



**ULTIMATE PLAYERS ASSOCIATION  
d/b/a USA ULTIMATE  
USA ULTIMATE FOUNDATION  
Consolidating Financial Statements  
For the Year Ended December 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Ultimate Players Association d/b/a USA Ultimate  
USA Ultimate Foundation  
Colorado Springs, Colorado

We have audited the accompanying consolidating financial statements of USA Ultimate and USA Ultimate Foundation (nonprofit organizations)(the Organizations), which comprise the consolidating statement of financial position as of December 31, 2020, and the related consolidating statements of activities, consolidated functional expenses, and consolidating cash flows for the year then ended, and the related notes to the consolidating financial statements.

**Management's Responsibility for the Consolidating Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidating financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidating financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidating financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organizations' preparation and fair presentation of the consolidating financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal

control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidating financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of USA Ultimate and USA Ultimate Foundation as of December 31, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited USA Ultimate and USA Ultimate Foundation's December 31, 2019, consolidating financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 21, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Waugh & Goodwin, LLP*

Colorado Springs, Colorado  
August 27, 2021

ULTIMATE PLAYERS ASSOCIATION  
d/b/a USA ULTIMATE  
USA ULTIMATE FOUNDATION  
Consolidating Statements of Financial Position  
December 31, 2020  
(With Consolidated Comparative Totals for 2019)

	USA Ultimate	USA Ultimate Foundation	Eliminating Entries	Consolidated Totals 2020	Consolidated Totals 2019
<b>ASSETS</b>					
<b>CURRENT ASSETS:</b>					
Cash and cash equivalents	\$ 1,558,671	\$ 158,018	\$	\$ 1,716,689	\$ 1,670,423
Certificates of deposit	505,229			505,229	507,114
Accounts receivable, net	195,484			195,484	68,775
Due from related party	2,173		(2,173)		
Inventory	29,197			29,197	28,981
Prepaid expenses and deposits	<u>149,891</u>			<u>149,891</u>	<u>174,005</u>
Total current assets	2,440,645	158,018	(2,173)	2,596,490	2,449,298
LONG-TERM INVESTMENTS	1,241,579			1,241,579	1,047,318
<b>PROPERTY AND EQUIPMENT:</b>					
IT infrastructure system	575,849			575,849	543,314
Furniture and equipment	40,754			40,754	40,754
Computer equipment	56,090			56,090	58,681
Event equipment	27,344			27,344	27,344
Leasehold improvements	11,959			11,959	11,959
Other depreciable projects	17,886			17,886	17,886
Software	<u>4,682</u>			<u>4,682</u>	<u>6,589</u>
Subtotal	734,564			734,564	706,527
Less accumulated depreciation	<u>(579,202)</u>			<u>(579,202)</u>	<u>(496,883)</u>
Property and equipment, net	155,362			155,362	209,644
OTHER ASSETS	<u>1,300</u>			<u>1,300</u>	<u>1,300</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,838,886</u></b>	<b><u>\$ 158,018</u></b>	<b><u>\$ (2,173)</u></b>	<b><u>\$ 3,994,731</u></b>	<b><u>\$ 3,707,560</u></b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES:</b>					
Accounts payable	\$ 447,850	\$	\$	\$ 447,850	\$ 567,625
Due to related party		2,173	(2,173)		
Accrued liabilities	42,018			42,018	53,113
Current portion of deferred revenue	<u>436,410</u>			<u>436,410</u>	<u>495,707</u>
Total current liabilities	926,278	2,173	(2,173)	926,278	1,116,445
<b>LONG-TERM LIABILITIES:</b>					
Deferred revenue - long term	404,300			404,300	280,330
Deferred FICA	<u>13,787</u>			<u>13,787</u>	
Total liabilities	1,344,365	2,173	(2,173)	1,344,365	1,396,775
<b>NET ASSETS:</b>					
Without donor restrictions	575,389	54,235		629,624	476,845
Without donor restrictions - Board designated	1,919,132			1,919,132	1,749,027
With donor restrictions		<u>101,610</u>		<u>101,610</u>	<u>84,913</u>
Total net assets	<u>2,494,521</u>	<u>155,845</u>		<u>2,650,366</u>	<u>2,310,785</u>
<b>TOTAL LIABILITIES and NET ASSETS</b>	<b><u>\$ 3,838,886</u></b>	<b><u>\$ 158,018</u></b>	<b><u>\$ (2,173)</u></b>	<b><u>\$ 3,994,731</u></b>	<b><u>\$ 3,707,560</u></b>

