

Novak Djokovic Foundation (USA) and Affiliate
Consolidated Financial Statements
December 31, 2020 and 2019

Novak Djokovic Foundation (USA) and Affiliate

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of the
Novak Djokovic Foundation (USA)

We have reviewed the accompanying consolidated financial statements of Novak Djokovic Foundation (USA) (a nonprofit organization) and affiliate, which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We did not review the financial statements of The Novak Djokovic Foundation - the UK, an international affiliate, which statements reflect total assets of \$1,588,371 as of December 31, 2020, and total support and revenues of \$400,642 for the year then ended. Those statements were reviewed by other accountants whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for The Novak Djokovic Foundation - UK, is based solely on the report of the other accountants.

We are required to be independent of the Novak Djokovic Foundation (USA) and affiliate, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The 2020 supplemental information consisting of consolidating schedules of the statement of financial position, statement of activities and statement of functional expenses is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The supplemental information has been subjected to the review procedures applied in our review of the basic consolidated financial statements. We are not aware of any material modifications that should be made to the supplemental information. We have not audited the supplemental information and do not express an opinion on such information.

Report on 2019 Financial Statements

The 2019 consolidated financial statements were reviewed by us, in our report dated November 24, 2020. We have not performed any review procedures on the consolidated financial statements since November 13, 2020.

Hoffman Mulligan CPAs, LLP
Hoffman Mulligan CPAs, LLP
Certified Public Accountants

November 24, 2021
New York, NY

**NOVAK DJOKOVIC FOUNDATION (USA) AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of DECEMBER 31, 2020 AND 2019**

| <u>ASSETS</u> | <u>2020</u> | <u>2019</u> |
|--|--------------|--------------|
| Cash and cash equivalents | \$ 1,069,498 | \$ 686,106 |
| Contributions receivable | 450 | - |
| Gift Aid Receivable | 76,678 | - |
| Prepaid expenses | 2,507 | 2,507 |
| Auction items inventory | 20,000 | 20,000 |
| Investments at fair value | 600,980 | 2,347,047 |
| | <hr/> | <hr/> |
| Total Current Assets | 1,770,113 | 3,055,660 |
| | <hr/> | <hr/> |
| Total Assets | \$ 1,770,113 | \$ 3,055,660 |
| | <hr/> <hr/> | <hr/> <hr/> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| LIABILITIES | | |
| Accrued Expenses | \$ 3,686 | \$ 8,035 |
| | <hr/> | <hr/> |
| Total Current Liabilities | 3,686 | 8,035 |
| | <hr/> | <hr/> |
| NET ASSETS | | |
| Without donor restrictions | 1,766,427 | 3,047,625 |
| With donor restrictions | - | - |
| | <hr/> | <hr/> |
| Total Net Assets | 1,766,427 | 3,047,625 |
| | <hr/> | <hr/> |
| Total Liabilities and Net Assets | \$ 1,770,113 | \$ 3,055,660 |
| | <hr/> <hr/> | <hr/> <hr/> |

See Notes to Financial Statements

**NOVAK DJOKOVIC FOUNDATION (USA) AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

2020 (Consolidated)

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>2020</u> | <u>2019</u> |
|---|---------------------------------------|------------------------------------|--------------|--------------|
| SUPPORT | | | | |
| Contributions | \$ 507,563 | \$ - | \$ 507,563 | \$ 241,057 |
| Events | - | - | - | 1,319 |
| Gift Aid Support | 76,678 | - | 76,678 | |
| Total | 584,241 | - | 584,241 | 242,375 |
| EXPENSES | | | | |
| Program | 1,798,558 | - | 1,798,558 | 7,290 |
| Fundraising | 11,189 | - | 11,189 | 28,434 |
| General and administrative | 98,564 | - | 98,564 | 99,244 |
| TOTAL EXPENSES | 1,908,311 | - | 1,908,311 | 134,967 |
| OTHER INCOME (LOSS) | | | | |
| Interest income | 229 | - | 229 | 761 |
| Investment income | 35,089 | - | 35,089 | 63,349 |
| Unrealized gain/(loss) on investments | (77,665) | - | (77,665) | 197,475 |
| Foreign currencies exchange gain/(loss) | (2,994) | - | (2,994) | 78,078 |
| TOTAL OTHER INCOME (LOSS) | (45,341) | - | (45,341) | 339,663 |
| CHANGE IN NET ASSETS | (1,369,411) | - | (1,369,411) | 447,071 |
| Translation Adjustments | 88,213 | - | 88,213 | - |
| NET ASSETS - Beginning of year | 3,047,625 | - | 3,047,625 | 2,600,554 |
| NET ASSETS - End of year | \$ 1,766,427 | \$ - | \$ 1,766,427 | \$ 3,047,625 |

