Beginning for fiscal year ended December 31, 2015, grants are subject to audit under the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits.

Audits in accordance with the applicable provisions have been completed for the fiscal year ended December 31, 2016. GRS did not meet the criteria for an audit under Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, for the previous three fiscal periods.

7. FOREIGN OPERATIONS

GRS maintains facilities in South Africa, Zambia, Zimbabwe and Europe, as well as administers programs in several other foreign countries via relationships with implementing partners.

As of December 31, 2016, GRS had current assets, including cash, receivables, prepaid expenses and inventories to be utilized for overseas operations totaling \$3,503,690. Additionally, property and equipment, net of accumulated depreciation, amounted to \$45,847. Liabilities in other countries totaled \$232,725. Total support and revenue received for foreign operations amounted to \$5,193,372 for the year ended December 31, 2016.

Foreign currency transaction losses, resulting from exchange rate fluctuations on transactions denominated in a currency other than the functional currency, totaled \$141,791 in 2016, and has been reported separately in the accompanying 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, 2016:

	<u>South Africa</u>	<u>Zambia</u>	<u>Zimbabwe</u>	<u>Global Operations</u>	<u>Total Expenses</u>
Salaries and related benefits	\$ 952,957	\$ 300,307	\$ 354,606	\$ 1,315,520	\$ 2,923,390
Subgrant expense	172,632	-	-	560,934	733,566
Contract labor	417,217	71,018	128,794	89,533	706,562
Meeting expense	320,828	88,104	36,712	133,554	579,198
Travel	167,316	119,212	59,120	204,909	550,557
Professional fees	105,528	8,174	11,566	169,844	295,112
Occupancy	58,582	15,668	16,635	100,771	191,656
Program Supplies	41,667	34,606	54,145	33,214	163,632
Dues and subscriptions	25,760	330	448	57,963	84,501
Printing and reproduction	35,476	14,009	14,860	16,396	80,741
Telecommunications	38,898	16,219	6,544	18,947	80,608
Supplies/equipment	39,221	6,168	16,428	11,255	73,072
Repairs and maintenance	45,481	9,676	8,888	4,707	68,752
Insurance	17,075	2,356	1,614	39,857	60,902
Equipment rental	16,286	30,835	3,175	6,847	57,143
Other expenses	16,006	153	1,058	21,830	39,047
Bank fee and service charges	4,565	1,454	7,224	22,859	36,102
Depreciation	4,920	8,857	6,147	3,412	23,336
Advertising	4,295	753	2,797	10,052	17,897
Postage and delivery	2,640	97	1,821	5,229	9,787
Education and training	3,920	-	1,788	3,243	8,951
Licenses and permits	580	737	348	6,174	7,839
TOTAL	<u>\$ 2,491,850</u>	<u>\$ 728,733</u>	<u>\$ 734,718</u>	<u>\$ 2,837,050</u>	<u>\$ 6,792,351</u>

GRASSROOT SOCCER, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

8. EXPENSES - BY SEGMENT (Continued)

GRS Global Operations -

GRS Global Operations consist 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. GRS did not elect any matching or discretionary contributions as of December 31, 2016.

10. LINE OF CREDIT

In August 2013, GRS opened a line of credit with a financial institution for \$600,000, which was renewed and expires in August 2017. 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, 2016.

11. SUBSEQUENT EVENTS

In preparing these financial statements, GRS has evaluated events and transactions for potential recognition or disclosure through August 2, 2017, the date the financial statements were issued.