See Notes to Consolidating Financial Statements

ULTIMATE PLAYERS ASSOCIATION  
d/b/a USA ULTIMATE  
USA ULTIMATE FOUNDATION  
Consolidating Statements of Activities and Changes in Net Assets  
For the Year Ended December 31, 2020  
(With Consolidated Comparative Totals for 2019)

	USA Ultimate	USA Ultimate Foundation	Eliminating Entries	Consolidated Totals 2020	Consolidated Totals 2019
<b>SUPPORT AND REVENUE - WITHOUT</b>					
<b>DONOR RESTRICTIONS:</b>					
Membership dues	\$ 1,776,008	\$	\$	\$ 1,776,008	\$ 2,792,976
Grant revenue	397,528			397,528	
Investment income	205,895	44		205,939	190,191
Sponsorship and licensing	183,430			183,430	546,513
Other income	8,178			8,178	10,800
Sport development and sanctioning	38,626			38,626	101,063
National teams fees	31,307			31,307	146,860
Contributions		19,397		19,397	28,734
Education	10,718			10,718	23,589
Sales	1,376			1,376	70,876
Cost of goods sold	(1,868)			(1,868)	(46,565)
Competition and athlete programs					1,021,450
Satisfied program restrictions	7,123	7,123	(7,123)	7,123	22,394
<b>Total support and revenue</b>	<b>2,658,321</b>	<b>26,564</b>	<b>(7,123)</b>	<b>2,677,762</b>	<b>4,908,881</b>
<b>EXPENSES:</b>					
<b>Program services:</b>					
<b>Events and outreach programs</b>					
Youth events and programs	200,295			200,295	501,029
TCT events and programs	135,350			135,350	526,225
College events and programs	132,117			132,117	360,844
Beach events and programs	51,759			51,759	120,905
Masters events and programs	50,314			50,314	167,383
<b>Total events and outreach programs</b>	<b>569,835</b>			<b>569,835</b>	<b>1,676,386</b>
Member services and community development	426,950			426,950	584,027
Marketing and communications	357,431			357,431	1,076,799
National teams	138,463			138,463	370,406
Online technology	115,853			115,853	122,016
Education	81,647			81,647	120,895
International	57,887			57,887	61,156
Event standards/Spirit of the Game/ rules/disc standards	38,245			38,245	57,807
USA Ultimate grants		7,123	(7,123)		
<b>Total program services</b>	<b>1,786,311</b>	<b>7,123</b>	<b>(7,123)</b>	<b>1,786,311</b>	<b>4,069,492</b>

Supporting services:					
Equity, diversity and inclusion	205,371			205,371	197,741
General and administrative	165,513	1,355		166,868	208,286
Board of Directors	78,016			78,016	164,552
Safe Sport/judicial	72,410			72,410	
Fundraising	<u>23,034</u>	<u>22,867</u>		<u>45,901</u>	<u>63,960</u>
Total supporting services	<u>544,344</u>	<u>24,222</u>		<u>568,566</u>	<u>634,539</u>
Total expenses	<u>2,330,655</u>	<u>31,345</u>	<u>(7,123)</u>	<u>2,354,877</u>	<u>4,704,031</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	327,666	(4,781)		322,885	204,850
DONOR RESTRICTED SUPPORT and REVENUE:					
Play It Forward	2,332	9,363	(2,332)	9,363	10,331
Girls Ultimate	4,116	8,488	(4,116)	8,488	15,446
Delrico Johnson Fund	36	5,968	(36)	5,968	3,945
Other awards	639		(639)		
Less satisfied program restrictions	<u>(7,123)</u>	<u>(7,123)</u>	<u>7,123</u>	<u>(7,123)</u>	<u>(22,394)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTION		<u>16,696</u>		<u>16,696</u>	<u>7,328</u>
CHANGE IN NET ASSETS	327,666	11,915		339,581	212,178
NET ASSETS, beginning of year	<u>2,166,855</u>	<u>143,930</u>		<u>2,310,785</u>	<u>2,098,607</u>
NET ASSETS, end of year	<u>\$ 2,494,521</u>	<u>\$ 155,845</u>	<u>\$</u>	<u>\$ 2,650,366</u>	<u>\$ 2,310,785</u>

