



**ULTIMATE PLAYERS ASSOCIATION  
d/b/a USA Ultimate**

**USA ULTIMATE FOUNDATION**

**Consolidating Financial Statements**

**For the Year Ended December 31, 2023**

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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, 2023, 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, 2023, 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.

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 14, 2023. 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 12, 2024

ULTIMATE PLAYERS ASSOCIATION  
d/b/a USA ULTIMATE  
USA ULTIMATE FOUNDATION  
Consolidating Statements of Financial Position  
December 31, 2023  
(With Consolidated Comparative Totals for 2022)

	USA Ultimate	USA Ultimate Foundation	Eliminating Entries	Consolidated Totals 2023	Consolidated Totals 2022
<u>ASSETS</u>					
CURRENT ASSETS:					
Cash and cash equivalents	\$ 1,914,993	\$ 512,196	\$	\$ 2,427,189	\$ 3,050,216
Certificates of deposit	729,089			729,089	510,263
Accounts receivable, net	46,142			46,142	31,892
Due from related party	4,338	13,995	(18,333)		
Inventory	18,178			18,178	21,498
Prepaid expenses and deposits	48,124			48,124	43,763
Total current assets	2,760,864	526,191	(18,333)	3,268,722	3,657,632
LONG-TERM INVESTMENTS	1,881,007			1,881,007	1,318,223
RIGHT-OF-USE ASSETS	147,292			147,292	207,737
PROPERTY AND EQUIPMENT:					
IT infrastructure system	1,166,163			1,166,163	789,113
Furniture and equipment	138,937			138,937	138,558
Other depreciable projects	17,886			17,886	17,886
Software	5,370			5,370	4,222
Subtotal	1,328,356			1,328,356	949,779
Less accumulated depreciation	(752,154)			(752,154)	(672,436)
Property and equipment, net	576,202			576,202	277,343
OTHER ASSETS	1,300			1,300	1,300
TOTAL ASSETS	\$ 5,366,665	\$ 526,191	\$ (18,333)	\$ 5,874,523	\$ 5,462,235
<u>LIABILITIES AND NET ASSETS</u>					
CURRENT LIABILITIES:					
Accounts payable	\$ 683,416	\$	\$	\$ 683,416	\$ 701,198
Due to related party	13,995	4,338	(18,333)		
Accrued liabilities	154,484			154,484	118,703
Current portion of deferred revenue	521,370			521,370	675,362
Current portion operating lease liabilities	66,787			66,787	64,409
Total current liabilities	1,440,052	4,338	(18,333)	1,426,057	1,559,672
LONG-TERM LIABILITIES:					
Deferred revenue - long term	493,574			493,574	468,937
Long-term operating lease liabilities	98,462			98,462	165,216
Total liabilities	2,032,088	4,338	(18,333)	2,018,093	2,193,825
NET ASSETS:					
Without donor restrictions	1,459,809	361,623		1,821,432	1,350,625
Without donor restrictions - Board designated	1,874,768			1,874,768	1,762,832
Without donor restrictions total	3,334,577	361,623		3,696,200	3,113,457
With donor restrictions		160,230		160,230	154,953
Total net assets	3,334,577	521,853		3,856,430	3,268,410
TOTAL LIABILITIES and NET ASSETS	\$ 5,366,665	\$ 526,191	\$ (18,333)	\$ 5,874,523	\$ 5,462,235

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, 2023  
(With Consolidated Comparative Totals for 2022)

