

COMBINED FINANCIAL STATEMENTS



**FOR THE YEAR ENDED DECEMBER 31, 2025
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2024**

GRASSROOT SOCCER, INC.

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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, 2025, 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, 2025, and the combined change in its net assets and its combined cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the 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.

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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 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' 2024 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated July 30, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.



August 3, 2026

GRASSROOT SOCCER, INC.

**COMBINED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024**

ASSETS

	<u>2025</u>	<u>2024</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 6,098,752	\$ 5,919,229
Investments	2,327,068	1,944,477
Employee and partner advances and other	72,314	18,494
Grants receivable	747,323	586,599
Contract receivables	13,053	124,212
Contributions receivable	3,002,450	2,683,528
Prepaid expenses	<u>97,428</u>	<u>127,566</u>
Total current assets	<u>12,358,388</u>	<u>11,404,105</u>
FIXED ASSETS		
Furniture and equipment	9,317	9,317
Computer equipment	86,001	93,859
Vehicles	122,413	92,252
Software	<u>37,874</u>	<u>37,874</u>
	255,605	233,302
Less: Accumulated depreciation and amortization	<u>(204,215)</u>	<u>(199,878)</u>
Net fixed assets	<u>51,390</u>	<u>33,424</u>
OTHER ASSETS		
Deposits	57,310	64,367
Right-of-use assets, net	53,470	59,450
Contributions receivable, net	<u>1,934,134</u>	<u>3,602,531</u>
Total other assets	<u>2,044,914</u>	<u>3,726,348</u>
TOTAL ASSETS	<u>\$ 14,454,692</u>	<u>\$ 15,163,877</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 195,882	\$ 258,033
Operating lease liabilities	<u>30,955</u>	<u>38,950</u>
Total current liabilities	<u>226,837</u>	<u>296,983</u>
LONG-TERM LIABILITIES		
Operating lease liabilities, net	<u>22,515</u>	<u>23,588</u>
Total liabilities	<u>249,352</u>	<u>320,571</u>
NET ASSETS		
Without donor restrictions	8,166,669	7,312,439
With donor restrictions	<u>6,038,671</u>	<u>7,530,867</u>
Total net assets	<u>14,205,340</u>	<u>14,843,306</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 14,454,692</u>	<u>\$ 15,163,877</u>

GRASSROOT SOCCER, INC.

COMBINED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT				
Grants	\$ 231,674	\$ 1,453,196	\$ 1,684,870	\$ 1,649,662
Contracts	153,068	-	153,068	280,977
Contributions	2,892,062	1,336,947	4,229,009	6,094,872
Event income	1,508,284	-	1,508,284	1,890,026
Contributed nonfinancial assets	41,198	-	41,198	-
Net investment return	111,122	-	111,122	89,928
Other revenue	7,205	-	7,205	7,288
Net assets released from donor restrictions	<u>4,424,060</u>	<u>(4,424,060)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>9,368,673</u>	<u>(1,633,917)</u>	<u>7,734,756</u>	<u>10,012,753</u>
EXPENSES				
Program Services	<u>5,931,406</u>	<u>-</u>	<u>5,931,406</u>	<u>5,454,318</u>
Supporting Services:				
Management and General	1,161,601	-	1,161,601	982,197
Fundraising	<u>1,459,664</u>	<u>-</u>	<u>1,459,664</u>	<u>1,968,249</u>
Total supporting services	<u>2,621,265</u>	<u>-</u>	<u>2,621,265</u>	<u>2,950,446</u>
Total expenses	<u>8,552,671</u>	<u>-</u>	<u>8,552,671</u>	<u>8,404,764</u>
Change in net assets before other item	816,002	(1,633,917)	(817,915)	1,607,989
OTHER ITEM				
Currency gain (loss)	<u>38,228</u>	<u>141,721</u>	<u>179,949</u>	<u>(115,557)</u>
Change in net assets	854,230	(1,492,196)	(637,966)	1,492,432
Net assets at beginning of year	<u>7,312,439</u>	<u>7,530,867</u>	<u>14,843,306</u>	<u>13,350,874</u>
NET ASSETS AT END OF YEAR	<u>\$ 8,166,669</u>	<u>\$ 6,038,671</u>	<u>\$ 14,205,340</u>	<u>\$ 14,843,306</u>

GRASSROOT SOCCER, INC.

