

**UNITED STATES OF AMERICA WRESTLING
ASSOCIATION**

d/b/a USA Wrestling

Financial Statements

For the Year Ended August 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United States of America Wrestling Association
d/b/a USA Wrestling
Colorado Springs, Colorado

Opinion

We have audited the accompanying financial statements of United States of America Wrestling Association d/b/a USA Wrestling (a nonprofit organization), which comprise the statement of financial position as of August 31, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United States of America Wrestling Association d/b/a USA Wrestling, as of August 31, 2024, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 United States of America Wrestling Association d/b/a USA Wrestling, 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United States of America Wrestling Association d/b/a USA Wrestling'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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United States of America Wrestling Association d/b/a USA Wrestling's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United States of America Wrestling Association d/b/a USA Wrestling'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 United States of America Wrestling Association d/b/a USA Wrestling's August 31, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 24, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Waugh & Goodwin, LLP

Colorado Springs, Colorado
July 17, 2025

UNITED STATES OF AMERICA WRESTLING ASSOCIATION
d/b/a USA WRESTLING

Statement of Financial Position

August 31, 2024

(With Comparative Amounts for August 31, 2023)

	<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
CURRENT ASSETS:			
Cash and cash equivalents	\$	2,225,336	\$ 3,948,249
Short-term investments		19,395,526	12,983,254
Accounts receivable, net of allowance for credit losses of \$0 and \$21,385		937,979	326,476
Due from the USOPC		650,009	383,214
Inventory		222,872	210,774
Prepaid expenses		<u>576,251</u>	<u>554,649</u>
Total current assets		24,007,973	18,406,616
PROPERTY AND EQUIPMENT:			
Furniture and equipment		712,354	642,801
Building and improvements		778,483	679,171
Wrestling room improvements		222,611	222,611
Land		71,416	71,416
Less accumulated depreciation		<u>(1,224,133)</u>	<u>(1,095,314)</u>
Property and equipment, net		<u>560,731</u>	<u>520,685</u>
TOTAL ASSETS		<u>\$ 24,568,704</u>	<u>\$ 18,927,301</u>
	<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities	\$	3,447,327	\$ 2,615,588
Due to the USOPC		83,465	87,735
Deferred revenue		<u>1,025,318</u>	<u>977,173</u>
Total current liabilities		4,556,110	3,680,496
NET ASSETS:			
Without donor restrictions		9,493,718	6,106,374
Without donor restrictions - board designated		<u>2,131,893</u>	<u>1,967,083</u>
Total without donor restrictions		11,625,611	8,073,457
With donor restrictions		<u>8,386,983</u>	<u>7,173,348</u>
Total net assets		<u>20,012,594</u>	<u>15,246,805</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 24,568,704</u>	<u>\$ 18,927,301</u>