	USA Ultimate	USA Ultimate Foundation	Eliminating Entries	Consolidated Totals 2023	Consolidated Totals 2022
SUPPORT AND REVENUE - WITHOUT DONOR RESTRICTIONS					
Membership dues	\$ 2,702,266	\$	\$	\$ 2,702,266	\$ 2,550,993
Competition and athlete programs	1,181,461			1,181,461	1,008,972
Sponsorship and licensing	335,969			335,969	405,629
National teams fees	308,380			308,380	223,858
Investment income	235,411	26		235,437	(194,913)
In-kind donations	171,540			171,540	92,809
Sport development and sanctioning	77,650			77,650	74,145
Contributions		29,224		29,224	12,545
Education	23,489			23,489	31,464
Other income	21,583			21,583	17,963
Sales, net of cost of good sold of \$46,919 and \$15,886, respectively	6,928			6,928	1,006
Satisfied program restrictions	<u>35,948</u>	<u>35,948</u>	<u>(35,948)</u>	<u>35,948</u>	<u>29,869</u>
Total support and revenue	5,100,625	65,198	(35,948)	5,129,875	4,254,340
EXPENSES:					
Program services:					
Events and outreach programs					
TCT events and programs	511,515			511,515	457,556
Youth events and programs	420,907			420,907	404,137
College events and programs	435,366			435,366	387,523
Masters events and programs	257,058			257,058	186,111
Beach events and programs	<u>159,516</u>			<u>159,516</u>	<u>122,736</u>
Total events and outreach programs	1,784,362			1,784,362	1,558,063
Marketing and communications	716,072			716,072	717,869
National teams and international	632,319			632,319	604,248
Member services and community development	529,813			529,813	473,965
Online technology	192,447			192,447	143,381
Education	125,710			125,710	111,877
Event standards/Spirit of the Game/ rules/disc standards	64,462			64,462	59,634
USA Ultimate grants		<u>35,948</u>	<u>(35,948)</u>		
Total program services	4,045,185	35,948	(35,948)	4,045,185	3,669,037

Supporting services:					
Equity, diversity and inclusion	179,998			179,998	160,030
General and administrative	133,011	2,549		135,560	143,094
Board of Directors	82,598			82,598	81,680
Safe Sport/judicial	58,883			58,883	131,273
Fundraising	<u>41,157</u>	<u>3,750</u>		<u>44,907</u>	<u>26,945</u>
Total supporting services	<u>495,647</u>	<u>6,299</u>		<u>501,946</u>	<u>543,022</u>
	<u>4,540,832</u>	<u>42,247</u>	<u>(35,948)</u>	<u>4,547,131</u>	<u>4,212,059</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	559,793	22,951		582,744	42,281
DONOR RESTRICTED SUPPORT and REVENUE					
Delrico Johnson Fund	20,045	14,430	(20,045)	14,430	12,032
Play It Forward	10,782	14,340	(10,782)	14,340	16,609
Girls Ultimate	5,111	12,454	(5,111)	12,454	12,392
Other awards	10		(10)		
Less satisfied program restrictions	<u>(35,948)</u>	<u>(35,948)</u>	<u>35,948</u>	<u>(35,948)</u>	<u>(29,869)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTION		<u>5,276</u>		<u>5,276</u>	<u>11,164</u>
CHANGE IN NET ASSETS	559,793	28,227		588,020	53,445
NET ASSETS, beginning of year	3,049,784	218,626		3,268,410	3,214,965
TRANSFER OF NET ASSETS	<u>(275,000)</u>	<u>275,000</u>			
NET ASSETS, end of year	<u>\$ 3,334,577</u>	<u>\$ 521,853</u>	<u>\$</u>	<u>\$ 3,856,430</u>	<u>\$ 3,268,410</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, 2023  
(With Consolidated Comparative Totals for 2022)

