

**NATIONAL ARCHERY ASSOCIATION
OF THE UNITED STATES**

d/b/a USA ARCHERY

Financial Statements

For the Year Ended December 31, 2021

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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

Opinion

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, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Archery Association of the United States as of December 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of National Archery Association of the United States and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the

aggregate, that raise substantial doubt National Archery Association of the United States' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness National Archery Association of the United States' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about National Archery Association of the United States' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited National Archery Association of the United States' 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 12, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Waugh & Goodwin, LLP

Colorado Springs, Colorado
July 28, 2022

NATIONAL ARCHERY ASSOCIATION OF THE UNITED STATES
d/b/a USA ARCHERY
Statement of Financial Position
December 31, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,240,348	\$ 647,686
Accounts receivable	50,096	50,642
Grants receivable	348,669	94,251
Inventory	86,911	153,931
Prepaid expenses and deposits	<u>102,051</u>	<u>113,783</u>
Total current assets	1,828,075	1,060,293
LONG-TERM INVESTMENTS	1,865,448	1,836,071
PROPERTY AND EQUIPMENT:		
Office furniture and equipment	438,223	436,920
Software	47,502	47,502
Less accumulated depreciation	<u>(374,210)</u>	<u>(336,361)</u>
Property and equipment - net	<u>111,515</u>	<u>148,061</u>
TOTAL ASSETS	<u>\$ 3,805,038</u>	<u>\$ 3,044,425</u>

<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 276,690	\$ 101,953
Accrued liabilities	111,784	107,637
Refundable advances	91,980	386,358
Current portion of capital lease obligations	1,692	1,692
Current portion of deferred revenue	<u>601,194</u>	<u>582,679</u>
Total current liabilities	1,083,340	1,180,319
LONG-TERM LIABILITIES:		
Long-term portion of capital lease obligations	3,384	5,076
Deferred revenue - long term	<u>128,820</u>	<u>96,021</u>
Total liabilities	1,215,544	1,281,416
NET ASSETS:		
Without donor restrictions	2,573,687	1,731,385
With donor restrictions	<u>15,807</u>	<u>31,624</u>
Total net assets	<u>2,589,494</u>	<u>1,763,009</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,805,038</u>	<u>\$ 3,044,425</u>

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, 2021
(With Comparative Totals for 2020)

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	2021 <u>Totals</u>	2020 <u>Totals</u>
REVENUE:				
Membership registrations	\$ 1,063,814	\$	\$ 1,063,814	\$ 1,026,776
Contributions and grants	993,043	20,000	1,013,043	613,381
USOPC grants	969,467		969,467	509,713
Tournament revenue	762,978		762,978	398,367
Inventory sales	598,475		598,475	386,345
Cost of inventory sold	(361,821)		(361,821)	(230,420)
Coach/official certification revenue	429,992		429,992	287,816
PPP funding	311,935		311,935	337,200
Investment income	300,871		300,871	210,652
Corporate sponsorships	257,567		257,567	92,453
NAA Foundation grant	96,000	20,000	116,000	96,000
Other income	26,722		26,722	13,265
Website/marketing advertising	3,231		3,231	6,250
Satisfied program restrictions	55,817	(55,817)		
Total revenue	5,508,091	(15,817)	5,492,274	3,747,798
EXPENSES:				
Program services:				
High performance	923,122		923,122	834,562
National events and trials	762,614		762,614	552,302
Membership services	638,953		638,953	495,631
Grass roots development	508,093		508,093	404,428
Paralympic team	415,623		415,623	191,714
International events	395,870		395,870	42,544
Coach development	386,783		386,783	401,013
Total program services	4,031,058		4,031,058	2,922,194
Supporting services:				
General and administrative	571,595		571,595	534,703
Direct marketing	63,136		63,136	92,143
Total supporting services	634,731		634,731	626,846
Total expenses	4,665,789		4,665,789	3,549,040
CHANGE IN NET ASSETS	842,302	(15,817)	826,485	198,758
NET ASSETS, beginning of year	1,731,385	31,624	1,763,009	1,564,251
NET ASSETS, end of year	<u>\$ 2,573,687</u>	<u>\$ 15,807</u>	<u>\$ 2,589,494</u>	<u>\$ 1,763,009</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, 2021
(With Comparative Totals for 2020)

