

**NATIONAL ARCHERY ASSOCIATION  
OF THE UNITED STATES**

**d/b/a USA ARCHERY**

**Financial Statements**

**For the Year Ended December 31, 2019**

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of National Archery Association of the United States (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and change 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 of 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 National Archery Association of the United States as of December 31, 2019, 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 National Archery Association of the United States' 2018 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated May 2, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Emphasis of Matter**

As described in Note A to the financial statements, in 2019, National Archery Association of the United States adopted Accounting Standards Update (ASU) 2014-09, *(Topic 606): Revenue from Contracts with Customers*, ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, ASU 2016-01, *Financial Instruments - Overall (Subtopic 825-10: Recognition and Measurement of Financial Assets and Financial Liabilities)*, ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments-Overall (Subtopic 825-10)*, and ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*. Our opinion is not modified with respect to these matters.

*Waugh & Goodwin, LLP*

Colorado Springs, Colorado  
May 29, 2020

NATIONAL ARCHERY ASSOCIATION OF THE UNITED STATES  
d/b/a USA ARCHERY

Statement of Financial Position

December 31, 2019

(With Comparative Totals for 2018)

	<u>ASSETS</u>	
	<u>2019</u>	<u>2018</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 322,400	\$ 1,160,456
Accounts receivable	40,802	8,436
Grants receivable	159,808	61,355
Due from the USOPC	3,827	17,116
Inventory	119,695	157,567
Prepaid expenses	<u>42,209</u>	<u>85,486</u>
Total current assets	688,741	1,490,416
LONG-TERM INVESTMENTS	1,625,577	848,623
<b>PROPERTY AND EQUIPMENT:</b>		
Office furniture and equipment	447,970	455,801
Leasehold improvements	8,902	8,902
Software	47,502	2,918
Less accumulated depreciation	<u>(295,467)</u>	<u>(240,177)</u>
Property and equipment - net	<u>208,907</u>	<u>227,444</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,523,225</u></b>	<b><u>\$ 2,566,483</u></b>
<u>LIABILITIES AND NET ASSETS</u>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 170,411	\$ 207,848
Accrued liabilities	98,859	87,133
Refundable advances	7,929	50,000
Current portion of capitalized lease obligations		3,395
Current portion of deferred revenue	<u>575,370</u>	<u>703,876</u>
Total current liabilities	852,569	1,052,252
DEFERRED REVENUE	<u>106,405</u>	<u>105,929</u>
Total liabilities	958,974	1,158,181
<b>NET ASSETS:</b>		
Without donor restrictions	1,517,190	1,407,237
With donor restrictions	<u>47,061</u>	<u>1,065</u>
Total net assets	<u>1,564,251</u>	<u>1,408,302</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,523,225</u></b>	<b><u>\$ 2,566,483</u></b>

See Notes to Financial Statements

NATIONAL ARCHERY ASSOCIATION OF THE UNITED STATES  
d/b/a USA ARCHERY

Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2019  
(With Comparative Totals for 2018)