See Notes to Financial Statements

UNITED STATES OF AMERICA WRESTLING ASSOCIATION
d/b/a USA WRESTLING
Statement of Activities and Changes in Net Assets
For the Year Ended August 31, 2024
(With Comparative Totals for the Year Ended August 31, 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Totals	2023 Totals
SUPPORT AND REVENUE:				
Membership	\$ 10,975,867	\$	\$ 10,975,867	\$ 9,499,310
Events and educational programs	5,517,757		5,517,757	3,954,766
Grants and contributions	280,475	2,256,530	2,537,005	1,157,200
Investment income, net	731,292	956,833	1,688,125	567,280
USOPC grants		1,684,134	1,684,134	1,488,724
Corporate sponsorship	901,066		901,066	659,011
Tour and program revenue	654,518		654,518	785,539
Value-in-kind donations	550,479		550,479	418,166
Royalties and licensing fees	406,270		406,270	400,000
USOPC digital media	200,000		200,000	300,000
USOPC management fee	200,000		200,000	
Other	46,358		46,358	9,957
Newspaper and internet income	559		559	35,423
Gain on disposal of equipment				5,625
PPP loan forgiveness grant				644,885
Satisfied program restrictions	<u>3,683,862</u>	<u>(3,683,862)</u>		
Total support and revenue	24,148,503	1,213,635	25,362,138	19,925,886
EXPENSES:				
Program services:				
National Team	8,982,983		8,982,983	7,739,066
Membership	5,922,635		5,922,635	4,809,536
Events and educational programs	2,612,154		2,612,154	2,921,135
Promotions and sport development	<u>1,200,317</u>		<u>1,200,317</u>	<u>83,467</u>
Total program services	18,718,089		18,718,089	15,553,204
Supporting services:				
Marketing and fundraising	981,282		981,282	829,957
General and administrative	<u>896,978</u>		<u>896,978</u>	<u>796,163</u>
Total supporting services	<u>1,878,260</u>		<u>1,878,260</u>	<u>1,626,120</u>
Total expenses	<u>20,596,349</u>		<u>20,596,349</u>	<u>17,179,324</u>
CHANGE IN NET ASSETS	3,552,154	1,213,635	4,765,789	2,746,562
NET ASSETS, beginning of year	<u>8,073,457</u>	<u>7,173,348</u>	<u>15,246,805</u>	<u>12,500,243</u>
NET ASSETS, end of year	<u>\$ 11,625,611</u>	<u>\$ 8,386,983</u>	<u>\$ 20,012,594</u>	<u>\$ 15,246,805</u>

See Notes to Financial Statements

UNITED STATES OF AMERICA WRESTLING ASSOCIATION
d/b/a USA WRESTLING

Statement of Functional Expenses

For the Year Ended August 31, 2024

(With Comparative Totals for the Year Ended August 31, 2023)

	Program Services				
	National Team	Events and Educational Programs		Promotions and Sport Development	
		Membership	Total	Total	Total
	\$	\$	\$	\$	\$
Accident insurance		830,080			830,080
Advertising					
Apparel	23,027		57,110		80,137
Athlete assistance	1,633,350		5,000		1,638,350
Bank charges & fees	3,661	434,596	23,675	10,489	472,421
Communications	21,304	15,368	9,713	24	46,409
COVID tests & supplies					
Credit loss expense, net	(55)	(40)	(15)		(110)
Depreciation	67,524	32,691	12,573		112,788
Dues & subscriptions	770	64,858	214		65,842
Employee search & relocation					
Event expenses	2,476		5,693	802,710	810,879
Gifts & awards	36,519	8,447	163,183		208,149
Hospitality & protocol	3,453	3,628	39,652		46,733
Insurance	81,467	99,175	3,500		184,142
Internet/bracketing		24,378	118,010		142,388
Legal & accounting fees	63,637	44,806	17,233		125,676
Liability insurance		1,258,938			1,258,938
Licensing					
Maintenance & repair	5,313	1,887	726		7,926
Occupancy	19,521	14,097	4,352		37,970
Office activities	36,841	26,607	11,304		74,752
Other expenses	177,487	3,848	109,745	2,673	293,753
Other professional fees	5,940	24,290	1,650		31,880
Outside services & honoraria	78,677	282,505	442,468		803,650
Postage & shipping	13,507	52,274	6,695		72,476
Printing	922	72,362	6,502	101	79,887
Professional development	2,057	1,486	572		4,115
Promotions & publicity	3,583	34,233	5,809	31,922	75,547
Salaries, benefits & payroll taxes					
Site costs	3,429,000	2,030,869	613,072		6,072,941
Sponsor & employee relations	38,127	12,047	378,100		428,274
State association expense		128,348			128,348
Supplies & equipment		121,837			121,837
Trainers	286,188	48,458	4,671		339,317
Travel & lodging	2,893,420	250,562	81,644		81,644
Visas & UWW licenses	55,267		474,503	352,398	3,970,883
			14,227		69,494
	<u>\$ 8,982,983</u>	<u>\$ 5,922,635</u>	<u>\$ 2,612,154</u>	<u>\$ 1,200,317</u>	<u>\$ 18,718,089</u>