See Notes to Financial Statements

**NOVAK DJOKOVIC FOUNDATION (USA) AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

| | <u>2020</u> | <u>2019</u> |
|--|----------------|-------------|
| Cash flows from operating activities | | |
| Change in net assets | \$ (1,369,446) | \$ 447,071 |
| <i>Adjustments to reconcile change in net assets to net cash provided by (used) in operating activities:</i> | | |
| Unrealized loss on investments | 77,665 | (197,475) |
| Changes in assets and liabilities: | | |
| Contributions receivable | (450) | - |
| Gift aid receivable | (76,678) | - |
| Accrued expenses | (4,349) | (7,029) |
| | (1,373,258) | 242,567 |
| Net cash used by operating activities | | |
| Cash flows from investing activities | | |
| Net Proceeds from Sale of Investments | 1,774,510 | 1,319 |
| Investment Income (Re-invested) | (35,090) | (63,349) |
| Investment Management Fee (paid from investments) | 11,622 | 13,196 |
| | 1,751,042 | (48,834) |
| Net cash provided (used) by investing activities | | |
| Effect of exchange rates on cash and cash equivalents | 5,608 | (72,994) |
| Net change in cash and cash equivalents | 383,392 | 120,739 |
| Cash and cash equivalents - beginning of year | 686,106 | 565,367 |
| Cash and cash equivalents - end of year | \$ 1,069,498 | \$ 686,106 |

**NOVAK DJOKOVIC FOUNDATION (USA) AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

| | <u>PROGRAM</u> | <u>FUNDRAISING</u> | <u>GENERAL AND ADMINISTRATIVE</u> | <u>TOTALS</u> |
|-----------------------------------|---------------------|--------------------|---------------------------------------|---------------------|
| Contributions to NDF Serbia | 1,798,558 | - | - | 1,798,558 |
| Other Contributions | - | - | - | - |
| Insurance | - | - | - | - |
| Bank and credit card fees | - | - | 143 | 143 |
| Salaries and related | - | - | - | - |
| Miscellaneous | - | - | 3,787 | 3,787 |
| Professional fees | - | - | 88,294 | 88,294 |
| Public relations | - | - | - | - |
| Publication, postage and mailings | - | - | - | - |
| Subscriptions | - | 11,189 | 6,340 | 17,529 |
| Travel and related | - | - | - | - |
| Telephone | - | - | - | - |
| Computer and software | - | - | - | - |
| Website costs | - | - | - | - |
| Totals | <u>\$ 1,798,558</u> | <u>\$ 11,190</u> | <u>\$ 98,564</u> | <u>\$ 1,908,311</u> |

See Notes to Financial Statements

**NOVAK DJOKOVIC FOUNDATION (USA) AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

| | <u>PROGRAM</u> | <u>FUNDRAISING</u> | <u>GENERAL AND ADMINISTRATIVE</u> | <u>TOTALS</u> |
|-----------------------------------|-----------------|--------------------|---------------------------------------|-------------------|
| Contributions to NDF Serbia | - | - | - | - |
| Other Contributions | - | - | - | - |
| Insurance | - | - | - | - |
| Bank and credit card fees | - | - | 457 | 457 |
| Salaries and related | - | - | 11,116 | 11,116 |
| Miscellaneous | - | - | 3,789 | 3,789 |
| Professional fees | 7,290 | 6,000 | 76,866 | 90,156 |
| Public relations | - | 14,241 | - | 14,241 |
| Publication, postage and mailings | - | - | - | - |
| Subscriptions | - | 8,193 | 7,015 | 15,208 |
| Travel and related | - | - | - | - |
| Telephone | - | - | - | - |
| Computer and software | - | - | - | - |
| Website costs | - | - | - | - |
| Totals | <u>\$ 7,290</u> | <u>\$ 28,434</u> | <u>\$ 99,244</u> | <u>\$ 134,968</u> |