See Notes to Consolidating Financial Statements

ULTIMATE PLAYERS ASSOCIATION  
d/b/a USA ULTIMATE  
USA ULTIMATE FOUNDATION  
Consolidated Statements of Functional Expenses  
For the Year Ended December 31, 2020  
(With Consolidated Comparative Totals for 2019)

	Events & Outreach Programs					Member Services & Community Development	Marketing & Communications	National Teams	Online Technology	Education
	Youth Events & Programs	TCT Events & Programs	College Events & Programs	Beach Events & Programs	Masters Events & Programs					
Accounting services & audit	\$ 1,009	\$ 765	\$ 653	\$ 289	\$ 274	\$ 919	\$ 1,714	\$ 477	\$ 704	\$ 448
Advertising							1,457			
Awards & gifts		968	852		38					
Bad debt	900	682	582	258	245	819	1,529	426	628	399
Bank fees	183	167	160	77	76	37,660	115	1,089	47	273
Conferences	196	112	103	48	47	74	138	38	57	36
Depreciation & amortization expense	8,987	6,809	5,813	2,571	2,442	8,182	15,260	4,250	6,268	3,986
Discretionary	321	244	208	92	87	1,339	1,822	152	224	143
Dues & memberships	140	111	98	46	44	103	193	54	79	50
Employee benefits	13,706	10,384	8,865	3,921	3,724	12,479	23,273	6,482	9,559	6,078
Equipment rental	172	130	111	49	47	157	993	581	120	76
EDI initiatives	4,291		9,213			2,368				
Facilities	180					560		2,401		
Food & drink	1,297	238	304	204	90	4,054	6,289	6,670	192	121
Grants						75,000				
Insurance	8,377	6,346	5,418	2,397	2,276	7,627	14,225	3,962	5,842	3,715
Legal services	1,931	1,463	1,249	552	525	1,758	3,278	913	1,346	856
Marketing							10,060			
Merchandise COGS						1,868				
Occupancy	7,005	5,307	4,531	2,004	1,903	6,377	11,894	3,313	4,885	3,107
Office expenses	1,448	74	69	264	31	2,222	237	165	34	72
Officers compensation	2,320	2,320	2,320	2,320	2,320	4,640	69,600			2,320
Other communication expense	1,185	1,076	1,027	496	489	406	14,723	211	311	198
Other community development						104,513				
Other fees for services	2,544	40				1,310	24,515	666		5,675
Other personnel expenses	590	447	381	169	160	537	1,001	279	411	262
Other program expenses	5,145	100	100	50	50		485			593
Other salaries & wages	106,646	80,058	68,030	28,791	27,221	102,955	115,039	51,424	75,836	45,903
Payroll taxes	8,029	6,082	5,193	2,297	2,181	7,309	13,633	3,797	5,599	3,561
Phone & internet	2,106	1,641	1,429	643	614	1,744	3,253	906	1,336	849
Safe sport						15,952				
Sales taxes										
Supplies	614	466	399	177	169	553	1,099	456	422	269
Team & player fees								5,964		
Technology	2,752	2,086	1,780	787	749	2,506	4,674	1,302	1,921	1,221
Travel	2,969	241	236	860	115	19,776	17,417	24,705	32	21
Value in kind (VIK)						3,051		8,490		
Volunteer appreciation	15,252	6,993	12,993	2,397	4,397			8,805		1,415
Total expenses	200,295	135,350	132,117	51,759	50,314	428,818	357,431	138,463	115,853	81,647
Less cost of goods sold						(1,868)				
Total expenses on statement of activities	\$ 200,295	\$ 135,350	\$ 132,117	\$ 51,759	\$ 50,314	\$ 426,950	\$ 357,431	\$ 138,463	\$ 115,853	\$ 81,647



