

USA TEAM HANDBALL
Financial Statements
For the Year Ended December 31, 2022



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
USA Team Handball
Colorado Springs, Colorado

Opinion

We have audited the accompanying financial statements of USA Team Handball (a non-for-profit organization), which comprise the statement of financial position as of December 31, 2022, 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 Team Handball as of December 31, 2022, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of 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 Team Handball 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 the 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 Team Handball'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, 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 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 Team Handball'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 Team Handball's ability to continue as a going concern for a reasonable period of time.

Report on Summarized Comparative Information

We have previously audited the financial statements of USA Team Handball for the year ended December 31, 2021, and our audit report dated June 4, 2022, expressed an unmodified opinion on those audited financial statements. 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.

McMillen & Company, PLLC

Colorado Springs, Colorado
November 20, 2023

USA TEAM HANDBALL
 Statements of Financial Position
 For the Year Ended December 31, 2022
 (With Comparative Amounts for 2021)

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 127,002	\$ 260,353
Accounts/grants receivable	53,750	28,857
Prepaid expenses	62,378	17,140
Total current assets	243,130	306,350
OFFICE SOFTWARE AND EQUIPMENT:		
Office software and equipment	11,971	2,000
Less accumulated depreciation	(145)	(2,000)
Office software and equipment - net	11,826	
TOTAL ASSETS	\$ 254,956	\$ 306,350

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 22,609	\$ 521
Accrued liabilities	628	550
Deferred revenue	26,036	
Total current liabilities	49,273	1,071
NET ASSETS:		
Net assets without donor restrictions	205,683	293,967
Net assets with donor restrictions		11,312
Total net assets	205,683	305,279
TOTAL LIABILITIES AND NET ASSETS	\$ 254,956	\$ 306,350

See Notes to Financial Statements

USA TEAM HANDBALL
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2022
(With Comparative Amounts for 2021)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Totals</u>	<u>2021 Totals</u>
REVENUE:				
Corporate sponsorship	\$ 188,370	\$	\$ 188,370	\$ 176,692
IHF funding	183,008		183,008	158,875
USOPC grants	125,108		125,108	121,855
Membership income	70,285		70,285	50,127
Events	69,225		69,225	24,085
Value-in-kind	62,448		62,448	12,496
USOPC digital media agreement	50,000		50,000	50,000
USATHF grants	35,075		35,075	50,000
Contributions	31,938		31,938	13,105
Other income	31,560		31,560	14,635
Interest & dividends	55		55	49
Paycheck Protection Program				32,855
Total revenues, gains, and other support before net assets released from restrictions	<u>847,072</u>		<u>847,072</u>	<u>704,774</u>
NET ASSETS RELEASED FROM RESTRICTIONS:				
Satisfaction of purpose restrictions	<u>11,312</u>	<u>(11,312)</u>		
Total revenue, gains, and other support	858,384	(11,312)	847,072	704,774
EXPENSES:				
Program expenses	611,926		611,926	367,720
Supporting services:				
General & administrative	<u>334,742</u>		<u>334,742</u>	<u>276,908</u>
Total expenses	<u>946,668</u>		<u>946,668</u>	<u>644,628</u>
CHANGE IN NET ASSETS	(88,284)	(11,312)	(99,596)	60,146
NET ASSETS, beginning of year	<u>293,967</u>	<u>11,312</u>	<u>305,279</u>	<u>245,133</u>
NET ASSETS, end of year	<u>\$ 205,683</u>	<u>\$</u>	<u>\$ 205,683</u>	<u>\$ 305,279</u>

See Notes to Financial Statements

USA TEAM HANDBALL
Statement of Functional Expenses
For the Year Ended December 31, 2022
(With Comparative Amounts for 2021)

	<u>Program Expenses</u>	<u>General & Administrative</u>	<u>Total 2022 Expenses</u>	<u>Total 2021 Expenses</u>
Travel	\$ 285,095	\$ 36,803	\$ 321,898	\$ 200,303
Salaries	112,155	116,977	229,132	177,351
Supplies & equipment	75,964	84	76,048	19,911
Insurance	11,959	42,096	54,055	31,298
Professional fees		37,383	37,383	65,991
Promotion & advertising	26,429	732	27,161	18,030
Registrations & fees	24,106		24,106	
Employee benefits	8,044	14,684	22,728	16,700
Facility rental	17,914		17,914	19,257
Payroll taxes	8,972	8,921	17,893	14,249
Membership fees		16,000	16,000	10,026
Referee expenses	15,246		15,246	6,221
Contract labor	14,755		14,755	28,023
Bad debts		11,199	11,199	
Safe Sport		9,617	9,617	10,305
Telephone		9,246	9,246	3,260
Bank charges		7,565	7,565	966
Miscellaneous	1,046	6,332	7,378	3,937
Direct event costs	6,596		6,596	
Board meetings		5,503	5,503	
Rent		5,083	5,083	10,985
Dues & subscriptions		4,820	4,820	884
Coaching development	3,500		3,500	2,500
Postage		1,697	1,697	4,239
Depreciation	145		145	192
	<u>\$ 611,926</u>	<u>\$ 334,742</u>	<u>\$ 946,668</u>	<u>\$ 644,628</u>

