

**NATIONAL ARCHERY ASSOCIATION
OF THE UNITED STATES**

d/b/a USA ARCHERY

Financial Statements

For the Year Ended December 31, 2022

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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, 2022, 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, 2022, 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' 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 28, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, 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, during the year ended December 31, 2022, National Archery Association of the United States adopted Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). Our opinion is not modified with respect to this matter.

Waugh & Goodwin, LLP

Colorado Springs, Colorado
June 20, 2023

NATIONAL ARCHERY ASSOCIATION OF THE UNITED STATES
d/b/a USA ARCHERY
Statement of Financial Position
December 31, 2022
(With Comparative Totals for 2021)

	<u>ASSETS</u>	
	<u>2022</u>	<u>2021</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 867,012	\$ 1,240,348
Accounts receivable	34,215	50,096
Grants receivable		348,669
Inventory	67,084	86,911
Prepaid expenses and deposits	<u>53,972</u>	<u>102,051</u>
Total current assets	1,022,283	1,828,075
LONG-TERM INVESTMENTS	1,997,429	1,865,448
RIGHT OF USE ASSET	53,766	
PROPERTY AND EQUIPMENT:		
Equipment	486,293	438,223
Software	47,502	47,502
Less accumulated depreciation	<u>(417,461)</u>	<u>(374,210)</u>
Property and equipment - net	<u>116,334</u>	<u>111,515</u>
TOTAL ASSETS	<u>\$ 3,189,812</u>	<u>\$ 3,805,038</u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 194,948	\$ 276,690
Accrued liabilities	119,975	111,784
Lease liability	57,072	
Refundable advances		91,980
Current portion of capital lease obligations	1,665	1,692
Current portion of deferred revenue	<u>568,831</u>	<u>601,539</u>
Total current liabilities	942,491	1,083,685
LONG-TERM LIABILITIES:		
Long-term portion of capital lease obligations	1,824	3,384
Deferred revenue - long term	<u>80,453</u>	<u>128,475</u>
Total liabilities	1,024,768	1,215,544
NET ASSETS:		
Without donor restrictions	2,147,044	2,573,687
With donor restrictions	<u>18,000</u>	<u>15,807</u>
Total net assets	<u>2,165,044</u>	<u>2,589,494</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,189,812</u>	<u>\$ 3,805,038</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, 2022

(With Comparative Totals for 2021)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Totals</u>	<u>2021 Totals</u>
REVENUE:				
Membership registrations	\$ 1,385,304	\$	\$ 1,385,304	\$ 1,063,814
USOPC grants	1,132,256		1,132,256	969,467
Tournament revenue	826,890		826,890	762,978
certification revenue	623,402		623,402	429,992
Contributions and grants	602,079	18,000	620,079	1,013,043
Inventory sales	397,535		397,535	598,475
Cost of inventory sold	(282,473)		(282,473)	(361,821)
In-kind donations	361,044		361,044	125,511
Corporate sponsorships	122,984		122,984	132,056
NAA Foundation grant	100,000		100,000	116,000
Other income	15,061		15,061	26,722
Website/marketing advertising	275		275	3,231
PPP funding				311,935
Investment income (loss)	(217,018)		(217,018)	300,871
Coach/official				
Satisfied program restrictions	<u>15,807</u>	<u>(15,807)</u>	<u> </u>	<u> </u>
Total revenue	5,083,146	2,193	5,085,339	5,492,274
EXPENSES:				
Program services:				
High performance	1,341,442		1,341,442	923,122
National events and trials	850,188		850,188	762,614
Membership services	707,963		707,963	638,953
Grass roots development	496,150		496,150	508,093
Coach development	446,066		446,066	386,783
Paralympic team	445,416		445,416	415,623
International events	<u>382,933</u>		<u>382,933</u>	<u>395,870</u>
Total program services	4,670,158		4,670,158	4,031,058
Supporting services:				
General and administrative	813,806		813,806	571,595
Direct marketing	<u>25,825</u>		<u>25,825</u>	<u>63,136</u>
Total supporting services	<u>839,631</u>		<u>839,631</u>	<u>634,731</u>
Total expenses	<u>5,509,789</u>		<u>5,509,789</u>	<u>4,665,789</u>
CHANGE IN NET ASSETS	(426,643)	2,193	(424,450)	826,485
NET ASSETS, beginning of year	<u>2,573,687</u>	<u>15,807</u>	<u>2,589,494</u>	<u>1,763,009</u>
NET ASSETS, end of year	<u>\$ 2,147,044</u>	<u>\$ 18,000</u>	<u>\$ 2,165,044</u>	<u>\$ 2,589,494</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, 2022
(With Comparative Totals for 2021)