	Without Donor Restrictions	With Donor Restrictions	2019 Totals	2018 Totals
<b>REVENUE:</b>				
Contributions and grants	\$ 1,184,140	\$ 40,000	\$ 1,224,140	\$ 639,015
Membership registrations	1,029,235		1,029,235	942,669
Tournament income	909,040		909,040	853,132
USOPC grants	885,068		885,068	893,826
Inventory sales	677,419		677,419	686,397
Cost of inventory sold	(402,591)		(402,591)	(397,378)
Coach certification income	180,965		180,965	144,550
Investment income (loss)	177,387		177,387	(25,442)
NAA Foundation grant	74,000	100,000	174,000	99,225
Corporate sponsorships	173,137		173,137	192,051
Other income	78,854		78,854	9,189
USOPC media/marketing agreement	18,750		18,750	75,000
Website/marketing advertising	6,776		6,776	14,800
Satisfied program restrictions	<u>94,004</u>	<u>(94,004)</u>	<u>                    </u>	<u>                    </u>
Total revenue	5,086,184	45,996	5,132,180	4,127,034
<b>EXPENSES:</b>				
Program services:				
High performance	871,637		871,637	889,815
National events and trials	803,053		803,053	810,625
International events	714,136		714,136	364,193
Grass roots development	589,924		589,924	425,882
Membership services	508,814		508,814	460,912
Paralympic team	397,894		397,894	267,370
Coach development	<u>395,302</u>	<u>                    </u>	<u>395,302</u>	<u>400,627</u>
Total program services	4,280,760		4,280,760	3,619,424
Supporting services:				
General and administrative	595,644		595,644	647,630
Direct marketing	<u>99,827</u>	<u>                    </u>	<u>99,827</u>	<u>17,483</u>
Total supporting services	<u>695,471</u>	<u>                    </u>	<u>695,471</u>	<u>665,113</u>
Total expenses	<u>4,976,231</u>	<u>                    </u>	<u>4,976,231</u>	<u>4,284,537</u>
CHANGE IN NET ASSETS	109,953	45,996	155,949	(157,503)
NET ASSETS, beginning of year	<u>1,407,237</u>	<u>1,065</u>	<u>1,408,302</u>	<u>1,565,805</u>
NET ASSETS, end of year	<u>\$ 1,517,190</u>	<u>\$ 47,061</u>	<u>\$ 1,564,251</u>	<u>\$ 1,408,302</u>

See Notes to Financial Statements

NATIONAL ARCHERY ASSOCIATION OF THE UNITED STATES  
d/b/a USA ARCHERY

Statement of Functional Expenses  
For the Year Ended December 31, 2019  
(With Comparative Totals for 2018)

	High Performance	National Events & Trials	International Events	Grassroots Development	Membership Services	Paralympic Team	Coach Development	Total Program Services
Salaries & wages	\$ 469,817	\$ 125,096	\$ 9,918	\$ 201,356	\$ 116,765	\$ 33,219	\$ 152,784	\$ 1,108,955
Travel & meetings	100,070	117,843	493,006	19,876	4,117	184,119	67,157	986,188
Stipends/honorariums	101,133	85,820	126,250	4,000		87,800	10,300	415,303
Other contract services	5,030	72,917	300	109,751	27,000	56,532	78,333	349,863
Product costs					334,222			334,222
Awards & grants		116,851	643	42,783	131,888		437	292,602
Employee benefits	37,558	25,077	1,058	25,772	22,175	2,718	18,738	133,096
Printing & postage	1,057	16,863	2,851	8,803	76,223	808	3,260	109,865
Field usage & equipment	47,933	23,434	1,237	58,525		13,530		144,659
Payroll taxes	51,781	9,968	634	18,204	10,129	2,500	13,358	106,574
VIK		36,418	30,781	15,805			7,566	90,570
Equipment rental & maintenance		57,139				50	6,237	63,426
Depreciation	10,199	31,457		18,889	4,041	2,030	1,394	68,010
Insurance					58,394			58,394
Apparel/uniforms	9,990		37,736	297		10,130	381	58,534
Merchant fees	3,153	4,179	3,894	426	34,123	831	11,002	57,608
Other costs	447			34,246			9,241	43,934
Membership processing/management fee					47,400			47,400
IT support	4,944	27,472		3,335	2,472		2,472	40,695
Legal fees	8,755			2,731	21,864	488	675	34,513
Payroll service fees	8,974	3,379	98	5,682	3,357	504	4,438	26,432
Books, subscriptions, reference	952	331		1,952	6,099	101	1,541	10,976
Telephone & telecommunications	5,139	619	1,311	2,578	250	165	483	10,545
Internet/cable		12,956		67				13,023
Supplies	1,715	8,774	34	1,819	693	547	595	14,177
Marketing & promotion		2,181	1,350	34	5,448	1,350	3,606	13,969
Fundraising fees								
Gifts		5,470	2,885			472	432	9,259
Other program costs		9,639						9,639
Loss on disposal of fixed asset		8,478						8,478
Storage	505			6,961				7,466
Advertising				5,744				5,744
Registration & license fees	408	127		53	64		(7)	645
Web hosting & design					4,182			4,182
Membership & dues	1,972	100					250	2,322
Bank charges & wire fees	75	165	150	20	360		15	785
Inventory write down				123			614	737
Conference, convention, & meetings		300			109			409
Staff development				92				92
Computer supplies & software								
Facilities & equipment								
Staff background screening	30				30			60
Booth accessories								
Fees for service								
Seminars/course fees								
Rent/parking/utilities								
<b>Total expenses</b>	<b>871,637</b>	<b>803,053</b>	<b>714,136</b>	<b>589,924</b>	<b>911,405</b>	<b>397,894</b>	<b>395,302</b>	<b>4,683,351</b>
Less expenses netted against revenue on statement of activities					(402,591)			(402,591)
	<b>\$ 871,637</b>	<b>\$ 803,053</b>	<b>\$ 714,136</b>	<b>\$ 589,924</b>	<b>\$ 508,814</b>	<b>\$ 397,894</b>	<b>\$ 395,302</b>	<b>\$ 4,280,760</b>

