

**UNITED STATES OF AMERICA WRESTLING  
ASSOCIATION**

**d/b/a USA Wrestling**

**Financial Statements**

**For the Year Ended August 31, 2021**

## TABLE OF CONTENTS

Independent Auditor's Report . . . . .	1
Statement of Financial Position . . . . .	3
Statement of Activities and Changes in Net Assets . . . . .	4
Statement of Functional Expenses . . . . .	5
Statement of Cash Flows . . . . .	6
Notes to Financial Statements . . . . .	7

INDEPENDENT AUDITOR'S REPORT

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

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, 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.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such

opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited United States of America Wrestling Association, d/b/a USA Wrestling's August 31, 2020, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 16, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended August 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  
November 24, 2021

UNITED STATES OF AMERICA WRESTLING ASSOCIATION  
d/b/a USA WRESTLING  
Statement of Financial Position  
August 31, 2021  
(With Comparative Totals for August 31, 2020)

ASSETS

	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 5,186,591	\$ 3,273,864
Short-term investments	7,983,930	6,326,218
Accounts receivable, net	744,330	73,312
Due from the USOPC	582,184	398,413
Current portion of pledges receivable	100,000	660,000
Inventory	168,172	256,181
Prepaid expenses	<u>245,761</u>	<u>745,883</u>
Total current assets	15,010,968	11,733,871
LONG-TERM PLEDGES RECEIVABLE, net		98,039
<b>PROPERTY AND EQUIPMENT:</b>		
Furniture and equipment	445,044	437,977
Building and improvements	550,859	550,859
Wrestling room improvements	222,611	222,611
Land	71,416	71,416
Less accumulated depreciation	<u>(935,146)</u>	<u>(853,162)</u>
Property and equipment, net	<u>354,784</u>	<u>429,701</u>
<b>TOTAL ASSETS</b>	<u>\$ 15,365,752</u>	<u>\$ 12,261,611</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued liabilities	\$ 2,370,585	\$ 1,190,238
Due to the USOPC	970,857	14,226
Deferred revenue	645,872	776,256
Refundable advance	90,000	
Current portion of notes payable	<u>79,915</u>	<u>82,539</u>
Total current liabilities	4,157,229	2,063,259
<b>LONG-TERM LIABILITIES:</b>		
Notes payable	<u>564,970</u>	<u>547,461</u>
<b>TOTAL LIABILITIES</b>	4,722,199	2,610,720
<b>NET ASSETS:</b>		
Without donor restrictions	1,147,184	897,656
Without donor restrictions - board designated	1,989,798	1,742,508
With donor restrictions	<u>7,506,571</u>	<u>7,010,727</u>
Total net assets	<u>10,643,553</u>	<u>9,650,891</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 15,365,752</u>	<u>\$ 12,261,611</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, 2021  
(With Comparative Totals for the Year Ended August 31, 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Totals</u>	<u>2020 Totals</u>
<b>SUPPORT AND REVENUE:</b>				
Membership	\$ 4,140,106	\$	\$ 4,140,106	\$ 6,027,155
Events and educational programs	2,602,708		2,602,708	656,574
Grants and contributions	651,672	1,892,030	2,543,702	655,387
Investment income, net	540,146	1,119,000	1,659,146	551,448
USOPC grants		1,534,644	1,534,644	1,515,517
Corporate sponsorship	841,281		841,281	889,835
Royalties and licensing fees	400,177		400,177	402,756
USOPC digital media	300,000		300,000	300,000
Tour and program revenue	275,486		275,486	333,029
U.S. Olympic Team Trials management fee	200,000		200,000	
Other	59,486		59,486	3,400
Newspaper and internet income	44,418		44,418	129,615
Loss on disposal of equipment				(1,728)
Satisfied program restrictions	<u>4,049,830</u>	<u>(4,049,830)</u>		
Total support and revenue	14,105,310	495,844	14,601,154	11,462,988
<b>EXPENSES:</b>				
Program services:				
National Team	6,048,548		6,048,548	5,022,726
Membership	3,918,679		3,918,679	4,357,927
Events and educational programs	2,413,526		2,413,526	1,461,589
Promotions and sport development	<u>145,824</u>		<u>145,824</u>	<u>138,702</u>
Total program services	12,526,577		12,526,577	10,980,944
Supporting services:				
Marketing and fundraising	629,910		629,910	670,352
General and administrative	<u>452,005</u>		<u>452,005</u>	<u>486,537</u>
Total supporting services	<u>1,081,915</u>		<u>1,081,915</u>	<u>1,156,889</u>
Total expenses	<u>13,608,492</u>		<u>13,608,492</u>	<u>12,137,833</u>
CHANGE IN NET ASSETS	496,818	495,844	992,662	(674,845)
NET ASSETS, beginning of year	<u>2,640,164</u>	<u>7,010,727</u>	<u>9,650,891</u>	<u>10,325,736</u>
NET ASSETS, end of year	<u>\$ 3,136,982</u>	<u>\$ 7,506,571</u>	<u>\$ 10,643,553</u>	<u>\$ 9,650,891</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, 2021

