

**NATIONAL WHEELCHAIR
BASKETBALL ASSOCIATION**

Financial Statements

For the Year Ended December 31, 2022



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
National Wheelchair Basketball Association
Colorado Springs, Colorado

Opinion

We have audited the accompanying financial statements of National Wheelchair Basketball Association (the Association), 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 of 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 the Association as of December 31, 2022, and the changes in their net assets and their 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 the Association (a not-for-profit corporation), 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 about the organization's

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 it 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, misinterpretations, 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 of the organization's 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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the organization's 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 the Association's 2021 financial statements, and our report dated March 28, 2022, expressed an unmodified opinion on those audited financial statements. 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.

McMillen & Company, PLLC

Colorado Springs, Colorado

March 29, 2023

NATIONAL WHEELCHAIR BASKETBALL ASSOCIATION
Statement of Financial Position
December 31, 2022
(With Summarized Comparative Amounts for 2021)

	<u>ASSETS</u>	
	<u>2022</u>	<u>2021</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 251,672	\$ 118,362
Accounts receivable	4,318	24,597
Prepaid expenses	67,067	55,957
Inventory		3,666
Deposits	3,000	3,000
Total current assets	326,057	205,582
PROPERTY AND EQUIPMENT:		
Furniture	7,494	7,494
Equipment	22,758	22,758
Less accumulated depreciation	(24,332)	(21,549)
Property and equipment - net	5,920	8,703
OTHER ASSETS:		
Investments designated for the Timothy J. Nugent Endowment Fund	81,654	93,428
Other investments	12,601	
Other restricted cash	150,000	150,000
Trademark	2,410	2,410
Total other assets	246,665	245,838
TOTAL ASSETS	<u>\$ 578,642</u>	<u>\$ 460,123</u>

<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES:	
Accounts payable	\$ 23,917
Funds held for others	41,134
Accrued liabilities	2,809
Due to related party	28,255
Deferred revenue	226,282
Total current liabilities	322,397
LINE OF CREDIT	100,293
NET ASSETS:	
Without donor restrictions	120,400
Without donor restrictions - Board designated for the Timothy J. Nugent Endowment Fund	81,654
With donor restrictions	54,191
Total net assets	256,245
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 578,642</u>

See Notes to Financial Statements

NATIONAL WHEELCHAIR BASKETBALL ASSOCIATION
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2022
(With Summarized Comparative Totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Totals	2021 Totals
SUPPORT AND REVENUE:				
USOPC grants	\$ 473,750	\$	\$ 473,750	\$ 474,688
Sponsorship and donations	240,566	33,120	273,686	207,787
Membership dues	216,309		216,309	171,255
In-kind contributions	85,946		85,946	86,687
National tournament	51,253		51,253	26,551
Other income	45,053		45,053	14,971
Divisions/conferences income	31,327		31,327	8,950
Other grants	10,000		10,000	
Fundraising events	9,810		9,810	30,029
Paycheck Protection Program Investment income, net				45,572
fees of \$1,299 and \$1,294	(16,822)		(16,822)	6,817
Cost of goods sold	(19,864)		(19,864)	(11,920)
Satisfied program restrictions	12,705	(12,705)		
Total support and revenue	1,140,033	20,415	1,160,448	1,061,387
EXPENSES:				
Program services:				
Domestic League	417,710		417,710	443,100
High performance	479,203		479,203	456,356
Total program services	896,913		896,913	899,456
Supporting services:				
General and administrative	145,517		145,517	127,866
Fundraising	7,149		7,149	27,856
Total supporting services	152,666		152,666	155,722
Total expenses	1,049,579		1,049,579	1,055,178
CHANGE IN NET ASSETS	90,454	20,415	110,869	6,209
NET ASSETS, beginning of year	111,600	33,776	145,376	139,167
NET ASSETS, end of year	\$ 202,054	\$ 54,191	\$ 256,245	\$ 145,376

See Notes to Financial Statements

NATIONAL WHEELCHAIR BASKETBALL ASSOCIATION
Statement of Functional Expenses
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)