See Notes to Financial Statements

	General & Administrative	Direct Marketing	Total Supporting Services	2019 Total Expenses	2018 Total Expenses
Salaries & wages	\$ 304,931	\$ 34,523	\$ 339,454	\$ 1,448,409	\$ 1,285,894
Travel & meetings	50,500	4	50,504	1,036,692	798,233
Stipends/honorariums	10,627	1,000	11,627	426,930	370,567
Other contract services	31,733		31,733	381,596	287,940
Product costs				334,222	329,861
Awards & grants				292,602	283,100
Employee benefits	49,755	4,046	53,801	186,897	172,024
Printing & postage	4,276	31,896	36,172	146,037	118,285
Field usage & equipment				144,659	159,910
Payroll taxes	28,558	2,209	30,767	137,341	121,568
VIK	1,179		1,179	91,749	54,352
Equipment rental & maintenance	21,530		21,530	84,956	76,969
Depreciation	12,556		12,556	80,566	81,257
Insurance	21,959		21,959	80,353	76,881
Apparel/uniforms	259		259	58,793	33,751
Merchant fees	65	936	1,001	58,609	91,079
Other costs	4,198	4,200	8,398	52,332	3,389
Membership processing/management fee				47,400	60,880
IT support	4,944		4,944	45,639	55,979
Legal fees		1,125	1,125	35,638	50,914
Payroll service fees	7,686	498	8,184	34,616	30,414
Books, subscriptions, reference	15,468	117	15,585	26,561	25,432
Telephone & telecommunications	9,729		9,729	20,274	18,737
Internet/cable	6,678		6,678	19,701	17,842
Supplies	1,942	235	2,177	16,354	14,441
Marketing & promotion	1,527		1,527	15,496	7,255
Fundraising fees		13,500	13,500	13,500	
Gifts	837	2,343	3,180	12,439	5,886
Other program costs				9,639	13,323
Loss on disposal of fixed asset				8,478	
Storage	930		930	8,396	6,960
Advertising	510		510	6,254	7,798
Registration & license fees	1,598	3,195	4,793	5,438	1,265
Web hosting & design				4,182	
Membership & dues				2,322	3,534
Bank charges & wire fees	1,063		1,063	1,848	1,760
Inventory write down	10		10	747	
Conference, convention, & meetings				409	
Staff development	199		199	291	1,171
Computer supplies & software	268		268	268	1,283
Facilities & equipment	129		129	129	
Staff background screening				60	1,157
Booth accessories					5,426
Fees for service					2,738
Seminars/course fees					2,440
Rent/parking/utilities					220
	595,644	99,827	695,471	5,378,822	4,681,915
Less expenses netted against revenue on statement of activities				(402,591)	(397,378)
	<u>\$ 595,644</u>	<u>\$ 99,827</u>	<u>\$ 695,471</u>	<u>\$ 4,976,231</u>	<u>\$ 4,284,537</u>