See Notes to Financial Statements

NOVAK DJOKOVIC FOUNDATION (USA) AND AFFILATE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Nature of Operation

Organization

The Novak Djokovic Foundation (USA) and affiliate (The “Foundation”) (the “Organization”) was incorporated in Delaware on December 21, 2011, to award grants to fund organizations and projects in Serbia and the rest of the world that promote early childhood education and the development of young children who are from disadvantaged backgrounds. The intention is that by investing in these children and helping them to reach their full potential they will be able to bring positive changes to their communities in the future.

The Foundation is exempt from federal and state income taxes under Internal Revenue Code Section 501(c) (3) and New York State Not-for-Profit Corporation Law Section 402.

Note 2: Summary of Significant Accounting Policies

A) Basis of Accounting

The Foundation prepares its consolidated financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit entities.

B) Basis of Presentation

Financial statement presentation follows the Financial Accounting Standards Board Accounting Standards Codification Topic 958 (FASB ASC 958). Under FASB ASC 958 (ASU No. 2016-14), Organization is required to report information regarding its financial position and activities according to two classes of net assets, as applicable: net assets without donor restrictions and net assets with donor restrictions. The classification of net assets and related support, revenue and expenses are based on the presence or absence of donor-imposed restrictions.

These classifications are defined as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations and are available for the general operations of Organization. All contributions are considered to be available for use without restrictions unless specifically restricted by the donor. Restricted contributions whose restrictions are met within the same fiscal year are reported as contributions without donor restrictions. Similarly, gains and investment income that are limited to specific uses by donor-imposed restrictions are reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the gains and income are recognized. Contributions are recorded at their fair value on the date of receipt. Unconditional promises to contribute are recorded at the fair value of the property to be contributed on the date the promise is made.

NOVAK DJOKOVIC FOUNDATION (USA) AND AFFILIATE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2: Summary of Significant Accounting Policies (continued)

Net assets with donor restrictions - Net assets which are subject to donor-imposed stipulations that will either be met by actions of the Organization, by the passage of time, by both actions of Organization and the passage of time, or that neither expires with the passage of time nor can be fulfilled or removed by actions of Organization. Amounts received that are restricted by the donor for use in future periods or for specific purposes are recorded as support with donor restrictions that increases that net asset class. When a restriction expires, 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.

C) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Novak Djokovic Foundation (USA) and its wholly owned affiliate. All significant intercompany balances and transactions have been eliminated in consolidation. The following entities are included in the consolidated financial statements:

Novak Djokovic Foundation (USA) was incorporated in Delaware on December 21, 2011. This is the USA operating foundation that receives contributions mainly from US entities and/or tax payers but also receives donations from foreign entities and/or tax payers.

Novak Djokovic Foundation (UK) Limited is registered as a members' limited liability company and was incorporated on March 7, 2012. This is the UK operating foundation that receives contributions mainly from UK entities and/or tax payers but also receives donations from foreign entities and/or tax payers. This entity is 100% owned by the Novak Djokovic Foundation (USA).

D) Use of Estimates

The preparation 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 the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

E) Foreign Currencies

Assets and liabilities recorded in foreign currencies are translated at the exchange rate on the balance sheet date. Revenue and expenses are translated at average rates of exchange prevailing during the year. Translation adjustments resulting from this process are recorded in Other Income (Expense) on the Statements of Activities.

F) Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months.

**NOVAK DJOKOVIC FOUNDATION (USA) AND AFFILATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 2: Summary of Significant Accounting Policies (continued)

G) Contributions Receivable

Contribution receivables, which include income tax recoverable in relation to donations received under Gift Aid, are unconditional promises to give and are recorded as receivables and revenues and are recognized when the promises are made at their net present value. The Foundation determines whether an allowance for doubtful accounts should be provided for pledges receivable. Such estimates are based on management's assessment of the aged basis of its contributions and other sources, current economic conditions, subsequent collections, and historical information. Receivables are written off against the allowance for doubtful accounts when all reasonable efforts have been exhausted.

