ULTIMATE PLAYERS ASSOCIATION
d/b/a USA ULTIMATE
USA ULTIMATE FOUNDATION

Consolidating Financial Statements

For the Year Ended December 31, 2022

WAUGH & GOODWIN, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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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

Opinion

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, 2022, and the related consolidating statements of activities and changes in net assets, consolidated functional expenses, and consolidating cash flows for the year then ended, and the related notes to the consolidating financial statements.

In our opinion, the consolidating 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, 2022, 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 USA Ultimate and USA Ultimate Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the 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.

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

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the consolidating 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 consolidating 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 consolidating 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 consolidating 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 USA Ultimate's and USA Ultimate Foundation'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 consolidating financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about USA Ultimate's and USA Ultimate Foundation'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.

Report on Summarized Comparative Information

We have previously audited USA Ultimate and USA Ultimate Foundation's financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 29, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Waugh & Goodwin, LLP

Colorado Springs, Colorado
July 14, 2023

ULTIMATE PLAYERS ASSOCIATION
d/b/a USA ULTIMATE
USA ULTIMATE FOUNDATION
Consolidating Statements of Financial Position
December 31, 2022
(With Consolidated Comparative Totals for 2021)

	USA Ultimate	USA Ultimate Foundation	Eliminating Entries	Consolidated Totals 2022	Consolidated Totals 2021
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$ 2,831,242	$ 218,974	$	$ 3,050,216	$ 2,824,455
Certificates of deposit	510,263			510,263	506,923
Accounts receivable, net	31,892			31,892	463,491
Due from related party	348		(348)		
Inventory	21,498			21,498	25,379
Prepaid expenses and deposits	43,763			43,763	46,092
Total current assets	3,439,006	218,974	(348)	3,657,632	3,866,340
LONG-TERM INVESTMENTS	1,318,223			1,318,223	1,522,397
RIGHT-OF-USE ASSETS	207,737			207,737	256,888
PROPERTY AND EQUIPMENT:					
IT infrastructure system	789,113			789,113	579,349
Furniture and equipment	138,558			138,558	126,568
Other depreciable projects	17,886			17,886	17,886
Software	4,222			4,222	4,222
Subtotal	949,779			949,779	728,025
Less accumulated depreciation	(672,436)			(672,436)	(617,983)
Property and equipment, net	277,343			277,343	110,042
OTHER ASSETS	1,300			1,300	1,300
TOTAL ASSETS	$ 5,243,609	$ 218,974	$ (348)	$ 5,462,235	$ 5,756,967
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES:					
Accounts payable	$ 701,198	$	$	$ 701,198	$ 819,164
Due to related party		348	(348)		
Accrued liabilities	118,703			118,703	81,449
Current portion of deferred revenue	675,362			675,362	708,991
Current portion operating lease liabilities	64,409			64,409	51,158
Total current liabilities	1,559,672	348	(348)	1,559,672	1,660,762
LONG-TERM LIABILITIES:					
Deferred revenue - long term	468,937			468,937	651,590
Long-term operating lease liabilities	165,216			165,216	229,650
Total liabilities	2,193,825	348	(348)	2,193,825	2,542,002
NET ASSETS:					
Without donor restrictions	1,286,952	63,673		1,350,625	1,696,277
Without donor restrictions - Board designated	1,762,832			1,762,832	1,374,899
With donor restrictions		154,953		154,953	143,789
Total net assets	3,049,784	218,626		3,268,410	3,214,965
TOTAL LIABILITIES and NET ASSETS	$ 5,243,609	$ 218,974	$ (348)	$ 5,462,235	$ 5,756,967

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, 2022
(With Consolidated Comparative Totals for 2021)