See Notes to Financial Statements



NATIONAL ARCHERY ASSOCIATION OF THE UNITED STATES  
d/b/a USA ARCHERY

Statement of Cash Flows

December 31, 2019

(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 155,949	\$ (157,503)
Adjustments to reconcile the change in net assets to net cash provided (used) by operating activities:		
Loss on disposal of equipment	8,925	
Realized and unrealized (gains) losses on investments	(163,842)	33,322
Depreciation	80,566	81,257
Decrease (increase) in assets:		
Accounts receivable	(32,366)	18,322
Grants receivable	(98,453)	102,174
Due from the USOPC	13,289	(10,531)
Inventory	37,872	(7,761)
Prepaid expenses	43,277	(25,303)
Increase (decrease) in liabilities:		
Accounts payable	(37,437)	72,316
Accrued liabilities	11,726	49,212
Due to the USOPC		(963)
Refundable advance	(42,071)	50,000
Deferred revenue	(128,030)	152,930
Total adjustments	<u>(306,544)</u>	<u>514,975</u>
Net cash provided (used) by operating activities	(150,595)	357,472
CASH FLOWS FROM INVESTING ACTIVITIES:		
Long-term investments, net	(613,112)	(6,668)
Purchase of equipment	<u>(70,954)</u>	<u>(151,029)</u>
Net cash used by investing activities	(684,066)	(157,697)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of capitalized lease obligations, net	<u>(3,395)</u>	<u>(3,395)</u>
Net cash used by financing activities	<u>(3,395)</u>	<u>(3,395)</u>
NET INCREASE (DECREASE) IN CASH	(838,056)	196,380
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,160,456</u>	<u>964,076</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 322,400</u>	<u>\$ 1,160,456</u>

See Notes to Financial Statements

NATIONAL ARCHERY ASSOCIATION OF THE UNITED STATES  
d/b/a USA ARCHERY

Notes to Financial Statements

For the Year Ended December 31, 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

National Archery Association of the United States (the Association) is the national governing body for the sport of archery, making it responsible for the conduct and administration of archery in the United States.

Accounting Standards Update

On January 1, 2019, the Association adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, (ASU 2014-09) and FASB ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). These two ASUs were adopted together as of January 1, 2019, because they both establish standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions. Adopting one ASU without the other would leave the accounting for some ongoing grants and contracts unresolved. ASU 2014-09 was adopted retrospectively for all periods presented. Accordingly, there is no effect on net assets in connection with implementation of the two ASUs.

On January 1, 2019, the Association also adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-01, *Financial Instruments - Overall (Subtopic 825-10: Recognition and Measurement of Financial Assets and Financial Liabilities)*, and subsequently issued related ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments - Overall (Subtopic 825-10)*, and elected early adoption for ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*. These standards amend certain aspects of accounting and disclosure requirements for financial instruments, including the requirement that equity investments with readily determinable fair values are to be measured at fair value with any changes in fair value recognized in the statement of changes in net assets. The standards were adopted using the modified retrospective method and there is no effect on net assets with the implementation of the three ASUs.

## Notes to Financial Statements

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

#### 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 Association.
- 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 events 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.

As of March 1, 2019, the Association merged with U.S. Collegiate Archery Association (USCAA). USCAA in the past hosted and/or sanctioned collegiate tournaments to encourage collegiate club participation. The Association assumed the responsibility for these events after the merger.

#### 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.

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.

## Notes to Financial Statements

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

#### Accounts Receivable

Accounts receivable include amounts from contracts with customers, contributions postmarked before the end of the year and other miscellaneous amounts. Receivables from contracts with customers at the beginning and end of 2019 were \$8,436 and \$40,802, respectively.

Accounts receivable are stated at the amount the Association expects to collect from balances outstanding at year-end. Based on the Association's experience with individuals and entities having outstanding balances, it has concluded that any losses on balances outstanding at year-end will not be material. Therefore, no allowance for doubtful accounts is considered necessary.

#### Grants Receivable

Grants receivable does not include conditional promises to give from the Veteran's Association in the amount of \$137,183 at December 31, 2019.

#### Use of Estimates in 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.

#### Revenue from Contracts with Customers

Membership registrations - are renewed based on the member's anniversary date. The Association offers annual, three year and life memberships which are recognized as revenue over the duration of the membership period.

Partnership marketing - The Association recognizes revenue from contracts with both sponsors and suppliers of National Archery Association of the United States. Performance obligations in such contracts are satisfied as services are rendered, and therefore, the Association will recognize revenue over time. The Organization 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.

## Notes to Financial Statements

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

#### Revenue from Contracts with Customers - continued

Therefore, partnership marketing revenue from contracts with customers will be recognized on a straight-line basis over the term of the agreement.

