



USA TAEKWONDO, INC.
Financial Statements
For the Year Ended December 31, 2021

TABLE OF CONTENTS

Independent Auditor's Report	1
Statement of Financial Position	4
Statement of Activities and Changes in Net Assets	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
USA Taekwondo, Inc.
Colorado Springs, Colorado

Opinion

We have audited the accompanying financial statements of USA Taekwondo, Inc. (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2021, 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 USA Taekwondo, Inc. as of December 31, 2021, 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 USA Taekwondo, Inc. 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 USA Taekwondo, Inc.'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 USA Taekwondo, Inc.'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 USA Taekwondo, Inc.'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 Taekwondo, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 30, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Waugh & Goodwin, LLP

Colorado Springs, Colorado
January 19, 2023

USA TAEKWONDO, INC.
Statement of Financial Position
December 31, 2021
(With Comparative Amounts for December 31, 2020)

	<u>ASSETS</u>	
	<u>2021</u>	<u>2020</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 337,095	\$ 541,587
Accounts receivable, net	44,800	106,771
Prepaid expenses	<u>13,725</u>	<u>9,320</u>
Total current assets	395,620	657,678
OTHER ASSETS	5,576	5,576
FURNITURE AND EQUIPMENT:		
Athletic equipment	136,077	42,188
Leasehold improvements	38,260	38,260
Office furniture and equipment	56,305	56,305
Transportation equipment	14,285	14,285
Less accumulated depreciation	<u>(121,951)</u>	<u>(98,554)</u>
Furniture and equipment - net	<u>122,976</u>	<u>52,484</u>
TOTAL ASSETS	<u>\$ 524,172</u>	<u>\$ 715,738</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 94,626	\$ 260,312
Accrued liabilities	27,154	19,188
Due to the USOPC	54,000	54,778
Refundable advance	20,000	137,556
Current portion of deferred revenue	<u>167,326</u>	<u>100,946</u>
Total current liabilities	363,106	572,780
LONG-TERM DEFERRED REVENUE	<u>48,872</u>	<u>37,404</u>
Total liabilities	411,978	610,184
NET ASSETS:		
Without donor restrictions	<u>112,194</u>	<u>105,554</u>
Total net assets	<u>112,194</u>	<u>105,554</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 524,172</u>	<u>\$ 715,738</u>

See Notes to Financial Statements

USA TAEKWONDO, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
REVENUE AND SUPPORT:		
Events	\$ 1,236,681	\$ 511,218
USOPC grants	711,250	483,079
Membership	310,613	487,522
USA Taekwondo University & development revenue	217,045	35,735
USOPC media agreement	75,000	75,000
Dan office	46,360	90,640
Sponsorship & royalties	18,580	242,121
Grants & contributions	15,018	34,380
PPP grant	<u> </u>	<u>130,727</u>
Total revenue and support	2,630,547	2,090,422
EXPENSES:		
Program services:		
High performance programs	1,011,611	552,043
National & international events	894,966	777,454
Membership services	214,192	320,385
Media	<u>78,018</u>	<u>87,879</u>
Total program services	2,198,787	1,737,761
Supporting services:		
General & administrative	<u>425,120</u>	<u>483,787</u>
Total supporting services	<u>425,120</u>	<u>483,787</u>
Total expenses	<u>2,623,907</u>	<u>2,221,548</u>
CHANGE IN NET ASSETS	6,640	(131,126)
NET ASSETS, beginning of year	<u>105,554</u>	<u>236,680</u>
NET ASSETS, end of year	<u>\$ 112,194</u>	<u>\$ 105,554</u>