	Events and Outreach Programs									
	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	\$ 1,599	\$ 1,857	\$ 1,784	\$ 780	\$ 604	\$ 3,034	\$ 1,908	\$ 1,755	\$ 1,950	\$ 1,198
Awards & gifts	9,438	16,788	7,995	11,109	6,682					
Bank fees	6,087	6,320	6,094	6,056	6,051	114	7,506	69,523	73	618
Communication expense	394	458	439	192	149	748	470	432	480	295
Community development								208,985		
Conferences & memberships	422	732	464	233	191	704	5,723	409	453	278
Depreciation expense	7,076	8,216	7,892	3,454	2,672	13,426	8,443	7,765	8,629	5,302
Discretionary	1,392	1,533	1,493	942	846	4,177	1,097	1,275	1,069	657
Employee benefits	11,316	13,138	12,621	5,524	4,272	21,471	13,502	12,418	13,799	8,478
EDI initiatives	3,975	5,112	3,318			5,325		31,257		
Facility & equipment rental	139,176	60,185	63,533	52,705	19,062	262	12,957	151	168	153
Food & drink	37,765	36,378	40,104	30,580	16,639	3,909	25,294	5,792	388	560
Insurance	9,638	11,190	10,750	4,705	3,638	18,287	11,500	10,578	11,753	7,221
Marketing						277,057				
Merchandise COGS								27,787		
Occupancy	8,171	9,487	9,113	3,989	3,085	15,503	9,749	8,967	9,964	6,122
Office expenses	4,251	4,886	2,143	1,042	2,821	3,346	3,355	2,959	2,135	1,553.00
Officers compensation	6,713	11,189	11,189	6,713	6,713	22,378	33,566	11,189		6,713
Other fees for services	21,838	14,659	20,011	17,392	12,905	86,775	4,677	405		749
Other personnel expenses	641	743	715	313	241	1,214	763	702	780	479
Other program expenses	36,641	14,617	20,454	13,061	3,990		13,190			
Other salaries & wages	97,413	109,708	104,947	44,120	32,600	175,195	90,675	103,084	126,979	71,302
Payroll taxes	7,654	8,887	8,537	3,737	2,890	14,524	9,133	8,400	9,334	5,735
Safe sport								29,913		
Supplies	9,201	6,619	7,208	6,011	5,912	793	1,720	676	510	1,469
Team & player fees						1,300	81,720			
Technology	3,203	3,720	3,573	1,564	1,209	6,077	3,822	3,513	3,907	2,400
Travel	57,222	29,980	66,648	17,666	14,321	40,453	204,217	594	76	1,618
Value-in-kind (VIK)	17,679	15,291	11,181	19,009	8,862		67,318	9,071		
Volunteer appreciation	12,610	11,600	13,160	6,161	3,161		20,014			2,810
Youth engagement		17,614								
Total expenses	511,515	420,907	435,366	257,058	159,516	716,072	632,319	557,600	192,447	125,710
Less cost of goods sold								(27,787)		
Total expenses on statement of activities	<u>\$ 511,515</u>	<u>\$ 420,907</u>	<u>\$ 435,366</u>	<u>\$ 257,058</u>	<u>\$ 159,516</u>	<u>\$ 716,072</u>	<u>\$ 632,319</u>	<u>\$ 529,813</u>	<u>\$ 192,447</u>	<u>\$ 125,710</u>

