

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

**GUAM FOOTBALL ASSOCIATION
(A Nonprofit Organization)**

Years ended December 31, 2021 and 2020

**Burger Comer Magliari
333 S. Marine Corps Drive
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GUAM FOOTBALL ASSOCIATION
(A Nonprofit Organization)

Financial Statements

Years ended December 31, 2021 and 2020

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Guam Football Association

Opinion

We have audited the accompanying financial statements of Guam Football Association, which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 Guam Football Association as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Financial Statements section of our report. We are required to be independent of Guam Football Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 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 Guam Football Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's 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 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 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, 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 Guam Football Association'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 Guam Football Association'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.



Tamuning, Guam
June 21, 2022

GUAM FOOTBALL ASSOCIATION

(A Nonprofit Organization)

Statements of Financial Position

December 31, 2021 and 2020

	<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Current assets:			
Cash and cash equivalents	\$	424,197	146,127
Restricted cash		1,399,105	1,729,958
Receivables, less allowance for losses, \$ -0- (2020: \$150,000)		75,265	156,503
Other assets		<u>21,296</u>	<u>26,353</u>
Total current assets		1,919,863	2,058,941
Property and equipment, net		<u>3,357,915</u>	<u>3,509,534</u>
Total Assets	\$	<u><u>5,277,778</u></u>	<u><u>5,568,475</u></u>
 <u>LIABILITIES AND NET ASSETS</u> 			
Current liabilities:			
Accounts payable		41,907	187,066
Accrued expenses		271,464	62,089
Other liabilities		<u>424,225</u>	<u>-</u>
Total current and total liabilities		737,596	249,155
Net assets:			
Without donor restriction		3,114,832	3,579,362
With donor restriction		<u>1,425,350</u>	<u>1,739,958</u>
Total net assets		<u>4,540,182</u>	<u>5,319,320</u>
Total Liabilities and Net Assets	\$	<u><u>5,277,778</u></u>	<u><u>5,568,475</u></u>

See accompanying notes to financial statements.

GUAM FOOTBALL ASSOCIATION

(A Nonprofit Organization)

Statements of Activities

Years ended December 31, 2021 and 2020

	2021			2020		
	Without donor Restriction	With donor Restriction	Total	Without donor Restriction	With donor Restriction	Total
Revenues and support:						
Grants and donations	\$ -	2,586,783	2,586,783	-	3,342,751	3,342,751
In-kind contributions	-	26,246	26,246	-	10,000	10,000
Leagues	115,859	-	115,859	117,540	-	117,540
Dues	1,300	-	1,300	1,300	-	1,300
Other income	215,714	-	215,714	121,541	-	121,541
Net assets released from restrictions	<u>2,927,637</u>	<u>(2,927,637)</u>	<u>-</u>	<u>1,814,056</u>	<u>(1,814,056)</u>	<u>-</u>
Total revenues and support	<u>3,260,510</u>	<u>(314,608)</u>	<u>2,945,902</u>	<u>2,054,437</u>	<u>1,538,695</u>	<u>3,593,132</u>
Expenses:						
Program and league	2,960,234	-	2,960,234	1,850,713	-	1,850,713
General and administrative	<u>764,806</u>	<u>-</u>	<u>764,806</u>	<u>544,089</u>	<u>-</u>	<u>544,089</u>
Total expenses	<u>3,725,040</u>	<u>-</u>	<u>3,725,040</u>	<u>2,394,802</u>	<u>-</u>	<u>2,394,802</u>
Change in net assets	(464,530)	(314,608)	(779,138)	(340,365)	1,538,695	1,198,330
Net assets at beginning of year	<u>3,579,362</u>	<u>1,739,958</u>	<u>5,319,320</u>	<u>3,919,727</u>	<u>201,263</u>	<u>4,120,990</u>
Net assets at end of year	\$ <u>3,114,832</u>	<u>1,425,350</u>	<u>4,540,182</u>	<u>3,579,362</u>	<u>1,739,958</u>	<u>5,319,320</u>

See accompanying notes to financial statements.

