

AMERICA SCORES NEW ENGLAND, INCORPORATED

FINANCIAL STATEMENTS

August 31, 2022

AMERICA SCORES NEW ENGLAND, INCORPORATED

Financial Statements

August 31, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
America SCORES New England, Incorporated
Jamaica Plain, Massachusetts

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of America SCORES New England, Incorporated (a Massachusetts nonprofit organization) (the "Organization"), which comprise the statements of financial position as of August 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of August 31, 2022 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

Prior Period Financial Statements

The financial statements of America SCORES New England, Incorporated as of August 31, 2021 were audited by other auditors whose report dated April 6, 2022 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 in the United States of America 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 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 the Organization's 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's 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.

O'Connor + Drew, P.C.

**Certified Public Accountants
Braintree, Massachusetts**

January 31, 2023

AMERICA SCORES NEW ENGLAND, INCORPORATED

Statements of Financial Position

August 31, 2022 and 2021

AMERICA SCORES NEW ENGLAND, INCORPORATED

Statements of Financial Position

August 31,

Assets

	<u>2022</u>	<u>2021</u>
Assets:		
Cash and equivalents	\$ 1,215,489	\$ 1,099,843
Restricted cash	6,101,816	1,000,000
Investments	-	406,138
Other receivable	-	248,943
Grants receivable	88,232	109,663
Pledges receivable	-	15,000
Prepaid expenses and other assets	69,451	31,343
Property and equipment, net	<u>606,832</u>	<u>14,504</u>
Total Assets	<u>\$ 8,081,820</u>	<u>\$ 2,925,434</u>

The accompanying notes are an integral part of the financial statements.

Liabilities and Net Assets

	<u>2022</u>	<u>2021</u>
Liabilities:		
Accounts payable and accrued expenses	\$ 203,849	\$ 118,450
Due to other affiliates	<u>2,500</u>	<u>2,500</u>
Total Liabilities	<u>206,349</u>	<u>120,950</u>
Net Assets:		
Without donor restrictions	1,682,555	1,726,384
With donor restrictions	<u>6,192,916</u>	<u>1,078,100</u>
Total Net Assets	<u>7,875,471</u>	<u>2,804,484</u>
 Total Liabilities and Net Assets	 <u>\$ 8,081,820</u>	 <u>\$ 2,925,434</u>

AMERICA SCORES NEW ENGLAND, INCORPORATED

Statements of Activities

For the Years Ended August 31,

	2022		2021	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
	Total	Total	Total	Total
Revenue and Support:				
Individual contributions of financial assets	\$ 827,941	\$ 5,192,916	\$ 831,395	\$ 1,005,000
Corporation and foundation contributions of financial assets	835,535	-	696,405	58,100
Other income	40,928	-	248,943	-
Grant revenue and contributions of financial assets	-	-	211,349	-
Government contracts	150,466	-	90,691	-
Contributions of non-financial assets	18,730	-	48,037	-
Interest income	12,334	-	8,895	-
School fees	84,000	-	-	-
Net assets released from restrictions	78,100	(78,100)	492,680	(492,680)
	2,048,034	5,114,816	2,628,395	570,420
Total Support and Revenue	7,162,850	7,162,850	924,575	924,575
Expenses:				
Program services:				
Elementary school program	473,348	-	259,467	-
Middle school program	391,949	-	247,388	-
High school program	221,124	-	123,324	-
Soccer only program	-	-	10,198	-
Summer programs	99,460	-	92,758	-
Kindergarten to Grade 2 program	23,925	-	16,940	-
Other programs	7,187	-	174,500	-
	1,216,993	-	924,575	-
Total Program Services	1,216,993	-	924,575	-
Supporting services:				
Fundraising	583,738	-	453,600	-
General and administrative	291,132	-	211,013	-
	874,870	-	664,613	-
Total Supporting Services	874,870	-	664,613	-
Total Expenses	2,091,863	-	1,589,188	-
Changes in Net Assets	(43,829)	5,114,816	1,039,207	570,420
Net Assets, Beginning of Year	1,726,384	1,078,100	687,177	507,680
Net Assets, End of Year	1,682,555	6,192,916	1,726,384	1,078,100

The accompanying notes are an integral part of the financial statements.