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024

	2025				2024	
	Supporting Services					
	Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Salaries and related benefits	\$ 3,433,442	\$ 1,041,193	\$ 717,594	\$ 1,758,787	\$ 5,192,229	\$ 4,666,983
Professional fees	420,250	35,617	204,773	240,390	660,640	812,700
Travel	495,034	19,138	101,077	120,215	615,249	671,596
Contract labor	442,513	10,569	56,447	67,016	509,529	630,444
Meeting expense	101,407	2,153	249,971	252,124	353,531	537,918
Subgrant expense	320,129	-	-	-	320,129	246,314
Program supplies	160,537	60	89	149	160,686	146,086
Subscriptions and fees	92,008	7,623	29,013	36,636	128,644	106,981
Occupancy	80,952	9,031	6,224	15,255	96,207	100,040
Insurance	55,524	14,128	9,737	23,865	79,389	84,337
Bank fees and service charges	46,209	5,519	20,711	26,230	72,439	46,986
Telecommunications	60,321	5,098	4,153	9,251	69,572	71,497
Supplies and equipment	53,669	1,658	1,506	3,164	56,833	72,273
Printing and reproduction	47,838	323	6,342	6,665	54,503	57,005
Equipment rental	8,204	195	33,911	34,106	42,310	5,701
Advertising	31,393	534	5,416	5,950	37,343	18,365
Repairs and maintenance	30,978	832	574	1,406	32,384	48,427
Other expenses	17,604	2,941	4,414	7,355	24,959	35,576
Depreciation and amortization	14,073	4,265	2,941	7,206	21,279	26,250
Education and conferences	15,636	254	1,886	2,140	17,776	13,261
Postage and delivery	3,685	470	2,885	3,355	7,040	6,024
TOTAL	\$ 5,931,406	\$ 1,161,601	\$ 1,459,664	\$ 2,621,265	\$ 8,552,671	\$ 8,404,764

See accompanying notes to combined financial statements.

GRASSROOT SOCCER, INC.

COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (637,966)	\$ 1,492,432
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	21,279	26,250
Gain on sale of fixed assets	(2,066)	(2,739)
Unrealized loss on investments	6,157	3,292
Receipt of contributed securities	(306,782)	(849,439)
Proceeds from the sale of contributed securities	303,666	845,889
Loss on sale of contributed securities	3,116	3,550
Amortization of right-of-use assets	48,877	17,824
Change in discount on long-term grants receivables	-	(23,835)
Change in discount on long-term contributions receivables	(236,947)	(104,226)
(Increase) decrease in:		
Employee and partner advances and other	(53,820)	(4,580)
Grants receivable	(160,724)	529,811
Contract receivables	111,159	(56,420)
Contributions receivable	1,586,422	(321,880)
Prepaid expenses	30,138	(65,763)
Deposits	7,057	(6,648)
(Decrease) increase in:		
Accounts payable and accrued liabilities	(62,151)	80,364
Refundable advance	-	(56,375)
Operating lease liabilities	<u>(51,965)</u>	<u>(20,764)</u>
Net cash provided by operating activities	<u>605,450</u>	<u>1,486,743</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(40,218)	(26,716)
Proceeds from disposal of fixed assets	3,039	2,810
Purchases of investments	(3,138,806)	(3,644,709)
Proceeds from the sale of investments	<u>2,750,058</u>	<u>2,731,422</u>
Net cash used by investing activities	<u>(425,927)</u>	<u>(937,193)</u>
Net increase in cash and cash equivalents	179,523	549,550
Cash and cash equivalents at beginning of year	<u>5,919,229</u>	<u>5,369,679</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 6,098,752</u>	<u>\$ 5,919,229</u>
SUPPLEMENTAL INFORMATION:		
Right-of-Use Assets	<u>\$ 63,160</u>	<u>\$ -</u>
Operating Lease Liabilities	<u>\$ 63,160</u>	<u>\$ -</u>

GRASSROOT SOCCER, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS DECEMBER 31, 2025

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 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) 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 accounting principles generally accepted in the United States of America (U.S. GAAP) related to non-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". Net assets set aside 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** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

GRASSROOT SOCCER, INC.

