

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

**NORTHERN MARIANA ISLANDS FOOTBALL ASSOCIATION
(A Nonprofit Organization)**

YEARS ENDED DECEMBER 31, 2022 and 2021

**Suite 203 MH II Building
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NORTHERN MARIANA ISLANDS FOOTBALL ASSOCIATION
(A Nonprofit Organization)

Financial Statements

Years Ended December 31, 2022 and 2021

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BURGER · COMER & ASSOCIATES **CERTIFIED PUBLIC ACCOUNTANTS**

INDEPENDENT AUDITOR'S REPORT

To the Members of the Executive Committee
Northern Mariana Islands Football Association

Opinion

We have audited the accompanying financial statements of Northern Mariana Islands Football Association (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, 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 Northern Mariana Islands Football Association as of December 31, 2022 and 2021, 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 Northern Mariana Islands 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 Northern Mariana Islands 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 Northern Mariana Islands 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 Northern Mariana Islands 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.

Emphasis of Matter

We draw attention to Note 13, which discloses the economic uncertainties that have arisen as a result of the declared outbreak of a coronavirus (COVID-19) pandemic by the World Health Organization. Our opinion is not modified with respect to this matter.

Bryce Conner & Associates

Saipan, MP
July 28, 2023

NORTHERN MARIANA ISLANDS FOOTBALL ASSOCIATION

(A Nonprofit Organization)

Statements of Financial Position

Years ended December 31, 2022 and 2021

	<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Current assets:			
Cash and cash equivalents	\$	267,550	116,043
Restricted cash		4,570	13,815
Accounts receivable		84,388	16,540
Inventory assets		15,589	16,405
Prepaid expense		<u>10,597</u>	<u>11,697</u>
Total current assets		382,694	174,500
Building and equipment, net of accumulated depreciation		<u>4,719,513</u>	<u>3,027,564</u>
	\$	<u><u>5,102,207</u></u>	<u><u>3,202,064</u></u>
<u>LIABILITIES AND NET ASSETS</u>			
Current liabilities:			
Accounts payable		102,012	8,469
Accrued expenses		30,936	18,887
Due to related parties		<u>864,986</u>	<u>-</u>
Total current and total liabilities		<u>997,934</u>	<u>27,356</u>
Net assets:			
Without donor restrictions		4,104,273	3,152,278
With donor restrictions		<u>-</u>	<u>22,430</u>
Total net assets		<u>4,104,273</u>	<u>3,174,708</u>
Total liabilities and net assets	\$	<u><u>5,102,207</u></u>	<u><u>3,202,064</u></u>

See accompanying notes to financial statements.

NORTHERN MARIANA ISLANDS FOOTBALL ASSOCIATION

(A Nonprofit Organization)

Statements of Activities

Years ended December 31, 2022 and 2021

	2022			2021		
	Net Assets		Total	Net Assets		Total
	Without Donor Restriction	With Donor Restriction		Without Donor Restriction	With Donor Restriction	
			2022			2021
Revenues and support:						
Grants and donations	\$ 731,010	1,157,506	1,888,516	145,750	520,000	665,750
Dues	900	-	900	900	-	900
Other income	575	-	575	1,883	-	1,883
PPP Loan forgiveness	-	-	-	85,056	-	85,056
Net assets released from restrictions	<u>1,179,936</u>	<u>(1,179,936)</u>	<u>-</u>	<u>559,443</u>	<u>(559,443)</u>	<u>-</u>
Total revenues and support	<u>1,912,421</u>	<u>(22,430)</u>	<u>1,889,991</u>	<u>793,032</u>	<u>(39,443)</u>	<u>753,589</u>
Expenses:						
Program and league	747,706	-	747,706	558,873	-	558,873
General and administrative	<u>212,720</u>	<u>-</u>	<u>212,720</u>	<u>195,443</u>	<u>-</u>	<u>195,443</u>
Total expenses	<u>960,426</u>	<u>-</u>	<u>960,426</u>	<u>754,316</u>	<u>-</u>	<u>754,316</u>
Change in net assets	951,995	(22,430)	929,565	38,716	(39,443)	(727)
Net assets at beginning of year	<u>3,152,278</u>	<u>22,430</u>	<u>3,174,708</u>	<u>3,113,562</u>	<u>61,873</u>	<u>3,175,435</u>
Net assets at end of year	\$ <u>4,104,273</u>	<u>-</u>	<u>4,104,273</u>	<u>3,152,278</u>	<u>22,430</u>	<u>3,174,708</u>

See accompanying notes to financial statements.