AMERICA SCORES NEW ENGLAND, INCORPORATED

Statement of Functional Expenses For the Year Ended August 31, 2022

	PROGRAM SERVICES						SUPPORTING SERVICES			Total	
	Elementary School Program	Middle School Program	High School Program	Soccer Only Program	Summer Programs	Kindergarten to Grade 2 Program	Other Programs	Total Program Services	Fundraising Administrative		General and Administrative
Salaries and wages	\$ 195,305	\$ 174,675	\$ 95,115	\$ -	\$ 51,420	\$ 12,378	\$ 1,449	\$ 530,342	\$ 330,025	\$ 163,719	\$ 1,024,086
Payroll taxes and benefits	67,655	57,736	30,982	-	15,823	3,943	1,312	177,451	94,519	50,705	322,675
Professional fees	-	-	-	-	-	-	-	-	-	28,082	28,082
Advertising	2,304	1,781	729	-	327	121	31	5,293	2,700	864	8,857
Affiliate fees	2,811	2,081	1,016	-	455	168	43	6,574	2,704	1,222	10,500
Bank charges	-	-	-	-	-	-	-	-	15,385	-	15,385
Board expenses	-	-	-	-	-	-	-	-	164	835	999
Conference and meetings	8,085	6,561	4,008	-	838	423	28	19,943	3,832	4,605	28,380
Consultants	2,207	4,677	2,506	-	72	228	2	9,692	36,395	20,939	67,026
Depreciation	1,739	1,287	628	-	282	104	26	4,066	1,674	830	6,570
Dues and subscriptions	844	626	304	-	137	51	398	2,360	7,578	1,050	10,988
Equipment rental and maintenance	1,129	836	408	-	183	68	17	2,641	1,085	491	4,217
Insurance	2,656	2,267	960	-	430	159	40	6,512	2,255	1,154	9,921
Office supplies	240	150	27	-	345	112	-	417	884	1,029	2,330
Payroll service fees	1,951	1,458	828	-	-	-	-	4,694	1,730	1,053	7,477
Postage and delivery	-	-	-	-	-	-	32	180	719	296	1,194
Printing and reproduction	-	-	-	-	-	-	-	-	1,994	-	1,994
Program expenses	40,618	44,170	37,356	-	14,407	1,130	3,794	141,475	-	-	141,475
Rent, utilities and maintenance	19,748	14,667	7,118	-	3,221	1,182	-	45,936	20,528	7,661	74,125
Special events expense	-	-	-	-	-	-	-	-	57,732	-	57,732
Teacher and coach stipends	124,833	77,789	38,707	-	10,775	3,796	-	255,900	-	423	256,323
Telecommunications	919	710	378	-	148	54	14	2,223	889	5,801	8,913
Travel and meals	213	421	54	-	597	8	1	1,294	946	373	2,613
Total Expenses	\$ 473,348	\$ 391,949	\$ 221,124	\$ -	\$ 99,460	\$ 23,925	\$ 7,187	\$ 1,216,993	\$ 583,738	\$ 291,132	\$ 2,091,863

The accompanying notes are an integral part of these financial statements.

