

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

Financial Statements

For the Year Ended December 31, 2018

TABLE OF CONTENTS

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
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, 2018, 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, 2018, 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' 2017 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated April 2, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, 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 2018, National Archery Association of the United States adopted Accounting Standards Update (ASU) 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. Our opinion is not modified with respect to this matter.

Waugh & Goodwin, LLP
Colorado Springs, Colorado
May 2, 2019

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

Statement of Financial Position

December 31, 2018

(With Comparative Totals for 2017)

	<u>ASSETS</u>	
	<u>2018</u>	<u>2017</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,160,456	\$ 964,076
Accounts receivable	8,436	26,758
Grants receivable	61,355	163,529
Due from the USOC	17,116	6,585
Inventory	157,567	149,806
Prepaid expenses	<u>85,486</u>	<u>60,183</u>
Total current assets	1,490,416	1,370,937
LONG-TERM INVESTMENTS	848,623	875,279
PROPERTY AND EQUIPMENT:		
Office furniture and equipment	455,801	314,739
Leasehold improvements	8,902	8,902
Software	2,918	2,918
Less accumulated depreciation	<u>(240,177)</u>	<u>(168,889)</u>
Property and equipment - net	<u>227,444</u>	<u>157,670</u>
TOTAL ASSETS	<u>\$ 2,566,483</u>	<u>\$ 2,403,886</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
CURRENT LIABILITIES:		
Accounts payable	\$ 207,848	\$ 135,532
Accrued liabilities	87,133	37,414
Due to the USOC		963
Current portion of capitalized lease obligations	3,395	3,902
Current portion of deferred revenue	<u>753,876</u>	<u>565,233</u>
Total current liabilities	1,052,252	743,044
DEFERRED REVENUE	105,929	91,642
CAPITALIZED LEASE OBLIGATIONS		<u>3,395</u>
Total liabilities	1,158,181	838,081
NET ASSETS:		
Without donor restrictions	1,407,237	1,565,761
With donor restrictions	<u>1,065</u>	<u>44</u>
Total net assets	<u>1,408,302</u>	<u>1,565,805</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,566,483</u>	<u>\$ 2,403,886</u>

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, 2018

(With Comparative Totals for 2017)

	Without Donor Restrictions	With Donor Restrictions	2018 Totals	2017 Totals
REVENUE:				
Membership registrations	\$ 942,669	\$	\$ 942,669	\$ 897,976
Grants from the USOC	893,826		893,826	864,831
Tournament income	853,132		853,132	834,596
Inventory sales	686,397		686,397	701,208
Cost of inventory sold	(397,378)		(397,378)	(440,920)
Contributions and grants	631,115	7,900	639,015	890,964
Corporate sponsorships	192,051		192,051	126,894
Coach certification income	144,550		144,550	125,772
NAA Foundation grant	71,750	27,475	99,225	99,485
USOC media/marketing agreement	75,000		75,000	75,000
Website/marketing advertising	14,800		14,800	450
Other income	9,189		9,189	9,636
Investment income (loss)	(25,442)		(25,442)	122,448
Satisfied program restrictions	<u>34,354</u>	<u>(34,354)</u>		
Total revenue	4,126,013	1,021	4,127,034	4,308,340
EXPENSES:				
Program services:				
High performance	889,815		889,815	975,847
National events and trials	810,625		810,625	611,503
Membership services	460,912		460,912	428,768
Grass roots development	425,882		425,882	391,341
Coach development	400,627		400,627	376,780
International events	364,193		364,193	572,590
Paralympic team	<u>267,370</u>		<u>267,370</u>	<u>340,742</u>
Total program services	3,619,424		3,619,424	3,697,571
Supporting services:				
General and administrative	647,630		647,630	454,228
Fundraising	<u>17,483</u>		<u>17,483</u>	<u>17,844</u>
Total supporting services	<u>665,113</u>		<u>665,113</u>	<u>472,072</u>
Total expenses	<u>4,284,537</u>		<u>4,284,537</u>	<u>4,169,643</u>
CHANGE IN NET ASSETS	(158,524)	1,021	(157,503)	138,697
NET ASSETS, beginning of year	<u>1,565,761</u>	<u>44</u>	<u>1,565,805</u>	<u>1,427,108</u>
NET ASSETS, end of year	<u>\$ 1,407,237</u>	<u>\$ 1,065</u>	<u>\$ 1,408,302</u>	<u>\$ 1,565,805</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, 2018
(With Comparative Totals for 2017)