	Supporting Services					2023 Total
	General & Administrative			Board of		
	Marketing and Fundraising	National Office	Directors and Committees	Supporting Services	Total	
\$	\$	\$	\$	\$	\$	2024 Total
Accident insurance	1,358			1,358		600,483
Advertising					1,358	1,917
Apparel					80,137	90,496
Athlete assistance						
Bank charges & fees	5,785	1,627		7,412		1,591,258
Communications	7,107	9,504	340	16,951		389,378
COVID tests & supplies						57,683
Credit loss expense, net	(18)	(25)		(43)	(153)	256
Depreciation	15,088	20,117		35,205		104,509
Dues & subscriptions	257	342		599		59,947
Employee search & relocation						69,319
Event expenses						39,638
Gifts & awards	14,828		2,223	17,051		211,544
Hospitality & protocol	12,066	94,900	6,081	113,047		179,085
Insurance	4,589	5,346	81,922	91,857		240,111
Internet/bracketing						92,809
Legal & accounting fees	20,679	27,572		48,251		143,575
Liability insurance						1,097,980
Licensing						8,500
Maintenance & repair	871	1,161		2,032		14,181
Occupancy	6,507	8,676		15,183		49,555
Office activities	12,281	16,374		28,655		80,329
Other expenses	14,583	12,953	4,862	32,398		199,800
Other professional fees	1,980	3,621		5,601		1,701
Outside services & honoraria	58,922	154,958		213,880		771,026
Postage & shipping	8,028	3,868		11,896		66,906
Printing	2,599	410		3,009		58,580
Professional development	686	1,315		2,001		5,234
Promotions & publicity	1,193			1,193		54,683
Salaries, benefits & payroll taxes						
Site costs	684,712	265,680		950,392		6,156,192
Sponsor & employee relations			5,155	5,155		420,557
State association expense	58,124			58,124		147,624
Supplies & equipment						137,870
Trainers	2,011			2,011		247,154
Travel & lodging	47,046	95,254	70,233	212,533		79,391
Visas & UWW licenses		2,400		2,400		3,498,949
						209,055
\$	981,282	\$ 726,162	\$ 170,816	\$ 1,878,260	\$ 20,596,349	\$ 17,179,324

See Notes to Financial Statements

UNITED STATES OF AMERICA WRESTLING ASSOCIATION
d/b/a USA WRESTLING
Statement of Cash Flows
For the Year Ended August 31, 2024
(With Comparative Amounts for August 31, 2023)

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 4,765,789	\$ 2,746,562
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	147,993	104,508
Gain on disposal of equipment		(5,625)
Restricted investment (income) loss	(956,833)	(374,035)
Restricted contributions	(2,256,530)	(1,553,048)
Realized (gain) loss on investments	(324,881)	27,025
Unrealized gain on investments	(857,171)	(386,142)
Decrease (increase) in assets:		
Accounts receivable, net	(611,503)	(35,380)
Due from the USOPC	(266,795)	(14,910)
Inventory	(12,098)	(30,642)
Prepaid expenses	(21,602)	(331,191)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	831,739	482,651
Due to the USOPC	(4,270)	28,583
Deferred revenue	<u>48,145</u>	<u>204,505</u>
Total adjustments	<u>(4,283,806)</u>	<u>(1,883,701)</u>
Net cash provided by operating activities	481,983	862,861
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from disposal of assets		5,625
Net change in investments	(5,249,394)	(5,384,161)
Acquisition of property and equipment	<u>(168,865)</u>	<u>(186,688)</u>
Net cash used by investing activities	(5,418,259)	(5,565,224)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Notes payable, net		
Restricted investment income	956,833	374,035
Restricted contributions	<u>2,256,530</u>	<u>1,553,048</u>
Net cash provided by financing activities	<u>3,213,363</u>	<u>1,927,083</u>
NET DECREASE IN CASH	(1,722,913)	(2,775,280)
CASH AND CASH EQUIVALENTS, beginning of year	<u>3,948,249</u>	<u>6,723,529</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,225,336</u>	<u>\$ 3,948,249</u>

See Notes to Financial Statements

UNITED STATES OF AMERICA WRESTLING ASSOCIATION
d/b/a USA WRESTLING

Notes to Financial Statements

For the Year Ended August 31, 2024

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

United States of America Wrestling Association d/b/a USA Wrestling (the Association) is the national governing body for the sport of wrestling, making it responsible for the promotion and development of its members in the United States.