AMERICA SCORES NEW ENGLAND, INCORPORATED

Statement of Functional Expenses

For the Year Ended August 31, 2021

	PROGRAM SERVICES							SUPPORTING SERVICES			
	Elementary School Program	Middle School Program	High School Program	Soccer Only Program	Summer Programs	Kindergarten to Grade 2 Program	Other Programs	Total Program Services	Fundraising	General and Administrative	Total
Salaries and wages	\$ 135,680	\$ 144,865	\$ 50,049	\$ 5,443	\$ 45,516	\$ 10,049	\$ 119,529	\$ 511,131	\$ 278,520	\$ 127,791	\$ 917,442
Payroll taxes and benefits	42,699	44,278	17,019	1,800	14,644	3,183	35,575	159,198	82,603	37,023	278,824
Professional fees	-	-	-	-	-	-	-	-	-	13,500	13,500
Advertising	-	-	-	-	-	-	-	-	1,671	675	2,346
Affiliate fees	2,325	2,082	576	63	473	165	1,114	6,798	2,536	1,166	10,500
Bank charges	-	-	-	-	-	-	1,275	1,275	6,799	519	8,593
Board expenses	-	-	-	-	-	-	-	-	2,081	-	2,081
Conference and meetings	4,480	3,699	2,155	153	822	342	750	12,401	1,387	4,007	17,795
Consultants	1,114	1,836	1,400	55	935	139	2,896	8,375	2,115	2,375	12,865
Depreciation	1,246	1,054	316	33	258	79	614	3,600	1,397	643	5,640
Dues and subscriptions	799	675	203	21	166	51	962	2,877	6,048	676	9,601
Equipment rental and maintenance	931	788	236	25	193	59	459	2,691	1,045	481	4,217
Insurance	1,839	1,554	466	49	381	117	905	5,311	2,062	948	8,321
Office supplies	-	-	-	-	-	-	-	-	720	3,645	4,365
Payroll service fees	2,625	2,704	933	111	814	201	2,122	9,510	4,919	2,262	16,691
Postage and delivery	-	-	-	-	-	-	12	12	1,650	76	1,738
Printing and reproduction	12	12	6	-	-	6	-	36	1,856	155	2,047
Program expenses	30,876	22,707	28,714	2,064	14,246	1,641	971	101,219	-	2,500	103,719
Rent, utilities and maintenance	13,608	11,525	3,451	362	2,821	863	6,695	39,325	15,254	7,081	61,660
Special events expense	-	-	-	-	-	-	-	-	39,681	-	39,681
Teacher and coach stipends	20,384	8,884	17,612	-	10,194	-	273	57,347	-	-	57,347
Telecommunications	706	642	179	19	147	45	348	2,086	813	5,420	8,319
Travel and meals	143	83	9	-	1,148	-	-	1,383	443	70	1,896
Total Expenses	\$ 259,467	\$ 247,388	\$ 123,324	\$ 10,198	\$ 92,758	\$ 16,940	\$ 174,500	\$ 924,575	\$ 453,600	\$ 211,013	\$ 1,589,188

The accompanying notes are an integral part of these financial statements.

AMERICA SCORES NEW ENGLAND, INCORPORATED

Statements of Cash Flows

For the Years Ended August 31,

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ <u>5,070,987</u>	\$ <u>1,609,627</u>
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	6,570	5,640
Realized loss on investments	619	-
Changes in assets and liabilities:		
Other receivable	248,943	(248,943)
Grants and contributions receivable	21,431	(18,956)
Pledges receivable	15,000	253,500
Prepaid expenses and other assets	(38,108)	10,091
Accounts payable and accrued expenses	85,399	(5,126)
Due to other affiliates	<u>-</u>	<u>(5,000)</u>
 Net Cash Provided by Operating Activities	 <u>5,410,841</u>	 <u>1,600,833</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(598,898)	(930)
Proceeds from sale of investments	405,519	-
Purchase of investments and reinvested interest	<u>-</u>	<u>(3,690)</u>
 Net Cash Used in Investing Activities	 <u>(193,379)</u>	 <u>(4,620)</u>
 Net Increase in Cash and Equivalents	 5,217,462	 1,596,213
Cash and Equivalents and Restricted Cash, Beginning of Year	<u>2,099,843</u>	<u>503,630</u>
 Cash and Equivalents and Restricted Cash, End of Year	 <u>\$ 7,317,305</u>	 <u>\$ 2,099,843</u>
 Cash and Equivalents and Restricted Cash:		
Cash and equivalents	\$ 1,215,489	\$ 1,099,843
Restricted cash	<u>6,101,816</u>	<u>1,000,000</u>
Total Cash and Equivalents and Restricted Cash	<u>\$ 7,317,305</u>	<u>\$ 2,099,843</u>

The accompanying notes are an integral part of the financial statements.

AMERICA SCORES NEW ENGLAND, INCORPORATED

Notes to the Financial Statements

August 31, 2022 and 2021

Note 1 - **Organization**

America SCORES New England, Incorporated (the “Organization”) is a Massachusetts nonprofit organization which was incorporated in 1999.

The Organization’s mission is to help urban youth build essential life skills and character through soccer and team-based enrichment programs. The Organization envisions a world where all youth feel a sense of belonging and achieve their full potential.

