

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

**Financial Statements**

**For the Year Ended December 31, 2020**

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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, 2020, 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, 2020, 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' 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated May 29, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Waugh & Goodwin, LLP*

Colorado Springs, Colorado  
May 12, 2021

NATIONAL ARCHERY ASSOCIATION OF THE UNITED STATES  
d/b/a USA ARCHERY  
Statement of Financial Position  
December 31, 2020  
(With Comparative Totals for 2019)

	<u>ASSETS</u>		<u>2020</u>		<u>2019</u>
<b>CURRENT ASSETS:</b>					
Cash and cash equivalents		\$	647,686	\$	322,400
Accounts receivable			50,642		40,802
Grants receivable			94,251		159,808
Due from the USOPC					3,827
Inventory			153,931		119,695
Prepaid expenses and deposits			<u>113,783</u>		<u>42,209</u>
Total current assets			1,060,293		688,741
<b>LONG-TERM INVESTMENTS</b>			1,836,071		1,625,577
<b>PROPERTY AND EQUIPMENT:</b>					
Office furniture and equipment			436,920		447,970
Leasehold improvements					8,902
Software			47,502		47,502
Less accumulated depreciation			<u>(336,361)</u>		<u>(295,467)</u>
Property and equipment - net			<u>148,061</u>		<u>208,907</u>
<b>TOTAL ASSETS</b>		<b>\$</b>	<b><u>3,044,425</u></b>	<b>\$</b>	<b><u>2,523,225</u></b>
 <b><u>LIABILITIES AND NET ASSETS</u></b>  					
<b>CURRENT LIABILITIES:</b>					
Accounts payable		\$	101,953	\$	170,411
Accrued liabilities			107,637		86,966
Refundable advances			386,358		7,929
Current portion of capital lease obligations			1,692		
Current portion of deferred revenue			<u>582,679</u>		<u>587,263</u>
Total current liabilities			1,180,319		852,569
<b>LONG-TERM LIABILITIES:</b>					
Long-term portion of capital lease obligations			5,076		
Deferred revenue - long term			<u>96,021</u>		<u>106,405</u>
Total liabilities			1,281,416		958,974
<b>NET ASSETS:</b>					
Without donor restrictions			1,731,385		1,517,190
With donor restrictions			<u>31,624</u>		<u>47,061</u>
Total net assets			<u>1,763,009</u>		<u>1,564,251</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b>\$</b>	<b><u>3,044,425</u></b>	<b>\$</b>	<b><u>2,523,225</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, 2020

(With Comparative Totals for 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Totals	2019 Totals
<b>REVENUE:</b>				
Membership registrations	\$ 1,026,776	\$	\$ 1,026,776	\$ 1,029,235
Contributions and grants	573,381	40,000	613,381	1,224,140
USOPC grants	509,713		509,713	885,068
Tournament revenue	472,235		472,235	909,040
Inventory sales	386,345		386,345	677,419
Cost of inventory sold	(230,420)		(230,420)	(402,591)
PPP funding	337,200		337,200	
Coach/official certification revenue	213,948		213,948	180,965
Investment income	210,652		210,652	177,387
NAA Foundation grant	76,000	20,000	96,000	174,000
Corporate sponsorships	92,453		92,453	173,137
Other income	13,265		13,265	78,854
USOPC media/marketing agreement				18,750
Website/marketing advertising	6,250		6,250	6,776
Satisfied program restrictions	75,437	(75,437)		
<b>Total revenue</b>	<b>3,763,235</b>	<b>(15,437)</b>	<b>3,747,798</b>	<b>5,132,180</b>
<b>EXPENSES:</b>				
Program services:				
High performance	834,562		834,562	871,637
National events and trials	552,302		552,302	794,575
Membership services	495,631		495,631	508,814
Grass roots development	404,428		404,428	598,402
Coach development	401,013		401,013	395,302
Paralympic team	191,714		191,714	397,894
International events	42,544		42,544	714,136
<b>Total program services</b>	<b>2,922,194</b>		<b>2,922,194</b>	<b>4,280,760</b>
Supporting services:				
General and administrative	534,703		534,703	595,644
Direct marketing	92,143		92,143	99,827
<b>Total supporting services</b>	<b>626,846</b>		<b>626,846</b>	<b>695,471</b>
<b>Total expenses</b>	<b>3,549,040</b>		<b>3,549,040</b>	<b>4,976,231</b>
<b>CHANGE IN NET ASSETS</b>	<b>214,195</b>	<b>(15,437)</b>	<b>198,758</b>	<b>155,949</b>
<b>NET ASSETS, beginning of year</b>	<b>1,517,190</b>	<b>47,061</b>	<b>1,564,251</b>	<b>1,408,302</b>
<b>NET ASSETS, end of year</b>	<b>\$ 1,731,385</b>	<b>\$ 31,624</b>	<b>\$ 1,763,009</b>	<b>\$ 1,564,251</b>