	High Performance	National Events & Trials	Membership Services	Grassroots Development	Paralympic Team	International Events	Coach Development	Total Program Services
Salaries & wages	\$ 458,014	\$ 136,371	\$ 123,214	\$ 186,273	\$ 74,289	\$ 9,507	\$ 150,643	\$ 1,138,311
Travel & meetings	93,682	108,973	3,190	3,261	66,008	259,357	10,758	545,229
Other contract services	330	111,523	107,685	14,415	63,605	618	122,868	421,044
Awards & grants	2,000	77,528	128,177	192,160	31,570		163	431,598
Stipends/honorariums	163,525	34,050			54,602	52,320	21,760	326,257
Product costs			315,252					315,252
Employee benefits	45,832	25,948	21,901	21,060	9,052	1,161	14,053	139,007
VIK	5,461	100,065			16,883	20,814		143,223
Payroll taxes	46,461	11,789	11,072	17,187	6,175	681	12,810	106,175
Printing & postage	448	15,199	56,002	5,485	2,158	4,844	1,602	85,738
Insurance			62,202					62,202
Field usage & equipment	47,868	12,792		11,371	9,118	1,674		82,823
Equipment rental & maintenance	2,252	8,201				119	3,363	13,935
Merchant fees	5,853	13,928	40,832	368	401	4,460	14,810	80,652
Apparel/uniforms	13,698	79	300	75	14,540	34,690	408	63,790
Depreciation	8,119	20,323	5,783	18,146	1,466		782	54,619
Other program costs	140	8,837			47,514		97	56,588
Membership processing/management fee			52,810		419			53,229
Supplies	3,910	28,602	543	1,121	7,452	1,438	228	43,294
IT support	5,644	27,422	2,822	2,822			2,822	41,532
Books, subscriptions, reference	2,480	2,014	11,612	3,010	1,046	635	4,267	25,064
Legal fees	2,348	642	28,080	1,294	2,348			34,712
Other costs				138			19,315	19,453
Marketing & promotion		269	18,879	118	2,844	3,287		25,397
Payroll service fees	7,113	3,597	3,447	5,427	1,308	105	3,727	24,724
Telephone & telecommunications	2,109	6,261		2,307			842	11,519
Advertising				12,290	1,600			13,890
Internet/cable	59	5,761	336	88				6,244
Registration & license fees	404	96		1,305				1,805
Storage				7,422				7,422
Web hosting & design			6,395					6,395
Merchandise shipping/handling								
Membership & dues	2,271	669		630			250	3,820
Fundraising fees								
Gifts	31	775					1,191	1,997
Bank charges & wire fees	25	900	45		80	160	24	1,234
Conference, convention, & meetings	3,045							3,045
Staff background screening				35				35
Lease					1,141			1,141
Facilities & equipment								
Staff development			195					195
Fees for service				285	4			289
Total expenses	923,122	762,614	1,000,774	508,093	415,623	395,870	386,783	4,392,879
Less expenses netted against revenue on statement of activities			(361,821)					(361,821)
	<u>\$ 923,122</u>	<u>\$ 762,614</u>	<u>\$ 638,953</u>	<u>\$ 508,093</u>	<u>\$ 415,623</u>	<u>\$ 395,870</u>	<u>\$ 386,783</u>	<u>\$ 4,031,058</u>

	General & Administrative	Direct Marketing	Total Supporting Services	2021 Total Expenses	2020 Total Expenses
Salaries & wages	\$ 262,664	\$ 24,545	\$ 287,209	\$ 1,425,520	\$ 1,502,737
Travel & meetings	42,376		42,376	587,605	136,949
Other contract services	35,538		35,538	456,582	299,753
Awards & grants	109		109	431,707	324,016
Stipends/honorariums	3,219		3,219	329,476	219,739
Product costs				315,252	190,753
Employee benefits	38,585	2,505	41,090	180,097	188,847
VIK				143,223	7,148
Payroll taxes	22,574	1,730	24,304	130,479	135,147
Printing & postage	3,227	11,818	15,045	100,783	74,942
Insurance	28,566		28,566	90,768	80,284
Field usage & equipment				82,823	50,574
Equipment rental & maintenance	68,583		68,583	82,518	45,765
Merchant fees	41	764	805	81,457	52,199
Apparel/uniforms	2,677		2,677	66,467	32,985
Depreciation	5,538		5,538	60,157	70,796
Other program costs				56,588	17,595
Membership processing/management fee				53,229	52,896
Supplies	8,368	60	8,428	51,722	22,181
IT support	5,123	240	5,363	46,895	47,902
Books, subscriptions, reference	16,738	329	17,067	42,131	41,211
Legal fees				34,712	34,881
Other costs	524	8,569	9,093	28,546	24,606
Marketing & promotion		1,083	1,083	26,480	7,335
Payroll service fees	(1)	374	373	25,097	23,237
Telephone & telecommunications	6,215		6,215	17,734	21,716
Advertising		302	302	14,192	15,689
Internet/cable	7,244		7,244	13,488	11,788
Registration & license fees	191	6,317	6,508	8,313	7,142
Storage				7,422	8,437
Web hosting & design				6,395	6,272
Merchandise shipping/handling	5,058		5,058	5,058	
Membership & dues	1,000		1,000	4,820	3,278
Fundraising fees		4,500	4,500	4,500	
Gifts	1,654		1,654	3,651	6,180
Bank charges & wire fees	3,387		3,387	4,621	2,516
Conference, convention, & meetings				3,045	9,245
Staff background screening	1,917		1,917	1,952	350
Lease				1,141	
Facilities & equipment	355		355	355	
Staff development	125		125	320	2,369
Fees for service				289	
	<u>571,595</u>	<u>63,136</u>	<u>634,731</u>	<u>5,027,610</u>	<u>7,558,920</u>
Less expenses netted against revenue on statement of activities				<u>(361,821)</u>	<u>(230,420)</u>
	<u>\$ 571,595</u>	<u>\$ 63,136</u>	<u>\$ 634,731</u>	<u>\$ 4,665,789</u>	<u>\$ 7,328,500</u>