Under an affiliate agreement with America SCORES, the Organization has the right to use service marks and program materials and to participate in all America SCORES national program activities, tournaments, publications, and events.

Note 2 - **Summary of Significant Accounting Policies**

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Accordingly, revenues and support are recognized when earned and expenses are recognized when incurred.

Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Restricted Cash

Restricted cash represents contributions from donors for the Organization’s capital campaign to help fund the construction of a facility that will expand the Organization’s reach and impact.

AMERICA SCORES NEW ENGLAND, INCORPORATED

Notes to the Financial Statements - Continued

August 31, 2022 and 2021

Investments

The Organization applies fair value measurements on financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The Organization uses a fair value hierarchy for valuation inputs which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs such as quoted prices, interest rates and yield curves. The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The Organization maintains its investments in certificates of deposit which are carried at initial investment plus accrued interest based on observable market-based inputs or unobservable inputs that are corroborated by market data (Level 2 measurements). The fair values of the certificates of deposit were \$0 and \$406,138 as of August 31, 2022, and 2021, respectively. The Organization does not hold any level 3 investments at August 31, 2022, and 2021.

Grants, Contributions and Pledges Receivable

Unconditional promises to give are included in the financial statements as pledges receivable, subject to a discount, if applicable, and recorded in the appropriate net asset category, at the time a donor makes a promise that is, in substance, unconditional.

The Organization evaluates its grants, contributions and pledges receivable for collectability on a periodic basis and establishes an allowance based on prior experience of write-offs and collections and current credit conditions. As of August 31, 2022, and 2021, the Organization considered its grants, contributions and pledges receivable to be fully collectible. Accordingly, no allowance for uncollectible amounts has been recorded.

Property and Equipment, Net

Property and equipment are recorded at cost if purchased or at estimated fair value at the date of gift, if donated, net of accumulated depreciation. The Organization's policy is to capitalize property and equipment costs of \$1,000 or more. Major additions and improvements are capitalized while maintenance and repairs, which do not extend the lives of the respective assets, are expensed in the year incurred. When property and equipment is retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the statements of

AMERICA SCORES NEW ENGLAND, INCORPORATED

Notes to the Financial Statements - Continued

August 31, 2022 and 2021

activities for the respective period. Depreciation is computed using the straight-line method over the estimated useful life of the related asset.

Net Assets

The Organization reports information regarding its financial position and activities according to the following classes of net assets based on the existence or absence of donor-imposed restrictions:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expensed for any purpose in performing the objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenue and Support

The Organization receives revenues and support from contributions, grants, special events and government contracts. Contributions received are recorded as without donor restrictions or with donor restrictions support depending on the existence and/or the nature of any donor restrictions.

Unrestricted contributions, including unconditional promises to give, are recognized as support in the period received or unconditionally pledged. Conditional promises to give are recognized as contributions when substantially all conditions are met. Contributions of noncash assets are reported at their estimated fair value. 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 statements of activities as net assets released from restrictions. Contributions restricted by the donor are reported as increases in net assets with donor restrictions if the restrictions are satisfied or expire in the same year in which the contributions are recognized.

AMERICA SCORES NEW ENGLAND, INCORPORATED

Notes to the Financial Statements - Continued

August 31, 2022 and 2021

Special events are held during the year to raise funds to cover operating activities. The Organization considers the performance obligation to be the special event and recognizes the revenue at the time the event occurs. The expenses to hold the event are shown on the statement of revenues as fundraising expenses for the events.

Revenue is recognized when a customer obtains control of promised goods or services and in an amount that reflects the consideration the Organization expects to receive in exchange for those goods or services.

The principles in the standard should be applied using the five-step model that includes: 1) identifying the contract(s) with a customer, 2) identifying the performance obligations in the contract, 3) determining the transaction price, 4) allocating the transaction price to the performance obligations in the contract, and 5) recognizing revenue when (or as) the performance obligations are satisfied.

Contributions of donated services that create or enhance nonfinancial assets or require specialized skills are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period in which the services are provided.