	International	Disc Standards Rules / SOTG	Total Program Services	Equity, Diversity & Inclusion	General & Administrative	Board of Directors	Safe Sport/Judicial	Fundraising	Total Supporting Services	Consolidated Totals 2020	Consolidated Totals 2019
Accounting services & audit	\$ 320	\$ 217	\$ 7,789	\$ 1,062	\$ 1,650	\$ 440	\$ 384	\$ 125	\$ 3,661	\$ 11,450	\$ 10,404
Advertising			1,457							1,457	11,694
Awards & gifts			1,858							1,858	85,577
Bad debt	285	194	6,947	948	937	393	343	111	2,732	9,679	
Bank fees	21	31	39,899	71	70	30	25	744	940	40,839	94,247
Conferences	26	18	893	85	85	35	31	10	246	1,139	3,839
Depreciation & amortization expense	2,845	1,932	69,345	9,462	9,353	3,919	3,420	1,110	27,264	96,609	107,753
Discretionary	102	69	4,803	339	335	814	122	50	1,660	6,463	16,006
Dues & memberships	5,316	24	6,258	119	118	50	43	13	343	6,601	6,386
Employee benefits	4,339	2,946	105,756	14,431	14,264	5,977	5,215	1,693	41,580	147,336	154,322
Equipment rental	54	37	2,527	181	179	75	65	20	520	3,047	129,840
EDI initiatives			15,872	30,483					30,483	46,355	79,831
Facilities			3,141							3,141	162,472
Food & drink	87	60	19,606	288	284	118	105	33	828	20,434	205,455
Grants			75,000							75,000	114,106
Insurance	2,652	1,801	64,638	8,820	9,473	3,654	3,188	1,035	26,170	90,808	149,730
Legal services	611	415	14,897	2,033	2,009	841	735	239	5,857	20,754	16,461
Marketing			10,060							10,060	379,912
Merchandise COGS			1,868							1,868	46,565
Occupancy	2,217	1,506	54,049	7,375	7,290	3,055	2,665	866	21,251	75,300	77,930
Office expenses	36	1,326	5,978	51	55	69	17	201	393	6,371	37,808
Officers compensation	27,840		116,000	23,200	23,200	23,200	23,200	23,200	116,000	232,000	390,126
Other communication expense	141	96	20,359	470	465	195	170	1,113	2,413	22,772	21,172
Other community development			104,513							104,513	137,498
Other fees for services			34,750							34,750	280,049
Other personnel expenses	186	127	4,550	619	612	256	224	73	1,784	6,334	8,632
Other program expenses			6,523							6,523	91,200
Other salaries & wages	6,582	23,439	731,924	91,278	89,960	24,220	18,177	10,235	233,870	965,794	1,202,630
Payroll taxes	2,542	1,726	61,949	8,453	992	8,355	3,055	3,501	24,356	86,305	104,882
Phone & internet	606	412	15,539	2,017	1,993	835	729	237	5,811	21,350	23,394
Safe sport			15,952				9,200		9,200	25,152	12,739
Sales taxes											14,516
Supplies	192	130	4,946	638	630	264	231	75	1,838	6,784	48,606
Team & player fees			5,964							5,964	29,870
Technology	872	592	21,242	2,898	2,865	1,200	1,048	1,211	9,222	30,464	30,208
Travel	15	10	66,397	50	49	21	18	6	144	66,541	396,254
Value in kind (VIK)			11,541							11,541	147,101
Volunteer appreciation		1,137	53,389							53,389	60,697
Total expenses	57,887	38,245	1,788,179	205,371	166,868	78,016	72,410	45,901	568,566	2,356,745	4,889,912
Less cost of goods sold			(1,868)							(1,868)	(46,565)
Total expenses on statement of activities	\$ 57,887	\$ 38,245	\$ 1,786,311	\$ 205,371	\$ 166,868	\$ 78,016	\$ 72,410	\$ 45,901	\$ 568,566	\$ 2,354,877	\$ 4,843,347