See Notes to Financial Statements

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

Statement of Cash Flows

December 31, 2021

(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 826,485	\$ 198,758
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Loss (gain) on disposal of equipment	(9,214)	4,475
Donated equipment	(6,639)	(2,903)
PPP loan forgiveness	(311,935)	(337,200)
Realized and unrealized gains on investments	(277,861)	(196,959)
Depreciation	60,157	70,796
Decrease (increase) in assets:		
Accounts receivable	546	(9,840)
Grants receivable	(254,418)	65,557
Due from the USOPC		3,827
Inventory	67,020	(34,236)
Prepaid expenses and deposits	11,732	(71,574)
Increase (decrease) in liabilities:		
Accounts payable	174,737	(68,458)
Accrued liabilities	4,147	20,671
PPP loan proceeds	311,935	337,200
Refundable advance	(294,378)	378,429
Deferred revenue	51,314	(14,968)
Total adjustments	<u>(472,857)</u>	<u>144,817</u>
Net cash provided by operating activities	353,628	343,575
CASH FLOWS FROM INVESTING ACTIVITIES:		
Long-term investments, net	248,484	(13,535)
Acquisition of equipment	(16,972)	(6,136)
Proceeds from disposal of equipment	<u>9,214</u>	<u>3,074</u>
Net cash provided (used) by investing activities	240,726	(16,597)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of capitalized lease obligations	<u>(1,692)</u>	<u>(1,692)</u>
Net cash used by financing activities	<u>(1,692)</u>	<u>(1,692)</u>
NET INCREASE IN CASH	592,662	325,286
CASH AND CASH EQUIVALENTS, beginning of year	<u>647,686</u>	<u>322,400</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,240,348</u>	<u>\$ 647,686</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, 2021

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 2021 were \$50,642 and \$50,096, 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.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue from Contracts with Customers

Membership registrations - The Association's 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 \$113,223 and \$15,579 of in-kind revenue during the years ended December 31, 2021 and 2020, 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.

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.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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.

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.

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 three to five years. Depreciation and amortization expense for the years ending December 31, 2021 and 2021, was \$60,157 and \$70,796, respectively.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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. The Association did record the estimated value in-kind services for livestreaming services for the years ended December 31, 2021 and 2020 in the amount of \$30,000 and \$0, respectively.

A substantial number of volunteers donated time to the Association's program services and its fundraising activities. No amount has been recorded in the financial statements for these services as they do not meet the criteria above.

Supplemental Cash Flow Disclosures

During the years ended December 31, 2021 and 2020, the Association paid no interest or income taxes.

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.

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, 2020, 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 July 28, 2022, 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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,240,348	\$ 647,686
Investments	1,865,448	1,836,071
Accounts and grants receivable	<u>398,765</u>	<u>144,893</u>
	3,504,561	2,628,650
Less amounts with donor restrictions	<u>(15,807)</u>	<u>(31,624)</u>
Total financial assets available within one year	<u>\$ 3,488,754</u>	<u>\$ 2,597,026</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, 2021

	Level 1	Level 2	Level 3	Total
Money market	\$ 606	\$	\$	\$ 606
Certificates of deposit		238,858		238,858
United States Olympic Endowment investment portfolio		1,625,984		1,625,984
	<u>\$ 606</u>	<u>\$ 1,864,842</u>	<u>\$</u>	<u>\$ 1,865,448</u>