Government contract revenue is recognized as the program services are provided. For the period January 1, 2019 through June 30, 2022 Boston Scores entered into a sub grantee agreement with the Office of Juvenile Justice and Delinquency Prevention (OJJDP) via the United States Soccer Foundation, Inc (USSF) to provide soccer programming to 1,020 elementary and middle school age children living within economically disadvantaged communities in and around Boston, Massachusetts. These Federal funds were paid to the sub grantee on a monthly reimbursement basis following the reporting of program operations and expenses. For the period September 1, 2021 through August 31, 2022 Boston Scores received Massachusetts Department of Elementary and Secondary Education (DESE) funding to enhance Afterschool and Out of School Time (ASOST) programs in order to improve the academic, physical, social and emotional wellness of high school age youth during the school year and summer months. These state funds were paid to the grantee following the monthly submission of prior month grant financial reports and upcoming month anticipated expense requests. An end of grant final financial report reconciled total funds received and returned any unexpended cash balance back to the DESE.

AMERICA SCORES NEW ENGLAND, INCORPORATED

Notes to the Financial Statements - Continued

August 31, 2022 and 2021

Revenue from cost-reimbursement grants is recognized when the Organization has expended the program costs in accordance with the grant agreements. Revenue from this source is subject to audit and possible adjustments by the funding agencies. The effects of any such adjustments are recorded when reasonably determinable. Management believes that the effect of possible audit adjustments, if any, will not have a material effect on the accompanying financial statements.

Income Taxes

The Organization is exempt from federal income taxes as provided under Internal Revenue Code (“IRC”) Section 501(c)(3) and is not classified as a private foundation. Contributions made to the Organization are deductible by donors as provided in IRC Section 170.

Accounting principles generally accepted in the United States of America prescribe the threshold a tax position is required to meet before being recognized in the financial statements. A liability for uncertain tax positions is recognized and recorded as a component of current income tax expense for differences between financial and income tax reporting positions which do not meet this threshold. Any interest and penalties related to uncertain tax positions are recorded as a component of income tax expense. The Organization has reviewed its tax positions that remain subject to examination by tax authorities and has not identified any material uncertain tax positions and thus has not recorded any liability at August 31, 2022, and 2021.

The Organization’s federal and state tax returns are subject to possible examination by taxing authorities until the expiration of the related returns statutes. In general, the federal and state tax returns have a three-year statute of limitation from the date the tax returns were due or filed, whichever is later. The Organization is no longer subject to examinations by tax authorities for years prior to 2018 and has no open examinations as of the date of these financial statements.

Functional Allocation of Expenses

The costs for providing for various programs and supporting services have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated by management among the programs and supporting services benefited.

Advertising

The Organization expenses advertising costs as they are incurred. Advertising costs were \$8,857 and \$2,346 for the years ended August 31, 2022, and 2021, respectively.

AMERICA SCORES NEW ENGLAND, INCORPORATED

Notes to the Financial Statements - Continued

August 31, 2022 and 2021

Adoption of new Accounting Pronouncement

The Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2020-07, *Not-for-Profit Entities: Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This pronouncement requires not-for-profit entities to present contributed non-financial assets in the statement of activities as a line that is separate from other contributions and provide additional disclosure information related to these items. The Organization adopted the provisions of ASU 2020-07 on a retrospective basis as of July 1, 2020. Certain amounts in the prior year statement of activities have been restated to conform to this presentation, but net assets were not impacted.

Future Accounting Pronouncements

FASB issued ASU 2016-02, *Leases*, and additional ASUs containing modifications to this standard. The standard is effective for periods beginning after December 15, 2021, for non-public entities. Implementation of this standard will require lessees to recognize a right to use asset and a lease liability, for all leases with terms longer than 12 months, on the statements of financial position. Management does not believe that the implementation of this standard will have a material effect on the financial statements.