(With Comparative Totals for the Year Ended August 31, 2020)

	Program Services				Total Programs
	National Team	Membership	Events and Educational Programs	Promotions & Sport Development	
Accident insurance	\$	\$ 783,809	\$	\$	\$ 783,809
Advertising					
Apparel	10,188		51,688		61,876
Athlete assistance	1,226,000				1,226,000
Bad debt expense, net	(2,264)	(1,697)	(491)		(4,452)
Bank charges & fees	3,252	156,885	5,525		165,662
Communications	20,962	15,704	7,617		44,283
COVID tests & supplies	47,630	361	59,910		107,901
Depreciation	42,654	15,295	9,307		67,256
Dues & subscriptions	863	31,321	263		32,447
Event expenses		54	9,052	54,508	63,614
Gifts & awards	545	7,576	116,011		124,132
Hospitality & protocol	2,066	4,367	18,906		25,339
Insurance	73,471	176,406	20,035		269,912
Interest					
Internet/bracketing		12,310	77,527		89,837
Legal & accounting fees	18,483	17,459	5,649		41,591
Liability insurance		907,594			907,594
Maintenance & repair	13,504	9,648	3,931		27,083
Medical expenses	4,497				4,497
Occupancy	6,908	5,181	2,111		14,200
Office activities	17,048	12,785	5,311		35,144
Other expenses	60,167	13,648	33,402		107,217
Other professional fees					
Outside services & honoraria	183,935	93,381	288,478		565,794
Postage & shipping	9,825	32,960	12,436		55,221
Printing	680	21,861	9,726		32,267
Production costs		27,603			27,603
Professional development					
Promotions & publicity		1,625	13,563		15,188
Recruiting					
Salaries, benefits & payroll taxes	2,269,074	1,328,982	1,015,562		4,613,618
Site costs	33,090		321,456		354,546
Sponsor & employee relations					
State association expense		128,792			128,792
Supplies & equipment	160,502	4,703	175		165,380
Trainers	595		56,753		57,348
Travel & lodging	1,791,954	109,708	255,766	91,316	2,248,744
UWW & international relations					
Visas & UWW licenses	52,919	358	13,857		67,134
	<u>\$ 6,048,548</u>	<u>\$ 3,918,679</u>	<u>\$ 2,413,526</u>	<u>\$ 145,824</u>	<u>\$ 12,526,577</u>

	<u>General &amp; Administrative</u>				2021 Total	2020 Total
	<u>Marketing &amp; Fundraising</u>	<u>National Office</u>	<u>Board of Directors &amp; Committees</u>	<u>Total Supporting Services</u>		
Accident insurance	\$	\$	\$	\$	783,809	\$ 903,718
Advertising	2,150			2,150	2,150	2,337
Apparel					61,876	21,986
Athlete assistance					1,226,000	834,055
Bad debt expense, net	(754)	(880)		(1,634)	(6,086)	(2,482)
Bank charges & fees	2,571	1,265		3,836	169,498	227,535
Communications	7,072	8,748	300	16,120	60,403	58,865
COVID tests & supplies	280	135		415	108,316	1,338
Depreciation	6,798	7,931		14,729	81,985	106,082
Dues & subscriptions	287	335		622	33,069	41,770
Event expenses					63,614	23,625
Gifts & awards	4,914		1,360	6,274	130,406	64,736
Hospitality & protocol	22,540	7,363	1,219	31,122	56,461	31,916
Insurance	4,900	5,460	74,616	84,976	354,888	231,080
Interest						2,468
Internet/bracketing					89,837	16,498
Legal & accounting fees	6,162	7,189		13,351	54,942	38,450
Liability insurance					907,594	1,011,053
Maintenance & repair	4,288	5,003		9,291	36,374	12,681
Medical expenses					4,497	2,926
Occupancy	2,303	21,112		23,415	37,615	33,687
Office activities	5,682	6,629		12,311	47,455	67,170
Other expenses	686	7,847	2,502	11,035	118,252	73,226
Other professional fees		2,325		2,325	2,325	3,656
Outside services & honoraria	828	966		1,794	567,588	515,302
Postage & shipping	6,491	3,506		9,997	65,218	194,037
Printing	1,197	265	98	1,560	33,827	33,661
Production costs					27,603	136,331
Professional development						64
Promotions & publicity	376	5,394		5,770	20,958	68,653
Recruiting						954
Salaries, benefits & payroll taxes	475,651	213,378		689,029	5,302,647	5,191,584
Site costs					354,546	62,656
Sponsor & employee relations	55,037			55,037	55,037	36,990
State association expense					128,792	220,112
Supplies & equipment	9,390			9,390	174,770	163,730
Trainers					57,348	4,422
Travel & lodging	11,061	23,907	40,458	75,426	2,324,170	1,639,767
UWW & international relations		3,574		3,574	3,574	19,380
Visas & UWW licenses					67,134	41,814
	<u>\$ 629,910</u>	<u>\$ 331,452</u>	<u>\$ 120,553</u>	<u>\$ 1,081,915</u>	<u>\$ 13,608,492</u>	<u>\$ 12,137,833</u>