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, 2020  
(With Comparative Totals for 2019)

	High Performance	National Events & Trials	Membership Services	Grassroots Development	Coach Development	Paralympic Team	International Events	Total Program Services
Salaries & wages	\$ 463,966	\$ 154,998	\$ 115,626	\$ 207,452	\$ 166,550	\$ 36,467	\$ 9,230	\$ 1,154,289
Awards & grants		117,713	112,850	65,532	163	27,758		324,016
Other contract services	15,988	40,441	29,315	10,975	127,296	51,956	95	276,066
Stipends/honorariums	137,975	40,950			14,250	23,625		216,800
Product costs			190,753					190,753
Employee benefits	32,252	28,283	21,243	24,756	26,324	3,005	1,084	136,947
Travel & meetings	39,839	40,958		6,899	15,122	11,916	682	115,416
Payroll taxes	47,075	13,197	10,455	18,777	13,957	3,093	636	107,190
Insurance			49,941					49,941
Printing & postage	2,507	12,688	45,122	6,520	578	3,633	1,329	72,377
Depreciation	9,211	24,399	6,111	19,840	874	1,779		62,214
Membership processing/management fee			52,896					52,896
Merchant fees	3,104	5,252	32,607	322	9,727	29		51,041
Field usage & equipment	47,199	2,394					981	50,574
IT support	4,652	26,953	2,909	2,405	2,563			39,482
Equipment rental & maintenance		8,641			495			9,136
Books, subscriptions, reference	784	519	10,730	2,418	4,640	242		19,333
Legal fees	554	317	31,372	2,379	192	67		34,881
Apparel/uniforms	4,387	105		450		8,203	19,798	32,943
Payroll service fees	3,394	3,875	3,302	5,698	5,244	651	100	22,264
Supplies	5,615	6,336	714	3,602	62	1,550	2,063	19,942
Telephone & telecommunications	2,876	7,302	114	2,313	857			13,462
Other costs				78	8,685		2,849	11,612
Other program costs		4,590			1,189	11,816		17,595
Advertising				14,325	129			14,454
Internet/cable	518	4,801	246	214	106			5,885
Conference, convention, & meetings	8,058					1,170		9,228
Storage	1,260			6,772				8,032
Marketing & promotion			3,033	32		1,350	1,350	5,765
VIK	271	6,877						7,148
Registration & license fees	396	86		467	79			1,028
Web hosting & design			6,272					6,272
Gifts		325			1,274	604	2,287	4,490
Membership & dues	2,111	100		817	250			3,278
Seminars/course fees						2,800		2,800
Bank charges & wire fees		65	120	100			60	345
Staff development	500		250	1,250	250			2,250
Computer supplies & software					157			157
Staff background screening	70	105	70	35				280
Booth accessories		32						32
Fundraising fees								
Inventory write down								
Facilities & equipment								
<b>Total expenses</b>	<b>834,562</b>	<b>552,302</b>	<b>726,051</b>	<b>404,428</b>	<b>401,013</b>	<b>191,714</b>	<b>42,544</b>	<b>3,152,614</b>
Less expenses netted against revenue on statement of activities			(230,420)					(230,420)
	<u>\$ 834,562</u>	<u>\$ 552,302</u>	<u>\$ 495,631</u>	<u>\$ 404,428</u>	<u>\$ 401,013</u>	<u>\$ 191,714</u>	<u>\$ 42,544</u>	<u>\$ 2,922,194</u>