See Notes to Consolidating Financial Statements

ULTIMATE PLAYERS ASSOCIATION  
d/b/a USA ULTIMATE  
USA ULTIMATE FOUNDATION  
Consolidating Statements of Cash Flows  
For the Year Ended December 31, 2020  
(With Consolidated Comparative Totals for 2019)

	USA Ultimate	USA Ultimate Foundation	Eliminating Entries	Consolidated Totals 2020	Consolidated Totals 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Change in net assets	\$ 327,666	\$ 11,915	\$	\$ 339,581	\$ 212,178
Adjustments to reconcile the change in net assets to net cash provided by operating activities:					
Depreciation and amortization	96,609			96,609	107,753
Realized and unrealized gain on investments	(183,920)			(183,920)	(162,660)
Decrease (increase) in operating assets:					
Accounts receivable, net	(126,709)			(126,709)	(2,369)
Due from related party	(2,073)	1,646	427		
Inventory	(216)			(216)	(7,249)
Prepaid expenses and deposits	24,114			24,114	(129,058)
Increase (decrease) in operating liabilities:					
Accounts payable	(119,775)			(119,775)	60,703
Due to related party	(1,646)	2,073	(427)		
Accrued liabilities	(11,095)			(11,095)	(9,002)
Deferred FICA	13,787			13,787	
Deferred revenue	64,673			64,673	31,459
Total adjustments	<u>(246,251)</u>	<u>3,719</u>		<u>(242,532)</u>	<u>(110,423)</u>
Net cash provided by operating activities	81,415	15,634		97,049	101,755
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Certificate of deposit, net	1,885			1,885	(1,744)
Long-term investments, net	(10,341)			(10,341)	(8,688)
Acquisition of property and equipment	(42,327)			(42,327)	(102,478)
Net cash used by investing activities	<u>(50,783)</u>			<u>(50,783)</u>	<u>(112,910)</u>
NET INCREASE (DECREASE) IN CASH	30,632	15,634		46,266	(11,155)
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,528,039</u>	<u>142,384</u>		<u>1,670,423</u>	<u>1,681,578</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,558,671</u>	<u>\$ 158,018</u>	<u>\$</u>	<u>\$ 1,716,689</u>	<u>\$ 1,670,423</u>

See Notes to Consolidating Financial Statements

ULTIMATE PLAYERS ASSOCIATION d/b/a USA ULTIMATE  
USA ULTIMATE FOUNDATION  
Notes to Consolidating Financial Statements  
For the Year Ended December 31, 2020

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

USA Ultimate (the Corporation) is the national governing body for the sport of Ultimate and is a member of the World Flying Disc Federation. The Corporation is responsible for the promotion and development of the sport of Ultimate in the United States.

The USA Ultimate Foundation (the Foundation) was incorporated in 2014. The purpose of the Foundation is to raise funds and acquire assets that will enable the Corporation to support and grow the sport of Ultimate in the United States.

Basis of Presentation

The financial statements of the Corporation are being presented on a consolidated basis with the Foundation in order to conform to the requirements of FASB ASC Topic 958. This Topic requires consolidation when one nonprofit has a controlling financial interest in another nonprofit entity through sole-corporate membership. Collectively the Corporation and the Foundation are the Organizations.

Transactions between the two entities are shown as eliminating entries and removed to properly reflect consolidated totals. Neither the total net assets nor the change in net assets of the Foundation are presented in the Corporation columns of the consolidating financial statements.

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- Net assets without donor restrictions: net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organizations.