H) Valuation of Portfolio Investments

US GAAP establishes a hierarchy that prioritizes inputs to valuation methods which the Foundation utilizes for its investments. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. The three levels of inputs are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access.

Level 2 - Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 - Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Foundation's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The Foundation's investments are traded in quoted public markets, primarily the London Stock Exchange. The year-end valuation is prepared on the basis of mid-market prices from the appropriate stock exchange, the bid price from the relevant fund manager or the last traded price where applicable.

**NOVAK DJOKOVIC FOUNDATION (USA) AND AFFILATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 2: Summary of Significant Accounting Policies (continued)

F) Auction Items Inventory

Inventories are stated at the lower of cost or market. Cost is principally determined using the first-in, first out (FIFO) method.

G) Functional Allocation of Expenses

The cost of providing the various programs and supporting services has been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the programs and services in reasonable ratios determined by management.

H) Concentration of credit risk

The Foundation maintains its cash and cash equivalents at major financial institutions, which at times may exceed federally insured limits. The Foundation has not experienced any losses on such accounts.

I) Pensions

The Foundation contributes to personal pension plans for its employee. During the year ending December 31, 2020 and 2019, the Foundation contributed \$0 and \$1,538 to such plan, respectively.

J) Income taxes

The Foundation follows FASB ASC Topic 740, *Income Taxes*, and evaluates its income tax positions each year. The Foundation is exempt from federal income taxes under Section 501(c)(3) of Internal Revenue Code and believes it has no uncertain tax positions for open tax years. Accordingly, no provision for income taxes has been made in the financial statements. In addition, the Foundation has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Internal Revenue code. There was no unrelated business income for 2020 or 2019.

The Foundation files a Form 990 informational return with the Internal Revenue Service as well as the State of New York. The years ending December 31, 2019, 2018 and 2017 remain subject to examination by applicable taxing authority.

K) New Accounting Pronouncement

ASU No. 2016-14

In August 2016, the FASB issued Accounting Standards Update (“ASU”) No. 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. This ASU is a result of the recommendations developed by FASB’s Not-for-Profit Advisory Committee and FASB’s ongoing

**NOVAK DJOKOVIC FOUNDATION (USA) AND AFFILATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 2: Summary of Significant Accounting Policies (continued)

review of Generally Accepted Accounting Principles (GAAP) standards to improve existing standards to meet the evolving needs of a dynamic financial reporting environment. The ASU provides for changes in financial statement presentation that effect classification of net assets, presentation of expenses, investment returns and presentation of operating cash flows. It also calls for enhanced disclosures of board designated funds, underwater endowment funds, methods used to allocate costs among functions, and liquidity and availability of resources. The ASU affects all not-for-profit organizations including charities, foundations, colleges and universities, health care providers, religious organizations, trade associations, and cultural institutions, among others. The amendments of ASU No. 2016-14 are effective for annual financial statements issued for periods beginning after December 15, 2017. STANY adopted ASU No. 2016-14 for the year ended December 31, 2019. As a result of adopting this standard, there was no effect on the STANY's total net assets.

ASU No. 2018-08

In June 2018, the FASB issued Accounting Standards Update (“ASU”) No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new standard provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction based on whether a resource provider is receiving value in return for the resources transferred. Further, the ASU provides additional guidance to help determine whether a contribution is conditional and better distinguish a donor-imposed condition from a donor-imposed restriction. The effective date of this amendment is for fiscal years beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early application is permitted. The Organization is currently evaluating the impact of this pronouncement on its financial statements.

ASU 2014-15

In August 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-15, *Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an entity’s ability to Continue as a Going Concern*. This update requires management to evaluate whether there is substantial doubt about the entity’s ability to continue as a going concern. This update is effective for the annual period ending after December 15, 2016, and for annual and interim periods thereafter. Early adoption is permitted. The adoption of this update did not have an impact on the Organization’s financial condition and results of operations.