	High Performance	National Events & Trials	Membership Services	Grassroots Development	Coach Development	Paralympic Team	International Events	Total Program Services
Salaries & wages	\$ 433,021	\$ 116,481	\$ 174,368	\$ 203,971	\$ 161,322	\$ 99,243	\$	\$ 1,188,406
Travel & meetings	316,831	119,328	3,000	12,738	21,025		287,429	853,208
Other contract services	50,639	166,560	82,975	12,773	165,226	56,959	5,389	540,521
VIK	230,732	126,814			2,216			359,762
Awards & grants		139,948	136,545	39,105	625	40,498		356,721
Product costs			246,591					246,591
Employee benefits	55,224	23,176	32,155	27,021	19,445	13,376		170,397
Stipends/honorariums	120,300	9,000			5,850	16,310	38,260	189,720
Field usage & equipment	25,120	12,938		115,981		2,329		156,368
Payroll taxes	40,310	10,781	16,065	18,443	14,522	8,456		108,577
Insurance	1,526	1,909	89,764	115		2,393	20,387	116,094
Merchant fees	5,454	14,621	45,373	518	24,065	608	10,081	100,720
Other program costs	120	5,297				82,595		88,012
Rental & maintenance		9,100			1,505			10,605
Printing & postage	126	22,452	46,783	5,707	392	4,871	3,670	84,001
Depreciation & amortization	10,060	17,395	8,301	12,258	903	1,650	149	50,716
Books, subscriptions, reference	2,358	2,348	17,324	5,694	5,869	359	163	34,115
Membership processing/management fee			53,461					53,461
Apparel/uniforms	14,069			247		16,036	18,780	49,132
IT support	5,464	27,862	2,130	2,452	3,012			40,920
Payroll service fees	10,276	3,423	4,894	5,539	4,091	2,224		30,447
Legal fees	5,653		23,167	3,200				32,020
Supplies	1,980	9,123	768	1,274	305	3,125	314	16,889
Advertising				17,841		1,460		19,301
Telephone & telecommunications	3,448	3,046		2,435	843			9,772
Inventory write down					13,128			13,128
Internet/cable		4,713	895	45				5,653
Registration & license fees	638		(2)					636
Marketing & promotion	428	2,458		2,460				5,346
Other costs				55	14		15	84
Web hosting & design			5,879					5,879
Storage				5,548				5,548
Conference, convention, & meetings	5,097							5,097
Membership & dues	2,185	(194)		730	300			3,021
Gifts		386			709			1,095
Bad debt		396						396
Staff development					699			699
Computer supplies & software								
Rent/parking/utilities		552						552
Staff background screening	30	275						305
Bank charges & wire fees	30						75	105
Merchandise shipping/handling								
Interest								
Fundraising fees								
Lease								
Facilities & equipment								
Fees for service	323					67	(1,779)	(1,389)
Total expenses	1,341,442	850,188	990,436	496,150	446,066	445,416	382,933	4,952,631
Less expenses netted against revenue on statement of activities			(282,473)					(282,473)
	<u>\$ 1,341,442</u>	<u>\$ 850,188</u>	<u>\$ 707,963</u>	<u>\$ 496,150</u>	<u>\$ 446,066</u>	<u>\$ 445,416</u>	<u>\$ 382,933</u>	<u>\$ 4,670,158</u>