## Notes to Consolidating Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Basis of Presentation - continued

- Net assets with donor restrictions: net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other purposes specified by the donor. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

#### Income Taxes

The Organizations qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and, accordingly, are not subject to federal income tax. Accordingly, no income tax provision has been recorded. However, income from certain activities not directly related to the Organizations' tax-exempt purposes are subject to taxation as unrelated business income.

The Organizations' forms 990, Return of Organization Exempt from Income Tax, are subject to examination by various taxing authorities, generally for three years after the date they were filed. Management of the Organizations believes that they do not have any uncertain tax positions that are material to the financial statements.

#### Cash and Cash Equivalents

Cash and cash equivalents consist of amounts in the Organizations' checking and money market accounts. The Organizations maintain their cash and cash equivalents at commercial banks. In the event of a bank failure, the Organizations might only be able to recover the amounts insured.

## Notes to Consolidating Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Revenue from Contracts with Customers

Membership Dues - Revenue from contracts with members for annual dues is reported at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing membership to its members. Membership dues consist of annual, two-year, three-year, five-year, and lifetime registrations. Revenue is recognized as performance obligations are satisfied, which is ratably over the membership term, or 15 years for lifetime memberships. Membership dues are nonrefundable.

Fees and Sales - The Corporation receives revenue from fees and sales related to programs, services, and merchandise for the sport. These activities include competitions, athlete programs, national teams, sport development, sanctioning, education, merchandise sales, and other similar activities. Revenue is recognized at the time the performance obligations are met which is when services are provided, or goods provided or delivered to the customer.

Sponsorship and Licensing - The Corporation recognizes revenue from contracts with both sponsors and suppliers of the Corporation. Performance obligations in such contracts are satisfied as services are rendered, and therefore, the Corporation will recognize revenue over time. The Corporation has concluded that the performance obligations within these contracts are substantially the same in each year and are satisfied ratably over the term of the agreement.

#### Accounts Receivable

Accounts receivable are stated at the amount the Organizations expect to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that an allowance for doubtful accounts at December 31, 2020 and 2019 of \$1,000 is necessary. Accounts receivable outstanding for more than 60 days are considered delinquent. Delinquent receivables are determined to be uncollectible on a case by case basis and are written off to bad debt expense at such point of determination. Accounts receivable from contracts with customers were \$69,775 and \$196,484 at the beginning and end of the year, respectively.

## Notes to Consolidating Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Inventory

Inventory is stated at the lower of cost (first-in, first-out method) or net realizable value and consists of discs, kits, rulebooks, cones, clipboards, DVDs, manuals, guides, and clothing.

#### Furniture and Equipment

Furniture and equipment are recorded at cost or, in the case of donated property, at their estimated fair value at date of receipt. All acquisitions of furniture and equipment in excess of \$750 are capitalized.

Depreciation and amortization are recorded using the straight-line method over estimated useful lives of three to seven years. Depreciation and amortization expense for the years ended December 31, 2020 and 2019, was \$96,609 and \$107,753, respectively.

#### Supplemental Cash Flow Disclosures

The Organizations paid no interest or income taxes during the years ended December 31, 2020 and 2019.

#### Deferred Revenue

Deferred revenue, a liability from contracts with customers, consists primarily of multi-year memberships but also includes amounts related to fees and sponsorships. Deferred revenue was \$776,037 and \$840,710 at the beginning and end of the year, respectively.

#### Functional Allocation of Expenses

Certain costs and expenses are allocated among the various programs and supporting service expenses based on salary expenses. The expenses are allocated based on internal records and estimates made by the Organizations' management. Personnel expenses are allocated on the basis of estimates of time and effort spent by personnel in the various program and supporting services made by the Organizations' management. For the years ended December 31, 2020 and 2019, the Corporation's supporting service expenses amounted to 24.40% and 13.36%, respectively, of total support and revenue.

## Notes to Consolidating Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### 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, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

#### Prior Year Comparisons

The financial statements include certain prior year summarized comparative information in total but not sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organizations' financial statements for the year ended December 31, 2019, from which the summarized information was derived.