	High Performance	National Events & Trials	Membership Services	Grassroots Development	Coach Development	International Events	Paralympic Team	Total Program Services
Salaries & wages	\$ 408,780	\$ 113,954	\$ 89,461	\$ 177,491	\$ 145,999	\$ 7,188	\$ 14,375	\$ 957,248
Travel & meetings	126,367	114,773	2,893	23,148	104,954	240,801	124,085	737,021
Stipends/honorariums	140,670	88,361			11,150	60,800	69,586	370,567
Other contract services	25,020	74,222	24,500		63,304	242	27,831	215,119
Awards & grants	107	119,066	113,892	49,680	150	205		283,100
Employee benefits	39,139	21,810	17,864	19,391	26,674	901	1,803	127,582
Field usage & equipment	57,771	26,027		70,672		240	5,200	159,910
Payroll taxes	45,137	9,400	9,051	16,954	12,599	563	1,125	94,829
Merchant fees	4,510	32,562	35,538	250	11,617	5,347	573	90,397
Depreciation	8,290	35,509	1,712	20,484	1,365		2,030	69,390
Equipment rental & maintenance	591	49,760			5,878			56,229
Insurance		385	57,045	44				57,474
Membership processing/management fee			59,900	980				60,880
IT support	4,800	34,775	2,660	3,575	2,479			48,289
VIK	1,326	15,183		741.00	3,450	27,487	6,165	54,352
Legal fees	1,981	3,713	20,156	2,316	56		394	28,616
Product costs			329,861					329,861
Printing & postage	1,198	25,228	75,069	9,261	1,904	1,985	924	115,569
Apparel/uniforms	9,266	257	257	1,069	257	14,050	8,129	33,285
Payroll service fees	8,273	3,073	3,178	4,943	3,892	90	205	23,654
Books, subscriptions, reference	284	861	9,965	1,444	460			13,014
Telephone & telecommunications	4,140	606	125	3,240	680	821	90	9,702
Internet/cable		11,589		43	48	44		11,724
Supplies	1,468	3,883	403	5,443	586		942	12,725
Other program costs		13,323						13,323
Advertising				7,302				7,302
Marketing & promotion			3,968	894	1,908	480		7,250
Storage			217	5,145	233			5,595
Gifts		1,706				2,508	792	5,006
Booth accessories		4,490		936				5,426
Membership & dues		2,224	250					2,474
Other costs				309	92	5		406
Inventory write down								
Fees for service		2,689		21		28		2,738
Seminars/course fees							2,440	2,440
Computer supplies & software					802	288	131	1,221
Registration & license fees		534	90				525	1,149
Staff development	542	175		76	20			813
Staff background screening	75	45	25	30			25	200
Bank charges & wire fees	80	222	210		70	120		702
Rent/parking/utilities		220						220
Total expenses	889,815	810,625	858,290	425,882	400,627	364,193	267,370	4,016,802
Less expenses netted against revenue on statement of activities			(397,378)					(397,378)
	\$ 889,815	\$ 810,625	\$ 460,912	\$ 425,882	\$ 400,627	\$ 364,193	\$ 267,370	\$ 3,619,424