	General & Administrative	Direct Marketing	Total Supporting Services	2022 Total Expenses	2021 Total Expenses
Salaries & wages	353,074	\$ 8,936	\$ 362,010	\$ 1,550,416	\$ 1,425,520
Travel & meetings	43,345		43,345	896,553	587,605
Other contract services	166,527		166,527	707,048	456,582
VIK	1,282		1,282	361,044	149,862
Awards & grants				356,721	431,707
Product costs				246,591	315,252
Employee benefits	57,088	389	57,477	227,874	180,097
Stipends/honorariums	440		440	190,160	329,476
Field usage & equipment				156,368	76,184
Payroll taxes	30,966	721	31,687	140,264	130,479
Insurance	9,579		9,579	125,673	90,768
Merchant fees		1,241	1,241	101,961	81,457
Other program costs				88,012	56,588
Rental & maintenance	77,339		77,339	87,944	82,518
Printing & postage	1,990	406	2,396	86,397	100,783
Depreciation & amortization	8,703		8,703	59,419	60,157
Books, subscriptions, reference	24,798	358	25,156	59,271	42,131
Membership processing/management fee				53,461	53,229
Apparel/uniforms	603		603	49,735	66,467
IT support	3,542		3,542	44,462	46,895
Payroll service fees	6,934	258	7,192	37,639	25,097
Legal fees		375	375	32,395	34,712
Supplies	2,943		2,943	19,832	51,722
Advertising				19,301	14,192
Telephone & telecommunications	8,111		8,111	17,883	17,734
Inventory write down				13,128	
Internet/cable	5,200		5,200	10,853	13,488
Registration & license fees	99	9,948	10,047	10,683	8,313
Marketing & promotion	59	1,334	1,393	6,739	26,480
Other costs	4,260	1,859	6,119	6,203	28,546
Web hosting & design				5,879	6,395
Storage				5,548	7,422
Conference, convention, & meetings				5,097	3,045
Membership & dues	2,065		2,065	5,086	4,820
Gifts	2,132		2,132	3,227	3,651
Bad debt	1,824		1,824	2,220	
Staff development	36		36	735	320
Computer supplies & software	603		603	603	
Rent/parking/utilities				552	
Staff background screening	70		70	375	1,952
Bank charges & wire fees	87		87	192	4,621
Merchandise shipping/handling	81		81	81	5,058
Interest	26		26	26	
Fundraising fees					4,500
Lease					1,141
Facilities & equipment					355
Fees for service				(1,389)	289
	813,806	25,825	839,631	5,792,262	5,027,610
Less expenses netted against revenue on statement of activities				(282,473)	(361,821)
	<u>813,806</u>	<u>\$ 25,825</u>	<u>\$ 839,631</u>	<u>\$ 5,509,789</u>	<u>\$ 4,665,789</u>

See Notes to Financial Statements

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

Statement of Cash Flows

For the Year Ended December 31, 2022

(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (424,450)	\$ 826,485
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Loss (gain) on disposal of equipment	2,784	(9,214)
Donated equipment		(6,639)
PPP loan forgiveness		(311,935)
Realized and unrealized (gains) losses on investments	233,231	(277,861)
Depreciation and amortization	59,419	60,157
Decrease (increase) in assets:		
Accounts receivable	15,881	546
Grants receivable	348,669	(254,418)
Right of use asset	(53,766)	
Inventory	19,827	67,020
Prepaid expenses and deposits	48,079	11,732
Increase (decrease) in liabilities:		
Accounts payable	(81,742)	174,737
Accrued and lease liabilities	66,928	4,147
PPP loan proceeds		311,935
Refundable advance	(91,980)	(294,378)
Deferred revenue	(80,730)	51,314
Total adjustments	<u>486,600</u>	<u>(472,857)</u>
Net cash provided by operating activities	62,150	353,628
CASH FLOWS FROM INVESTING ACTIVITIES:		
Long-term investments, net	(365,212)	248,484
Acquisition of equipment	(68,609)	(16,972)
Proceeds from disposal of equipment		<u>9,214</u>
Net cash provided (used) by investing activities	(433,821)	240,726
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of capitalized lease obligations	<u>(1,665)</u>	<u>(1,692)</u>
Net cash used by financing activities	<u>(1,665)</u>	<u>(1,692)</u>
NET INCREASE (DECREASE) IN CASH	(373,336)	592,662
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,240,348</u>	<u>647,686</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 867,012</u>	<u>\$ 1,240,348</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, 2022

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 2022 were \$50,096 and \$34,215, 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 \$361,044 and \$149,862 of in-kind revenue during the years ended December 31, 2022 and 2021, 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, 2022 and 2021, was \$59,419 and \$60,157, respectively.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Accounting Standards

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, Leases. The FASB also subsequently issued additional ASUs which amend and clarify Topic 842. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

The Association adopted FASB Topic 842, Leases, using the modified retrospective approach and utilized all of the available practical expedients with January 1, 2022 as the date of initial adoption. The adoption did not have a material impact on the Association's statement of financial position or statement of activities. Adoption of the standard required the Association to restate amounts at January 1, 2022, resulting in an increase in operating lease ROU assets of \$107,112, an increase in operating lease liabilities of \$107,112.