See Notes to Financial Statements

USA TAEKWONDO, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	Program Services				
	High Performance Programs	National & International Events	Membership Services	Media	Total Program Services
Airline travel	\$ 170,921	\$ 44,760	\$	\$	\$ 215,681
Bad debt expense					
Contract services	3,507	245,410			248,917
Depreciation					
Dues & subscriptions	20,577	1,742	255	467	23,041
Employee benefits	38,336	9,200	5,323	4,966	57,825
Equipment & apparel	26,554			2,127	28,681
Fees	216,297	121,528	50,014		387,839
Food & beverage	6,021	3,717		412	10,150
Freight & shipping	660	33,328			33,988
General & medical supplies	34,312	14,323	325	299	49,259
Ground travel	5,906	14,063			19,969
Information technology					
Insurance		10,000	107,328	3,294	120,622
Inventory valuation adjustment					
Legal fees	24,900				24,900
Meal allowance	17,489	41,700			59,189
Medals, awards & gifts			82		82
Miscellaneous	11,173				11,173
Occupancy - office space	52,798				52,798
Payroll taxes	18,835	6,496	2,994	4,552	32,877
Pension expense	4,941	1,792	824	1,246	8,803
Postage	286	2,149	5,962		8,397
Printing & copying	522	469	325		1,316
Rentals & venue costs	2,300	38,087			40,387
Repairs & maintenance	45				45
Rooms & lodging	93,343	213,619			306,962
Salaries	259,199	91,948	40,280	60,165	451,592
Signage					
Telephone	1,385	635	480	490	2,990
Visa & travel services	1,304				1,304
Totals	<u>\$ 1,011,611</u>	<u>\$ 894,966</u>	<u>\$ 214,192</u>	<u>\$ 78,018</u>	<u>\$ 2,198,787</u>

	<u>Supporting Services</u>		
	General & Administrative	2021 Total Expenses	2020 Total Expenses
Airline travel	\$ 1,081	\$ 216,762	\$ 109,719
Bad debt expense	30,000	30,000	129,000
Contract services	365	249,282	167,465
Depreciation	23,397	23,397	13,518
Dues & subscriptions	8,075	31,116	55,617
Employee benefits	28,529	86,354	91,609
Equipment & apparel	4,502	33,183	25,478
Fees	39,395	427,234	262,063
Food & beverage	6,218	16,368	7,682
Freight & shipping		33,988	16,749
General & medical supplies	4,823	54,082	11,227
Ground travel		19,969	6,034
Information technology	2,763	2,763	2,529
Insurance	11,458	132,080	105,814
Inventory valuation adjustment			8,750
Legal fees	330	25,230	15,292
Meal allowance		59,189	45,360
Medals, awards & gifts		82	8,739
Miscellaneous		11,173	1,608
Occupancy - office space	26,324	79,122	84,592
Payroll taxes	18,162	51,039	57,722
Pension expense	3,852	12,655	13,423
Postage	2,180	10,577	5,166
Printing & copying	1,987	3,303	4,282
Rentals & venue costs		40,387	125,303
Repairs & maintenance	4,087	4,132	315
Rooms & lodging	1,584	308,546	145,939
Salaries	201,177	652,769	686,785
Signage			4,287
Telephone	4,831	7,821	8,359
Visa & travel services		1,304	1,122
	<u>\$ 425,120</u>	<u>\$ 2,623,907</u>	<u>\$ 2,221,548</u>

See Notes to Financial Statements

USA TAEKWONDO, INC.
Statement of Cash Flows
For the Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 6,640	\$ (131,126)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Inventory valuation adjustment		8,750
Depreciation	23,397	13,518
(Increase) decrease in assets:		
Accounts receivable, net	61,971	(69,239)
Due from the USOPC		7,000
Prepaid expenses	(4,405)	26,459
Increase (decrease) in liabilities:		
Accounts payable	(165,686)	182,211
Due to the USOPC	(778)	40,955
Accrued liabilities	7,966	(20,211)
Refundable advance	(117,556)	107,556
Deferred revenue	<u>77,848</u>	<u>(116,281)</u>
Total adjustments	<u>(117,243)</u>	<u>180,718</u>
Net cash provided (used) by operating activities	(110,603)	49,592
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	<u>(93,889)</u>	<u>(17,432)</u>
Net cash used by investing activities	<u>(93,889)</u>	<u>(17,432)</u>
NET INCREASE (DECREASE) IN CASH	(204,492)	32,160
CASH AND CASH EQUIVALENTS, beginning of year	<u>541,587</u>	<u>509,427</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 337,095</u>	<u>\$ 541,587</u>

See Notes to Financial Statements

USA TAEKWONDO, INC.
Notes to Financial Statements
For the Year Ended December 31, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

USA Taekwondo, Inc. (the Corporation) is the national governing body for the sport of taekwondo, making it responsible for the conduct and administration of amateur taekwondo in the United States. The mission of USA Taekwondo shall be to enable United States athletes to achieve sustained competitive excellence and promote and grow the sport of taekwondo in the United States. The Corporation is not a private foundation.