GUAM FOOTBALL ASSOCIATION
(A Nonprofit Organization)

Statements of Functional Expenses
For the Years ended December 31, 2021 and 2020

	2021			2020		
	Program and League	Management and General	Total	Program and League	Management and General	Total
Depreciation	\$ 481,902	55,669	537,571	486,832	50,285	537,117
Contractual loss	-	200,000	200,000	-	-	-
Travel and accommodations	119,083	-	119,083	-	-	-
Salaries and benefits	-	86,042	86,042	26,445	146,396	172,841
Coaches and players remuneration	61,588	-	61,588	-	-	-
Other	33,307	14,436	47,743	32,433	32,077	64,510
Referee and match commissioner expenses	31,828	-	31,828	58,449	-	58,449
Equipment and supplies	29,008	2,615	31,623	9,484	5,783	15,267
Marketing and communication	22,419	2,205	24,624	13,753	-	13,753
Infrastructure and maintenance	5,323	-	5,323	7,053	-	7,053
Insurance	-	3,208	3,208	14,448	12,796	27,244
Bad debt expense	2,628	-	2,628	150,000	-	150,000
Professional fees and outside services	-	2,386	2,386	1,810	770	2,580
Social responsibility	679	-	679	19,860	-	19,860
Courses and clinics	462	149	611	5,292	149	5,441
AFC expenses:						
Travel and accommodations	99,018	-	99,018	-	-	-
Infrastructure and maintenance	96,128	-	96,128	17,137	-	17,137
Professional fees and outside services	6,421	68,975	75,396	-	-	-
Coaches remuneration	74,445	-	74,445	38,200	-	38,200
Marketing and communication	51,842	-	51,842	48,772	-	48,772
Equipment and supplies	38,273	7,126	45,399	3,296	777	4,073
Salaries and benefits	38,164	-	38,164	467,552	19,308	486,860
Courses and clinics	1,300	-	1,300	18,437	-	18,437
Other	500	440	940	-	419	419
FIFA expenses:						
Salaries and benefits	509,661	296,907	806,568	71,954	237,248	309,202
Club Relief Grant	560,226	-	560,226	-	-	-
Travel and accommodations	419,725	-	419,725	-	-	-
Coaches remuneration	88,798	-	88,798	11,900	-	11,900
Equipment and supplies	53,624	2,688	56,312	97,525	4,383	101,908
Other	49,414	1,049	50,463	55,334	12,098	67,432
Infrastructure and maintenance	47,535	-	47,535	152,578	-	152,578
Professional fees and outside services	25,757	-	25,757	-	6,000	6,000
Insurance	-	20,911	20,911	-	-	-
Marketing and communication	10,876	-	10,876	34,457	15,600	50,057
Referee expense	300	-	300	967	-	967
Courses and clinics	-	-	-	6,745	-	6,745
	<u>\$ 2,960,234</u>	<u>764,806</u>	<u>3,725,040</u>	<u>1,850,713</u>	<u>544,089</u>	<u>2,394,802</u>

See accompanying notes to financial statements.

GUAM FOOTBALL ASSOCIATION

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Statements of Cash Flows

Years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ (779,138)	1,198,330
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	537,571	537,117
Decrease (increase) in assets:		
Accounts receivable	81,238	35,290
Other assets	5,057	9,975
(Decrease) increase in liabilities:		
Accounts payable	(145,159)	62,574
Other liabilities	424,225	-
Accrued expense	<u>209,375</u>	<u>6,098</u>
Net cash provided by operating activities	<u>333,169</u>	<u>1,849,384</u>
Cash flows from investing activities:		
Acquisition of property and equipment	<u>(385,952)</u>	<u>(166,966)</u>
Net cash used in investing activities	<u>(385,952)</u>	<u>(166,966)</u>
Net increase (decrease) in cash and cash equivalents and restricted cash	(52,783)	1,682,418
Cash and cash equivalents at beginning of year:		
Cash and cash equivalents	146,127	79,070
Restricted cash	<u>1,729,958</u>	<u>114,597</u>
	<u>1,876,085</u>	<u>193,667</u>
Cash and cash equivalents at end of year:		
Cash and cash equivalents	424,197	146,127
Restricted cash	<u>1,399,105</u>	<u>1,729,958</u>
	<u>\$ 1,823,302</u>	<u>1,876,085</u>

See accompanying notes to financial statements.

GUAM FOOTBALL ASSOCIATION
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Notes to Financial Statements

December 31, 2021 and 2020

(1) Organization and Purpose

Guam Football Association (“the Association”) was incorporated in the Territory of Guam in May 1975 as a nonprofit organization. The Association was formed by a group of men who were looking to establish recreational football in Guam. The Association’s primary purpose is to develop and promote the sport of football on Guam, as well as to represent Guam both regionally and internationally in competition.