Donated Assets, Property and Equipment, and Services

In September 2020, FASB issued ASU 2020-7, Not-For-Profit Entities (Topic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets. The most significant change is disclosure of Association details related to contributed goods and services. The Association adopted this ASU as of January 1, 2022.

The Association's policy related to donated assets is to utilize the assets given to carry out the mission of the Association. If an asset is provided that does not allow the Association to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset. The Association did not sell any donated assets received during the years ending December 31, 2022 and 2021.

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Association.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Accounting Standards - continued

Donated Assets, Property and Equipment, and Services - continued

The Association also receives donated services from other contributors and volunteers that are not measurable, and therefore, are excluded from the financial statements.

Supplemental Cash Flow Disclosures

During the years ended December 31, 2022 and 2021, the Association paid \$26 and \$0, respectively, of interest and no 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.

Functional Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Association. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Personnel expenses are allocated on the basis of estimates of time and effort spent by personnel in the various program and supporting services made by the Association's management.

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, 2021, from which the summarized information was derived.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Prior-Year Comparisons - continued

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

Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through June 20, 2023, 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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 867,012	\$ 1,240,348
Investments	1,997,429	1,865,448
Accounts and grants receivable	<u>34,215</u>	<u>398,765</u>
	2,898,656	3,504,561
Less amounts with donor restrictions	<u>(18,000)</u>	<u>(15,807)</u>
Total financial assets available within one year	<u>\$ 2,880,656</u>	<u>\$ 3,488,754</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.

Assets at Fair Value as of December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market	\$ 151,888	\$	\$	\$ 151,888
Certificates of deposit		437,583		437,583
United States Olympic Endowment investment portfolio		<u>1,407,958</u>		<u>1,407,958</u>
	<u>\$ 151,888</u>	<u>\$ 1,845,541</u>	<u>\$</u>	<u>\$ 1,997,429</u>

Assets at Fair Value as of December 31, 2021

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

Notes to Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

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

As of December 31, 2022, the USOE portfolio was invested in the following types of securities:

Alternative investments	34.47%
Domestic equities	24.90
Domestic bonds	19.72
International equities	13.40
Cash and cash equivalents	<u>7.51</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.

Notes to Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

Investment income consists of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 18,610	\$ 22,772
Unrealized gains on securities	(262,426)	115,034
Realized gains on securities	<u>26,798</u>	<u>163,065</u>
	<u>\$ (217,018)</u>	<u>\$ 300,871</u>

D. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2022 and 2021, the USOPC provided grants to the Association as follows:

	<u>2022</u>	<u>2021</u>
NGB funding	\$ 871,643	\$ 628,898
Paralympic funding	45,000	197,500
Other support	201,000	117,819
Team trials	8,113	18,750
International relations grant	<u>6,500</u>	<u>6,500</u>
	<u>\$ 1,132,256</u>	<u>\$ 969,467</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 support provided directly for the Olympic Training Center usage for the years ended December 31, 2022 and 2021, to be \$201,000 and \$519,960, respectively. These amounts have not been recorded in the financial statements.

NAAF provided the Association with grants of \$100,000 and \$116,000 for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, the Association paid stipends and awards to several Board Members in the amount of \$28,080 and \$52,649, respectively, for coaching and officiating services, athlete stipends and awards. 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, 2022 and 2021, 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 2021. During the years ended December 31, 2022 and 2021, the Association received \$0 and \$506, 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 2022 through December 2022. During the years ended December 31, 2022 and 2021, 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. The Association generates a gross profit on these sales fulfilled by the Board Member's company.

During the years ended December 31, 2022 and 2021, the Association recorded \$8,332 and \$0, respectively, in national indoor revenue related to transactions with the Board Member's company.

At December 31, 2022 and 2021, the Association owed the Board Member's company \$19,585 and \$29,841, respectively. At December 31, 2022 and 2021, the Board Member's company owed the Association \$3,750 and \$0, respectively.

The Association purchased field equipment, facility usage, and other small items in the amount of \$31,491 and \$84,999 from the Board Member's company for Association program use during the years ended December 31, 2022 and 2021, respectively.