ASU 2016-02

In February 2016, the FASB issued Accounting Standards Update (“ASU”) No. 2016-02 related to the *Accounting for Leases*. This ASU requires lessees to record most leases on their balance sheet, while expense recognition on the income statement remains similar to current lease accounting guidance. The guidance also eliminates real estate-specific provisions and modifies certain aspects of lessor accounting.

**NOVAK DJOKOVIC FOUNDATION (USA) AND AFFILATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 2: Summary of Significant Accounting Policies (continued)

Under the new guidance, lease classification as either a finance lease or an operating lease will determine how lease-related revenue and expense are recognized. Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at,

or entered into after, the beginning of the earliest period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest period presented. Lessees and lessors may not apply a full retrospective transition approach. Nonpublic business entities should apply the amendments for fiscal years beginning after December 15, 2020 (Calendar years ending December 31, 2021, and non-calendar years beginning in 2021), and interim periods within fiscal years beginning after December 15, 2021. Early application is permitted. On June 3, 2020, FASB issues ASU No. 2020-05, Leases (Topic 842) Effective Dates for Certain Entities which moved the effective date of this standard back to fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Organization is currently evaluating the effect of ASU 2016-02 on its financial statements.

ASU 2014-09

Financial Accounting Standards Board (FASB) has issued ASU No. 2014-09, Revenue from Contracts with Customers, as amended by ASU No. 2015-14, which supersedes or replaces nearly all US GAAP revenue recognition guidance. This standard establishes a new contract and control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time, and will expand disclosures about revenue. ASU No. 2014-09, as amended by ASU No. 2020-05, is effective for nonprofit entities for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. On June 3, 2020, FASB issues ASU No. 2020-05, Revenue from contract with Customers (Topic 606) Effective Dates for Certain Entities which moved the effective date of this standard back to fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Organization is currently assessing the impacts of this new standard.

ASU 2020-07

In September 2020, Financial Accounting Standards Board (FASB) has issued ASU No. 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, requiring an entity to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. ASU 2020-07 includes additional disclosure requirements about contributed nonfinancial assets for not-for-profit entities for recognized contributed services. The standard will be applied on a retrospective basis and will be effective for the year ending December 31, 2022. STANY does not expect the new standard will impact its financial statements other than a reclassification on the statement of activities and additional disclosures.

**NOVAK DJOKOVIC FOUNDATION (USA) AND AFFILATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 2: Summary of Significant Accounting Policies (continued)

M) Subsequent events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through November 24, 2021, the date the financial statements were issued. There were no significant subsequent events or transactions which required recognition and disclosure in the financial statements.

L) Contribution expense

Contributions are recorded when the offer is made.

Note 3: Investments at Fair Value

The table below sets forth information about the level within the fair values hierarchy at which the foundation's investments are measured on December 31, 2020 and 2019 as well as the breakdown of investment income for the year ended December 31, 2020 and 2019:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|---|---------------------|----------------|----------------|
| As of December 31, 2020 | | | |
| Equities | \$ 293,581 | \$ - | \$ - |
| Fixed income securities | - | 265,351 | - |
| Property | - | | 7,048 |
| Cash held within the investment portfolio | <u>35,001</u> | | |
| Total assets owned, at fair value | <u>\$ 328,581</u> | <u>265,351</u> | <u>7,048</u> |
| As of December 31, 2019 | | | |
| Equities | \$ 1,113,661 | \$ - | \$ - |
| Fixed income securities | - | 885,482 | - |
| Cash held within the investment portfolio | <u>101,361</u> | <u>-</u> | <u>-</u> |
| Total assets owned, at fair value | <u>\$ 1,215,022</u> | <u>885,482</u> | <u>-</u> |

Investment income for the year ended December 31, 2020 and 2019 consists of the following:

| | <u>2020</u> | <u>2019</u> |
|--|-----------------|----------------|
| Interest and dividend income | \$ 228 | \$ 761 |
| Unrealized and realized gains / (losses) | (42,576) | 338,902 |
| | <u>(42,348)</u> | <u>339,663</u> |