NORTHERN MARIANA ISLANDS FOOTBALL ASSOCIATION
(A Nonprofit Organization)

Statements of Functional Expenses
For the Years ended December 31, 2022 and 2021

	2022			2021		
	Program and League	Management and General	Total	Program and League	Management and General	Total
Salaries	\$ 150,886	150,045	300,931	163,670	136,688	300,358
Competition and tournament expenses	289,846	-	289,846	117,213	21,353	138,566
Depreciation	127,198	3,396	130,594	164,229	235	164,464
Training and development	84,732	17,889	102,621	61,140	2,058	63,198
Infrastructure	35,796	-	35,796	27,841	-	27,841
Utilities	29,515	-	29,515	-	21	21
Employee benefit	17,667	11,689	29,356	19,825	8,666	28,491
Travel and transportation	3,949	6,158	10,107	394	1,065	1,459
Communication	-	8,372	8,372	-	7,279	7,279
Professional fees	-	6,500	6,500	-	6,300	6,300
Equipment expense	-	3,994	3,994	-	3,356	3,356
Automobile expense	1,967	1,635	3,602	2,039	1,210	3,249
Insurance	2,944	567	3,511	2,382	-	2,382
Recruitment and processing fee	2,139	-	2,139	-	-	-
Repairs and maintenance	833	1,274	2,107	140	1,652	1,792
Supplies	-	561	561	-	1,122	1,122
Bank charges	234	260	494	-	738	738
Taxes and licenses	-	250	250	-	150	150
Dues and subscriptions	-	130	130	-	355	355
Bad debts	-	-	-	-	2,671	2,671
Interest expense	-	-	-	-	309	309
Miscellaneous	-	-	-	-	215	215
	<u>\$ 747,706</u>	<u>212,720</u>	<u>960,426</u>	<u>558,873</u>	<u>195,443</u>	<u>754,316</u>

See accompanying notes to financial statements.

NORTHERN MARIANA ISLANDS FOOTBALL ASSOCIATION

(A Nonprofit Organization)

Statements of Cash Flows

Years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 929,565	(727)
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	130,594	164,464
PPP Loan forgiveness	-	(85,056)
Decrease (increase) in assets:		
Accounts receivable	(67,848)	24,766
Inventory assets	816	36
Prepaid expenses	1,100	(309)
Increase (decrease) in liabilities:		
Accounts payable	93,543	(11,602)
Accrued expenses	12,049	1,314
Due to related parties	864,986	-
	<u>1,964,805</u>	<u>92,886</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Acquisition of property and equipment	(1,822,543)	(96,471)
	<u>(1,822,543)</u>	<u>(96,471)</u>
Net cash used in investing activities		
Cash flows from financing activities:		
Proceeds from borrowings	-	43,442
	<u>-</u>	<u>43,442</u>
Net cash provided by financing activities		
Net increase in cash, cash equivalents and restricted cash	142,262	39,857
Balances at beginning of year:		
Cash	116,043	37,640
Restricted cash	13,815	52,361
	<u>129,858</u>	<u>90,001</u>
Balances at end of year:		
Cash	267,550	116,043
Restricted cash	4,570	13,815
	<u>\$ 272,120</u>	<u>129,858</u>

See accompanying notes to financial statements.

NORTHERN MARIANA ISLANDS FOOTBALL ASSOCIATION
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Notes to Financial Statements

December 31, 2022 and 2021

(1) Organization and Purpose

Northern Mariana Islands Football Association (“the Association”) was incorporated in the Commonwealth of the Northern Mariana Islands (CNMI) on August 4, 2005 as a not for profit, non-stock association. The Association’s primary purpose is to develop and promote the sport of soccer in the CNMI, as well as to represent the CNMI both regionally and internationally in competition.

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

(2) Summary of Significant Accounting Policies

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: restricted and unrestricted.

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

- Net assets without donor restriction - Net assets that are not subject to donor-imposed stipulations or whose restrictions are met in the year received.
- Net assets with donor restriction - 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, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of 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.