The Association qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income tax. The Association is not a private foundation.

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 Association's financial statements for the year ended August 31, 2023, from which the summarized information was derived.

Certain amounts have been restated to conform to the current year presentation.

Cash and Cash Equivalents

Cash and cash equivalents consist of the Association's checking and money market accounts. Balances in business accounts are federally insured up to \$250,000. The financial institution has collateralized the Association's sweep accounts by pledging 102% of the balances on deposit with securities backed by agencies of the federal government, as required by current law. In the event of a bank failure, the Association might only be able to recover the amounts insured and collateralized.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end and include amounts from contracts with customers, contributions, grants, and other amounts.

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 Association's historical collection experience, adjusted for management's expectations about current and future economic conditions. An allowance for credit losses of \$0 and \$21,385 was recorded at August 31, 2024 and 2023, respectively.

Net receivables from contracts with customers at the beginning and end of the period were \$257,840 and \$588,636, respectively.

Inventory

Inventory is stated at the lower of cost (first-in, first out method) or net realizable value and consists of apparel.

Depreciation

Furniture and equipment are recorded at cost. The Association capitalizes all assets that have an original cost or fair market value of \$1,000 or greater. Depreciation is recorded using the straight-line method over the estimated useful lives for each asset as follows:

	<u>Years</u>
Furniture and equipment	3-7
Building	40

Depreciation expense for the years ended August 31, 2024 and 2023, was \$147,993 and \$104,508, respectively.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Revenue

Deferred revenue, a contract liability, recognized by the Association represents amounts from contracts with customers. This revenue is deferred as of year-end because the performance obligations relating to this revenue have not yet been completed by the entity. Deferred revenue from contracts with customers at the beginning and end of the period was \$977,173 and \$1,025,318, respectively.

Contributions

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of donated assets. When a restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions - temporary in nature are reclassified to net assets without donor restrictions and reported in the statement of activities as satisfied program restrictions.

Contributions include United States Olympic & Paralympic Committee (USOPC) grants and Small Business Administration (SBA) Paycheck Protection Program (PPP) grants.

In-kind Donations

The Association may record various types of in-kind contributions when received. Contributed services are recognized if the services received create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received or utilized.

The Association's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of USA Wrestling. If an asset is provided that does not allow the Association 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.

The Association received the following gifts-in-kind during the years ended August 31, 2024 and 2023:

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

In-kind Donations - continued

	<u>2024</u>	<u>2023</u>
Athletic equipment and apparel	\$ 357,697	\$ 379,479
Lodging grants	189,022	37,991
Facilities	3,760	
Other		696
	<u>\$ 550,479</u>	<u>\$ 418,166</u>

The athletic equipment and apparel are used by all programs. The fair value is based upon information provided by the supplier, if available, or the amount the Association would have paid for the items.

The lodging grants are AirBnB in-kind through their sponsorship of the USOPC. The USOPC charges the grantee 10% of the cost of the AirBnB nights used, meaning that the in-kind amount received is 90% of the fair market value of the AirBnB nights used. The lodging nights are available to all programs and departments and used by many programs.

The facilities donation is for use of meeting rooms and the USOPC museum. The rooms were used by many programs.

The other donation represented three cases of specialty alcohol. This donation was utilized by the Fundraising department in their hospitality efforts for current and prospective donors. The value is based on the price of the alcohol.

The facilities are used in the General and Administrative program. The fair value is based upon information provided by the facilities.

In addition, the Association receives a substantial amount of donated services in carrying out the Association's programs. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under FASB ASC 958.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue from Contracts with Customers

Membership revenue - Revenue from contracts with members for annual dues is reported at the amount that reflects the consideration to which the Association expects to be entitled in exchange for providing membership to its members. Revenue is recognized as performance obligations are satisfied, which is over the membership term.