	General & Administrative	Direct Marketing	Total Supporting Services	2020 Total Expenses	2019 Total Expenses
Salaries & wages	\$ 285,076	\$ 63,372	\$ 348,448	\$ 1,502,737	\$ 1,448,409
Awards & grants				324,016	292,602
Other contract services	23,687		23,687	299,753	381,596
Stipends/honorariums	2,939		2,939	219,739	426,930
Product costs				190,753	334,222
Employee benefits	43,992	7,908	51,900	188,847	186,897
Travel & meetings	21,533		21,533	136,949	1,036,692
Payroll taxes	23,493	4,464	27,957	135,147	137,341
Insurance	30,343		30,343	80,284	80,353
Printing & postage	1,896	669	2,565	74,942	146,037
Depreciation	8,582		8,582	70,796	80,566
Membership processing/management fee				52,896	47,400
Merchant fees		1,158	1,158	52,199	58,609
Field usage & equipment				50,574	144,659
IT support	8,420		8,420	47,902	45,639
Equipment rental & maintenance	36,629		36,629	45,765	84,956
Books, subscriptions, reference	21,684	194	21,878	41,211	26,561
Legal fees				34,881	35,638
Apparel/uniforms	42		42	32,985	58,793
Payroll service fees		973	973	23,237	34,616
Supplies	2,215	24	2,239	22,181	16,354
Telephone & telecommunications	8,254		8,254	21,716	20,274
Other costs	2,432	7,357	9,789	21,401	60,810
Other program costs				17,595	9,639
Advertising	1,235		1,235	15,689	6,254
Internet/cable	5,903		5,903	11,788	19,701
Conference, convention, & meetings		17	17	9,245	409
Storage	405		405	8,437	8,396
Marketing & promotion	1,502	68	1,570	7,335	15,496
VIK				7,148	91,749
Registration & license fees	175	5,939	6,114	7,142	5,438
Web hosting & design				6,272	4,182
Gifts	1,690		1,690	6,180	12,439
Membership & dues				3,278	2,322
Seminars/course fees				2,800	
Bank charges & wire fees	2,171		2,171	2,516	1,848
Staff development	119		119	2,369	291
Computer supplies & software	216		216	373	268
Staff background screening	70		70	350	60
Booth accessories				32	
Fundraising fees					13,500
Inventory write down					747
Facilities & equipment					129
	<u>534,703</u>	<u>92,143</u>	<u>626,846</u>	<u>3,779,460</u>	<u>5,378,822</u>
Less expenses netted against revenue on statement of activities				<u>(230,420)</u>	<u>(402,591)</u>
	<u>\$ 534,703</u>	<u>\$ 92,143</u>	<u>\$ 626,846</u>	<u>\$ 3,549,040</u>	<u>\$ 4,976,231</u>

See Notes to Financial Statements



NATIONAL ARCHERY ASSOCIATION OF THE UNITED STATES  
d/b/a USA ARCHERY  
Statement of Cash Flows  
December 31, 2020  
(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 198,758	\$ 155,949
Adjustments to reconcile the change in net assets to net cash provided (used) by operating activities:		
Loss on disposal of equipment	4,475	8,925
Donated equipment	(2,903)	
PPP loan forgiveness	(337,200)	
Realized and unrealized gains on investments	(196,959)	(163,842)
Depreciation	70,796	80,566
Decrease (increase) in assets:		
Accounts receivable	(9,840)	(32,366)
Grants receivable	65,557	(98,453)
Due from the USOPC	3,827	13,289
Inventory	(34,236)	37,872
Prepaid expenses and deposits	(71,574)	43,277
Increase (decrease) in liabilities:		
Accounts payable	(68,458)	(37,437)
Accrued liabilities	20,671	(167)
PPP loan proceeds	337,200	
Refundable advance	378,429	(42,071)
Deferred revenue	(14,968)	(116,137)
Total adjustments	<u>144,817</u>	<u>(306,544)</u>
Net cash provided (used) by operating activities	343,575	(150,595)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Long-term investments, net	(13,535)	(613,112)
Acquisition of equipment	(6,136)	(70,954)
Proceeds from disposal of equipment	<u>3,074</u>	<u>          </u>
Net cash used by investing activities	(16,597)	(684,066)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of capitalized lease obligations	<u>(1,692)</u>	<u>(3,395)</u>
Net cash used by financing activities	<u>(1,692)</u>	<u>(3,395)</u>
NET INCREASE (DECREASE) IN CASH	325,286	(838,056)
CASH AND CASH EQUIVALENTS, beginning of year	<u>322,400</u>	<u>1,160,456</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 647,686</u>	<u>\$ 322,400</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, 2020

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.