NORTHERN MARIANA ISLANDS FOOTBALL ASSOCIATION
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Notes to Financial Statements, continued

December 31, 2022 and 2021

(2) Summary of Significant Accounting Policies, Continued

Net Assets

The Association reports grants or gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities 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.

Advertising Costs

The Association's policy is to expense advertising costs when incurred. For the years ended December 31, 2022 and 2021, advertising expense was \$-0-.

Cash and Cash Equivalents

For purposes of the statement of financial position and the statement of cash flows, cash is defined as cash on hand, cash in savings and cash in checking accounts. The Association maintains cash balances at one financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Association has not experienced any loss in such accounts.

NORTHERN MARIANA ISLANDS FOOTBALL ASSOCIATION
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Notes to Financial Statements, continued

December 31, 2022 and 2021

(2) Summary of Significant Accounting Policies, Continued

Accounts Receivable

Accounts receivable represent amounts due to the Association; they are stated at amounts management expects to collect from outstanding balances. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, the Association has concluded that realized losses on balances outstanding at year-end will be immaterial. Therefore, no allowance for doubtful accounts is considered necessary. The Association does not charge interest on overdue receivables, which are those that remain unpaid more than thirty days after the invoice date.

Inventories

Inventories are stated at lower of cost, average cost method, or net realizable value.

Fixed Assets

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 \$300, 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.

Contributions

All contributions are considered to be available for unrestricted use 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 that increases net assets with donor restrictions.

NORTHERN MARIANA ISLANDS FOOTBALL ASSOCIATION
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Notes to Financial Statements, continued

December 31, 2022 and 2021

(2) Summary of Significant Accounting Policies, Continued

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 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.

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

In-kind contributions, which are donations of materials, supplies, equipment and services are recognized as support and expenses in the accompanying statement of activities. Such services would be recognized as revenues and expenses for the function to which they relate, which would either be program and league (programs) or management and general (supporting services). In-kind contributions are recorded at their estimated fair market value at date of receipt. For the years ended December 31, 2022 and 2021 the Association did not receive any significant contributed services. In addition, the Association receives cash donations from private individuals and businesses that are recognized as grants and donations when received.

Income and Business Gross Revenue Taxes

The Association is exempt from the Commonwealth of the Northern Mariana Islands income tax under Internal Revenue Code Section 501(c)(3) and from Commonwealth of the Northern Mariana Islands business gross revenue tax. Therefore, no provision has been made for business gross revenue taxes and income taxes in the accompanying financial statements.

NORTHERN MARIANA ISLANDS FOOTBALL ASSOCIATION
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Notes to Financial Statements, continued

December 31, 2022 and 2021

(2) Summary of Significant Accounting Policies, Continued

Income and Business Gross Revenue Taxes, Continued

With few exceptions, the Association is no longer subject to income tax examinations by tax authorities for years before 2019. The Association does not have any unrecognized tax benefits at December 31, 2022 that would affect the annual effective tax rate. The Association evaluates its positions and will provide for an uncertainty if it is probable that the position would not be sustainable.

The Association's policy is to reflect penalties and interest separately from the income tax provision.

Functional Allocation of Expenses

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

Performance Obligations

The Association records registration and entry fees as revenue on the date payments are received. The Association satisfies its obligation by providing training, tournaments and leagues over the applicable term. All teams competing in tournaments and leagues in the CNMI are required to pay registration and entry fees in full before the start of each season. The number of teams and players enrolled in the tournaments and leagues have an impact on the revenue recognized during the period. Registration and entry fees were -0-% and -0-% of the total revenues and support for the years ended December 31, 2022 and 2021, respectively. There were no material outstanding performance obligations at December 31, 2022 or 2021.

(3) 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, 2018 and was applied to the 2022 and 2021 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.

NORTHERN MARIANA ISLANDS FOOTBALL ASSOCIATION
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Notes to Financial Statements, continued

December 31, 2022 and 2021

(3) Liquidity and Availability of Assets, Continued

- 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.
- 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 \$372,097 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 \$267,550, accounts receivable of \$84,388, and inventory assets of \$15,589. The accounts receivable are subject to implied time restrictions but are expected to be collected within one year. The Association has a goal to maintain financial assets, which consist of cash on hand to meet at least 90 days of normal operating expenses, which are approximately \$80,000 per month. Excess cash may or may not be invested in short term investments such as money market funds or certificates of deposit depending on the Association's planned capital expenditures.