	Disc Standards Rules / SOTG	Total Program	Equity, Diversity & Inclusion	General & Administrative	Safe Sport/ Judicial	Board of Directors	Fundraising	Total Supporting Services	Consolidated Totals 2023	Consolidated Totals 2022
Accounting & legal services	\$ 541	\$ 17,010	\$ 1,580	\$ 2,986	\$ 589	\$ 587	\$ 403	\$ 6,145	\$ 23,155	\$ 26,849
Awards & gifts		52,012					1,407	1,407	53,419	80,379
Bank fees	340	108,782	58	51	22	22	1,027	1,181	109,963	88,981
Communication expense	133	4,190	389	332	146	2,026	1,496	4,389	8,579	18,181
Community development		208,985							208,985	148,172
Conferences & memberships	126	9,735	366	313	136	136	94	1,045	10,780	8,668
Depreciation expense	2,397	75,272	6,989	5,964	2,601	2,585	1,781	19,920	95,192	62,502
Discretionary	698	15,179	865	738	322	320	315	2,560	17,739	21,694
Employee benefits	3,833	120,372	11,178	9,537	4,159	4,133	2,850	31,857	152,229	152,213
EDI initiatives		48,987	24,058					24,058	73,045	62,953
Facility & equipment rental	47	348,399	136	117	51	50	35	389	348,788	311,451
Food & drink	1,503	198,912	314	269	117	1,012	81	1,793	200,705	189,427
Insurance	3,265	102,525	9,521	9,033	3,542	3,519	2,428	28,043	130,568	113,931
Marketing		277,057							277,057	276,730
Merchandise COGS		27,787							27,787	46,919
Occupancy	2,767	86,917	8,071	6,888	3,003	2,984	2,058	23,004	109,921	102,286
Office expenses	3,535	32,026	1,776	1,476	644	700	441	5,037	37,063	38,782
Officers compensation	6,713	123,076	22,378	11,189	22,378	22,378	22,378	100,701	223,777	237,400
Other fees for services		179,411				10,500		10,500	189,911	233,424
Other personnel expenses	217	6,808	634	539	234	234	161	1,802	8,610	8,822
Other program expenses		101,953							101,953	98,126
Other salaries & wages	28,554	984,577	80,484	76,573	15,893	15,655	3,850	192,455	1,177,032	1,086,388
Payroll taxes	2,592	81,423	7,562	6,451	2,813	2,796	1,929	21,551	102,974	95,028
Safe sport		29,913			880			880	30,793	85,574
Supplies	141	40,260	413	353	153	167	105	1,191	41,451	35,144
Team & player fees		83,020							83,020	15,408
Technology	1,086	34,074	3,164	2,699	1,177	1,170	2,052	10,262	44,336	43,529
Travel	4,464	437,259	62	52	23	9,245	16	9,398	446,657	382,931
Value-in-kind (VIK)		148,411							148,411	127,152
Volunteer appreciation	1,510	71,026				2,379		2,379	73,405	59,934
Youth engagement		17,614							17,614	
Total expenses	64,462	4,072,972	179,998	135,560	58,883	82,598	44,907	501,946	4,574,918	4,258,978
Less cost of goods sold		(27,787)							(27,787)	(46,919)
Total expenses on statement of activities	<u>\$ 64,462</u>	<u>\$ 4,045,185</u>	<u>\$ 179,998</u>	<u>\$ 135,560</u>	<u>\$ 58,883</u>	<u>\$ 82,598</u>	<u>\$ 44,907</u>	<u>\$ 501,946</u>	<u>\$ 4,547,131</u>	<u>\$ 4,212,059</u>

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, 2023  
(With Consolidated Comparative Totals for 2022)

	USA Ultimate	USA Ultimate Foundation	Eliminating Entries	Consolidated Totals 2023	Consolidated Totals 2022
CASH FLOWS FROM OPERATING ACTIVITIES:					
Change in net assets	\$ 559,793	\$ 28,227	\$	\$ 588,020	\$ 53,445
Adjustments to reconcile the change in net assets to net cash provided by operating activities:					
Depreciation and amortization	92,795			92,795	62,502
Realized and unrealized gain on investments	(137,394)			(137,394)	218,373
Decrease (increase) in operating assets:					
Accounts receivable, net	(14,250)			(14,250)	431,599
Due from related party	(3,990)	(13,995)	17,985		
Inventory	3,320			3,320	3,881
Right of use asset	60,445			60,445	49,151
Prepaid expenses and deposits	(4,361)			(4,361)	2,329
Increase (decrease) in operating liabilities:					
Accounts payable	(17,782)			(17,782)	(117,966)
Due to related party	13,995	3,990	(17,985)		
Accrued and lease liabilities	(28,595)			(28,595)	(13,929)
Deferred revenue	(129,355)			(129,355)	(216,282)
Total adjustments	(165,172)	(10,005)		(175,177)	419,658
Net cash provided by operating activities	394,621	18,222		412,843	473,103
CASH FLOWS FROM INVESTING ACTIVITIES:					
Certificate of deposit, net	(218,826)			(218,826)	(3,340)
Long-term investments, net	(425,390)			(425,390)	(14,199)
Acquisition of property and equipment	(394,051)			(394,051)	(229,803)
Net cash used by investing activities	(1,038,267)			(1,038,267)	(247,342)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Interfund transfers	(275,000)	275,000			
Net cash provided (used) by financing activities	(275,000)	275,000			
NET INCREASE (DECREASE) IN CASH	(918,646)	293,222		(625,424)	225,761
CASH AND CASH EQUIVALENTS, beginning of year	2,831,242	218,974		3,050,216	2,824,455
CASH AND CASH EQUIVALENTS, end of year	\$ 1,912,596	\$ 512,196	\$	\$ 2,424,792	\$ 3,050,216