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.

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 2020 were \$40,802 and \$50,642, 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 U.S. Department of Veteran Affairs in the amount of \$63,380 at December 31, 2020.

## Notes to Financial Statements

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

#### 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 - The Association membership dues 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.

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

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 \$22,482 and \$43,898 of in-kind revenue during the years ended December 31, 2020 and 2019, respectively.

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.

## Notes to Financial Statements

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

#### Revenue from Contracts with Customers - continued

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 United States Olympic and Paralympic Committee (USOPC) grants, National Archery Association Foundation, Inc. (NAAF) grants, and Small Business Administration (SBA) Paycheck Protection Program (PPP) funding.

#### 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, 2020 and 2019, was \$70,796 and \$80,566, respectively.

#### 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.

## Notes to Financial Statements

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

#### 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.

#### 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.

#### Supplemental Cash Flow Disclosures

During the years ended December 31, 2020 and 2019, the Association paid no interest or income taxes. During the year ended December 31, 2020, the Association acquired a copier through a capital lease and capitalized the asset and recorded an offsetting liability of \$8,460. In addition, the Association acquired a piece of furniture by donation during the year ended December 31, 2020.

#### 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, 2019, from which the summarized information was derived.

Certain reclassifications have been made to the prior-year amounts in order to conform to the current year financial statement format.

## 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 12, 2021, 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>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 647,686	\$ 322,400
Investments	1,836,071	1,625,577
Accounts and grants receivable	<u>144,893</u>	<u>204,437</u>
	2,628,650	2,152,414
Less amounts with donor restrictions	<u>(31,624)</u>	<u>(47,061)</u>
Total financial assets available within one year	<u>\$ 2,597,026</u>	<u>\$ 2,105,353</u>

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

### 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

Notes to Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

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.

Assets at Fair Value as of December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market	\$ 407,510	\$	\$	\$ 407,510
Certificates of deposit	98,955			98,955
United States Olympic Endowment investment portfolio		<u>1,329,606</u>		<u>1,329,606</u>
	<u>\$ 506,465</u>	<u>\$ 1,329,606</u>	<u>\$</u>	<u>\$1,836,071</u>

Assets at Fair Value as of December 31, 2019

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

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 USOPC and various national sports organizations recognized by the USOPC.

Notes to Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

As of December 31, 2020, the USOE portfolio was invested in the following types of securities:

Alternative investments	33.30%
Domestic equities	23.63
International equities	15.39
Domestic bonds	23.66
Cash and cash equivalents	<u>4.02</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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 13,772	\$ 13,545
Unrealized gains on securities	82,622	113,187
Realized gains on securities	<u>114,258</u>	<u>50,655</u>
	<u>\$ 210,652</u>	<u>\$ 177,387</u>



## Notes to Financial Statements

### D. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2020 and 2019, the USOPC provided grants to the Association as follows:

	<u>2020</u>	<u>2019</u>
NGB funding	\$ 435,966	\$ 692,747
Paralympic funding	71,772	178,371
Other support	1,975	7,450
International relations grant	<u>                    </u>	<u>6,500</u>
	<u>\$ 509,713</u>	<u>\$ 885,068</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, 2020 and 2019, to be \$486,764 and \$546,364, 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, which expired on December 31, 2019. The Association received \$0 and \$18,750, respectively from the digital media agreement during the years ended December 31, 2020 and 2019.

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 for the years ended December 31, 2020 and 2019.

NAAF provided the Association with grants of \$96,000 and \$174,000 for the years ended December 31, 2020 and 2019, respectively.

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, 2020 and 2019, the USOPC owed the Association \$0 and \$3,827, respectively.

## Notes to Financial Statements

### D. RELATED PARTY TRANSACTIONS - Continued

During the years ended December 31, 2020 and 2019, the Association paid stipends and awards to several Board Members in the amount of \$28,761 and \$41,102, respectively, for coaching and officiating services, athlete stipends and awards. These payments are made pursuant to the Association's normal compensation practices.

During the years ended December 31, 2020 and 2019, 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 2020. During the years ended December 31, 2020 and 2019, the Association received \$141 and \$349, 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 2020 through December 2020. During the years ended December 31, 2020 and 2019, the Association received \$15,000 each year in sponsorship revenue from the agreements.