#### Donated Services

The Organizations receive a substantial amount of donated services in carrying out their programs. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under ASC 958, "Not-For-Profit Entities".

#### Advertising

The Organizations expense costs of advertising and promotion as such costs are incurred.

#### Date of Management's Review

In preparing the financial statements, the Organizations have evaluated events and transactions for potential recognition or disclosure through August 27, 2021, the date that the financial statements were available to be issued.

### B. AVAILABLE RESOURCES AND LIQUIDITY

The Organizations maintain liquid financial assets sufficient to cover 180 days of operating expenditures. Financial assets in excess of immediate cash requirements are invested in certificates of deposit, money market funds, savings accounts, and other short-term investments.

## Notes to Consolidating Financial Statements

### B. AVAILABLE RESOURCES AND LIQUIDITY - Continued

The following table reflects the Organizations' financial assets as of December 31, 2020 and 2019, reduced by amounts that are not available to meet operating expenditures within one year of the statement of financial position date because of internal board designations or donor restrictions. Amounts not available include the operating reserve, set by the Board of Directors at 30% of annual budgeted expenses and other amounts for strategic surplus.

In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon; however, management has no intent to do so.

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,716,689	\$ 1,670,423
Certificates of deposit	505,229	507,114
Accounts receivable, net	195,484	68,775
Long-term investments	<u>1,241,579</u>	<u>1,047,318</u>
Total financial assets	3,658,981	3,293,630
Less amounts not available to be used within one year:		
Board - designated reserves and strategic surplus	1,919,132	1,749,027
Donor restrictions	<u>101,610</u>	<u>84,913</u>
Financial assets not available to be used within one year	<u>2,020,742</u>	<u>1,833,940</u>
Financial assets available within one year	<u>\$ 1,638,239</u>	<u>\$ 1,459,690</u>

### C. FAIR VALUE MEASUREMENTS

The Organizations apply Generally Accepted Accounting Principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements



Notes to Consolidating Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

Level 1 Quoted prices in active markets for identical assets or liabilities, accessible to the Corporation and Foundation 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 that are not corroborated by market data.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The following tables present assets that are measured at fair value on a recurring basis at December 31, 2020 and 2019:

Assets at Fair Value as of December 31, 2020

	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ 505,229	\$	\$	\$ 505,229
USOE pooled fund	<u>                    </u>	<u>1,241,579</u>	<u>                    </u>	<u>1,241,579</u>
	<u>\$ 505,229</u>	<u>\$ 1,241,579</u>	<u>\$</u>	<u>\$ 1,746,808</u>

Assets at Fair Value as of December 31, 2019

	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ 507,114	\$	\$	\$ 507,114
USOE pooled fund	<u>                    </u>	<u>1,047,318</u>	<u>                    </u>	<u>1,047,318</u>
	<u>\$ 507,114</u>	<u>\$ 1,047,318</u>	<u>\$</u>	<u>\$ 1,554,432</u>

The Corporation has placed a portion of its investments in a pooled investment fund sponsored and managed by the United States Olympic Endowment (USOE). The USOE invests on behalf of the United States Olympic & Paralympic Committee (USOPC) and various national sports organizations recognized by the USOPC.

Notes to Consolidating Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

As of December 31, 2020, the USOE portfolio was invested in the following types of securities:

Alternative investments	33.30%
Domestic equities	23.63
Domestic bonds	23.66
International equities	15.39
Cash and cash equivalents	<u>4.02</u>
	<u>100.00%</u>

The alternative investments include hedge equity funds, private equity funds, real estate funds, and limited partnerships.

Some investments are exposed to various risks that may cause their reported fair values to fluctuate from period to period and could materially affect the recorded amount of investments in the Organizations' financial statements. Investments in equity securities fluctuate in value in response to many factors, such as the activities and financial condition of individual companies, general business and industry market conditions, and the state or perceived direction of the economy. The values of debt securities fluctuate in response to changing interest rates, credit worthiness of issuers, and overall economic policies that impact market conditions. The values of certain investments, such as hedge funds, can fluctuate in response to direct market conditions and other factors that may or may not have a high correlation to overall market direction.