Membership revenue consists of the following:

	<u>2024</u>	<u>2023</u>
Athlete registrations	\$ 6,800,404	\$ 5,903,494
Non-athlete registrations	<u>4,175,463</u>	<u>3,595,816</u>
	<u>\$ 10,975,867</u>	<u>\$ 9,499,310</u>

Events and education programs, tour, and program revenue - The Association receives revenue from sales related to various sporting events. The revenue is recognized at the time of the event when the performance obligations are satisfied.

Royalties and licensing fees - The Association receives royalties and licensing from sponsors. The revenue is variable based on the terms of the agreement and related sales volume. The revenue is recognized when it is determined that the performance obligations have been met.

Corporate sponsorship - The Association recognizes revenue from contracts with both sponsors and suppliers of the Association. Performance obligations in such contracts are satisfied as services are rendered, and therefore, the Association will recognize revenue over time.

The Association 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 with the exception of performance obligations relating to a specific activity, which is recognized at the completion of that activity. Therefore, sponsorship revenue from contracts with customers will be recognized on a straight-line basis over the term of the agreement.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue from Contracts with Customers - continued

USOPC digital media and management services - The Association also recognizes revenue from contracts with the USOPC. As previously mentioned, USOPC grants are considered contributions by the Association. The USOPC media agreement and trials management services are considered revenues from contracts with customers. See Note I for more information regarding those revenue streams.

Newspaper and internet income - Performance obligations in newspaper and internet contracts are satisfied as services are rendered, and therefore, the Association recognizes the revenue over time. The Association has concluded that the performance obligations are substantially the same in most years and are recognized ratably over the term of the agreement.

Leases

Under 2016-02, the Association 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 Association has elected to expense the cost of the short-term leases on the straight-line basis in the accompanying Statement of Activities.

The Association 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 Association's leases do not provide an implicit rate, the Association 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 lease term in determining the present value of lease payments in determination of the respective right-of-use (ROU) assets and liabilities.

The Association leases a mailing system under an operating lease that began in December 2016 and was renewed February 2022. The lease term is 60 months, ending February 2027, and requires monthly payments of \$886. Variable payments for maintenance contracts are also required. The right-of-use asset and lease liabilities are immaterial.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes

The Association qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income tax. Accordingly, no income tax provision has been recorded. However, income from certain activities not directly related to the Association's tax-exempt purposes is subject to taxation as unrelated business income. The Association is not a private foundation.

The Association's Form 990, Return of Organization Exempt from Income Tax, is subject to examination by various taxing authorities, generally for three years after the date it was filed.

Management of the Association believes that it does not have any uncertain tax positions that are material to the financial statements.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs, such as salaries and related payroll costs, have been allocated on the basis of time and effort estimates among the programs and supporting services benefited.

Supplemental Cash Flow Information

During the years ended August 31, 2024 and 2023, the Association paid no interest or income taxes.

Use of Estimates in the Preparation of Financial Statements

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 Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through July 17, 2025, the date that the financial statements were available to be issued.

B. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Association has grant and contract funding commitments, plus anticipated membership revenue available to meet most expenses. The Association seeks donations and other contributions to cover other general expenditures.

The Association regularly monitors liquidity necessary to meet its operating needs and other contractual commitments and strives to balance anticipated needs while maximizing the investment of its available funds for the best return on the investment while protecting the safety of the Association's assets. The Association has cash and cash equivalents and accounts receivable available as current sources of liquidity.

The Association's short-term investments could be liquidated if they were needed to meet obligations for general expenditures, less the portion of the short-term investments that have donor restrictions, or that are without donor restrictions but are Board designated. Board designated funds may be utilized, if necessary, with the approval of two-thirds of the Board Members.