Tournament revenue - The Association receives revenue from registration fees for sporting events, which are recognized at the time of the event. The Association also receives ticket revenue for range passes and premium seating revenue. This revenue is also recognized at the time of the event.

Sales revenue - The Association receives a royalty from a third party for the sale of merchandise at events. The revenue is variable based on the terms of the agreement and related sales. The revenue is recognized upon receipt of the royalty. The Association also sells equipment and program merchandise through their website. This revenue is recognized when the sale occurs.

Coaching certification revenue - Coach certification revenue is recognized when application for certification is received.

#### 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 USOPC grants.

#### Depreciation

Property 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 and amortization is recorded using the straight-line method over estimated useful lives of 3-5 years. Depreciation and amortization expense for the years ending December 31, 2019 and 2018, was \$80,566 and \$81,257, respectively.

## Notes to Financial Statements

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

#### Inventory

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

#### Cash and Cash Equivalents

Cash and cash equivalents consist of the Association's checking and money market accounts. The Association maintains its cash and cash equivalents at commercial banks. In the unlikely event of a bank failure, the Association might only be able to recover the amounts insured.

#### Supplemental Cash Flow Disclosures

During the years ended December 31, 2019 and 2018, the Association paid no interest or income taxes.

#### Donated Services

The Association 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.

A substantial number of volunteers donated time to the Association's program services and its fundraising activities; however, the estimated value was not recorded because they did not meet the criteria described above.

#### In-kind Revenue

Sponsorship income in the form of in-kind goods is reported as revenue and expense in the fiscal year it is received. The Association received \$43,898 and \$68,230 of in-kind revenue during the years ended December 31, 2019 and 2018, respectively.

#### Prior-Year Comparisons

The financial statements include certain prior-year summarized comparative information in total but not by net asset 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 December 31, 2018, from which the summarized information was derived.

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 May 29, 2020, the date that the financial statements were available to be issued.

B. AVAILABLE RESOURCES AND LIQUIDITY

The Association regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Association 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 Association operates under a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

The table below presents financial assets available for general expenditures with one year at December 31:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 322,400	\$ 1,160,456
Investments	1,625,577	848,623
Accounts and grants receivable	<u>204,437</u>	<u>86,907</u>
Total financial assets		
Available within one year	<u>\$ 2,152,414</u>	<u>\$ 2,095,986</u>

Although the Association does not intend to liquidate its investments for general expenditures, the funds are available, if necessary.

Notes to Financial Statements

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 Quoted prices in active markets for identical assets or liabilities, accessible to the Association at the measurement date.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Unobservable inputs that are not corroborated by market data.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels are recorded at the end of the period.

Assets at Fair Value as of December 31, 2019

	Level 1	Level 2	Level 3	Total
Money market	\$ 252,188	\$	\$	\$ 252,188
Certificates of deposit	251,817			251,817
United States Olympic Endowment investment portfolio		1,121,572		1,121,572
	<u>\$ 504,005</u>	<u>\$ 1,121,572</u>	<u>\$</u>	<u>\$ 1,625,577</u>

Assets at Fair Value as of December 31, 2018

	Level 1	Level 2	Level 3	Total
Money market	\$	\$	\$	\$
Certificates of deposit				
United States Olympic Endowment investment portfolio		848,623		848,623
	<u>\$</u>	<u>\$ 848,623</u>	<u>\$</u>	<u>\$ 848,623</u>



Notes to Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

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

As of December 31, 2019, the USOE portfolio was invested in the following types of securities:

	<u>2019</u>
Alternative investments	37.08%
Domestic equities	31.46
International equities	19.16
Domestic bonds	6.77
Cash and cash equivalents	2.99
International bonds	<u>2.54</u>
	<u>100.00%</u>

The alternative investments include hedge equity funds, private equity funds, real estate funds and limited partnerships.

Some investments are exposed to various risks that may cause their reported fair values to fluctuate from period to period and could materially affect the recorded amount of investments in the Association's financial statements. Investments in equity securities fluctuate in value in response to many factors, such as the activities and financial condition of individual companies, general business and industry market conditions and the state or perceived direction of the economy. The values of debt securities fluctuate in response to changing interest rates, credit worthiness of issuers, and overall economic policies that impact market conditions. The values of certain investments, such as hedge funds, can fluctuate in response to direct market conditions and other factors that may or may not have a high correlation to overall market direction.