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, 2021

(With Comparative Totals for the Year Ended August 31, 2020)

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 992,662	\$ (674,845)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	81,985	106,082
Loss on disposal of equipment		1,728
Restricted investment income	(1,119,000)	(387,038)
Restricted contributions	(1,892,030)	(259,195)
Realized gain on investments	(876,222)	(72,779)
Unrealized gain on investments	(690,915)	(398,545)
Decrease (increase) in assets:		
Accounts receivable, net	(671,018)	73,023
Due from the USOPC	(183,771)	(56,069)
Inventory	88,009	(71,428)
Prepaid expenses	500,122	(211,767)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	1,180,347	(65,890)
Due to the USOPC	956,631	(103,775)
Deferred revenue	(130,384)	(219,523)
Refundable advance	90,000	
Total adjustments	<u>(2,666,246)</u>	<u>(1,665,176)</u>
Net cash used by operating activities	(1,673,584)	(2,340,021)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	2,636,196	900,545
Purchase of investments	(2,726,771)	(976,832)
Acquisition of property and equipment	<u>(7,068)</u>	<u>(46,478)</u>
Net cash used by investing activities	(97,643)	(122,765)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Notes payable, net	14,885	630,000
Restricted investment income	1,119,000	387,038
Pledges receivable, net	658,039	798,306
Restricted contributions	<u>1,892,030</u>	<u>259,195</u>
Net cash provided by financing activities	<u>3,683,954</u>	<u>2,074,539</u>
NET INCREASE (DECREASE) IN CASH	1,912,727	(388,247)
CASH AND CASH EQUIVALENTS, beginning of year	<u>3,273,864</u>	<u>3,662,111</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 5,186,591</u>	<u>\$ 3,273,864</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, 2021

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, 2020, 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 recorded by the Association include amounts from contracts with customers, contributions, grants, and other amounts.

Net receivables from contracts with customers at the beginning and end of the period were \$73,312 and \$423,858, respectively.

The Association has recorded accounts receivable at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. An allowance for doubtful accounts of \$1,265 and \$250 was recorded at August 31, 2021 and 2020, 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, 2021 and 2020 was \$81,985 and \$106,082, respectively.

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

## Notes to Financial Statements

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

#### Deferred Revenue - continued

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 \$776,256 and \$645,872, 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.

United States Olympic and Paralympic (USOPC) grants are considered contributions.

#### Contributed Services

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.

#### 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>2021</u>	<u>2020</u>
Athlete registrations	\$ 2,526,102	\$ 3,792,459
Non-athlete registrations	<u>1,614,004</u>	<u>2,234,696</u>
	<u>\$ 4,140,106</u>	<u>\$ 6,027,155</u>

## Notes to Financial Statements

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

#### Revenue from Contracts with Customers - continued

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.

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.

USOPC digital media - 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 is considered revenues from contracts with customers. See Note K 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.

## 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'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, 2021 and 2020, 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 November 24, 2021, 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 required for the release of the designation.

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

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 5,186,591	\$ 3,273,864
Short-term investments	7,983,930	6,326,218
Accounts receivable	744,330	73,312
Due from the USOPC	582,184	398,413
Current portion of pledges receivable	<u>100,000</u>	<u>660,000</u>
	14,597,035	10,731,807

Notes to Financial Statements

B. LIQUIDITY AND AVAILABILITY OF RESOURCES - Continued

Less assets with donor restrictions or other designations:		
Donor program restricted, net of long-term pledges receivable	7,506,571	6,912,688
Board designated	<u>1,989,798</u>	<u>1,742,508</u>
Financial assets available within one year	<u>\$ 5,100,666</u>	<u>\$ 2,076,611</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.