See Notes to Financial Statements

USA TEAM HANDBALL
Statements of Cash Flows
For the Year Ended December 31, 2022
(With Comparative Amounts for 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (99,596)	\$ 60,146
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Paycheck Protection Program		(32,855)
Depreciation	145	192
(Increase) decrease in operating assets:		
Accounts/grants receivable	(24,893)	(28,857)
Prepaid expenses	(45,238)	7,510
Inventory		1,200
Increase (decrease) in operating liabilities:		
Accounts payable	22,088	(10,484)
Due to USOPC		(5,000)
Accrued liabilities	78	(29,043)
Deferred revenue	<u>26,036</u>	<u> </u>
Total adjustments	<u>(21,784)</u>	<u>(97,337)</u>
Net cash provided (used) by operating activities	(121,380)	(37,191)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of computer equipment	<u>(11,971)</u>	<u> </u>
Net cash provided (used) by investing activities	(11,971)	
CASH FLOWS FROM FINANCING ACTIVITIES:		
Paycheck Protection Program	<u> </u>	<u>32,855</u>
Net cash provided (used) by financing activities	<u> </u>	<u>32,855</u>
NET INCREASE (DECREASE) IN CASH	(133,351)	(4,336)
CASH AND CASH EQUIVALENTS, beginning of year	<u>260,353</u>	<u>264,689</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 127,002</u>	<u>\$ 260,353</u>

Noncash investing activities include \$9,791 of donated fixed assets during the year ended December 31, 2022.

See Notes to Financial Statements

USA TEAM HANDBALL
Notes to Financial Statements
For the Year Ended December 31, 2022

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

USA Team Handball (the Organization) is the national governing body for team handball, making it responsible for the promotion and development of the sport in the United States.

Method of Accounting

The financial statements of USA Team Handball have been prepared on the accrual basis of accounting.

New Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. This ASU allows for the presentation and disclosure of contributions of nonfinancial assets to be more transparent in not-for-profit entities' financial statements. The new guidance requires not-for-profit entities to add a separate line item to the statement of activities, and to include various disaggregated disclosures by category, for contributions of nonfinancial assets. ASU 2020-07 is to be applied retrospectively and is effective for annual reporting periods beginning after June 15, 2021. Early adoption is permitted. The Organization adopted this standard during the year ending December 31, 2022.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; and ASU 2019-01, *Leases (Topic 842): Codification Improvements*; ASU 2020-05, *Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments*; and ASU 2021-09, *Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities*. The most significant change in the new leasing guidance is the requirement to recognize right-of-use

(ROU) assets and lease liabilities for operating leases on the statement of financial position.

The Organization elected to adopt these ASUs effective January 1, 2022, and utilized all the available practical expedients. The adoption had no impact on the Organization's statement of financial position or on the statement of activities.

Basis of Presentation

The financial statement presentation follows the recommendations of accounting principles generally accepted in the United States of America (GAAP).

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 Organization.
- 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.

Income Taxes

The Organization 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 Organization's Form 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 Organization believes that it does

not have any uncertain tax positions that are material to the financial statements.

Cash and Cash Equivalents

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

Accounts Receivable

Accounts receivables are stated at the amount the Organization expects to collect from balances outstanding at year-end. Based on the Organization's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization of losses on balances outstanding at year-end, if any, will be immaterial. Therefore, no allowance for doubtful accounts is considered necessary.

Property and Equipment

Items with greater than one-year useful life and costs greater than \$1,500 are capitalized. Assets are recorded at cost or fair market value if donated and depreciated using the straight-line method over estimated useful lives.

Revenue Recognition

The Organization's revenue recognition policies are as follows:

- Event and sponsorship revenue - event and sponsorship revenues are recognized in the amount that reflects the consideration that the Organization is entitled to in exchange for substantially fulfilling performance obligations specific to each event or contract. Sponsorships and event revenues are recognized as revenue in the period in which the Organization satisfies its performance obligation to its sponsors and event participants. The Organization's performance obligations for sponsorship revenue are to provide promotion and advertising opportunities as arranged under each contract. The Organization's performance obligation for event revenue is to hold a specified event.
- Membership dues - membership dues revenue is recognized in the amount that reflects the consideration that the

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Organization is entitled to in exchange for providing membership services. Dues are recognized as revenue in the period in which the Organization satisfies its performance obligation to its members. A performance obligation is a promise in a contract to transfer a distinct good or service to a customer, as defined by ASC 606. The Organization's performance obligation for membership dues revenue is to provide membership services and benefits accessible only to its members.