	General & Administrative	Fundraising	Supporting Services	2018 Total Expenses	2017 Total Expenses
Salaries & wages	\$ 314,271	\$ 14,375	\$ 328,646	\$ 1,285,894	\$ 1,045,447
Travel & meetings	61,212		61,212	798,233	1,164,497
Stipends/honorariums				370,567	422,086
Other contract services	72,821		72,821	287,940	260,768
Awards & grants				283,100	257,681
Employee benefits	42,639	1,803	44,442	172,024	145,406
Field usage & equipment				159,910	124,438
Payroll taxes	25,614	1,125	26,739	121,568	103,226
Merchant fees	682		682	91,079	66,834
Depreciation	11,867		11,867	81,257	46,850
Equipment rental & maintenance	20,740		20,740	76,969	53,005
Insurance	19,407		19,407	76,881	70,362
Membership processing/management fee				60,880	55,224
IT support	7,690		7,690	55,979	49,334
VIK				54,352	
Legal fees	22,298		22,298	50,914	33,981
Product costs				329,861	374,380
Printing & postage	2,716		2,716	118,285	118,887
Apparel/uniforms	466		466	33,751	61,297
Payroll service fees	6,580	180	6,760	30,414	27,013
Books, subscriptions, reference	12,418		12,418	25,432	21,044
Telephone & telecommunications	9,035		9,035	18,737	18,213
Internet/cable	6,118		6,118	17,842	12,996
Supplies	1,716		1,716	14,441	16,834
Other program costs				13,323	14,895
Advertising	496		496	7,798	3,572
Marketing & promotion	5		5	7,255	5,577
Storage	1,365		1,365	6,960	5,886
Gifts	880		880	5,886	7,054
Booth accessories				5,426	
Membership & dues	1,060		1,060	3,534	7,407
Other costs	2,983		2,983	3,389	1,126
Inventory write down					3,205
Fees for service				2,738	996
Seminars/course fees				2,440	
Computer supplies & software	62		62	1,283	1,732
Registration & license fees	116		116	1,265	447
Staff development	358		358	1,171	5,617
Staff background screening	957		957	1,157	125
Bank charges & wire fees	1,058		1,058	1,760	2,621
Rent/parking/utilities				220	500
	<u>647,630</u>	<u>17,483</u>	<u>665,113</u>	<u>4,681,915</u>	<u>4,610,563</u>
				(397,378)	(440,920)
	<u>\$ 647,630</u>	<u>\$ 17,483</u>	<u>\$ 665,113</u>	<u>\$ 4,284,537</u>	<u>\$ 4,169,643</u>

See Notes to Financial Statements

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

Statement of Cash Flows

December 31, 2018

(With Comparative Totals for 2017)

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (157,503)	\$ 138,697
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Realized and unrealized (gains) losses on investments	33,322	(115,891)
Depreciation	81,255	46,850
Decrease (increase) in assets:		
Accounts receivable	18,322	25,187
Grants receivable	102,174	73,996
Due from the USOC	(10,531)	26,612
Inventory	(7,761)	68,738
Other assets	(25,303)	3,476
Increase (decrease) in liabilities:		
Accounts payable	72,316	(3,740)
Accrued liabilities	49,212	1,708
Due to the USOC	(963)	(17,074)
Deferred revenue	202,930	39,872
Total adjustments	<u>514,973</u>	<u>149,734</u>
Net cash provided by operating activities	357,470	288,431
CASH FLOWS FROM INVESTING ACTIVITIES:		
Long-term investments, net	(6,668)	(5,495)
Purchase of equipment	<u>(151,027)</u>	<u>(51,558)</u>
Net cash used by investing activities	(157,695)	(57,053)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of capitalized lease obligations, net	<u>(3,395)</u>	<u>(3,902)</u>
Net cash used by financing activities	<u>(3,395)</u>	<u>(3,902)</u>
NET INCREASE IN CASH	196,380	227,476
CASH AND CASH EQUIVALENTS, beginning of year	<u>964,076</u>	<u>736,600</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,160,456</u>	<u>\$ 964,076</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, 2018

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 August 18, 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Association has adjusted the presentation of its financial statements, accordingly, applying the changes retrospectively to the comparative period presented except for the presentation of prior year expenses according to their natural classification which is allowable under transition guidance for ASU 2016-14. The new standards change the following aspects of the Association's financial statements:

- The temporarily restricted and permanently restricted net asset classes, if any existed, have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements now include a presentation of expenses that describes both the functional nature of the expenses and their natural classification according to the actual usage of resources.
- The financial statements include a new disclosure about liquidity and availability of resources (Note B).