**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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

Basis of presentation (continued) -

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, 2024, 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. Money market funds held by investment managers totaled \$1,581,966 as of December 31, 2025. 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 \$1,576,841 of cash and cash equivalents held in accounts in foreign countries at December 31, 2025. 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 -

Contracts receivable primarily consists of amounts due within one year related to contract revenue. Accounts receivable are recorded at their net realizable value which approximates fair value. Accounts receivable are presented net of an allowance for credit losses resulting from the inability of customers to make required payments. The allowance for credit losses is based upon historical loss experience in combination with current economic conditions and a forecast of future economic conditions. Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs.

Grants and contributions receivable include unconditional promises to give that are expected to be collected in future years. Grants and contributions are recorded at their fair value, which is measured as the present value of the future cash flows. The discount on long-term grants and contributions receivable is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. Amortization of the discount is included in contributions.

GRASSROOT SOCCER, INC.

**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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

Fixed assets -

Fixed assets in excess of \$1,500 are capitalized and 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. Depreciation and amortization expense totaled \$21,279 for the year ended December 31, 2025.

Income taxes -

GRS is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3) and is only subject to tax on its unrelated business income, net of applicable deductions. GRS is not a private foundation.

Grassroot Soccer South Africa, Grassroot Soccer Education Limited (Zambia) 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.

Revenue from contracts with customers -

GRS' contract revenue and event income are the most significant revenue streams that are treated as exchange transaction revenue following ASC Topic 606. Revenue from contracts with customers is recorded when the performance obligations are met. GRS has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on cost and/or sales price. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue. GRS' contracts with customers generally have initial terms of one year or less.

Contracts for services revenue is recorded over the period of time that the performance obligations are met.

GRS has event income for the annual gala each year. Revenue is recognized when the event takes place. Event income contains an exchange portion for auctions, tables, and dinner tickets. Remaining revenue is considered a contribution.

Event income is comprised of the following for the year ended December 31, 2025:

Contribution portion	\$ 1,408,810
Exchange portion	<u>99,474</u>
TOTAL EVENT REVENUE	<u>\$ 1,508,284</u>

Support from grants and contributions, including Federal awards -

GRS receives grants and contributions, including Federal awards from the U.S. Government. Contributions are recognized in the appropriate category of net assets in the period received. GRS performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

GRASSROOT SOCCER, INC.

**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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

Support from grants and contributions, including Federal awards (continued) -

For grants qualifying under the contribution rules, support is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but 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.

Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying combined financial statements.

Contributions that are both received and released from restrictions in the same year are classified as without donor restrictions. Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Most Federal grants are for direct and indirect program costs and are considered to be conditional contributions which are recognized as contributions when the amounts become unconditional. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. GRS did not have any refundable advances as of December 31, 2025.

In addition, GRS has obtained funding source agreements related to conditional contributions, such as Federal awards from the U.S. Government, which will be received in future years. However, GRS had no conditional contributions to be received in future years as of December 31, 2025.

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.

Advertising -

GRS expenses advertising costs as incurred. Advertising expense was \$37,343 as of December 31, 2025.

Risks and uncertainties -

GRS invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying combined financial statements.

GRASSROOT SOCCER, INC.

**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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

Functional allocation of expenses -

The costs of providing the various programs and supporting services 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. 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 actual time and effort or other reasonable basis.

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

In accordance with FASB ASC 820, *Fair Value Measurement*, GRS has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Combined Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market GRS has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the year ended December 31, 2025. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money Market Funds* - The money market funds are open-end funds that are registered with the Securities and Exchange Commission (SEC) and are deemed to be actively traded.
- *U.S. Government Securities* - Valued at the closing price reported in the active market in which the individual securities are traded.