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.

Notes to Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

The following tables present assets that are measured at fair value on a recurring basis at August 31:

Assets at Fair Value as of August 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 23,625	\$	\$	\$ 23,625
Equity securities:				
Mutual funds	1,505,457			1,505,457
Equities	849,250			849,250
Common stock	663,822			663,822
Debt securities:				
US Treasury and Federal agencies		202,522		202,522
Asset backed securities		173,901		173,901
Corporate bonds		172,696		172,696
USOE pooled funds		4,392,657		4,392,657
	<u>\$ 3,042,154</u>	<u>\$ 4,941,776</u>	<u>\$</u>	<u>\$ 7,983,930</u>

Assets at Fair Value as of August 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 26,727	\$	\$	\$ 26,727
Equity securities:				
Mutual funds	1,604,874			1,604,874
Equities	392,838			392,838
Common stock	626,595			626,595
Debt securities:				
Corporate bonds		352,383		352,383
USOE pooled funds		3,322,801		3,322,801
	<u>\$ 2,651,034</u>	<u>\$ 3,675,184</u>	<u>\$</u>	<u>\$ 6,326,218</u>

The United States Olympic Endowment (USOE) investment consists of units in a pooled portfolio managed by the USOE. At August 31, 2021, the USOE portfolio consisted of the following types of securities:

Alternative investments	39.41%
Domestic equities	26.80
International equities	15.71
Domestic bonds	15.38
Cash & cash equivalents	<u>2.70</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

## Notes to Financial Statements

### C. FAIR VALUE MEASUREMENTS - Continued

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 consists of the following at August 31:

	<u>2021</u>	<u>2020</u>
Realized gains	\$ 876,222	\$ 72,779
Unrealized gains	690,915	398,545
Interest and dividends	118,820	103,593
Investment expenses	<u>(26,811)</u>	<u>(23,469)</u>
	<u>\$ 1,659,146</u>	<u>\$ 551,448</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. Management has determined that the pledges receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2021 and 2020. As of August 31, 2021 and 2020, the Association had net pledges receivable of \$100,000 and \$758,039, respectively, representing unconditional promises to give made during the current and prior years. The pledges are scheduled to be received by the Association during the next five years. Long-term portions of the pledges were discounted using a discount rate of 2.00%.

Notes to Financial Statements

D. PLEDGES RECEIVABLE - Continued

The discount on pledges receivable was \$0 and \$1,961, respectively, at August 31, 2021 and 2020.

E. DEFERRED REVENUE

Deferred revenue consists of the following at August 31:

	<u>2021</u>	<u>2020</u>
Sponsorship	\$ 234,456	\$ 312,428
Membership	211,416	163,828
Olympic trials	100,000	200,000
USOPC digital media	<u>100,000</u>	<u>100,000</u>
	<u>\$ 645,872</u>	<u>\$ 776,256</u>

F. REFUNDABLE ADVANCE

The Association classifies conditional grants received subject to the completion of donor-imposed conditions as refundable advances. As the Association satisfies the barriers and conditions set forth in the grant contracts, revenue will be recognized accordingly.

Refundable advances as of August 31, 2021 consist of \$90,000 of USOPC special grants.

G. OPERATING LEASES

The Association leases a mailing system under an operating lease beginning in December 2016 and ending in February 2022. This lease requires monthly payments of \$899.

Future minimum lease payments for the years ended August 31 are as follows:

2022	\$ 5,394
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H. PENSION PLAN

The Association has a tax-sheltered annuity pension plan that covers substantially all of its 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

Notes to Financial Statements

H. PENSION PLAN - Continued

the plan. During the years ended August 31, 2021 and 2020, pension expense for employer contributions amounted to \$184,161 and \$198,634, respectively.