The Association became an associate member of the Asian Football Confederation (AFC) in 1991. Since its induction as an associate member in the AFC, the Association has participated in various football festivals and tournaments, as well as qualifying events and championships.

In 1996, the Association obtained full membership with the Federation Internationale de Football Association (FIFA), which is the world-governing body of soccer and comprises the various national soccer associations. FIFA is responsible for promoting and organizing the game of soccer throughout the world.

(2) Summary of Significant Accounting Policies

The summary of significant accounting policies of the Association is presented to assist in understanding the Association’s financial statements. The financial statements and notes are representations of the Association’s management, who are responsible for the integrity and objectivity of the financial statements.

Basis of Presentation

Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*, establishes broad standards for reporting information in financial statements issued by nonprofit organizations and requires these financial statements to focus on the entity as a whole. Amounts related to an organization’s financial position and activities are to be reported in two classes of net assets: Net Assets with Donor Restrictions, and Net Assets without Donor Restrictions.

These financial statements must classify an organization’s assets, liabilities, revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions.

GUAM FOOTBALL ASSOCIATION
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Notes to Financial Statements, continued

December 31, 2021 and 2020

(2) Summary of Significant Accounting Policies, Continued

Basis of Presentation, continued

The two classes of net assets are now classified as one of the following types:

- Without Donor Restrictions- Net assets that are not subject to donor-imposed stipulations or whose restrictions are met in the year received.
- With Donor Restrictions- Net assets subject to donor- imposed stipulations that may or will be met, either by actions of the Association and/or the passage of time. When a restriction expires or is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. The Association reports grants or gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Use of Estimates

The preparation of financial statements in accordance 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

GUAM FOOTBALL ASSOCIATION
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Notes to Financial Statements, continued

December 31, 2021 and 2020

(2) Summary of Significant Accounting Policies, Continued

Revenue Recognition

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, to replace a wide range of industry-specific rules with a broad, principles-based framework for recognizing and measuring revenue from contracts with customers.

The guidance is codified at FASB ASC 606. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive.

The Organization's revenues include FIFA grant, AFC grant, sponsorship income, league income, commercial and media rights income and other contributions.

Advertising Costs

Advertising costs are expensed as incurred. The Association incurred advertising costs of \$5,000 and \$0, respectively, for the years ended December 31, 2021 and 2020.

Cash and Cash Equivalents

For purposes of the statements of financial position and the statements of cash flows, the Association considers cash and cash equivalents to include cash on hand, deposits in bank and highly liquid investments with original or remaining maturity dates of less than three months. The Association maintains cash balances at Bank of Guam. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to \$250,000. The Association has not experienced any loss in such accounts. As of December 31, 2021 and 2020, uninsured balances are approximately \$1,570,511 and \$1,623,864, respectively.

Accounts Receivable

Accounts receivable are recorded at the amount the Association expects to collect on balances outstanding at year-end. The Association reviews their accounts receivable periodically and establishes an allowance for accounts deemed doubtful of collection. Accounts are considered past due or delinquent when they are not paid by the due date specified on the invoices. Accounts are written off when management determines that the amount is uncollectible.

The Association does not charge interest on overdue receivables, which are those that remain unpaid more than thirty days after the invoice date. If the customers were not able to meet their obligations, the impact on the Association would be equal to the net accounts receivable reflected on the accompanying balance sheet.

GUAM FOOTBALL ASSOCIATION
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Notes to Financial Statements, continued

December 31, 2021 and 2020

(2) Summary of Significant Accounting Policies, Continued

Property and equipment

Land, building, equipment, furniture, computers, company vehicles, and leasehold improvements are recorded at cost. It is the Association's policy to capitalize property and equipment with a cost of more than \$1,000, and lesser amounts are expensed. Depreciation of building, equipment, furniture, computers and company vehicles is computed using the straight-line method over the estimated useful lives of the assets (ranging from 5 to 30 years).

The carrying value of assets sold or otherwise disposed of and the accumulated depreciation thereon are eliminated from the accounts and the resulting gain or loss is reflected in the statement of activities. Expenditures for maintenance and repairs are charged to expense as incurred while major renewals and betterments are capitalized.