Notes to Financial Statements

B. LIQUIDITY AND AVAILABILITY OF RESOURCES - Continued

The table below presents financial assets available for general expenditures within one year at August 31:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 2,225,336	\$ 3,948,249
Short-term investments	19,395,526	12,983,254
Accounts receivable	937,979	326,476
Due from the USOPC	<u>650,009</u>	<u>383,214</u>
	23,208,850	17,641,193
Less assets with donor restrictions or other designations:		
Donor program restricted	8,386,983	7,173,348
Board designated	<u>2,131,893</u>	<u>1,967,083</u>
Financial assets available within one year	<u>\$ 12,689,974</u>	<u>\$ 8,500,762</u>

C. FAIR VALUE MEASUREMENTS

The Association applies 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 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Association has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

Notes to Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

The level in the fair value hierarchy within which a fair value 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 August 31:

<u>Assets at Fair Value as of August 31, 2024</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 2,941,896	\$	\$	\$ 2,941,896
Equity securities:				
Mutual funds	1,549,174			1,549,174
Equities	1,588,461			1,588,461
Common stock	820,520			820,520
Debt securities:				
US Treasury and Federal agencies		5,258,320		5,258,320
Asset backed securities		162,297		162,297
Corporate bonds		1,144,326		1,144,326
USOPE pooled funds		5,930,532		5,930,532
	<u>\$ 6,900,051</u>	<u>\$ 12,495,475</u>	<u>\$</u>	<u>\$ 19,395,526</u>

<u>Assets at Fair Value as of August 31, 2023</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 47,398	\$	\$	\$ 47,398
Equity securities:				
Mutual funds	1,353,714			1,353,714
Equities	889,373			889,373
Common stock	656,800			656,800
Debt securities:				
US Treasury and Federal agencies		5,463,886		5,463,886
Asset backed securities		157,999		157,999
Corporate bonds		124,802		124,802
USOPE pooled funds		4,289,282		4,289,282
	<u>\$ 2,947,285</u>	<u>\$ 10,035,969</u>	<u>\$</u>	<u>\$ 12,983,254</u>

The United States Olympic & Paralympic Endowment (USOPE) investment consists of units in a pooled portfolio managed by the USOPE. At August 31, 2024, the USOPE portfolio consisted of the following types of securities:

Notes to Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

Alternative investments	38.70 %
Domestic equities	35.80
International equities	15.50
Domestic bonds	7.50
Cash and equivalents	<u>2.50</u>
	<u>100.00 %</u>

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 Association's 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 Association.

Investment income (loss) consists of the following at August 31:

	<u>2024</u>	<u>2023</u>
Realized gains (losses)	\$ 324,881	\$ (27,025)
Unrealized gains (losses)	857,171	386,142
Interest and dividends	535,652	234,703
Investment expenses	<u>(29,579)</u>	<u>(26,540)</u>
	<u>\$ 1,688,125</u>	<u>\$ 567,280</u>

D. PLEDGES RECEIVABLE

Unconditional promises to give are recorded as receivables and revenue when received. The Association distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. Pledges are recorded after being discounted to the anticipated net present value of the future cash flows. The Association did not have any pledges receivable at August 31, 2024 and 2023.

Notes to Financial Statements

E. DEFERRED REVENUE

Deferred revenue consists of the following at August 31:

	<u>2024</u>	<u>2023</u>
Membership	\$ 562,048	\$ 481,798
Sponsorship	357,577	290,750
USOPC digital media	50,000	
National team	44,240	78,455
Other	11,453	3,770
Olympic trials		100,000
World Championships		22,400
	<u>\$ 1,025,318</u>	<u>\$ 977,173</u>

F. RETIREMENT BENEFIT PLAN

The Association has a tax-sheltered annuity retirement benefit plan that covers substantially all employees. The plan allows for voluntary employee contributions, as well as discretionary employer contributions which are a percentage of compensation for all employees eligible to participate in the plan. During the years ended August 31, 2024 and 2023, retirement benefit expense for employer contributions amounted to \$241,517 and \$221,362, respectively.

G. NET ASSETS WITHOUT DONOR RESTRICTIONS - BOARD DESIGNATED

In prior years, the Board of Directors established separate cash and investment accounts for the purpose of creating an operating reserve.