See Notes to Consolidating Financial Statements

ULTIMATE PLAYERS ASSOCIATION d/b/a ULTIMATE PLAYERS ASSOCIATION  
USA ULTIMATE FOUNDATION  
Notes to Consolidating Financial Statements  
For the Year Ended December 31, 2023

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.

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.

## 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 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 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.

#### Donated Assets, Property and Equipment, and Services

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 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.

## Notes to Consolidating Financial Statements

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

#### Accounts Receivable

During the year ended December 31, 2023, the Organizations implemented Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This ASU was issued in June 2016 by the Financial Accounting Standards Board (FASB) and revises accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. On January 1, 2023, the Organizations adopted the new accounting standard and all related amendments.

The adoption of ASU 2016-13 did not impact the accompanying financial statements. The Organizations does not expect ASU 2016-13 to have a significant impact on its financial condition or results of operations on an ongoing basis.

Accounts receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. Management provides for probable uncollectible amounts through an allowance so that the net amount reflects the amount that management expects to collect. In developing that allowance, management determines statistics for the probability of loss. These statistics are based on the Corporation's historical collection experience, adjusted for management's expectations about current and future economic conditions. An allowance for credit losses of \$1,000 was recorded at both December 31, 2023 and 2022

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.

## Notes to Consolidating Financial Statements

### 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, 2023 and 2022, 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, 2023 and 2022.

#### 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 \$1,144,299 and \$1,014,944 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, 2023 and 2022, 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.



## Notes to Consolidating Financial Statements

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

#### Prior Year Comparisons

The financial statements include certain prior year summarized comparative information in total but not by net asset or functional expense class. Such information does not include 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, 2022, 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 12, 2024, 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, 2023 and 2022, 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.

## Notes to Consolidating Financial Statements

### B. AVAILABLE RESOURCES AND LIQUIDITY - Continued

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 2,427,189	\$ 3,050,216
Certificates of deposit	729,089	510,263
Accounts receivable, net	46,142	31,892
Long-term investments	<u>1,881,007</u>	<u>1,318,223</u>
Total financial assets	5,083,427	4,910,594
Less amounts not available to be used within one year:		
Board - designated reserves and strategic surplus	1,874,768	1,762,832
Donor restrictions	<u>160,230</u>	<u>154,953</u>
Financial assets not available to be used within one year	<u>2,034,998</u>	<u>1,917,785</u>
Financial assets available within one year	<u>\$ 3,048,429</u>	<u>\$ 2,992,809</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 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.

## Notes to Consolidating Financial Statements

### 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, 2023 and 2022:

<u>Assets at Fair Value as of December 31, 2023</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$	\$ 409,202	\$	\$ 409,202
USOPE pooled fund		<u>1,471,805</u>		<u>1,471,805</u>
Total	<u>\$</u>	<u>\$ 1,881,007</u>	<u>\$</u>	<u>\$ 1,881,007</u>

  

<u>Assets at Fair Value as of December 31, 2022</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
USOPE pooled fund	\$	\$ 1,318,223	\$	\$ 1,318,223
Total	<u>\$</u>	<u>\$ 1,318,223</u>	<u>\$</u>	<u>\$ 1,318,223</u>

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

As of December 31, 2023, the USOPE portfolio was invested in the following types of securities:

Alternative investments	39.20	%
Domestic equities	35.60	
International equities	17.20	
Domestic bonds	6.90	
Cash and cash equivalents	<u>1.10</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

## Notes to Consolidating Financial Statements

### C. FAIR VALUE MEASUREMENTS - Continued

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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 14,230	\$ 17,626
Realized gains	18,872	25,090
Unrealized gains	<u>118,522</u>	<u>(243,463)</u>
	<u>\$ 151,624</u>	<u>\$ (200,747)</u>