	USA Ultimate	USA Ultimate Foundation	Eliminating Entries	Consolidated Totals 2022	Consolidated Totals 2021
SUPPORT AND REVENUE - WITHOUT DONOR RESTRICTIONS					
Membership dues	$ 2,550,993	$	$	$ 2,550,993	$ 1,742,937
Competition and athlete programs	1,008,972			1,008,972	816,726
Sponsorship and licensing	338,858			338,858	313,565
National teams fees	223,858			223,858	24,213
In-kind donations	159,580			159,580	92,809
Sport development and sanctioning	74,145			74,145	58,712
Education	31,464			31,464	9,546
Other income	17,963			17,963	39,404
Contributions		12,545		12,545	15,014
Sales, net of cost of good sold of $46,919 and $15,886, respectively	1,006			1,006	3,733
Investment income	(194,943)	30		(194,913)	287,861
Grant revenue					567,621
Satisfied program restrictions	29,869	29,869	(29,869)	29,869	13,754
Total support and revenue	4,241,765	42,444	(29,869)	4,254,340	3,985,895
EXPENSES:					
Program services:					
Events and outreach programs					
TCT events and programs	457,556			457,556	405,643
Youth events and programs	404,137			404,137	273,522
College events and programs	387,523			387,523	422,422
Masters events and programs	186,111			186,111	150,426
Beach events and programs	122,736			122,736	33,097
Total events and outreach programs	1,558,063			1,558,063	1,285,110
Marketing and communications	717,869			717,869	664,135
National teams an international	604,248			604,248	238,745
Member services and community development	473,965			473,965	595,512
Online technology	143,381			143,381	
Education	111,877			111,877	93,655
Event standards/Spirit of the Game/ rules/disc standards	59,634			59,634	49,871
USA Ultimate grants		29,869	(29,869)		
Total program services	3,669,037	29,869	(29,869)	3,669,037	2,927,028

Supporting services:					
Equity, diversity and inclusion	160,030			160,030	206,683
General and administrative	141,559	1,535		143,094	136,420
Safe Sport/judicial	131,273			131,273	92,535
Board of Directors	81,680			81,680	74,649
Fundraising	21,654	5,291		26,945	26,161
Total supporting services	536,196	6,826		543,022	536,448
	4,205,233	36,695	(29,869)	4,212,059	3,463,476
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	36,532	5,749		42,281	522,419
DONOR RESTRICTED SUPPORT and REVENUE					
Play It Forward	12,502	16,609	(12,502)	16,609	20,882
Girls Ultimate	9,221	12,392	(9,221)	12,392	17,297
Delrico Johnson Fund	7,629	12,032	(7,629)	12,032	17,755
Other awards	517		(517)		
Less satisfied program restrictions	(29,869)	(29,869)	29,869	(29,869)	(13,754)
CHANGE IN NET ASSETS WITH DONOR RESTRICTION		11,164		11,164	42,180
CHANGE IN NET ASSETS	36,532	16,913		53,445	564,599
NET ASSETS, beginning of year	3,013,252	201,713		3,214,965	2,650,366
NET ASSETS, end of year	$ 3,049,784	$ 218,626	$	$ 3,268,410	$ 3,214,965

ULTIMATE PLAYERS ASSOCIATION

d/b/a USA ULTIMATE

USA ULTIMATE FOUNDATION

Consolidated Statements of Functional Expenses

For the Year Ended December 31, 2022

(With Consolidated Comparative Totals for 2021)