Though the market values of investments are subject to fluctuation, management believes that the investment policy is prudent for the long-term welfare of the Association.

Investment income (loss) consists of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 13,545	\$ 7,877
Unrealized gains (losses) on securities	113,187	(53,795)
Realized gains on securities	<u>50,655</u>	<u>20,476</u>
	<u>\$ 177,387</u>	<u>\$ (25,442)</u>

## Notes to Financial Statements

### D. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2019 and 2018, the United States Olympic and Paralympic Committee (USOPC) provided grants to the Association as follows:

	<u>2019</u>	<u>2018</u>
NGB funding	\$ 692,747	\$ 691,052
Paralympic funding	178,371	136,300
Other support	1,200	49,474
International relations grant	6,500	8,500
Media services		5,000
Media liability insurance		3,500
	<u>\$ 878,818</u>	<u>\$ 893,826</u>

The USOPC provides training facilities, meals and lodging primarily for the Association's resident athletes at the Chula Vista Olympic Training Center. The USOPC estimated the value of Olympic Training usage for the years ended December 31, 2019 and 2018, to be \$546,364 and \$476,455, respectively. These amounts have not been recorded in the financial statements.

In 2013, the Association entered into a digital media agreement with the USOPC. The term of the agreement was January 1, 2013 through December 31, 2016. The Association and the USOPC agreed to amend the agreement to extend the term through December 31, 2019. The Association received \$18,750 and \$75,000, respectively from the digital media agreement during the years ended December 31, 2019 and 2018.

The Association provided management services for the USOPC for the U.S. Olympic Team Trials in the amount of \$12,500. These funds were received during 2019, and \$6,250 was included in deferred revenue at December 31, 2019.

The National Archery Association Foundation, Inc. (NAAF) provided the Association with grants of \$174,000 and \$99,225 for the years ended December 31, 2019 and 2018.

The Association receives significant economic benefits from grants provided by Easton Sports Development Foundation, the USOPC and the NAAF in order to maintain its programs at current levels. The amount of funding from each of these organizations is dependent upon an annual grant application process.

At December 31, 2019 and 2018, the USOPC owed the Association \$3,827 and \$17,116, respectively.

## Notes to Financial Statements

### D. RELATED PARTY TRANSACTIONS - Continued

During the years ended December 31, 2019 and 2018, the Association paid stipends and awards to several Board Members in the amount of \$49,043 and \$53,770, respectively, for coaching and officiating services. These payments are made pursuant to the Association's normal compensation practices.

During the years ended December 31, 2019 and 2018, the Association conducted business with a company owned by a member serving on the Association's Board of Directors.

In March 2014, the Board Member's company entered into a license agreement with the Association to sell archery equipment bearing the Association's mark in consideration for royalty fees. The term of the agreement is March 2014, through March 2017. This contract was extended through December 2019. During the years ended December 31, 2019 and 2018, the Association received \$349 and \$801, respectively, in royalty fees from this agreement.

In January 2017, the Board Member's company entered into a sponsorship agreement with the Association. The term of the agreement was January 2017 through December 2017. A new agreement was executed between the parties and is effective from January 2019 through December 2019. During the years ended December 31, 2019 and 2018, the Association received \$15,000 and \$16,000, respectively, in sponsorship revenue from the agreements.

During the years ended December 31, 2019 and 2018, the Board Member's company paid the Association \$0 and \$5,500, respectively, in exchange for advertising rights on the Association's website.

The Association provides archery products in support of its membership. The Association utilizes the Board Member's company, which is the largest distributor of target archery products in the U.S., to fulfill online and State organization equipment orders. During the years ended December 31, 2019 and 2018, the Association recorded gross profit of \$18,083 and \$20,324, respectively, in sales fulfilled by the Board Member's company.

During the years ended December 31, 2019 and 2018, the Association recorded \$12,443 and \$7,822, respectively, in national indoor revenue related to transactions with the Board Member's company.