Long-lived Assets

Long-lived assets to be held and used or disposed of by the Association are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment losses are recognized if expected future cash flows from the assets are less than their carrying values. During the years ended December 31, 2021 and 2020 the Association determined that no events or changes in circumstances indicating impairment of its long-lived assets have occurred.

Contributions

All contributions are considered to be available without donor restriction unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases that net asset class.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restriction depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

GUAM FOOTBALL ASSOCIATION
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Notes to Financial Statements, continued

December 31, 2021 and 2020

(2) Summary of Significant Accounting Policies, Continued

The Association uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

In-kind Contributions

During the years ended December 31, 2021 and 2020, the Association recognized \$26,246 and \$10,000, respectively, as in-kind contributions for the value of advertising, equipment, web management services, and supplies that were provided to the Association without requiring payment to the providers of the services. Program expense was recognized as incurred.

Fundraising

In 2021 and 2020, the Association did not engage in any fundraising activities.

Income and Gross Receipts Taxes

The Association is exempt from the Guam Territorial income tax under Internal Revenue Code Section 501(c)(3) and from Guam gross receipts tax. Therefore, no provision has been made for gross receipts taxes and income taxes in the accompanying financial statements.

The Association is required pay to the government of Guam an admissions assessment of two dollars (\$2.00) per paid admission or ten percent (10%) of the admission charged, whichever is less, for any event held at its National Training Center stadium in Harmon, in accordance with Guam Public Law 27-85 §77303. There was no event admissions assessment in both 2021 and 2020. The Association's event admissions assessment costs were \$ -0- for the years ended December 31, 2021 and 2020, respectively. The Association adopted FASB ASC Topic 740, *Income taxes* and analyzed whether any particular item of income would meet the definition of an uncertain tax position. For Guam income tax purposes, a tax year generally remains open to assessment and collection for three years after the later of the due date for filing a tax return or the date on which the taxpayer files its return. If the Association were assessed any penalty related to its tax filings, the expense would be stated separately from any tax payment.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and league and general and administrative services. Expenses related to more than one function are allocated to program and supporting services based on the benefit received.

GUAM FOOTBALL ASSOCIATION
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Notes to Financial Statements, continued

December 31, 2021 and 2020

(3) Property and Equipment

A summary of property and equipment as of December 31, 2021 and 2020 is as follows:

	<u>Estimated Useful Lives</u>	<u>2021</u>	<u>2020</u>
Harmon field	15 years	\$ 2,090,363	2,090,362
Building and improvements	30 years	2,215,734	2,100,793
Solar system	30 years	760,361	760,361
Office equipment	5 years	339,194	305,965
Field equipment	5-7 years	25,952	25,952
Vehicle	5 years	194,623	194,623
Futsal court	8 years	310,417	310,417
Goal projects	10 years	<u>1,120,830</u>	<u>1,120,830</u>
		7,057,474	6,909,303
Less accumulated depreciation and amortization		<u>(4,889,644)</u>	<u>(4,374,222)</u>
Subtotal		2,167,830	2,535,081
Land		700,000	700,000
Construction in progress		<u>490,085</u>	<u>274,452</u>
Property and equipment, net		\$ <u>3,357,915</u>	<u>3,509,533</u>

The construction in progress (“CIP”) for the Harmon Property is for the floodlight replacement on the lower and upper pitch, and the National Academy Center 3rd floor, which is anticipated to be placed into service in 2022 and 2023, respectively. The CIP for Agat, Chalan Pago and Talofoto properties are infrastructure projects of football pitches.

(4) Fair Value of Financial Instruments

Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value and expands financial statement disclosure about fair value measurements. Under ASC 820, 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 at the measurement date. ASC 820 also establishes a fair value hierarchy, which prioritizes the inputs to valuation technique used to measure fair value into three broad levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Unobservable inputs for the asset or liability.

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Notes to Financial Statements, continued

December 31, 2021 and 2020

(4) Fair Value of Financial Instruments, continued

In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement in its entirety falls shall be determined based on the lowest level input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

Fair Value Option for Financial Assets and Financial Liabilities

ASC 825 permits all entities to choose, at specified election dates, to measure eligible items, as defined under the standard, at fair value (the fair value option). A business entity shall report unrealized gains and losses on items for which the fair value option has been elected in earnings (or another performance indicator if the business entity does not report earnings) at each subsequent reporting date. Upfront costs and fees related to items for which the fair value option is elected shall be recognized in earnings as incurred and not deferred.