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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as satisfied program restrictions. However, restricted contributions are reported as an increase in unrestricted net assets if the restriction is satisfied in the same reporting period in which the support is recognized.

Prior-Year Comparisons

The amounts shown for the year ended December 31, 2021, in the accompanying financial statements, include certain prior year summarized comparative information in total but not by net asset class or both natural and functional allocation for expenses. Accordingly, those prior year totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

In-kind Revenue

Corporate sponsorship income in the form of in-kind goods, such as apparel and equipment, and some qualifying services are reported as revenue and expense in the fiscal year they are received. For the year ended December 31, 2022, in-kind goods and services received amounted to \$62,448, primarily consisting of \$25,000 of program apparel, \$17,277 of computers and other tangible items, \$7,467 of lodging, \$5,000 of membership

benefits, and \$7,674 of rent and other assets.

Functional expenses

The financial statements report certain categories of expenses that are attributable to program or supporting services of the Organization. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Personnel expenses are allocated on the basis of estimates of time and effort spent by personnel in the various programs and supporting services made by the Organization's management.

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.

Supplemental Cash Flow Information

During the year ended December 31, 2022, the Organization did not pay any interest or income taxes.

Date of Management's Review

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 20, 2023, the date that the financial statements were available to be issued.

B. AVAILABLE RESOURCES AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization has cash and cash equivalents as a current source of liquidity at its disposal.

In addition to currently held financial assets available to meet general expenditures over the next 12 months, the Organization operates under a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

USA Team Handball
Notes to Financial Statements
December 31, 2022

As of December 31, 2022 and 2021, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 127,002	\$ 260,353
Accounts/grants receivable	<u>53,750</u>	<u>28,857</u>
Total financial assets	180,752	289,210
Less:		
Donor restricted net assets purpose restricted	<u> </u>	<u>(11,312)</u>
Amount available for general expenditures	<u>\$ 180,752</u>	<u>\$ 277,898</u>

C. NET ASSETS WITH DONOR RESTRICTIONS: TEMPORARY IN NATURE

Net assets with donor restrictions at December 31, 2022 and 2021, consist of donations restricted for the following purposes or timing:

	<u>2022</u>	<u>2021</u>
Women's Travel and Training Fund	\$	\$ 10,000
Referee Development	<u> </u>	<u>1,312</u>
Total	<u>\$</u>	<u>\$ 11,312</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2022 and 2021, temporary restrictions were released for the following purposes:

	<u>2022</u>	<u>2021</u>
Women's Travel and Training Fund	10,000	
Referee Development	1,312	
High Performance Program	<u> </u>	<u>16,208</u>
Total	<u>\$ 11,312</u>	<u>\$ 16,208</u>

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Notes to Financial Statements
December 31, 2022

D. RELATED PARTY TRANSACTIONS

The United States Olympic & Paralympic Committee (USOPC) provided grants to the Organization as follows for the year ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Governance and management grants	\$ 115,000	\$ 85,000
Shared services grants	35,200	25,000
International relations grant	12,000	
Communication grant	9,400	9,400
Other		<u>2,955</u>
Total	<u>\$ 171,600</u>	<u>\$ 122,355</u>

For the year ended December 31, 2022, the Organization also received \$25,838 of value-in-kind goods and services, as described in Note A.

In 2013, the Organization entered into a digital media agreement with the USOPC. The term of the agreement was extended through December 31, 2022. In addition to the amounts above, the Organization has received \$50,000 during each of the years ended December 31, 2022 and 2021, under this agreement.

In 2019, the Organization entered into an agreement with International Handball Federation (IHF) by which IHF is to provide an annual grant of \$96,000 to be restricted for the salary of a full-time Chief Executive Officer. In addition to the amounts above, the Organization also received \$87,008 for sport development in December 31, 2022. Related to the above revenue, as of December 31, 2022, the Organization had a receivable of \$53,750 from IHF.

The Organization receives significant economic benefits from grants provided by the USOPC and IHF in order to enhance its programs to current levels.

E. LEASE

Beginning February 1, 2022, the Organization entered into a sub-lease agreement with the United States Olympic and Paralympic Committee for 252 square feet of office space. The

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lease arrangement requires the Organization to pay base rent in the amount of \$136.50 per month for the duration of the lease term and expires a year from the term start date with an option for renewal.

F. EMPLOYEE RETENTION TAX CREDIT

Under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") signed into law on March 27, 2020, and other subsequent legislation, the Organization was eligible for the employee retention tax credit, subject to certain criteria. During the year ended December 31, 2022, the Organization received the total amount of \$31,535 that it had applied for.