Notes to Financial Statements

D. RELATED PARTY TRANSACTIONS - Continued

At December 31, 2019 and 2018, the Association owed the Board Member's company \$322 and \$26,488, respectively. At December 31, 2019 and 2018, the Board Member's company owed the Association \$49 and \$69, respectively. At December 31, 2019 and 2018, the Association capitalized \$0 and \$20,279, respectively, in equipment purchased from the Board Member's company.

In addition to the amount of equipment capitalized, the Association purchased \$44,872 and \$56,692 in field equipment from the Board Member's company for Association program use during the years ended December 31, 2019 and 2018, respectively.

E. DEFERRED REVENUE

Deferred revenue consists of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Memberships dues	\$ 637,415	\$ 590,475
Camp registration	33,330	26,405
Other	8,000	
STAR FITA fees	1,730	1,450
Sanctions	1,300	1,160
World Team Trials		3,198
Nationals		187,117
	<u>\$ 681,775</u>	<u>\$ 809,805</u>

F. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
NAAF Programs	\$ 42,582	\$
Explore Archery	4,479	
JOAD Program		1,065
	<u>\$ 47,061</u>	<u>\$ 1,065</u>

Notes to Financial Statements

F. NET ASSETS WITH DONOR RESTRICTIONS - Continued

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2019 and 2018, net assets were released from restrictions for satisfying the following purposes:

	<u>2019</u>	<u>2018</u>
NAAF Programs	\$ 57,418	\$
Explore Archery	35,521	
JOAD Program	1,065	31,454
Para WRE	<u>          </u>	<u>2,900</u>
	<u>\$ 94,004</u>	<u>\$ 34,354</u>

G. EMPLOYEE BENEFIT PLAN

The Association has adopted a Simple IRA employee retirement plan. The plan covers all employees who are at least 21 years of age. The Association matches employee contributions up to 3% of their total wages.

For the years ended December 31, 2019 and 2018, the Association contributed \$19,231 and \$16,212, respectively.

H. CAPITALIZED LEASE OBLIGATIONS

The Association leased a postage machine and copier which were recorded as capital lease obligations in the accompanying statement of financial position. The postage machine required monthly payments of \$146 through October 2019. The copier lease required monthly payments of \$179 through December 2019.

The assets are amortized over their estimated useful lives. Depreciation expense reported in the financial statements of activities includes \$1,971 and \$2,150 for the equipment under capital lease for the years ended December 31, 2019 and 2018.

This equipment was disposed of during the year ended December 31, 2019.

I. OPERATING LEASES

During 2012, the Association signed a thirty-seven-month operating lease for office space. The initial lease term was December 1, 2012, through December 31, 2015. Lease extensions have been signed to extend the term through December 31, 2020. In lieu of rent, the Association reimburses the landlord for their share of operating costs.

Notes to Financial Statements

I. OPERATING LEASES - Continued

The Association leases a postage machine and copier which are recorded as operating leases. The postage machine requires monthly payments of \$64 through April 2022. The copier lease requires monthly payments of \$141 through December 2024.

Future minimum lease payment under these leases for the years ended December 31 are as follows:

2020	\$2,460
2021	2,460
2022	1,948
2022	1,692
2022	1,692

J. SUBSEQUENT EVENTS

In March 2020, the outbreak of COVID-19 (coronavirus) was recognized as a pandemic by the World Health Organization, and the outbreak has become increasingly widespread in the United States. The COVID-19 (coronavirus) outbreak has had a notable impact on general economic conditions, including but not limited to the temporary closures of many businesses, "shelter in place" and other governmental regulations and job losses. The extent to which the COVID-19 (coronavirus) outbreak will affect the operations or financial results of the Association is uncertain.

Significant events scheduled in March through June 2020, such as regional collegiate events, College Target Nationals, Gator Cup and SoCal USAT events, two Olympic Trials events, Para Olympic trials and three Red Camps have been postponed or cancelled. USA Archery has projected a significant loss of membership revenue (around \$150,000) March through June 2020 as well as a significant loss in revenue from online sales of program materials. Overall projected revenue losses are around \$250,000 if Association operations are back to normal levels by late July. The Association has applied for a Paycheck Protection Program loan through the Small Business Association for \$337,200 to avoid the need to reduce, furlough, or lay off staff.