Net assets without donor restrictions - Board designated amount to the following at August 31:

	<u>2024</u>	<u>2023</u>
Operating reserve	<u>\$ 2,131,893</u>	<u>\$ 1,967,083</u>

Notes to Financial Statements

H. NET ASSETS WITH DONOR RESTRICTIONS - TEMPORARY IN NATURE

Net assets with donor restrictions - temporary in nature at August 31 consist of the following:

	<u>2024</u>	<u>2023</u>
Capital campaign	\$ 7,105,068	\$ 6,149,409
USOPC grants	483,350	499,417
Men's freestyle programs	291,819	32,000
Women's freestyle programs	290,461	169,665
Athlete appearance donations	60,421	75,446
Greco Roman programs	59,660	68,652
Greg Strobil Leadership Academy	41,458	42,462
Wrestling for Peace	27,102	29,156
Living the Dream program	22,644	51,543
Legacy endowment	5,000	5,000
Multiple medal incentive program		47,576
World Championships		3,022
	<u>\$ 8,386,983</u>	<u>\$ 7,173,348</u>

The capital campaign donations are restricted for the national team program endowment and at-risk youth programs.

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

	<u>2024</u>	<u>2023</u>
USOPC grants	\$ 1,700,201	\$ 1,485,836
Women's freestyle programs	564,633	547,180
Men's freestyle programs	529,287	469,383
Living the Dream program	616,245	270,083
Greco Roman programs	139,540	135,815
Athlete appearance donations	65,025	83,613
Multiple medal incentive program	47,904	
Greg Strobil Leadership Academy	14,682	4,060
Kiki-Wrestling for Peace	2,604	2,680
World Championships	3,741	
	<u>\$ 3,683,862</u>	<u>\$ 2,998,650</u>

Notes to Financial Statements

I. RELATED PARTY TRANSACTIONS

The USOPC provided grants to the Association under the following categories during the years ended August 31:

	<u>2024</u>	<u>2023</u>
NGB Funding	\$ 1,571,421	\$ 1,435,738
Special grants	112,713	52,986
Value in-kind	<u>192,782</u>	<u>37,991</u>
	<u>\$ 1,876,916</u>	<u>\$ 1,526,715</u>

In addition to the above grants, the Association recognized \$200,000 and \$300,000 for revenue received from the USOPC for its digital media agreement during the years ended August 31, 2024 and 2023, respectively. The Association signed an amended agreement with the USOPC that extends the term of the agreement through December 31, 2024.

During the year ended August 31, 2024, the Association recognized \$200,000 for revenue received from the USOPC for management services related to the Trials held prior to the Olympic Games.

The USOPC provides significant value in-kind support in the form of room and board at the Olympic and Paralympic Training Center in Colorado Springs to support resident athlete programs and camps. No amount has been reflected in these financial statements for this support.

The USOPC also reimburses the Association for expenses as agreed upon.

At August 31, 2024 and 2023, the Association owed the USOPC \$83,465 and \$87,735, respectively, for Olympic and Paralympic Training Center expenses, Operation Gold Participation and Medal Bonuses, as well as other event related expenses.

The USOPC paid stipends directly to athletes in the years ended August 31, 2024 and 2023.

The Association is economically dependent upon grants from the USOPC in order to maintain its programs at current levels.

Notes to Financial Statements

J. PAYCHECK PROTECTION PROGRAM

In January 2021, the Association received a \$644,885 PPP loan under the second round of the program. The same conditions as the first round apply to qualify for loan forgiveness. During the year ended August 31, 2023, the Association met the required criteria for forgiveness and recognized the total loan as grant revenue without donor restrictions in the accompanying statement of activities.

K. CONTINGENCIES AND UNCERTAINTIES

Occasionally, in the normal course of business, the Association may be named defendant in a lawsuit or other form of legal action. In the opinion of management, any pending or threatened claims against the Association are either without merit or will not exceed insurance limits. A reserve for insurance deductibles for potential claims has been recorded.