I. 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>2021</u>	<u>2020</u>
Operating reserve	\$ <u>1,989,798</u>	\$ <u>1,742,508</u>

J. NET ASSETS WITH DONOR RESTRICTIONS - TEMPORARY IN NATURE

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

	<u>2021</u>	<u>2020</u>
Capital campaign	\$ 6,356,120	\$ 5,237,235
USOPC grants	389,700	833,913
Athlete appearance donations	170,112	198,039
Lehman women's freestyle programs	165,944	429,164
Men's freestyle programs	147,379	14,862
Women's freestyle programs	136,008	43,233
Multiple medal incentive program	47,358	47,330
Living the Dream program	46,275	111,704
Greg Strobel Leadership Academy	23,834	
Kiki-Wresting for Peace	18,841	17,391
Legacy endowment	5,000	5,000
Greco Roman programs		72,856
	<u>\$ 7,506,571</u>	<u>\$ 7,010,727</u>

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

## Notes to Financial Statements

### J. NET ASSETS WITH DONOR RESTRICTIONS - TEMPORARY IN NATURE - Continued

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

	<u>2021</u>	<u>2020</u>
USOPC grants	\$ 1,978,858	\$ 1,200,132
Living the Dream program	647,500	154,500
Men's freestyle programs	557,650	542,497
Women's freestyle programs	388,378	329,680
Lehman women's freestyle programs	263,220	294,870
Greco Roman programs	184,336	186,518
Athlete appearance donations	29,888	111,210
Capital campaign		229,825
Kiki-Wrestling for Peace		1,957
	<u>\$ 4,049,830</u>	<u>\$ 3,051,189</u>

### K. RELATED PARTY TRANSACTIONS

The United States Olympic and Paralympic Committee (USOPC) provided grants to the Association under the following categories during the years ended August 31:

	<u>2021</u>	<u>2020</u>
NGB Funding	\$ 1,437,999	\$ 1,426,000
Value in-kind	49,230	68,870
Special grants	47,415	20,647
	<u>\$ 1,534,644</u>	<u>\$ 1,515,517</u>

In addition to the above grants, the Association recognized \$300,000 for revenue received from the USOPC for its digital media agreement during both years ended August 31, 2021 and 2020. The Association signed an amended agreement with the USOPC that extends the term of the agreement through December 31, 2021.

During the year ended August 31, 2021, the Association entered into an agreement with the USOPC to stage the U.S. Olympic Team Trials. Under this agreement, the Association recognized \$200,000 of revenue during the year ended August 31, 2021 and \$100,000 was recorded as due from the USOPC as of August 31, 2021.

## Notes to Financial Statements

### K. RELATED PARTY TRANSACTIONS - Continued

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 a number of 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, 2021 and 2020, the Association owed the USOPC \$970,857 and \$14,226, 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, 2021 and 2020.

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

### L. PAYCHECK PROTECTION PROGRAM AND OTHER GOVERNMENT GRANTS

In April 2020, the Association received a \$630,000 loan from ANB Bank through the first round of the Small Business Administration's Paycheck Protection Program (PPP). 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. In addition, criteria related to employee retention affects the amount eligible for forgiveness. At August 31, 2020 \$630,000 was included in notes payable. During the year ended August 31, 2021, 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.

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.

Notes payable at August 31, 2021 of \$644,885 consists of the PPP loan payable to ANB Bank due in monthly installments to be determined. The stated interest rate is 1%. Payments are deferred until 10 months after the covered period ends,

Notes to Financial Statements

L. PAYCHECK PROTECTION PROGRAM AND OTHER GOVERNMENT GRANTS - Continued

and, with lender approval, the loan has an estimated repayment term of five years.

Estimated future minimum payments for the years ending August 31 are as follows:

2022	\$ 79,915
2023	128,214
2024	129,502
2025	130,803
2026	132,117
2027	44,334

During the year ended August 31, 2021 the Association was eligible to claim the Employee Retention Credit (ERC) enacted by The Coronavirus Aid, Relief, and Economic Security (CARES) Act which became law on March 27, 2020. The eligibility for the credit is based on defined thresholds for significant declines in gross receipts over the previous year's quarter or certain government restrictions imposed on the Association along with wages and employee retention. Wages used to satisfy the forgiveness requirement for the PPP loan are not eligible for the ERC.

As of the date of the audit report, the Association has not completed calculations for a possible ERC pending the calculations for forgiveness of the second round of PPP. As of August 31, 2021, the Association is not able to reasonably estimate the possible credit and therefore has not accrued any grant receivable as of August 31, 2021.

M. CONTINGENCIES AND UNCERTAINTIES

The outbreak of COVID-19 (the COVID-19 outbreak) has been recognized as a pandemic by the World Health Organization, and the COVID-19 outbreak has become increasingly widespread in the United States. The COVID-19 outbreak has had a notable impact on general economic conditions, including but not limited to the decline in global financial markets, temporary closures of many businesses, suspension or cancelation of events, "shelter in place" and other governmental regulations, and job losses. The extent to which the COVID-19 (coronavirus) outbreak will affect the operations, collections, or financial results of the Association is uncertain.

## Notes to Financial Statements

### M. CONTINGENCIES AND UNCERTAINTIES - Continued

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.