**NOVAK DJOKOVIC FOUNDATION (USA) AND AFFILATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 4: Liquidity

NDF's financial assets available within one year of the statement of financial position date for general expenditure is as follows:

| | |
|---------------------------|---------------------|
| Cash and cash equivalents | \$ 1,069,498 |
| Investments at fair value | <u>600,980</u> |
| Total | <u>\$ 1,670,478</u> |

Liquidity is managed based upon actual results of previous years, as well as forecasts of spending through the end of the calendar year. Fundraising activities, which have historically generated a predictable return, are planned and scheduled accordingly. With an annual operating budget below \$110,000 and annual expenses less than \$100,000, the Organization meets its liquidity needs for operational costs through regular unrestricted donations, especially individual donations, as well as from investment income. Discretionary donations by the founder are available to meet operational and program needs.

Note 5: Related Party Transactions

The Foundation made contributions to the Novak Djokovic Foundation (Serbia) of \$1,798,558 and \$0 during the years ended December 31, 2020 and 2019, respectively.

The founder of the Foundation made contributions during the year ended December 31, 2020 totaling \$376,678, including recoverable UK gift aid. Certain contributions have been designated by the Board of Directors as a separate Novak Djokovic donation fund to meet future core and administration costs. It is intended that the balance of these designated funds will be put towards direct charitable activities and future fundraising expenditure. Investment income earned on any amounts invested are included as part of the Novak Djokovic donation fund. As of December 31, 2020, and 2019, the balance of the Novak Djokovic donation fund was \$1,181,982 and \$2,129,939, respectively.

Note 6 - Concentrations

During the year ended December 31, 2020 and 2019 the Foundation received contributions from individual donors which represented 100% and 99% of total support, respectively. No events held in 2020, all support came from individual donations in 2020.

**NOVAK DJOKOVIC FOUNDATION (USA) AND AFFILIATE
SUPPLEMENTARY INFORMATION
CONSOLIDATING SCHEDULE: STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020**

| | Novak Djokovic Foundation (USA) | Novak Djokovic Foundation (UK) Limited | Eliminations | Novak Djokovic Foundation Consolidated |
|---|--|---|--------------------|---|
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents | \$ 182,436 | \$ 887,062 | \$ - | \$ 1,069,498 |
| Contribution receivable | 450 | - | - | 450 |
| Prepaid expenses | 2,507 | - | - | 2,507 |
| Auction items inventory | 20,000 | - | - | 20,000 |
| Gift Aid Receivable | - | 76,678 | - | 76,678 |
| Due from Novak Djokovic Foundation (USA) | - | 23,651 | (23,651) | - |
| Total Current Assets | 205,393 | 987,391 | (23,651) | 1,169,133 |
| Investments at fair value | - | 600,980 | - | 600,980 |
| Investment in Novak Djokovic Foundation (UK) Limited | 164 | - | (164) | - |
| Total Assets | <u>\$ 205,557</u> | <u>\$ 1,588,371</u> | <u>\$ (23,815)</u> | <u>\$ 1,770,112</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | | | |
| LIABILITIES | | | | |
| Accrued Expenses | | \$ 3,686 | \$ - | \$ 3,686 |
| Due to Novak Djokovic Foundation (UK) Limited | \$ 23,651 | - | (23,651) | - |
| Total Current Liabilities | 23,651 | 3,686 | (23,651) | 3,686 |
| NET ASSETS | | | | |
| Share capital in Novak Djokovic Foundation (UK) Limited | - | 164 | (164) | - |
| Unrestricted Funds | 181,906 | 1,584,521 | | 1,766,428 |
| Total Net Assets | 181,906 | 1,584,685 | (164) | 1,766,428 |
| Total Liabilities and Net Assets | <u>\$ 205,557</u> | <u>\$ 1,588,371</u> | <u>\$ (23,815)</u> | <u>\$ 1,770,114</u> |

See Independent Accountant's Review Report.

