

FINANCIAL STATEMENTS



**FOR THE YEAR ENDED DECEMBER 31, 2014
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2013**

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, 2014, 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, 2014, 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 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 11, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gelman Rosenberg & Freedman

July 29, 2015

GRASSROOT SOCCER, INC.

**STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2014
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2013**

ASSETS

	<u>2014</u>	<u>2013</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,258,986	\$ 976,010
Employee and partner advances	42,906	179,425
Grants and contracts receivable (Note 2)	2,533,529	2,156,064
Contributions receivable (Note 2)	194,895	650,813
Inventory	71,605	107,667
Prepaid expenses	<u>53,616</u>	<u>67,452</u>
Total current assets	<u>5,155,537</u>	<u>4,137,431</u>
FIXED ASSETS		
Furniture and equipment	24,325	25,246
Computer equipment	63,417	76,574
Vehicles	63,964	70,920
Leasehold improvements	12,805	12,805
Software	<u>40,845</u>	<u>40,845</u>
	205,356	226,390
Less: Accumulated depreciation and amortization	<u>(186,768)</u>	<u>(186,901)</u>
Net fixed assets	<u>18,588</u>	<u>39,489</u>
OTHER ASSETS		
Deposits	21,726	28,280
Grants and contracts receivable, net of current portion and discount of \$53,320 and \$44,905 in 2014 and 2013, respectively (Note 2)	1,170,011	1,155,126
Contributions receivable, net of current portion and discount of \$11,096 in 2014 (Note 2)	<u>168,904</u>	<u>-</u>
Total other assets	<u>1,360,641</u>	<u>1,183,406</u>
TOTAL ASSETS (Note 8)	<u>\$ 6,534,766</u>	<u>\$ 5,360,326</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ <u>138,165</u>	\$ <u>203,682</u>
NET ASSETS		
Unrestricted	811,330	204,480
Temporarily restricted (Note 4)	<u>5,585,271</u>	<u>4,952,164</u>
Total net assets	<u>6,396,601</u>	<u>5,156,644</u>
TOTAL LIABILITIES AND NET ASSETS (Note 8)	<u>\$ 6,534,766</u>	<u>\$ 5,360,326</u>

GRASSROOT SOCCER, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2013**

	2014			2013
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE				
Grants and contracts	\$ 100,705	\$ 4,658,409	\$ 4,759,114	\$ 4,753,167
Contributions	1,250,144	392,112	1,642,256	1,831,851
Special events	1,492,908	-	1,492,908	804,932
In-kind contributions	11,148	40,125	51,273	151,451
Other	23,637	12,460	36,097	58,364
Interest income	6,740	67	6,807	6,041
Net assets released from donor restrictions (Note 5)	<u>4,449,363</u>	<u>(4,449,363)</u>	<u>-</u>	<u>-</u>
Total revenue (Note 8)	<u>7,334,645</u>	<u>653,810</u>	<u>7,988,455</u>	<u>7,605,806</u>
EXPENSES (Note 7)				
Program Services	<u>4,863,721</u>	<u>-</u>	<u>4,863,721</u>	<u>5,846,978</u>
Supporting Services:				
Management and General	859,656	-	859,656	1,399,645
Fundraising	<u>859,966</u>	<u>-</u>	<u>859,966</u>	<u>995,778</u>
Total supporting services	<u>1,719,622</u>	<u>-</u>	<u>1,719,622</u>	<u>2,395,423</u>
Total expenses	<u>6,583,343</u>	<u>-</u>	<u>6,583,343</u>	<u>8,242,401</u>
Change in net assets before other item	751,302	653,810	1,405,112	(636,595)
OTHER ITEM				
Currency loss (Note 8)	<u>(144,452)</u>	<u>(20,703)</u>	<u>(165,155)</u>	<u>(53,200)</u>
Change in net assets	606,850	633,107	1,239,957	(689,795)
Net assets at beginning of year	<u>204,480</u>	<u>4,952,164</u>	<u>5,156,644</u>	<u>5,846,439</u>
NET ASSETS AT END OF YEAR	<u>\$ 811,330</u>	<u>\$ 5,585,271</u>	<u>\$ 6,396,601</u>	<u>\$ 5,156,644</u>