	TCT Events & Programs	Youth Events & Programs	College Events & Programs	Masters Events & Programs	Beach Events & Programs	Marketing & Communications	National Teams & International	Member Services & Community Development	Online Technology	Education
Accounting & legal services	$ 1,731	$ 2,079	$ 2,188	$ 924	$ 756	$ 3,408	$ 2,629	$ 2,742	$ 1,876	$ 1,375
Awards & gifts	35,941	18,262	9,745	10,822	5,609					
Bank fees	4,352	4,618	4,368	4,321	4,315	127	5,357	58,654	70	792
Communication expense	908	972	992	760	729	9,891	483	504	345	253
Community development								148,172		
Conferences & memberships	204	235	244	133	118	301	5,512	244	166	121
Depreciation expense	4,142	4,975	5,234	2,211	1,808	8,154	6,292	6,560	4,488	3,290
Discretionary	1,722	1,718	1,959	1,306	1,221	4,135	1,360	2,972	970	711
Employee benefits	10,086	12,117	12,746	5,383	4,403	19,857	15,323	15,976	10,930	8,012
EDI initiatives		20,270	1,424			7,500		8,579		
Facility & equipment rental	126,958	71,606	56,345	36,822	7,756	230	10,145	185	127	93
Food & drink	37,521	34,646	34,144	15,139	13,831	2,675	48,008	447	277	303
Grants										
Insurance	7,496	9,005	9,472	4,001	3,272	14,757	11,388	11,873	8,123	5,954
Marketing						276,730				
Merchandise COGS								46,919		
Occupancy	6,778	8,142	8,565	3,618	2,959	13,344	10,297	10,736	7,345	5,384
Office expenses	1,552	2,945	151	283	2,728	(13)	1,523	277	(17)	197
Officers compensation	7,122	11,870	11,870	7,122	7,122	23,740	35,610	11,870		7,122
Other fees for services	25,564	25,244	11,806	7,276	6,627	131,844	4,331	2,004	251	1,177
Other outreach costs										
Other personnel expenses	584	702	739	312	255	1,151	888	926	634	464
Other program expenses	8,599	12,860	25,187	10,383	2,400		38,697			
Other salaries & wages	80,596	93,510	98,983	39,697	31,167	148,955	97,651	127,073	95,055	62,556
Payroll taxes	6,297	7,565	7,958	3,361	2,749	12,397	9,566	9,974	6,824	5,002
Phone & internet	1,877	2,242	2,354	1,034	858	3,562	2,757	2,866	1,961	1,437
Safe sport								33,432		
Supplies	7,358	6,248	5,108	4,522	4,149	1,160	2,359	934	639	469
Team & player fees						160	15,248			
Technology	2,806	3,370	3,545	1,497	1,224	5,523	4,262	4,443	3,040	2,228
Travel	50,562	22,827	49,251	4,657	8,598	28,281	208,431	405	277	2,292
Value-in-kind (VIK)	15,170	14,943	10,910	14,671	5,186		54,755	11,517		
Volunteer appreciation	11,630	11,166	12,235	5,856	2,896		11,376	600		2,645
Total expenses	457,556	404,137	387,523	186,111	122,736	717,869	604,248	520,884	143,381	111,877
Less cost of goods sold								(46,919)		
Total expenses on statement of activities	$ 457,556	$ 404,137	$ 387,523	$ 186,111	$ 122,736	$ 717,869	$ 604,248	$ 473,965	$ 143,381	$ 111,877

	Disc Standards Rules / SOTG	Total Program	Equity, Diversity & Inclusion	General & Administrative	Safe Sport/ Judicial	Board of Directors	Fundraising	Total Supporting Services	Consolidated Totals 2022	Consolidated Totals 2021
Accounting & legal services	$ 740	$ 20,448	$ 1,746	$ 2,576	$ 1,036	$ 760	$ 283	$ 6,401	$ 26,849	$ 20,172
Awards & gifts		80,379							80,379	54,654
Bank fees	467	87,441	65	69	39	28	1,339	1,540	88,981	73,204
Communication expense	136	15,973	321	340	190	139	1,218	2,208	18,181	29,852
Community development		148,172							148,172	132,575
Conferences & memberships	65	7,343	154	164	91	67	25	501	7,844	7,374
Depreciation expense	1,771	48,925	4,176	4,430	2,477	1,816	678	13,577	62,502	78,051
Discretionary	382	18,456	902	958	535	697	970	4,062	22,518	18,915
Employee benefits	4,314	119,147	10,170	10,791	6,031	4,423	1,651	33,066	152,213	136,525
EDI initiatives		37,773	26,620					26,620	64,393	47,060
Facility & equipment rental	50	310,317	118	126	70	801	19	1,134	311,451	300,928
Food & drink	110	187,101	258	273	154	1,599	42	2,326	189,427	44,065
Grants										30,000
Insurance	3,206	88,547	7,558	8,830	4,483	3,287	1,226	25,384	113,931	78,044
Marketing		276,730							276,730	274,130
Merchandise COGS		46,919							46,919	15,886
Occupancy	2,899	80,067	6,833	7,252	4,053	2,972	1,109	22,219	102,286	95,820
Office expenses	1,459	11,085	(16)	(17)	(10)	90	(3)	44	11,129	7,848
Officers compensation	7,122	130,570	23,740	11,870	35,610	23,740	11,870	106,830	237,400	246,858
Other fees for services	99	216,223	234	248	139	15,102	38	15,761	231,984	202,060
Other outreach costs										
Other personnel expenses	250	6,905	591	625	350	256	95	1,917	8,822	7,743
Other program expenses		98,126							98,126	21,403
Other salaries & wages	30,394	905,637	64,708	81,980	16,850	14,726	2,487	180,751	1,086,388	1,069,271
Payroll taxes	2,693	74,386	6,348	6,736	3,766	2,761	1,031	20,642	95,028	91,995
Phone & internet	774	21,722	1,824	1,936	1,082	793	296	5,931	27,653	22,236
Safe sport		33,432			52,142			52,142	85,574	26,799
Supplies	264	33,210	594	631	353	259	97	1,934	35,144	26,138
Team & player fees		15,408							15,408	14,311
Technology	1,200	33,138	2,828	3,002	1,678	1,230	1,653	10,391	43,529	27,689
Travel	109	375,690	258	274	154	5,734	821	7,241	382,931	139,444
Value-in-kind (VIK)		127,152							127,152	79,558
Volunteer appreciation	1,130	59,534				400		400	59,934	58,754
Total expenses	59,634	3,715,956	160,030	143,094	131,273	81,680	26,945	543,022	4,258,978	3,479,362
Less cost of goods sold		(46,919)							(46,919)	(15,886)
Total expenses on statement of activities	$ 59,634	$ 3,669,037	$ 160,030	$ 143,094	$ 131,273	$ 81,680	$ 26,945	$ 543,022	$ 4,212,059	$ 3,463,476