Though the market values of investments are subject to fluctuation, management believes that the investment policy is prudent for the long-term welfare of the Organizations.

Investment income consists of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 22,019	\$ 27,531
Realized gains	106,693	47,522
Unrealized gains	<u>77,227</u>	<u>115,138</u>
	<u>\$ 205,939</u>	<u>\$ 190,191</u>

Notes to Consolidating Financial Statements

D. BOARD DESIGNATED NET ASSETS

At December 31, 2020 and 2019, the Corporation had designated net assets without donor restrictions in the amount of \$1,919,132 and \$1,749,027, respectively, for the following purposes:

	<u>2020</u>	<u>2019</u>
Operating reserve	\$ 1,531,175	\$ 1,385,710
Strategic surplus	<u>387,957</u>	<u>363,317</u>
	<u>\$ 1,919,132</u>	<u>\$ 1,749,027</u>

E. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Play It Forward	\$ 41,007	\$ 33,976
Girls Ultimate	33,960	29,587
Pufahl/Faricker Spirit Awards	10,819	11,420
Bakko Spirit Award	5,947	5,985
Rico's fund	<u>9,877</u>	<u>3,945</u>
	<u>\$ 101,610</u>	<u>\$ 84,913</u>

Net assets are released from donor restriction by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2020 and 2019, net assets were released from restrictions as follows:

	<u>2020</u>	<u>2019</u>
Girls Ultimate	\$ 4,116	\$ 14,100
Play It Forward	2,332	8,264
Pufahl/Faricker Spirit Awards	601	25
Bakko Spirit Award	38	5
Rico's fund	<u>36</u>	<u>          </u>
	<u>\$ 7,123</u>	<u>\$ 22,394</u>

## Notes to Consolidating Financial Statements

### F. RETIREMENT PLAN

The Corporation has a SIMPLE retirement plan for its employees. Employees are eligible to make contributions to the plan if they expect to receive at least \$5,000 in compensation during the year.

The Corporation matches 100% of the voluntary contributions of its employees up to 3% of the employee's compensation for the calendar year. Employer contribution expense for the years ended December 31, 2020 and 2019 amounted to \$38,379 and \$38,950, respectively.

### G. LEASES

The Corporation entered into an operating lease for office and storage space in Colorado Springs, Colorado in January 2015. This lease requires monthly payments at an initial base rent of \$3,497 starting January 1, 2016 and expired on December 31, 2020. The Corporation entered into a new lease for office space in January 2021. This lease requires monthly payments at an initial base rent of \$4,968 which increases annually and expires on May 31, 2026. The storage space is anticipated to be discontinued in March 2021.

Future minimum lease payments for the year ending December 31 are as follows:

2021	\$	43,897
2022		65,769
2023		62,756
2024		64,743
2025		66,730
Thereafter		28,149

### H. PAYCHECK PROTECTION PROGRAM GRANT

In April 2020, the Corporation received a \$298,467 loan from JP Morgan Chase through the Small Business Administration's (SBA) Paycheck Protection Program. A portion or all of loan may be forgiven by the SBA if certain payroll criteria are met and funds are used for payroll, rent, mortgage interest, or utilities. Any portion of the loan that is not forgiven has a minimum maturity of two years and an interest rate of 1%. Loan payments are deferred for 10 months. As of year-end the Corporation had satisfied the terms and subsequent to year end the entire amount was forgiven and is included as revenue in the financial statements.

## Notes to Consolidating Financial Statements

### I. UNCERTAINTIES

Subsequent to year end, the outbreak of COVID-19 (COVID-19 outbreak) has been recognized as a pandemic by the World Health Organization, and has become increasingly widespread in the United States. The COVID-19 outbreak has had a notable impact on general economic conditions, including but not limited to the decline in global financial markets, temporary closures of many businesses, suspension or cancelation of events, "shelter in place" and other governmental regulations and job losses. The extent to which the COVID-19 outbreak will affect the operations, collections or financial results of the Organizations is uncertain.