GRASSROOT SOCCER, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2013**

	2014			2013	
	Program Services	Supporting Services		Total Expenses	Total Expenses
		Management and General	Fundraising		
Salaries and related benefits (Note 9)	\$ 1,874,090	\$ 783,277	\$ 539,102	\$ 3,196,469	\$ 3,714,409
Subgrant expense	675,511	-	-	675,511	1,099,658
Contract labor	552,314	578	10,842	563,734	859,590
Travel	486,726	10,667	45,906	543,299	660,614
Meeting expense	230,723	7,600	71,152	309,475	256,691
Occupancy (Note 3)	218,915	15,973	17,046	251,934	280,029
Professional fees	124,391	11,643	36,657	172,691	192,270
Program supplies	167,749	-	-	167,749	360,972
Telecommunications	107,920	1,651	3,644	113,215	130,844
Printing and reproduction	90,443	817	11,051	102,311	120,820
Other expenses	70,134	1,089	22,730	93,953	87,731
Dues and subscriptions	22,844	5,724	40,785	69,353	70,630
Insurance	46,782	10,004	8,397	65,183	59,054
Supplies/equipment	54,141	1,646	2,249	58,036	85,154
Equipment rental	27,077	937	14,730	42,744	41,034
Repairs and maintenance	40,590	831	571	41,992	43,411
Bank fees and service charges	19,803	1,106	19,158	40,067	37,537
Advertising	17,985	189	649	18,823	34,885
Depreciation and amortization	10,479	4,380	3,015	17,874	30,170
License and permits	9,998	667	6,306	16,971	20,160
Postage and delivery	6,940	877	5,014	12,831	14,641
Education and training	8,166	-	962	9,128	42,097
TOTAL	\$ 4,863,721	\$ 859,656	\$ 859,966	\$ 6,583,343	\$ 8,242,401

GRASSROOT SOCCER, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2013**

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,239,957	\$ (689,795)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	17,874	30,170
Gain on sale of fixed assets	(725)	(5,135)
Donated inventory received	(40,125)	(151,451)
Donated inventory disbursed	76,187	154,899
Change in discount on long-term receivables	19,511	(28,689)
(Increase) decrease in:		
Employee and partner advances	136,519	(37,352)
Grants and contracts receivable	(400,765)	(203,351)
Contributions receivable	275,918	358,648
Prepaid expenses	13,836	(6,887)
Deposits	6,554	(3,735)
Increase (decrease) in:		
Accounts payable and accrued liabilities	<u>(65,517)</u>	<u>99,243</u>
Net cash provided (used) by operating activities	<u>1,279,224</u>	<u>(483,435)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(2,878)	(27,534)
Proceeds from sale of fixed assets	<u>6,630</u>	<u>12,881</u>
Net cash provided (used) by investing activities	<u>3,752</u>	<u>(14,653)</u>
Net increase (decrease) in cash and cash equivalents	1,282,976	(498,088)
Cash and cash equivalents at beginning of year	<u>976,010</u>	<u>1,474,098</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,258,986</u>	<u>\$ 976,010</u>
SUPPLEMENTAL INFORMATION:		
Donated Securities	<u>\$ 38,870</u>	<u>\$ -</u>

GRASSROOT SOCCER, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

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. The mission is to use the power of soccer in the fight against AIDS to provide African youth with the knowledge, skills and support to live HIV free. GRS trains role models (pro players, coaches, youth players, etc.) to get the message out about healthy behavior and the risks of HIV to increase awareness and change behaviors.

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, 2013, 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 \$956,549 of cash and cash equivalents held in accounts in foreign countries at December 31, 2014. 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.

GRASSROOT SOCCER, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

Receivables (continued) -

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. 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 Federal 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, 2014, 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.

The Federal Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

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 an as needed basis.

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.

GRASSROOT SOCCER, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

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

Grants, contributions and contracts -

Grants and contributions are recorded as revenue in the year notification is received from the donor. Grants and contributions 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. Grants and contributions received 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.

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, 2014, GRS received a total of \$38,870 in donated securities.

In-kind contributions -

In-kind contributions consisted of donated inventory, which has been included in temporarily restricted net assets and will be released upon sale or distribution of the items.

Unrestricted in-kind contributions consist of donated telephone services, professional fees and a data system.

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.

2. GRANTS, CONTRACTS AND CONTRIBUTIONS RECEIVABLE

As of December 31, 2014, contributors to GRS have made written promises to give \$4,131,755 in grants, contracts and contributions.

GRASSROOT SOCCER, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

2. GRANTS, CONTRACTS AND CONTRIBUTIONS RECEIVABLE (Continued)

Grants, contracts and contributions are due as follows at December 31, 2014:

	<u>Grants</u>	<u>Contracts</u>	<u>Contributions</u>	<u>Total</u>
Less than one year	\$ 2,521,683	\$ 11,846	\$ 194,895	\$2,728,424
One to five years	<u>1,223,331</u>	<u>-</u>	<u>180,000</u>	<u>1,403,331</u>
Total	3,745,014	11,846	374,895	4,131,755
Less: Discount balance to present value (3.25%)	<u>(53,320)</u>	<u>-</u>	<u>(11,096)</u>	<u>(64,416)</u>
TOTAL GRANTS, CONTRACTS AND CONTRIBUTIONS RECEIVABLE	<u>\$ 3,691,694</u>	<u>\$ 11,846</u>	<u>\$ 363,799</u>	<u>\$4,067,339</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 entered into various lease agreements in foreign countries for office space and intern housing through 2017. Future minimum commitments are as follows:

Year Ending December 31,

2015	\$ 153,803
2016	121,734
2017	66,219
2018	<u>32,438</u>
	<u>\$ 374,194</u>

Occupancy expense, including short-term lease agreements in foreign countries, utilities and storage space, totaled \$251,934 for the year ended December 31, 2014.