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, 2022
(With Consolidated Comparative Totals for 2021)

	USA Ultimate	USA Ultimate Foundation	Eliminating Entries	Consolidated Totals 2022	Consolidated Totals 2021
CASH FLOWS FROM OPERATING ACTIVITIES:					
Change in net assets	$ 36,532	$ 16,913	$	$ 53,445	$ 564,599
Adjustments to reconcile the change in net assets to net cash provided by operating activities:					
Depreciation and amortization	62,502			62,502	78,051
Realized and unrealized gain on investments	218,373			218,373	(263,245)
Decrease (increase) in operating assets:					
Accounts receivable, net	431,599			431,599	(268,007)
Due from related party	(348)	15,683	(15,335)		
Inventory	3,881			3,881	3,818
Right of use asset	49,151			49,151	(256,888)
Prepaid expenses and deposits	2,329			2,329	103,799
Increase (decrease) in operating liabilities:					
Accounts payable	(117,966)			(117,966)	371,314
Due to related party	(15,683)	348	15,335		
Accrrued and lease liabilities	(13,929)			(13,929)	320,239
Deferred FICA - noncurrent					(13,787)
Deferred revenue	(216,282)			(216,282)	519,871
Total adjustments	403,627	16,031		419,658	595,165
Net cash provided by operating activities	440,159	32,944		473,103	1,159,764
CASH FLOWS FROM INVESTING ACTIVITIES:					
Certificate of deposit, net	(3,340)			(3,340)	(1,694)
Long-term investments, net	(14,199)			(14,199)	(17,573)
Acquisition of property and equipment	(229,803)			(229,803)	(32,731)
Net cash used by investing activities	(247,342)			(247,342)	(51,998)
NET INCREASE IN CASH	192,817	32,944		225,761	1,107,766
CASH AND CASH EQUIVALENTS, beginning of year	2,638,425	186,030		2,824,455	1,716,689
CASH AND CASH EQUIVALENTS, end of year	$ 2,831,242	$ 218,974	$	$ 3,050,216	$ 2,824,455

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.

Collectively the Corporation and the Foundation are the Organizations.

New Accounting Standards

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* (*Topic 842*), which supersedes existing guidance for accounting for leases under *Topic 840*, *Leases*. The FASB also subsequently issued additional ASUs which amend and clarify *Topic 842*. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

The Corporation adopted FASB *Topic 842, Leases*, using the modified retrospective approach and utilized all of the available practical expedients with January 1, 2022, as the date of initial adoption.