Cash and Cash Equivalents

Cash and cash equivalents consist of the Corporation's checking accounts.

The Corporation maintains its cash and cash equivalents in a commercial bank. In the unlikely event of a bank failure, the Corporation could suffer a loss to the extent its deposits exceed the respective bank's insurance limits.

Accounts Receivable

Accounts receivable include amounts from contracts with customers, contributions, and other miscellaneous amounts. They are stated at the amount management expects to collect from balances outstanding at year-end. Gross receivables from contracts with customers at the beginning and end of 2021 were \$251,500 and \$72,800, respectively.

Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, the Corporation has concluded that an allowance for doubtful accounts in the amount of \$30,000 and \$161,500 is necessary for the years ending December 31, 2021 and 2020, respectively.

Inventory

Inventory at December 31, 2019 consisted of a motorcycle which was held for sale. This motorcycle was valued at its estimated net realizable value. During the year ended December 31, 2020, the Corporation determined that the motorcycle no longer had a net realizable value and the value was written down to \$0. The Corporation has since disposed of this asset.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Prepaid Expenses and Deferred Charges

Event expenses paid for in a fiscal year prior to the occurrence of a scheduled event are deferred and recognized as expenses in the fiscal year in which such events occur.

Depreciation

Furniture and equipment are recorded at cost as of the date of acquisition or fair value as of the date of receipt in the case of gifts. Depreciation is recorded for office, transportation and athletic equipment using the straight-line method over an estimated useful life of five to ten years. Depreciation expense for the years ended December 31, 2021 and 2020, was \$23,397 and \$13,518, respectively.

Compensated Absences

In past years, employees of the Corporation earned a vested right to compensation for unused vacation. Accordingly, the Corporation accrued for unused vacation time earned. During the year ended December 31, 2020, the Corporation modified its vacation policy resulting in no accrual for unused vacation time; therefore, there is no liability recorded in the accompanying financial statements as of December 31, 2021 and 2020.

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 are reclassified to net assets without donor restrictions and reported in the statement of activities as satisfied program restrictions. Contributions and grants with donor restrictions are reported as support and revenue without donor restrictions if the restriction is met in the same year that the gift is received.

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

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

In-kind Revenue

Sponsorship income in the form of in-kind goods such as clothing, equipment, medals, and airfare are reported as revenue and expense in the fiscal year they are received. The Corporation recorded \$16,771 and \$25,407 of in-kind revenue for the years ended December 31, 2021 and 2020, respectively.

Donated Services

The Corporation recognizes donated services that create or enhance non-financial assets or that require specialized skills and would typically need to be purchased if not provided by donation. For the years ended December 31, 2021 and 2020, there were no donated services recorded. A 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 described above.

Revenue from Contracts with Customers

Events - The Corporation receives revenue from sales related to various national and international events and competitions held for members.

Event registrations are mostly completed online through the Corporation's membership database. The revenue is recognized at the time of the event, which recognizes the completion of the Corporation's performance obligations.

Membership - 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 and benefits to its members.

The Corporation currently has membership in the following categories with various fees and services provided: Athlete, Coach, Referee, Supporting, Life, Club, Affiliated Organization, Contributing Organization, and State Association. Membership in the Corporation creates with it certain obligations and duties. The Board of Directors may establish such membership requirements and dues as the Board shall deem necessary or appropriate. Further, the Board may establish such rules and procedures for the manner and method of payments of dues, the collection of delinquent dues and the

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue from Contracts with Customers - continued

Membership - continued

proration or refund of dues, as the Board shall deem necessary or appropriate. No privilege of membership shall be available until all membership requirements are satisfied and all dues are paid in full. Revenue is recognized as performance obligations are satisfied, which is ratably over the membership term. Membership dues are nonrefundable.

Sponsorship and Royalties - The Corporation recognizes revenue from contracts with both sponsors and suppliers of USA Taekwondo, Inc. 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.

USA Taekwondo University and development revenue - USA Taekwondo University (USATKDU) launched in March 2021 and was developed to teach cutting edge modern methods of sport taekwondo and to prepare athletes for the rigors of international competition and academy life. USATKDU offers five degree courses of increasing difficulty which have varying price ranges for the services provided. Course bundles are also provided so that Athletes can purchase multiple degree levels at once. The Corporation also provides development camps, seminars and other courses for athletes, coaches, and referees. The Corporation recognizes USATKDU and development revenue after performance obligations are satisfied at the completion of the respective courses, camps, and seminars.