Note 3 - Liquidity and Availability of Financial Assets

The Organization monitors its cash position on a regular basis to ensure that adequate funds are available to meet operating expenses over a 12-month period. Management believes grants, contributions, pledges and other receivables are fully collectible and will provide funds for operating expenses. Management believes the Organization has no liquidity issues. The following reflects the Organization’s financial assets as of August 31, 2022, and 2021:

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash	\$ 7,317,305	\$ 2,099,843
Investments	-	406,138
Grants, contributions, pledges and other receivable	<u>88,232</u>	<u>373,606</u>
Total Cash and Receivables	<u>7,405,537</u>	2,879,587
 Less: Support for capital campaign	 <u>(6,101,816)</u>	 <u>(1,000,000)</u>
 Financial Assets Available to Meet General Operating Expenses Within One Year	 <u>\$ 1,303,721</u>	 <u>\$ 1,879,587</u>

AMERICA SCORES NEW ENGLAND, INCORPORATED

Notes to the Financial Statements - Continued

August 31, 2022 and 2021

Note 4 - **Pledges Receivable**

Pledges receivable are due as follows as of August 31,:

	<u>2022</u>	<u>2021</u>
Due in one year	\$ <u> -</u>	\$ <u>15,000</u>
	<u>\$ <u> -</u></u>	<u>\$ <u>15,000</u></u>

Note 5 - **Property and Equipment, Net**

Property and equipment, net consisted of the following at August 31,:

	<u>2022</u>	<u>2021</u>
Furniture and fixtures	\$ <u>72,900</u>	\$ 66,073
Construction in progress	<u>592,071</u>	-
Leasehold improvements	<u>15,000</u>	<u>15,000</u>
	<u>679,971</u>	<u>81,073</u>
Less: Accumulated depreciation	<u>73,139</u>	<u>66,569</u>
	<u>\$ <u>606,832</u></u>	<u>\$ <u>14,504</u></u>

Note 6 - **Net Assets with Donor Restrictions**

Net assets with donor restrictions as of August 31, 2022, and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Time restricted	\$ 91,100	\$ 78,100
Capital campaign (see Note 2)	<u>6,101,816</u>	<u>1,000,000</u>
	<u>\$ <u>6,192,916</u></u>	<u>\$ <u>1,078,100</u></u>

During the years ended August 31, 2022, and 2021, net assets with donor restrictions were released from restrictions by incurring expenses satisfying the time restriction specified by donors as follows:

	<u>2022</u>	<u>2021</u>
Time restricted	<u>\$ 78,100</u>	<u>\$ 492,680</u>

AMERICA SCORES NEW ENGLAND, INCORPORATED

Notes to the Financial Statements - Continued

August 31, 2022 and 2021

Note 7 - **Lease Commitments**

The Organization leases office facilities in Jamaica Plain, Massachusetts under a non-cancellable operating lease expiring in July 2023. In addition to the base rent, the lease requires additional rent for the Organization's proportionate share of the real estate taxes and operating expenses.

On July 2021, the Organization entered into a month-to-month lease for a storage facility in Boston, Massachusetts for a monthly rental charge of \$623.

Additionally, the Organization leases office equipment under non-cancellable operating leases expiring in October 2022 at \$315 and \$350 per month. The expenses are included in equipment rental and maintenance in the accompanying financial statements.

Rent expense, utilities and maintenance, in the accompanying financial statements, were \$53,412 and \$61,660 for the years ended August 31, 2022, and 2021, respectively.

The organization entered into a lease agreement with Salesian Society, Inc. on May 5, 2022 relating to the Salesian's approximately 55,000 square feet of land, 61,332 square feet of building space in East Boston. The lease and related documents require the Organization to expend a minimum of \$6,000,000 towards improvements on this premises.

The initial term of the lease is for 240 months from May 5, 2022. The Organization has two 120 month options to extend the lease agreement.

During the term, the Organization is not required to pay any base rent for its lease of the specific portions of the premises it will have access to, as the \$6,000,000 commitment is to be treated as consideration for this lease in lieu of the need to make any ongoing base rent payments. The organization is obligated to pay its pro-rata share of 10% of the utilities. While field operations are expected to be covered by field rental revenues, if those are not sufficient the Organization is responsible for 90% of the remaining costs. The organization is required to have commercial general liability insurance of not less than \$1,000,000 and \$2,000,000 in the aggregate, umbrella insurance of not less than \$2,000,000 and workers compensation insurance.