The adoption had a material impact on the Organizations' consolidated statements of financial position but did not have a material impact on the consolidated statements of activities. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. Adoption of the standard required the Organizations to restate amounts at January 1, 2021. The following table presents the

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Accounting Standards - continued

Leases - continued

line items from the accompanying consolidated financial statements for December 31, 2021, that were affected through applying the new guidance:

	Amounts Reported Prior to Adoption	Effects of Applying the New Guidance	Reported within the Accompanying Statements
Consolidated Statements of Financial Position			
Assets: Right-of-use assets	$	$ 256,888	$ 256,888
Liabilities:			
Accrued expenses	105,369	(23,920)	81,449
Current portion operating lease liabilities		51,158	51,158
Long-term operating lease liabilities		229,650	229,650
Consolidated Statements of Cash Flows			
Decrease (increase) in operating assets:			
Right of use asset	$	$ (256,888)	$ (256,888)
Increase (decrease) in operating liabilities:			
Accrued and lease liabilities	63,351	256,888	320,239

Donated Assets, Property and Equipment, and Services

In September 2020, FASB issued ASU 2020-7, *Not-For-Profit Entities (Topic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*.

The most significant change is disclosure of Corporation details related to contributed goods and services. The Corporation adopted this ASU as of January 1, 2022.

The Corporation's policy related to donated assets is to utilize the assets given to carry out the mission of the Corporation. If an asset is provided that does not allow the Corporation to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organizations.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Accounting Standards - continued

Donated Assets, Property and Equipment, and Services - continued

A substantial number of volunteers donated time to the Corporation's program services; however, the estimated value was not recorded because they did not meet the criteria for recognition described above.

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.

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.

- 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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation - continued

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 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.

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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue from Contracts with Customers - continued

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 are 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, 2022 and 2021 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 $93,806 and $31,892 at the beginning and end of the year, respectively.

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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 2022 and 2021, was $62,502 and $78,051, respectively.

Supplemental Cash Flow Disclosures

The Organizations paid no interest or income taxes during the years ended December 31, 2022 and 2021.

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 $1,360,581 and $1,144,299 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, 2022 and 2021, the Corporation's supporting service expenses amounted to 12.64% and 13.22%, respectively, of total support and revenue.

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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 2021, from which the summarized information was derived.

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 July 14, 2023, 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.

The following table reflects the Organizations' financial assets as of December 31, 2022 and 2021, 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.

B. AVAILABLE RESOURCES AND LIQUIDITY - Continued

	2022	2021
Financial assets at year-end:		
Cash and cash equivalents	$ 3,050,216	$ 2,824,455
Certificates of deposit	510,263	506,923
Accounts receivable, net	31,892	463,491
Long-term investments	1,318,223	1,522,397
Total financial assets	4,910,594	5,317,266
Less amounts not available to be used within one year:		
Board - designated reserves and strategic surplus	1,762,832	1,374,899
Donor restrictions	154,953	143,789
Financial assets not available to be used within one year	1,917,785	1,518,688
Financial assets available within one year	$ 2,992,809	$ 3,798,578

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 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.

C. FAIR VALUE MEASUREMENTS - Continued

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, 2022 and 2021:

Assets at Fair Value as of December 31, 2022

	Level 1	Level 2	Level 3	Total
Certificates of deposit	$	$ 510,263	$	$ 510,263
USOE pooled fund		1,318,223		1,318,223
	$	$ 1,828,486	$	$ 1,828,486

Assets at Fair Value as of December 31, 2021

	Level 1	Level 2	Level 3	Total
Certificates of deposit	$	$ 506,923	$	$ 506,923
USOE pooled fund		1,522,397		1,522,397
	$	$ 2,029,320	$	$ 2,029,320

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.

As of December 31, 2022, the USOE portfolio was invested in the following types of securities:

Alternative investments	34.47%
Domestic equities	24.90
Domestic bonds	19.72
International equities	13.40
Cash and cash equivalents	7.51
	100.00%

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

C. FAIR VALUE MEASUREMENTS - Continued

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, 2022 and 2021:

	2022	2021
Interest and dividends	$ 14,230	$ 17,626
Realized gains	25,090	154,366
Unrealized gains	(243,463)	108,879
	$ (204,143)	$ 280,871

D. BOARD DESIGNATED NET ASSETS

At December 31, 2022 and 2021, the Corporation had designated net assets without donor restrictions in the amount of $1,762,832 and $1,374,899, respectively, for the following purposes:

	2022	2021
Operating reserve	$ 1,302,000	$ 1,140,732
Strategic surplus	460,832	234,167
	$ 1,762,832	$ 1,374,899

E. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2022 and 2021:

	2022	2021
Play It Forward	$ 62,319	$ 58,212
Girls Ultimate	50,380	47,210
Rico's fund	26,756	22,352
Pufahl/Faricker Spirit Awards	9,953	10,073
Bakko Spirit Award	5,545	5,942
	$ 154,953	$ 143,789

Net assets are released from donor restriction by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2022 and 2021, net assets were released from restrictions as follows:

	2022	2021
Play It Forward	$ 12,503	$ 3,677
Girls Ultimate	9,221	4,047
Rico's fund	7,629	5,279
Bakko Spirit Award	397	5
Pufahl/Faricker Spirit Awards	119	746
	$ 29,869	$ 13,754

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, 2022 and 2021 amounted to $34,613 and $35,765, respectively.

G. LEASES

The Corporation assesses whether an arrangement qualifies as a lease at inception and only reassess its determination if the terms and conditions of the arrangement are changed. As the Corporation's leases do not provide an implicit rate, the Corporation uses the risk-free discount rate based on the five-year Treasury bond rate as of the later of the date of

G. LEASES - Continued

adoption of the lease standard or the initial date of lease term in determining the present value of lease payments in determination of the respective right-of-use (ROU) assets and liabilities.

Under 2016-02, the Corporation has made an accounting policy election to apply the short-term lease recognition exemption for all applicable classes of underlying assets. Leases with a term of 12 months or less that do not include an option to purchase the underlying asset, are not recorded on the balance sheet as ROU assets or lease liabilities. The Corporation has selected to expense the cost of the short-term leases on the straight-line basis in the accompanying Statement of Activities.

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 beginning June 2021, at an initial base rent of $4,968 which increases annually and expires on May 31, 2026.

In August 2022, the lease was amended to include additional office space. Beginning September 2022, this amended lease requires monthly payments of $213, and this amount will increase annually until May 31, 2026, when the lease expires.

The following summarizes the line items in the statement of activities which include the components of lease expense for the years ended December 31, 2022, and 2021:

	2022	2021
Operating lease rent, included in:		
Program service expenses	$ 45,881	$ 42,621
Supporting services expenses	13,708	16,072
Variable payments, included in:		
Program service expenses	28,484	23,086
Supporting services expenses	8,511	8,706
Short-term lease rent, included in		
Program service expenses	5,702	5,335
Total lease cost	$ 102,286	$ 95,820

G. LEASES - Continued

The following summarizes lease term and discount rate for operating leases as of December 31, 2022 and 2021:

	2022	2021
Operating Leases:		
Weighted Average Remaining Lease Term	4.39 years	5.0 years
Weighted Average Discount Rate	0.47%	0.36%

Maturities of operating leases as of the years ended December 31, 2022 and 2021:

	2022	2021
2022	$	$ 60,769
2023	65,362	62,756
2024	67,431	64,743
2025	69,501	66,730
2026	29,318	28,149
Total lease payments	231,612	283,147
Less: interest	(1,987)	(2,339)
Present value of lease liabilities	$ 229,625	$ 280,808

Supplemental cash flow information for the years ended December 31, 2022 and 2021:

	2022	2021
Operating cash flows:		
Cash paid for amounts included in measurement of lease liabilities for operating leases	$ 61,622	$ 34,773
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 9,474	$ 314,580

H. DONATED GOODS AND SERVICES

The fair value of donated goods and services included as contributions in the financial statements and the corresponding expense categories for the years ended December 31, 2022 and 2021, are as follows:

	2022	2021
Tangible goods:		
Discs	$ 105,646	$ 92,809
Uniforms	53,934	
Total in-kind goods	$ 159,580	$ 92,809

I. UNCERTAINTIES

The outbreak of a novel strain of corona virus (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 sporting events, "shelter in place" and other governmental regulations, and job losses. The extent to which the COVID-19 outbreak will continue to affect the operations, collections or financial results of the Organizations is uncertain.

With the rising cost of inflation and potential recession, it is uncertain what effect these factors may have on operations of the Organizations in the coming year.