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, 2020 and 2019, the Association recorded gross profit of \$8,855 and \$18,083, respectively, in sales fulfilled by the Board Member's company.

During the years ended December 31, 2020 and 2019, the Association recorded \$8,832 and \$12,443, respectively, in national indoor revenue related to transactions with the Board Member's company.

At December 31, 2020 and 2019, the Association owed the Board Member's company \$440 and \$322, respectively. At December 31, 2020 and 2019, the Board Member's company owed the Association \$5,179 and \$49, respectively.

Notes to Financial Statements

D. RELATED PARTY TRANSACTIONS - Continued

The Association purchased field equipment, facility usage, and other small items in the amount of \$6,771 and \$53,779 from the Board Member's company for Association program use during the years ended December 31, 2020 and 2019, respectively.

The Association received funds for National Indoor prize money of \$5,150 and \$0 from the Board Member's company for Association program use during the years ended December 31, 2020 and 2019, respectively.

E. DEFERRED REVENUE

Deferred revenue consists of the following at December 31:

	<u>2020</u>	<u>2019</u>
Membership dues	\$ 581,529	\$ 637,415
Tournament registrations	52,168	11,893
Camp registrations	31,800	33,330
Other	7,353	8,000
STAR FITA fees	4,110	1,730
Sanctions	1,740	1,300
	<u>\$ 678,700</u>	<u>\$ 693,668</u>

F. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
NAAF Programs	\$ 27,145	\$ 42,582
Explore Archery	4,479	4,479
	<u>\$ 31,624</u>	<u>\$ 47,061</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, 2020 and 2019, net assets were released from restrictions for satisfying the following purposes:

	<u>2020</u>	<u>2019</u>
Explore Archery	\$ 40,000	\$ 35,521
NAAF Programs	35,437	57,418
JOAD Program	<u>                    </u>	<u>1,065</u>
	<u>\$ 75,437</u>	<u>\$ 94,004</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, 2020 and 2019, the Association contributed \$22,683 and \$19,231, respectively.

H. CAPITALIZED LEASE OBLIGATIONS

The Association leases a copier which is recorded as capital lease obligations in the accompanying statement of financial position. The copier lease requires monthly payments of \$141 through December 2024.

The asset is amortized over its estimated useful life. Depreciation expense reported in the statements of activities includes \$1,692 and \$0 for the equipment under capital lease for the years ended December 31, 2020 and 2019.

The assets included in the statement of financial position are:

	<u>2020</u>
Capitalized equipment	\$ 8,460
Accumulated depreciation	<u>(1,692)</u>
	<u>\$ 6,768</u>

Notes to Financial Statements

H. CAPITALIZED LEASE OBLIGATIONS - Continued

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

2021	\$	1,692
2022		1,692
2023		1,692
2024		1,692

I. OPERATING LEASES

During 2012, the Association signed a 37 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 September 2020, the Association moved their offices and signed a new 38-month operating lease. Lease payments are due in the amount of \$3,304 per month through December 2020 with annual increases due each January.

The Association leases a postage machine which is recorded as an operating lease. The postage machine requires monthly payments of \$64 through April 2022.

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

2021	\$	44,820
2022		50,712
2023		57,276

Lease expense for the years ended December 31, 2020 and 2019 was \$37,727 and \$21,511, respectively.

J. PPP Funding

The Association obtained \$337,200 of funding in the form of a loan from the SBA PPP through ANB Bank on May 7, 2020. Under this program, a portion or all of the loan may be forgiven by the Small Business Administration if certain payroll criteria are met and funds are used for payroll, rent, mortgage interest, or utilities. Any portion of the loan that is not forgiven has a maturity of not less than two years and an interest rate of 1.0%. Loan payments are deferred for 10 months.

## Notes to Financial Statements

### J. PPP FUNDING - Continued

Prior to year-end, the Association met the criteria for forgiveness of the loan and subsequent to year-end received confirmation from the SBA that the loan was forgiven in full. The proceeds from the loan have been included in the statement of activities as PPP funding income.

### K. UNCERTAINTIES

During the year ended December 31, 2020, the outbreak of fast-spreading novel strain of coronavirus (COVID-19 outbreak) has been recognized as a pandemic by the World Health Organization, and the 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 outbreak will affect the operations, collections or financial results of the Association is uncertain.