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The changes have the following effect on net assets at December 31, 2017:

<u>Net Asset Class</u>	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted net assets	\$ 1,565,761	\$
Permanently restricted net assets	44	
Net assets without donor restrictions		1,565,761
Net assets with donor restrictions		<u>44</u>
Total net assets	<u>\$ 1,565,805</u>	<u>\$ 1,565,805</u>

In addition, certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

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, where by 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.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities

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 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.

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.

Membership Registrations

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.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 2018 and 2017, was \$81,257 and \$46,850, 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.

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, 2018 and 2017, 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 Contributions

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 \$68,230 and \$45,164 of in-kind contributions during the years ended December 31, 2018 and 2017, respectively.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 2017, from which the summarized information was derived.

Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through May 2, 2019, 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>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 1,160,456	\$ 964,076
Investments	848,623	875,279
Accounts and grants receivable	<u>86,907</u>	<u>196,872</u>
Total financial assets		
Available within one year	<u>\$ 2,095,986</u>	<u>\$ 2,036,227</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.

Long-term investments are recorded at market value using level 2 inputs and consist of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
United States Olympic Endowment investment portfolio	\$ <u>848,623</u>	\$ <u>875,279</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 United States Olympic Committee (USOC) and various national sports organizations recognized by the USOC.

Notes to Financial Statements

C. FAIR VALUE MEASUREMENTS

As of December 31, 2018, the USOE portfolio was invested in the following types of securities:

	<u>2018</u>
Alternative investments	39.11%
Domestic equities	29.31
International equities	18.32
Domestic bonds	6.77
International bonds	3.64
Cash and cash equivalents	<u>2.85</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, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 7,877	\$ 6,557
Unrealized gains (losses) on securities	(53,795)	55,449
Realized gains on securities	<u>20,476</u>	<u>60,442</u>
	<u>\$ (25,442)</u>	<u>\$ 122,448</u>

Notes to Financial Statements

D. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2018 and 2017, the United States Olympic Committee (USOC) provided grants to the Association as follows:

	<u>2018</u>	<u>2017</u>
NGB funding	\$ 691,052	\$ 678,831
Paralympic funding	136,300	150,000
Other support	49,474	20,000
International relations grant	8,500	7,500
Media services	5,000	5,000
Media liability insurance	<u>3,500</u>	<u>3,500</u>
	<u>\$ 893,826</u>	<u>\$ 864,831</u>

The USOC provides training facilities, meals and lodging primarily for the Association's resident athletes at the Chula Vista Olympic Training Center. The USOC estimated the value of Olympic Training usage for the years ended December 31, 2018 and 2017, to be \$476,445 and \$519,120, respectively. These amounts have not been recorded in the financial statements.

In 2013, the Association entered into a digital media agreement with the USOC. The term of the agreement was January 1, 2013 through December 31, 2016. The Association and the USOC agreed to amend the agreement to extend the term through December 31, 2018. The Association received \$75,000 from the digital media agreement during both years ended December 31, 2018 and 2017.

The National Archery Association Foundation, Inc. (NAAF) provided the Association with grants of \$99,225 and \$99,485 for the years ended December 31, 2018 and 2017.

The Association receives significant economic benefits from grants provided by Easton Sports Development Foundation, the USOC 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, 2017, the Association owed the USOC \$963. At December 31, 2018 and 2017, the USOC owed the Association \$17,116 and \$6,585, respectively.