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of December 31, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market funds	\$ 1,581,966	\$ -	\$ -	\$ 1,581,966
Government securities	<u>745,102</u>	<u>-</u>	<u>-</u>	<u>745,102</u>
TOTAL INVESTMENTS	<u>\$ 2,327,068</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,327,068</u>

GRASSROOT SOCCER, INC.

**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2025**

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Net investment return consisted of the following for the year ended December 31, 2025:

Interest and dividends	\$ 120,395
Unrealized loss	(6,157)
Realized loss	<u>(3,116)</u>
NET INVESTMENT RETURN	<u>\$ 111,122</u>

3. GRANTS AND CONTRIBUTIONS RECEIVABLE

As of December 31, 2025, contributors to GRS have made written grants and contributions to give in the amount of \$5,885,882. Grants and contributions due as of December 31, 2025, are as follows:

	<u>Grants</u>	<u>Contributions</u>	<u>Total</u>
Less than one year	\$ 747,323	\$ 3,002,450	\$ 3,749,773
One to five years	<u>-</u>	<u>2,136,109</u>	<u>2,136,109</u>
Total	747,323	5,138,559	5,885,882
Less: Discount balance to present value (9.00%)	<u>-</u>	<u>(201,975)</u>	<u>(201,975)</u>
TOTAL GRANTS AND CONTRIBUTIONS RECEIVABLE	<u>\$ 747,323</u>	<u>\$ 4,936,584</u>	<u>\$ 5,683,907</u>

4. CONTRACT ASSETS

Contract assets consisted of the following revenue streams as of:

	<u>December 31, 2025</u>	<u>January 1, 2025</u>
Contract Revenue	<u>\$ 13,053</u>	<u>\$ 124,212</u>

5. LEASE COMMITMENTS

GRS follows FASB ASC 842 for leases. GRS has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. GRS has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

Operating Leases:

GRS signed a lease in December 2018 in Lusaka, for approximately \$1,500 USD a month for seven years with lease payments increasing by 5% each year. The lease expired on November 30, 2025. GRS signed a new lease in November 2025 in Lusaka, for approximately ZMW 35,000 (\$1,500 USD) a month for two years, expiring on October 31, 2027.

GRASSROOT SOCCER, INC.

**NOTES TO COMBINED FINANCIAL STATEMENTS
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5. LEASE COMMITMENTS (Continued)

Operating Leases (continued):

GRS signed a lease in November 2024 in Johannesburg, for approximately ZAR 20,846 (\$1,112 USD) a month for 36 months with lease payments increasing by 6% each year. The lease expires on October 31, 2027. During December 2025, the lease was terminated.

GRS signed a lease in June 2023 in Hanover, New Hampshire. The lease is for two years commencing on June 1, 2023, and was terminated on May 31, 2025, with an option to renew the lease for four successive two-year term(s). The lease was renewed in June 2025 for an additional two years, expiring on June 30, 2027. Base payments are \$1,250 with no escalation.

For the year ended December 31, 2025, total lease cost was \$49,632 and total cash paid was \$52,311 for all operating leases. Lease cost is presented in Occupancy expense on the Combined Statement of Functional Expenses. As of December 31, 2025, the weighted-average remaining lease term and rate for operating leases is 1.60 years and 7.25%, respectively.

GRS also had multiple short-term leases (less than one year) during the year in multiple countries.

The following is a schedule of the future minimum lease payments due under the operating leases, net of imputed interest, as of December 31, 2025:

Year Ending December 31,

2026	\$ 33,816
2027	<u>23,180</u>
Subtotal	56,996
Less: Imputed interest	(3,526)
Less: Current portion	<u>(30,955)</u>
LONG-TERM PORTION	<u>\$ 22,515</u>

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2025:

Time Restricted:	
United States of America	\$ <u>5,238,716</u>
Purpose Restricted:	
South Africa	121,938
Zambia	278,017
Kenya	<u>400,000</u>
Total Purpose Restricted	<u>799,955</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 6,038,671</u>

GRASSROOT SOCCER, INC.