AMERICA SCORES NEW ENGLAND, INCORPORATED

Notes to the Financial Statements - Continued

August 31, 2022 and 2021

Future minimum lease rentals for the years ending August 31, are as follows:

Years Ending
August 31,

2022	\$	64,065
2023		<u>53,178</u>
	\$	<u><u>117,243</u></u>

Note 8 - **Contributed Non-Financial Assets**

During the years ended August 31, 2022 and 2021, contributed nonfinancial assets recognized within the statements of activities included:

	<u>2022</u>	<u>2021</u>
Soccer equipment and apparel	\$ 4,648	\$ 47,182
Legal services	14,082	-
Support services	<u>-</u>	<u>855</u>
	<u>\$ 18,730</u>	<u>\$ 48,037</u>

Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. Equipment and other departmental gifts are generally unrestricted by the donor. The value of donated goods and services are reported in the accompanying financial statements as donated goods and services revenue with offsetting expenses included in program expenses. Fair value of the equipment is determined by the donor in conjunction with Organization's personnel. The fair value of legal services is determined by the firm providing the pro-bono legal service to the Organization.

Note 9 - **COVID Relief**

Paycheck Protection Program

In February 2021 and March 2020, the Organization received Paycheck Protection Program ("PPP") loans in the amounts of \$211,349 and \$196,500, respectively, granted by the Small Business Administration under the CARES Act. The Organization considered the PPP loans to be a conditional contribution, with a right of return in the form of an obligation to be repaid if a barrier to entitlement was not met. The barrier is that PPP loan funds must be used to maintain compensation costs, employee headcount and other qualifying expenses incurred following receipt of the loan funds.

AMERICA SCORES NEW ENGLAND, INCORPORATED

Notes to the Financial Statements - Continued

August 31, 2022 and 2021

The PPP loans were forgiven in June 2021 and November 2020, respectively. The Organization recognized the PPP funds in grant revenue of \$211,349 and \$196,500 during the years ended August 31, 2021 and 2020, respectively.

Employee Retention Credit

The CARES Act provides an employee retention credit (“ERC”), which is a refundable tax credit against the Organization’s share of certain employment taxes. The ERC is equal to 70% of qualified wages paid to employees during the quarters ended March 31, 2021, June 30, 2021, and September 30, 2021. The ERC is limited to \$10,000 per quarter per employee. The total ERC due to the Organization through September 30, 2021, is \$281,354. The Organization accrued a balance due from the United States Government of \$248,943 through August 31, 2021, and is included in other receivables on the statements of financial position. The related revenue is recognized in other income on the statements of activities for the year ended August 31, 2021. The balance of the ERC at August 31, 2022, is \$0.

Claims made for the credit are open to review by the IRS. Management believes that the Organization has met the criteria for the entire amount claimed.

Note 10 - Retirement Plan

The Organization has a 401(k) retirement plan covering all eligible employees. The Organization makes matching contributions up to 4% of eligible compensation. Total matching contributions for the years ending August 31, 2022, and 2021 totaled \$39,745 and \$32,766, respectively, and are included in the statements of functional expenses in payroll taxes and benefits.

Note 11 - Related Party Transactions

The Organization is charged an annual license fee by America SCORES (see Note 1), currently based on the number of students served. Total fees to America SCORES were \$10,500 for the years ended August 31, 2022, and 2021.

During the years ended August 31, 2022, and 2021, the Organization received contributions of \$5,656,916, or 79% of total support and revenue, and \$1,408,750, or 44% of total support and revenue, respectively, from members of the Board of Directors for the love to play campaign.

AMERICA SCORES NEW ENGLAND, INCORPORATED

Notes to the Financial Statements - Continued

August 31, 2022 and 2021

Note 12 - **Concentrations**

The Organization maintains its cash in accounts that are federally insured. At times, the balances in the insured accounts may exceed federal limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risks.

During the year ended August 31, 2021, \$469,292, or 14% of the Organization's total support and revenue, was from COVID relief sources (see Note 9).

Note 13 - **Contingencies**

Periodically, the Organization may be involved in various claims and legal actions arising in the normal course of operations. In the opinion of management, based upon current facts and circumstances and on consultation with legal counsel, losses, if any, from those matters, are covered by insurance or are immaterial to the financial position of the Organization.

Note 14 - **Subsequent Events**

Management has evaluated subsequent events through January 31, 2023, the date for which the financial statements were available for issuance. Management determined that there are no subsequent events that would require recognition or disclosure in the notes to the financial statements.