Notes to Financial Statements

E. DEFERRED REVENUE

Deferred revenue consists of the following at December 31:

	<u>2022</u>	<u>2021</u>
Membership dues	\$ 649,284	\$ 726,975
STAR FITA fees		1,910
Sanctions		1,102
Tournament registrations		27
	<u>\$ 649,284</u>	<u>\$ 730,014</u>

F. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Time restricted	\$ 18,000	\$
NAAF funding for JOAD grants		11,328
Explore Archery		4,479
	<u>\$ 18,000</u>	<u>\$ 15,807</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2022 and 2021, net assets were released from restrictions for satisfying the following purposes:

	<u>2022</u>	<u>2021</u>
NAAF funding for JOAD grants	\$ 11,328	\$ 27,144
Explore Archery	4,479	
JOAD Program		28,673
	<u>\$ 15,807</u>	<u>\$ 55,817</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, 2022 and 2021, the Association contributed \$28,699 and \$27,042, respectively.

Notes to Financial Statements

H. DONATED GOODS AND SERVICES

The fair value of donated goods and services included as contributions in the financial statements and the corresponding expense categories for the years ended December 31, 2022 and 2021, are as follows:

	<u>2022</u>	<u>2021</u>
Services:		
Production services	\$ 30,000	\$ 30,000
Travel and facilities	<u>221,318</u>	<u>106,163</u>
	251,318	136,163
Tangible goods:		
Field equipment	<u>109,726</u>	<u>13,699</u>
	<u>109,726</u>	<u>13,699</u>
Total in-kind goods and services	<u>\$ 361,044</u>	<u>\$ 149,862</u>

I. LEASES

The Association assesses whether an arrangement qualifies as a lease at inception and only reassess its determination if the terms and conditions of the arrangement are changed. As the Association's leases do not provide an implicit rate, the Association uses its risk free interest rate based on the information available at the commencement date in determining the present value of lease payments in determination of the respective right-of-use (ROU) assets and liabilities.

Under 2016-02, the Association has made an accounting policy election to apply the short-term lease recognition exemption for all applicable classes of underlying assets. Leases with a term of 12 months or less that do not include an option to purchase the underlying asset, are not recorded on the balance sheet as ROU assets or lease liabilities. The Association has selected to expense the cost of the short-term leases on the straight-line basis in the accompanying Statement of Activities.

The Association has a financing lease for a copier which is recorded as equipment and a 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. Amortization expense reported in the statements of activities includes \$1,665 and \$1,692 for the equipment under capital lease for the years ended December 31, 2022 and 2021, respectively.

Notes to Financial Statements

I. LEASES - Continued

The assets included in the statement of financial position are:

	<u>2022</u>
Capitalized equipment	\$ 8,460
Accumulated amortization	<u>(5,050)</u>
	<u>\$ 3,410</u>

Future minimum lease payments under this financing lease for the years ended December 31 are as follows:

2023	\$ 1,665
2024	1,824

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 following summarizes the line items in the statement of activities which include the components of lease expense for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Operating lease rent, included in general and administrative expenses	\$ 53,971	\$ 44,502
Variable payments, included in program service expenses	<u>22,785</u>	<u>23,890</u>
Total lease cost	<u>\$ 76,756</u>	<u>\$ 68,392</u>

The following summarizes lease term and discount rate for operating and financing leases as of December 31, 2022:

Operating Leases:

Weighted Average Remaining Lease Term	1.0 years
Weighted Average Discount Rate	0.78%

Financing Leases:

Weighted Average Remaining Lease Term	2.08 years
Weighted Average Discount Rate	1.04%

Notes to Financial Statements

I. LEASES - Continued

Maturities of operating lease liabilities as of December 31, 2022:

2023	<u>\$ 57,276</u>
Total lease payments	57,276
Less: interest	<u>(204)</u>
Present value of lease liabilities	<u>\$ 57,072</u>

Supplemental cash flow information for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Operating cash flows:		
Cash paid for amounts included in measurement of lease liabilities for operating leases	<u>\$ 50,664</u>	<u>\$ 44,502</u>
Cash paid for interest on financing leases	<u>\$ 26</u>	<u>\$</u>
Financing cash flows:		
Cash paid for amounts included in measurement of lease liabilities for operating leases	<u>\$ 1,666</u>	<u>\$ 1,692</u>

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.