During the years ended December 31, 2018 and 2017, the Association paid stipends and awards to several Board Members in the amount of \$53,770 and \$59,393, respectively, for coaching and officiating services. These payments are made pursuant to the Association's normal compensation practices.

Notes to Financial Statements

D. RELATED PARTY TRANSACTIONS - Continued

During the years ended December 31, 2018 and 2017, 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, 2018 and 2017, the Association received \$801 and \$1,085, 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. In March 2018, a new agreement was executed between the parties and is effective from January 2018 through December 2018. During the years ended December 31, 2018 and 2017, the Association received \$16,000 and \$15,000, respectively, in sponsorship revenue from the agreements.

During the years ended December 31, 2018 and 2017, the Board Member's company paid the Association \$5,500 and \$0, respectively, in exchange for advertising rights on the Association's website. During the year ended December 31, 2017, the Board Member's company paid the Association \$200 for program advertising.

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, 2018 and 2017, the Association recorded gross profit of \$20,324 and \$29,705, respectively, in sales fulfilled by the Board Member's company.

During the years ended December 31, 2018 and 2017, the Association recorded \$7,822 and \$7,240, respectively, in national indoor revenue related to transactions with the Board Member's company.

At December 31, 2018 and 2017, the Association owed the Board Member's company \$26,488 and \$9,008, respectively. At December 31, 2018 and 2017, the Board Member's company owed the Association \$69 and \$125, respectively. At December 31, 2018 and 2017, the Association capitalized \$20,279 and \$0, respectively, in equipment purchased from the Board Member's company.

Notes to Financial Statements

D. RELATED PARTY TRANSACTIONS - Continued

In addition to the amount of equipment capitalized, the Association purchased \$56,692 and \$40,795 in field equipment from the Board Member's company for Association program use during the years ended December 31, 2018 and 2017, respectively.

E. DEFERRED REVENUE

Deferred revenue consists of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Memberships dues	\$ 590,475	\$ 532,395
Nationals	187,117	75,740
Other	50,000	45,000
Camp registration	26,405	1,500
World Team Trials	3,198	
STAR FITA fees	1,450	1,100
Sanctions	1,160	840
Seminars		300
	<u>\$ 859,805</u>	<u>\$ 656,875</u>

F. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
JOAD Program	\$ <u>1,065</u>	\$ <u>44</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2018 and 2017, net assets were released from restrictions for satisfying the following purposes:

	<u>2018</u>	<u>2017</u>
JOAD Program	\$ 31,454	\$ 47,365
Para WRE	2,900	
Collegiate Program		16,718
Junior Dream Team		3,500
	<u>\$ 34,354</u>	<u>\$ 67,583</u>

Notes to Financial Statements

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, 2018 and 2017, the Association contributed \$16,212 and \$9,316, respectively.

H. CAPITALIZED LEASE OBLIGATIONS

The Association leases a postage machine and copier which are recorded as capital lease obligations in the accompanying statement of financial position. The postage machine requires monthly payments of \$146 through October 2019. The copier lease requires 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 \$2,150 for the equipment under capital lease for both years ended December 31, 2018 and 2017.

Following is a summary of property held under a capital lease for the year ended December 31, 2018:

Office equipment	\$ 10,749
Accumulated amortization	<u>(6,629)</u>
	<u>\$ 4,120</u>

Future minimum lease payments under these capital leases at December 31, 2018 are as follows:

2019	\$ 3,395
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I. OPERATING LEASES

During 2012, the Association signed a thirty-seven-month operating lease for office space. The lease term was December 1, 2012, through December 31, 2015. At December 31, 2015, the lease was renewed for an additional two years and expired December 31, 2017. The lease was renewed for an additional term and expired December 31, 2018. Subsequent to year-end the lease was renewed for an additional year and a proposal to lease for one year in 2020 was signed.

J. SUBSEQUENT EVENTS

Subsequent to December 31, 2018, the Association merged with US Collegiate Archery Association. The Association is the surviving entity in this merger.