Assets at Fair Value as of December 31, 2020

	Level 1	Level 2	Level 3	Total
Money market	\$ 407,510	\$	\$	\$ 407,510
Certificates of deposit		98,955		98,955
United States Olympic Endowment investment portfolio		1,329,606		1,329,606
	<u>\$ 407,510</u>	<u>\$ 1,428,561</u>	<u>\$</u>	<u>\$ 1,836,071</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, 2021, the USOE portfolio was invested in the following types of securities:

Alternative investments	35.11%
Domestic equities	24.42
International equities	14.80
Domestic bonds	22.56
Cash and cash equivalents	<u>3.11</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 consists of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 22,772	\$ 13,772
Unrealized gains on securities	115,034	82,622
Realized gains on securities	<u>163,065</u>	<u>114,258</u>
	<u>\$ 300,871</u>	<u>\$ 210,652</u>

Notes to Financial Statements

D. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2021 and 2020, the USOPC provided grants to the Association as follows:

	<u>2021</u>	<u>2020</u>
NGB funding	\$ 628,898	\$ 435,966
Paralympic funding	197,500	71,772
Other support	117,819	1,975
Team trials	18,750	
International relations grant	6,500	
	<u>\$ 969,467</u>	<u>\$ 509,713</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, 2021 and 2020, to be \$519,960 and \$486,764, respectively. These amounts have not been recorded in the financial statements.

NAAF provided the Association with grants of \$116,000 and \$96,000 for the years ended December 31, 2021 and 2020, 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.

During the years ended December 31, 2021 and 2020, the Association paid stipends and awards to several Board Members in the amount of \$52,649 and \$28,761, 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, 2021 and 2020, the Association conducted business with a company owned by a member serving on the Association's Board of Directors.

Notes to Financial Statements

D. RELATED PARTY TRANSACTIONS - Continued

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 2021. During the years ended December 31, 2021 and 2020, the Association received \$506 and \$141, 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 2021 through December 2021. During the years ended December 31, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020, the Association recorded \$0 and \$8,832, respectively, in national indoor revenue related to transactions with the Board Member's company.

At December 31, 2021 and 2020, the Association owed the Board Member's company \$29,841 and \$440, respectively. At December 31, 2021 and 2020, the Board Member's company owed the Association \$0 and \$5,179, respectively.

The Association purchased field equipment, facility usage, and other small items in the amount of \$84,999 and \$6,771 from the Board Member's company for Association program use during the years ended December 31, 2021 and 2020, respectively.

The Association received funds for National Indoor prize money of \$0 and \$5,150 from the Board Member's company for Association program use during the years ended December 31, 2021 and 2020, respectively.

Notes to Financial Statements

E. DEFERRED REVENUE

Deferred revenue consists of the following at December 31:

	<u>2021</u>	<u>2020</u>
Membership dues	\$ 726,975	\$ 581,529
STAR FITA fees	1,910	4,110
Sanctions	1,102	1,740
Tournament registrations	27	52,168
Camp registrations		31,800
Other		7,353
	<u>\$ 730,014</u>	<u>\$ 678,700</u>

F. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
NAAF funding for JOAD grants	\$ 11,328	\$
Explore Archery	4,479	4,479
NAAF Programs		27,145
	<u>\$ 15,807</u>	<u>\$ 31,624</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2021 and 2020, net assets were released from restrictions for satisfying the following purposes:

	<u>2021</u>	<u>2020</u>
JOAD Program	\$ 28,673	\$
NAAF Programs	27,144	35,437
Explore Archery		40,000
	<u>\$ 55,817</u>	<u>\$ 75,437</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, 2021 and 2020, the Association contributed \$27,042 and \$22,683, respectively.

Notes to Financial Statements

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 for the equipment under capital lease for both years ended December 31, 2021 and 2020.

The assets included in the statement of financial position are:

	<u>2021</u>
Capitalized equipment	\$ 8,460
Accumulated depreciation	<u>(3,384)</u>
	<u>\$ 5,076</u>

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

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

I. OPERATING LEASES

In September 2020, the Association signed a 38-month operating lease. Lease payments are due in the amount of \$3,671 per month through December 2021 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 September 2022.

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

2022	\$ 51,240
2023	57,276

Lease expense for the years ended December 31, 2021 and 2020 was \$44,820 and \$37,727, respectively.

Notes to Financial Statements

J. PPP Funding

The Association obtained \$311,935 of funding in the form of a loan from the SBA PPP through ANB Bank on January 22, 2021. 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.

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.

K. UNCERTAINTIES

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

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