**NOTES TO COMBINED FINANCIAL STATEMENTS
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7. 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	\$ <u>2,842,292</u>
Purpose Restricted:	
Zambia	614,120
Nigeria	109,658
South Africa	455,095
Mozambique	100,000
Kenya	225,000
Zimbabwe	440
GRSP	<u>77,455</u>
Total Purpose Restricted	<u>1,581,768</u>
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	\$ <u>4,424,060</u>

8. 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, 2025:

Cash and cash equivalents	\$ 6,098,752
Investments	2,327,068
Employee and partner advances and other	72,314
Grants receivable	747,323
Contributions receivable	3,002,450
Contract receivables	<u>13,053</u>
Subtotal financial assets available	12,260,960
Less: Donor-restricted funds	<u>(3,435,852)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ <u>8,825,108</u>

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 12) which allows for additional available borrowings up to \$475,000.

GRASSROOT SOCCER, INC.

**NOTES TO COMBINED FINANCIAL STATEMENTS
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9. 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, 2025, GRS had current assets, including cash, receivables and prepaid expenses to be utilized for overseas operations totaling \$1,859,246.

Additionally, property and equipment, net of accumulated depreciation, amounted to \$47,390. Liabilities in other countries totaled \$111,377. Total support and revenue received for foreign operations amounted to \$2,955,810 for the year ended December 31, 2025.

Foreign currency transaction gains and losses, resulting from exchange rate fluctuations on transactions denominated in a currency other than the functional currency, netted to a gain of \$39,273 in 2025, and have been reported separately in the accompanying Combined Statement of Activities and Change in Net Assets.

10. EXPENSES - BY SEGMENT

The following is a detail of expenses, by country, for the year ended December 31, 2025:

	<u>South Africa</u>	<u>Zambia</u>	<u>Global Operations</u>	<u>Total Expenses</u>
Salaries and related benefits	\$ 705,722	\$ 407,239	\$ 4,079,268	\$ 5,192,229
Professional fees	25,124	15,723	619,793	660,640
Travel	25,802	153,988	435,459	615,249
Contract labor	1,544	210,381	297,604	509,529
Meeting expense	7,697	31,921	313,913	353,531
Subgrant expense	-	-	320,129	320,129
Program supplies	22,825	116,461	21,400	160,686
Subscriptions and fees	7,668	12,586	108,390	128,644
Occupancy	26,535	24,635	45,037	96,207
Insurance	2,235	6,698	70,456	79,389
Bank fee and service charges	20,429	6,699	45,311	72,439
Telecommunications	9,504	20,862	39,206	69,572
Supplies and equipment	7,830	38,709	10,294	56,833
Printing and reproduction	13,430	20,621	20,452	54,503
Equipment rental	6,704	519	35,087	42,310
Advertising	439	1,353	35,551	37,343
Repairs and maintenance	6,356	21,876	4,152	32,384
Other expenses	5,108	398	19,453	24,959
Depreciation and amortization	148	17,160	3,971	21,279
Education and training	1,621	1,496	14,659	17,776
Postage and delivery	58	1,882	5,100	7,040
TOTAL	<u>\$ 896,779</u>	<u>\$ 1,111,207</u>	<u>\$ 6,544,685</u>	<u>\$ 8,552,671</u>

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.

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11. RETIREMENT PLAN

GRS has 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 set by a safe harbor plan. 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, 2025 was \$84,499.

12. LINE OF CREDIT

GRS has a \$475,000 line of credit with a financial institution. The line of credit was renewed during 2025, and expires in September 2026. The interest rate as of December 31, 2025 is 7.25%. 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, 2025.

13. CONTINGENCY

GRS receives grants from the U.S. Agency for International Development. Such 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 (Uniform Guidance)*. The ultimate determination of amounts received under the Federal awards is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits. GRS' expenditures of Federal awards totaled \$272,872 for the year ended December 31, 2025. Therefore, GRS did not meet the threshold to require an audit in accordance with Subpart F of the Uniform Guidance.

14. SUBSEQUENT EVENTS

In preparing these combined financial statements, GRS has evaluated events and transactions for potential recognition or disclosure through August 3, 2026, the date the combined financial statements were issued.