NORTHERN MARIANA ISLANDS FOOTBALL ASSOCIATION
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Notes to Financial Statements, continued

December 31, 2022 and 2021

(4) Property and Equipment

A summary of property and equipment as of December 31, 2022 and 2021 is as follows:

	<u>Estimated Useful Lives</u>	<u>2022</u>	<u>2021</u>
Improvements	25 years	\$ 4,232,777	4,231,492
Field equipment	5 years	203,189	199,736
Office equipment	5 years	22,766	18,017
Furniture and fixtures	7 years	<u>3,373</u>	<u>3,373</u>
		4,462,105	4,452,618
Less accumulated depreciation and amortization		<u>(1,569,579)</u>	<u>(1,438,985)</u>
		2,892,526	3,013,633
Construction in progress		<u>1,826,987</u>	<u>13,931</u>
Net property and equipment		<u>\$ 4,719,513</u>	<u>3,027,564</u>

(5) 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, 2022 and 2021

(5) 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.

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.

(6) Concentrations of Credit Risk

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.

NORTHERN MARIANA ISLANDS FOOTBALL ASSOCIATION
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Notes to Financial Statements, continued

December 31, 2022 and 2021

(7) Concentration of Income Sources

During the years ended December 31, 2022 and 2021, the Association received approximately 100% of its total revenue from grants, gifts and corporate contributions, and 0% from tournament and league fees. There is a geographic concentration, since all activities are conducted in the CNMI.

(8) Net Assets with Donor Restriction

The net assets with donor restriction of the Association consist of funds received from AFC, JFA and donors of the NMISTC Project for program expenses. The net assets with donor restriction at December 31, 2022 and 2021 were \$-0- and \$22,430, respectively.

(9) Compensated Absences

The Association's employees are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Association's policy is to recognize the costs of compensated absences when actually paid to employees.

(10) Related Party Transactions

During the years ended December 31, 2022 and 2021, one of the Association's board members and affiliates donated \$57,100 and \$75,500, respectively, to the Association.

During the years ended December 31, 2022 and 2021, the association received advances from a foundation established by a group of companies affiliated with one of the board members in the amount of \$864,986 and \$-0-, respectively. The advance is non-interest bearing, unsecured and has no definite repayment terms.

(11) Commitments

The Association entered into a license agreement on November 1, 2016 with the Department of Community and Cultural Affairs for the development of a soccer playing field, stadium, office headquarters, training ground, and related facilities for ten years expiring on October 31, 2026. Rental expense for this agreement is \$1 per year.

On March 28, 2021, the Association and the Department of Community and Cultural Affairs entered into the first amendment to the license agreement to extend the term of the license agreement from ten years expiring on October 31, 2026 to twenty-five years expiring on February 25, 2046. Rental expense for the agreement remains \$1 per year.

NORTHERN MARIANA ISLANDS FOOTBALL ASSOCIATION
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Notes to Financial Statements, continued

December 31, 2022 and 2021

(12) Notes Payable

On April 10, 2020, the Association was granted a loan (the Loan) from a bank in the aggregate amount of \$41,305, pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the CARES Act. The Loan bears interest at a rate of 1% per annum, payable in monthly principal and interest installments of \$2,313. On February 9, 2021, the Association was granted a loan (the Loan) from a bank in the aggregate amount of \$43,442 pursuant to the PPP under Division A, Title I of the CARES Act. The Loan is guaranteed by the U.S. Small Business Administration and may be prepaid by the Association at any time prior to maturity with no prepayment penalties. Under the terms of the PPP, the Loan may be forgiven if used for qualifying expenses as described in the CARES Act. On May 25, 2021 and October 25, 2021, the loans, \$41,305 and \$43,442, respectively, were forgiven in full.

(13) Coronavirus Pandemic

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China 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 of the Association. While this matter is expected to negatively impact the Association's results of operations and financial position, the related financial impact cannot be reasonably estimated at this time.

(14) Date of Management's Review

In preparing the accompanying financial statements and these footnotes, management has evaluated subsequent events through July 28, 2023, which is the date the financial statements were available to be issued.

The construction-in-progress NMISTC phase 2 expansion project amounting to \$1,826,987 was completed in February 2023.