**NOVAK DJOKOVIC FOUNDATION (USA) AND AFFILIATE
SUPPLEMENTARY INFORMATION
CONSOLIDATING SCHEDULE: STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

| | Novak Djokovic Foundation (USA) | Novak Djokovic Foundation (UK) Limited | Eliminations | Novak Djokovic Foundation Consolidated |
|--|--|---|--------------|---|
| SUPPORT | | | | |
| Contributions | \$ 183,599 | \$ 323,964 | \$ - | \$ 507,563 |
| Gift Aid Support | | \$ 76,678 | | \$ 76,678 |
| Other income | - | - | | - |
| TOTAL SUPPORT | 183,599 | 400,642 | - | 584,241 |
| EXPENSES | | | | |
| Program | 500,000 | 1,298,558 | - | 1,798,558 |
| Fundraising | 10,869 | 320 | - | 11,189 |
| General and administrative | 31,432 | 67,132 | | 98,564 |
| TOTAL EXPENSES | 542,301 | 1,366,010 | - | 1,908,311 |
| OTHER INCOME (EXPENSE) | | | | |
| Interest income | - | 229 | - | 229 |
| Investment Income | - | 35,089 | | 35,089 |
| Unrealized gain on investments | - | (77,665) | - | (77,665) |
| Foreign currencies exchange gains (losses) | (804) | (2,190) | - | (2,994) |
| TOTAL OTHER INCOME | (804) | (44,537) | - | (45,341) |
| INCREASE (DECREASE) IN NET ASSETS | (359,506) | (1,009,905) | - | (1,369,411) |
| Translation Adjustments | | 88,213 | | 88,213 |
| NET ASSETS - Beginning of year | 541,412 | 2,506,212 | - | 3,047,625 |
| NET ASSETS - End of year | \$ 181,906 | \$ 1,584,520 | \$ - | \$ 1,766,427 |

See Independent Accountant's Review Report.

NOVAK DJOKOVIC FOUNDATION (USA) AND AFFILIATE
SUPPLEMENTARY INFORMATION
CONSOLIDATING SCHEDULE: STATEMENTS OF FUNCTIONAL EXPENSES
DECEMBER 31, 2020

| | PROGRAM | | | FUNDRAISING | | | GENERAL AND ADMINISTRATIVE | | | TOTAL EXPENSES | | | |
|------------------------------------|---------------------------------|--|---------------------|---------------------------------|--|------------------|---------------------------------|--|------------------|---------------------------------|--|--------------|--|
| | Novak Djokovic Foundation (USA) | Novak Djokovic Foundation (UK) Limited | | Novak Djokovic Foundation (USA) | Novak Djokovic Foundation (UK) Limited | | Novak Djokovic Foundation (USA) | Novak Djokovic Foundation (UK) Limited | | Novak Djokovic Foundation (USA) | Novak Djokovic Foundation (UK) Limited | Eliminations | Novak Djokovic Foundation Consolidated |
| Contributions to NDF UK | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions to NDF ONLUS (Italy) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Contributions to NDF Serbia | 500,000 | 1,298,558 | 1,798,558 | - | - | - | - | - | - | 500,000 | 1,298,558 | - | 1,798,558 |
| Other Contributions | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Insurance | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Bank and credit card fees | - | - | - | - | - | - | - | 143 | 143 | - | 143 | - | 143 |
| Salaries and related | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - | - | 2,982 | 805 | 3,787 | 2,982 | 805 | - | 3,787 |
| Professional fees | - | - | - | - | - | - | 28,450 | 59,844 | 88,294 | 28,450 | 59,844 | - | 88,294 |
| Public Relations | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Publication, postage and mailings | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Subscriptions | - | - | - | 10,869 | 320 | 11,189 | - | 6,340 | 6,340 | 10,869 | 6,660 | - | 17,529 |
| Travel and related | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Telephone | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Computer and Software | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Website costs | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Totals | <u>\$ 500,000</u> | <u>\$ 1,298,558</u> | <u>\$ 1,798,558</u> | <u>\$ 10,869</u> | <u>\$ 320</u> | <u>\$ 11,189</u> | <u>\$ 31,432</u> | <u>\$ 67,132</u> | <u>\$ 98,564</u> | <u>\$ 542,301</u> | <u>\$ 1,366,010</u> | <u>\$ -</u> | <u>\$ 1,908,311</u> |

See Independent Accountant's Review Report.