Dan Office - The Dan Office at USA Taekwondo provides a direct link between the United States and the Kukkiwon office in Korea. The goal of the Dan Office is to provide efficient processing of students Black Belt certificates and to provide a support system with Kukkiwon. The Corporation recognizes the certificate revenue as it is processed.

USOPC Media Agreement - The Corporation also recognizes revenue from contracts with the USOPC. As previously mentioned, USOPC grants are considered contributions by the Corporation. The USOPC media agreement is considered revenue from contracts with customers. See Note C for more information regarding those revenue streams.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Advertising Costs

The Corporation uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred.

Income Tax

The Corporation 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.

The Corporation'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 Corporation believes that it does not have any uncertain tax positions that are material to the financial statements.

Prior-Year Comparisons

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional expense classification. 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 Corporation's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

In addition, certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Supplemental Cash Flow Information

During the years ended December 31, 2021 and 2020, the Corporation did not pay any interest or income taxes.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Corporation.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Functional Allocation of Expenses - continued

Therefore, expenses require allocation on a reasonable basis that is consistently applied. Certain costs and expenses, such as payroll and related benefits, are allocated among the various programs and supporting service expenses based on time and effort estimates.

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.

Date of Management's Review

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through January 19, 2023, the date that the financial statements were available to be issued.

B. AVAILABLE RESOURCES AND LIQUIDITY

USA Taekwondo, Inc. is dedicated to ensuring that all financial operations and transactions are conducted under the highest standards and in the best interest of furthering the Corporation's mission. As part of the Corporation's liquidity management, the Corporation regularly monitors liquidity required to meet its operating needs and other commitments. The Corporation has various sources of liquidity at its disposal, including cash and cash equivalents, and accounts receivable. The Corporation does not currently have any short-term investments. In addition to financial assets available to meet general cash expenditures over the next 12 months, the Corporation strives to produce a conservative budget and anticipates collecting revenue from conducting its program services as well as receiving support to adequately cover operating expenses.

Notes to Financial Statements

B. AVAILABLE RESOURCES AND LIQUIDITY - Continued

The following table reflects the Corporation's financial assets as of December 31, 2021 and 2020. The Corporation does not currently have any funds whose use is limited by donor restrictions or board designations.

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 337,095	\$ 541,587
Accounts receivable, net	<u>44,800</u>	<u>106,771</u>
Total financial assets available within one year	<u>\$ 381,895</u>	<u>\$ 648,358</u>

C. RELATED PARTY TRANSACTIONS

USOPC provides grants to the Corporation for sports development, international competition and team preparation. Total grants from the USOPC for the years ended December 31, 2021 and 2020, consist of the following project categories:

	<u>2021</u>	<u>2020</u>
High performance support	\$ 484,000	\$ 421,820
Sport performance special grants	97,141	
Other grants	69,694	61,259
COVID-19 support grant	40,415	
Paralympic sport development grant	<u>20,000</u>	<u> </u>
Totals	<u>\$ 711,250</u>	<u>\$ 483,079</u>

In addition to the grant amounts above, the USOPC made direct athlete support payments of \$153,000 and \$166,000 for the years ended December 31, 2021 and 2020, respectively.

The Corporation owed the USOPC \$54,000 and \$54,778 at December 31, 2021 and 2020, respectively.

In addition to the amounts above, the USOPC provides additional funding in the form of value-in-kind. These amounts are included in sponsorship revenue and as expenses in the statement of activities and changes in net assets. The USOPC provided additional value-in-kind of \$16,771 and \$11,247 during the years ended December 31, 2021 and 2020, respectively.

Notes to Financial Statements

C. RELATED PARTY TRANSACTIONS - Continued

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

The Corporation previously entered into a digital licensing agreement with the USOPC, and the term of the agreement was January 1, 2013 through December 31, 2016. The Corporation signed an amended agreement with the USOPC that extends the term of the agreement through December 31, 2021. The Corporation received \$75,000 during each of the years ended December 31, 2021 and 2020 under this agreement.

Board Members may also serve in other capacities for the Corporation and as such may be reimbursed for their out-of-pocket expenses and compensated for their time. During the years ended December 31, 2021 and 2020, members of the Board served in capacities as coaches or referees in which they were reimbursed for actual costs incurred or their travel costs were paid directly by the Corporation, and they were compensated for their time in accordance with normal compensation practices of the Corporation.