Fair Value of Financial Instruments

The carrying amounts reflected in the statement of financial position for cash and accounts receivable, accounts payable, accrued expenses and other current liabilities approximate their respective fair values due to short maturities of those instruments.

(5) Liquidity and Availability of Assets

Accounting Standards Update ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)* was implemented during the year ended December 31, 2019 and was applied to the 2019 financial statements in accordance with the transition guidance prescribed in the ASU, with enhanced disclosures about:

- The amounts and purposes of governing board designations, appropriations, and similar actions that result in self-imposed limits on the use of resources without donor-imposed restrictions as of the end of the period.
- The composition of net assets with donor restrictions at the end of the period and how the restrictions affect the use of resources.
- The qualitative information that communicates how the Association manages its liquid resources available to meet cash needs for general expenditures within one year of the statement of financial position date.

GUAM FOOTBALL ASSOCIATION
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Notes to Financial Statements, continued

December 31, 2021 and 2020

(5) Liquidity and Availability of Assets, continued

- The quantitative information, either on the face of the statement of financial position or in the notes, and additional qualitative information in the notes as necessary, that communicates the availability of the Association's financial assets at the statement of financial position date to meet cash needs for general expenditures within one year of the statement of financial position date. Availability of a financial asset may be affected by (1) its nature, (2) external limits imposed by donors, grantors, laws, and contracts with others, and (3) internal limits imposed by governing board decisions.
- The amounts of expenses by both their natural classification and their functional classification. The analysis of expenses is provided in one location as a separate statement.
- The method(s) used to allocate costs among program and support functions.

The Association has \$499,462 of financial assets available within 1 year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$424,197 and accounts receivable of \$75,265. None of those financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The accounts receivable are subject to implied time restrictions but are expected to be collected within one year. A corporate credit card is used to control the timing of cash flow, with all credit card balances paid in full by the due date to avoid any interest/financing charges. Through financial planning, budgeting and monitoring, the Association ensures that assets are available to pay liabilities as they come due.

(6) Supplemental Cash Flow Information

The Association has adopted FASB ASU 2016-18, Restricted Cash, which requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and restricted cash or restricted cash equivalents. The changes are reflected on the accompanying statements of cash flows.

(7) Compensated Absences

Employees of the Association are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. The accrued vacation liability was \$31,646 and \$23,250 as of December 31, 2021 and 2020, respectively.

(8) Concentrations of Credit Risk

Financial instruments which potentially subject the Association to concentrations of credit risk consist principally of cash and cash equivalents, accounts receivable, other receivables and amounts due from related parties.

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Notes to Financial Statements, continued

December 31, 2021 and 2020

(8) Concentrations of Credit Risk, continued

The Association maintains cash and cash equivalents in bank accounts which at times may exceed federal depository insurance limits. The Association has not experienced any losses in such accounts. If all debtors were unable to meet their obligations, the Association would incur an expense equal to accounts receivable reflected in the accompanying financial statements.

(9) Contingencies

GFA received partial payments in 2019 and 2020 pursuant to a contract, and recognized the payment as revenue. Due to the COVID pandemic affecting performance of the contract, GFA agreed to return partial payment of a total sum of \$200,000 through three (3) installment payments beginning in April 2022. This liability is included in the accrued liabilities in the accompanying financial statements.

(10) Economic Dependency

The Association receives a substantial amount of its support from FIFA and AFC. For the years ended December 31, 2021 and 2020, the Association derived 78% and 82%, respectively, of its revenue from FIFA and AFC. The Association will face financial hardship should the level of support decrease.

(11) Net Assets with Donor Restrictions

The net assets with donor restriction of the Association consist of funds received from FIFA and AFC for program expenses. The net assets with donor restriction at December 31, 2021 and 2020 are \$1,425,350 and \$1,739,958, respectively.

(12) Coronavirus Pandemic

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) was reported and has since spread to other countries, including the U.S and throughout Micronesia. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency.

It is anticipated that these impacts will continue for some time. As a result of the spread of the coronavirus pandemic, economic uncertainties have arisen which are likely to impact the day to day administration and operations of the Association. The future effects of these issues are unknown at this time.

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(13) Date of Management's Review

In preparing the accompanying financial statements and these footnotes, management has evaluated subsequent events through June 21, 2022, which is the date the financial statements were available to be issued.