4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2014:

South Africa	\$ 3,018,607
Zambia	1,066,547
Zimbabwe	974,920
United States of America	328,904
Malawi	89,412
GRSP	59,565
Europe	33,502
Global	<u>13,814</u>
TOTAL TEMPORARILY RESTRICTED NET ASSETS	<u>\$ 5,585,271</u>

GRASSROOT SOCCER, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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	\$ 1,335,908
Zambia	778,327
Zimbabwe	592,218
United States of America	500,000
Nigeria	400,915
Ukraine	227,555
Malawi	127,613
Tanzania	121,845
Equatorial Guinea	96,267
Global	68,936
Ethiopia	29,500
Senegal	29,383
Lesotho	16,750
Ghana	14,596
Peace Corps Zambia	14,540
Rwanda	13,841
GRSP	12,450
Botswana	10,659
Swaziland	8,451
Namibia	8,158
Peace Corps South Africa	7,404
Jamaica	7,270
Mozambique	6,926
Ivory Coast	6,751
Brazil	4,249
Kenya	4,048
Morocco	2,192
Europe	2,139
Liberia	<u>472</u>

TOTAL NET ASSETS RELEASED FROM RESTRICTIONS \$ 4,449,363

6. CONTINGENCY

GRS receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of OMB Circular A-133. 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 provisions of OMB Circular A-133 have been completed for all required fiscal years through 2013. Management is of the opinion that no material liability will result from such audits. For the year ended December 31, 2014, GRS did not meet the criteria for an audit under OMB Circular A-133.

GRASSROOT SOCCER, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

7. EXPENSES - BY SEGMENT

The following is a detail of expenses by country for the year ended December 31, 2014:

	<u>South Africa</u>	<u>Zambia</u>	<u>Zimbabwe</u>	<u>Global Operations</u>	<u>Total Expenses</u>
Salaries and related benefits	\$ 941,140	\$ 469,325	\$ 458,961	\$ 1,327,043	\$ 3,196,469
Subgrant expense	1,667	-	50,911	622,933	675,511
Contract labor	330,611	109,261	88,768	35,094	563,734
Travel	127,803	134,356	64,257	216,883	543,299
Meeting expense	106,290	67,925	28,872	106,388	309,475
Occupancy	87,874	29,396	22,493	112,171	251,934
Professional fees	55,686	14,517	11,307	91,181	172,691
Program supplies	29,036	83,509	41,008	14,196	167,749
Telecommunications	39,338	35,968	11,199	26,710	113,215
Printing and reproduction	24,134	45,837	7,955	24,385	102,311
Other expenses	1,408	7,798	5	84,742	93,953
Dues and subscriptions	2,771	1,412	695	64,475	69,353
Insurance	18,877	2,717	1,253	42,336	65,183
Supplies/equipment	12,918	26,314	7,685	11,119	58,036
Equipment rental	2,335	11,070	11,430	17,909	42,744
Repairs and maintenance	24,167	7,042	6,767	4,016	41,992
Bank fees and service charges	4,848	3,698	6,446	25,075	40,067
Advertising	3,535	872	3,524	10,892	18,823
Depreciation and amortization	963	5,490	4,273	7,148	17,874
License and permits	2,101	363	5,272	9,235	16,971
Postage and delivery	<u>1,091</u>	<u>349</u>	<u>323</u>	<u>11,068</u>	<u>12,831</u>
Education and training	3,671	1,479	3,017	961	9,128
TOTAL	<u>\$ 1,822,264</u>	<u>\$ 1,058,698</u>	<u>\$ 836,421</u>	<u>\$ 2,865,960</u>	<u>\$ 6,583,343</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.

8. 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, 2014, GRS had current assets, including cash, receivables, prepaid expenses and inventories to be utilized for overseas operations totaling \$4,877,948. Additionally, property and equipment, net of accumulated depreciation, amounted to \$12,025. Liabilities in other countries totaled \$81,700. Total support and revenue received for foreign operations amounted to \$5,541,053 for the year ended December 31, 2014.

Foreign currency transaction losses, resulting from exchange rate fluctuations on transactions denominated in a currency other than the functional currency, totaled \$165,155 in 2014, and has been reported separately in the accompanying Statement of Activities and Change in Net Assets.

GRASSROOT SOCCER, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

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, 2014.

10. LINE OF CREDIT

In August 2013, GRS opened a line of credit with a financial institution for \$600,000 that was renewed and expires in August 2015. 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, 2014.

11. SUBSEQUENT EVENTS

In preparing these financial statements, GRS has evaluated events and transactions for potential recognition or disclosure through July 29, 2015, the date the financial statements were issued.