### D. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2023 and 2022, consists of the following:

	<u>2023</u>	<u>2022</u>
IT infrastructure and software	\$ 1,171,533	\$ 793,335
Furniture and equipment	138,937	138,558
Other	17,886	17,886
Less accumulated depreciation	<u>(752,154)</u>	<u>(672,436)</u>
Net property and equipment	<u>\$ 576,202</u>	<u>\$ 277,343</u>

## Notes to Consolidating Financial Statements

### E. BOARD DESIGNATED NET ASSETS

At December 31, 2023 and 2022, the Corporation had designated net assets without donor restrictions for the following purposes:

	<u>2023</u>	<u>2022</u>
Operating reserve	\$ 1,386,006	\$ 1,302,000
Strategic surplus	<u>488,768</u>	<u>460,832</u>
	<u>\$ 1,874,774</u>	<u>\$ 1,762,832</u>

### F. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Play It Forward	\$ 65,877	\$ 62,319
Girls Ultimate	57,724	50,380
Delrico Johnson Fund	21,141	26,756
Pufahl/Faricker Spirit Awards	9,953	9,953
Bakko Spirit Award	<u>5,535</u>	<u>5,545</u>
	<u>\$ 160,230</u>	<u>\$ 154,953</u>

Net assets are released from donor restriction by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2023 and 2022, net assets were released from restrictions as follows:

	<u>2023</u>	<u>2022</u>
Delrico Johnson Fund	\$ 20,045	\$ 7,629
Play It Forward	10,782	12,503
Girls Ultimate	5,111	9,221
Pufahl/Faricker Spirit Awards	10	119
Bakko Spirit Award	<u>          </u>	<u>397</u>
	<u>\$ 35,948</u>	<u>\$ 29,869</u>

### G. 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.

## Notes to Consolidating Financial Statements

### G. RETIREMENT PLAN - Continued

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, 2023 and 2022, amounted to \$36,023 and \$34,613, respectively.

### H. 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 adoption of the lease standard or the initial date of the 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.

## Notes to Consolidating Financial Statements

### H. LEASES - Continued

The following summarizes the line items in the statement of activities which include the components of lease expense for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Operating lease rent, included in:		
Program service expenses	\$ 43,218	\$ 45,881
Supporting services expenses	18,165	13,708
Variable payments, included in:		
Program service expenses	29,335	28,484
Supporting services expenses	12,379	8,511
Short-term lease rent, included in		
Program service expenses	<u>6,825</u>	<u>5,702</u>
Total lease cost	<u>\$ 109,922</u>	<u>\$ 102,286</u>

The following summarizes lease term and discount rate for operating leases as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Operating Leases:		
Weighted Average Remaining Lease Term	3.42 years	4.39 years
Weighted Average Discount Rate	0.48%	0.47%

Maturities of operating leases as of the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
2023	\$	\$ 65,362
2024	67,431	67,431
2025	69,501	69,501
2026	<u>29,318</u>	<u>29,318</u>
Total lease payments	166,250	231,612
Less: interest	<u>63,375</u>	<u>(1,953)</u>
Present value of lease liabilities	<u>\$ 229,625</u>	<u>\$ 229,659</u>

Supplemental cash flow information for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Operating cash flows:		
Cash paid for amounts included in measurement of lease liabilities for operating leases	<u>\$ 65,362</u>	<u>\$ 61,622</u>
Right-of-use assets obtained in exchange for new operating lease liabilities	<u>\$</u>	<u>\$ 9,474</u>

## Notes to Consolidating Financial Statements

### I. 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, 2023 and 2022, are as follows:

	<u>2023</u>	<u>2022</u>
Tangible goods:		
Discs	\$ 109,332	\$ 105,646
Uniforms	<u>62,208</u>	<u>53,934</u>
Total in-kind goods	<u>\$ 171,540</u>	<u>\$ 159,580</u>

### J. UNCERTAINTIES

The outbreak of a novel strain of corona virus (COVID-19) 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.