No Board Member is compensated for their service on the Board of Directors.

D. DEFERRED REVENUE

Deferred revenue, a contract with customers liability, at December 31, 2021 and 2020, consists of the following:

	<u>2021</u>	<u>2020</u>
Athlete membership dues	\$ 119,253	\$ 79,794
Life memberships	53,730	41,402
Grand slam series	40,165	
Other	2,600	16,771
Non-competitor membership dues	<u>450</u>	<u>383</u>
Totals	<u>\$ 216,198</u>	<u>\$ 138,350</u>

Dues for life memberships are deferred and recognized as revenue over a 20-year period.

Notes to Financial Statements

E. REFUNDABLE ADVANCE

The Corporation classified amounts received subject to donor-imposed conditions that qualified as barriers as refundable advances at December 31, 2021 and 2020. This has no effect on the net assets of the Corporation. As the Corporation satisfies the barriers and conditions set forth in the grant contracts, revenue will be recognized accordingly.

Refundable advances consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
USOPC special grants	\$ <u>20,000</u>	\$ <u>137,556</u>

F. LEASES

In February 2019, the Corporation entered into a lease for office space. The lease commenced on April 1, 2019 and expires on April 1, 2024. The lease requires base rent payments of \$3,316 per month during the first lease year, with annual increases following an agreed upon schedule. The Corporation must also pay a monthly estimated pro rata share of real estate taxes and 10% of annually estimated incurred common area maintenance expenses (CAM). Estimated CAM payments are not included in the future minimum payments table below.

In January 2020, the Corporation amended this lease to include additional space. This additional space did not require any additional base rent payments. The Corporation paid an additional estimated pro rata share of common area expenses and real estate taxes of \$4.50 per square foot per annum. In July 2020, the Corporation terminated the lease amendment related to the additional space. Charges related to the additional space ceased retroactive to June 30, 2020.

On January 14, 2020 the Corporation entered into a lease for a copier. The lease expires on January 15, 2025. This lease requires payments of \$100 per month throughout the life of the lease.

Total rent expense, including the Corporation's share of common area maintenance, under these leases was \$80,421 and \$83,588 for the years ended December 31, 2021 and 2020, respectively.

Notes to Financial Statements

F. LEASES - Continued

Future minimum base lease payments under the terms of these leases are as follows:

2022	\$	44,390
2023		45,701
2024		12,408
2025		100

G. PENSION PLAN

During the year ended December 31, 2018, the Corporation established a SIMPLE IRA retirement savings plan to cover eligible employees as outlined in the plan document. The Corporation contributes 2% of compensation for employees. During the years ended December 31, 2021 and 2020, the Corporation contributed \$12,655 and \$13,423 to the plan, respectively.

H. CONTINGENCIES

During the year ended December 31, 2018, several allegations were made concerning the sport, potentially naming the Corporation as a party to possible litigation. This litigation was resolved with no financial impact to the Corporation. Management believes that should any claims arise, they will be covered by insurance. No amounts have been recorded in the financial statements related to alleged claims.

I. PAYCHECK PROTECTION PROGRAM

In May 2020, the Corporation received a \$130,727 loan from Wells Fargo Bank through the Small Business Administration's Paycheck Protection Program. A portion or all of loan may be forgiven by the Small Business Administration if certain payroll criteria are met and funds are used for payroll, rent, mortgage interest, or utilities.

Any portion of the loan that is not forgiven has a maturity of up to five years and an interest rate of 1%. Loan payments are deferred for ten months.

Notes to Financial Statements

I. PAYCHECK PROTECTION PROGRAM - Continued

During the year ended December 31, 2021, the Corporation submitted an application for forgiveness. The requirements for full loan forgiveness were substantially completed as of December 31, 2020 and the Corporation recognized PPP grant income in the amount of \$130,727 in the accompanying statement of activities and changes in net assets during the year ended December 31, 2020.

J. UNCERTAINTIES

The outbreak of a novel strain of coronavirus (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 the uncertainty in global financial markets, temporary closures of many businesses, suspension or cancelation of events, "shelter in place" and other governmental regulations, and job losses. The extent to which the COVID-19 outbreak will continue to affect the operations, collections, or financial results of the Corporation is uncertain.

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