	Program Services			Supporting Services				
	Domestic League	High Performance	Total Program Services	General and Administrative	Fundraising	Total Support Services	2022 Total Expenses	2021 Total Expenses
Travel	\$ 55,373	\$ 232,046	\$ 287,419	\$ 9,263	\$	\$ 9,263	\$ 296,682	\$ 251,216
Salaries, payroll taxes, & benefits	121,056	24,795	145,851	16,598		16,598	162,449	241,037
Contracted services	79,786	62,289	142,075	7,145		7,145	149,220	135,991
Registration & entry fees		90,351	90,351				90,351	11,139
Other membership services	70,517	2,250	72,767	1,263		1,263	74,030	23,586
Insurance	38,573		38,573	10,847		10,847	49,420	37,451
Awards & apparel	5,872	37,930	43,802				43,802	90,266
Legal, accounting, & other	2,600		2,600	40,299		40,299	42,899	39,619
Occupancy	28,291		28,291	7,727		7,727	36,018	55,316
Technology & website	898	1,082	1,980	23,251		23,251	25,231	24,588
Other direct tournament costs		21,697	21,697				21,697	33,396
Cost of goods sold					19,864	19,864	19,864	11,920
In-kind vehicle & airfare				12,000		12,000	12,000	25,000
Operating supplies	5,727	5,604	11,331	(118)		(118)	11,213	23,586
Advertising & promotion	3,544		3,544		7,149	7,149	10,693	28,746
Printing & postage	1,530	597	2,127	4,182		4,182	6,309	25,120
Bank & credit card charges				4,372		4,372	4,372	1,893
Interest				3,305		3,305	3,305	1,793
Conferences & meeting	2,943		2,943				2,943	
Depreciation				2,783		2,783	2,783	2,708
Scholarships	1,000		1,000	1,000		1,000	2,000	
Miscellaneous		232	232	1,517		1,517	1,749	761
Coaching fees		330	330				330	
Volunteers & gifts				83		83	83	
Tournament division costs								1,966
Totals	417,710	479,203	896,913	145,517	27,013	172,530	1,069,443	1,067,098
Less cost of goods sold					(19,864)	(19,864)	(19,864)	(11,920)
Total expenses as presented on the statement of activities	\$ 417,710	\$ 479,203	\$ 896,913	\$ 145,517	\$ 7,149	\$ 152,666	\$ 1,049,579	\$ 1,055,178

See Notes to Financial Statements

NATIONAL WHEELCHAIR BASKETBALL ASSOCIATION
Statement of Cash Flows
For the Year Ended December 31, 2022
(With Summarized Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 110,869	\$ 6,209
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Paycheck Protection Program		(45,572)
Depreciation	2,783	2,708
Realized and unrealized gains on investments	17,345	(5,446)
(Increase) decrease in assets:		
Accounts receivable	20,279	8,927
Prepaid expenses	(11,110)	(6,016)
Inventory	3,666	10,383
Increase (decrease) in liabilities:		
Accounts payable	(313)	(19,847)
Funds held for others	26,567	(10,498)
Accrued liabilities	(4,741)	(4,582)
Due to related party	(24,964)	53,219
Contingent liability - related party		(27,714)
Deferred revenue	<u>111,394</u>	<u>(201,278)</u>
Total adjustments	<u>140,906</u>	<u>(245,716)</u>
Net cash provided (used) by operating activities	251,775	(239,507)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment		(4,407)
Gross purchases of investments	<u>(18,172)</u>	<u>(1,442)</u>
Net cash used by investing activities	(18,172)	(5,849)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on line of credit	(100,293)	
Proceeds from line of credit		100,293
Proceeds from Paycheck Protection Program		<u>45,572</u>
Net cash provided (used) by financing activities	<u>(100,293)</u>	<u>145,865</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	133,310	(99,491)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year	<u>268,362</u>	<u>367,853</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year	<u>\$ 401,672</u>	<u>\$ 268,362</u>

See Notes to Financial Statements

NATIONAL WHEELCHAIR BASKETBALL ASSOCIATION

Notes to Financial Statements

For the Year Ended December 31, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

National Wheelchair Basketball Association (the Association) is a not-for-profit corporation whose mission and principal activities are to coordinate and promote wheelchair basketball and to provide competitive outlets to disabled participants. These services are funded primarily by dues and donations.

New Accounting Pronouncements - Adopted

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. This ASU allows for the presentation and disclosure of contributions of nonfinancial assets to be more transparent in not-for-profit entities' financial statements. The new guidance will require not-for-profit entities to add a separate line item to the statement of activities, and to include various disaggregated disclosures by category, for contributions of nonfinancial assets. ASU 2020-07 is to be applied retrospectively and would be effective for annual reporting periods beginning after June 15, 2021. Early adoption is permitted. The Association adopted this standard during the year ended December 31, 2022.

In February 2016, the Financial Accounting Standards Board (FASB) issued *Accounting Standards Update (ASU) 2016-02 - Leases*, which created a new topic section of the Accounting Standards Codification (ASC), ASC 842. This guidance requires the recognition of all leases as rights and obligations to be presented on the statement of financial position as assets and liabilities. The standard further defines the proper initial and subsequent recognition and required disclosure of leases based on the type of lease, as defined under the new ASC 842. For nonpublic entities, the update is effective for fiscal years beginning after December 15, 2021. The Association adopted this standard during the year ended December 31, 2022, with no impact to its financial statement presentation.

National Wheelchair Basketball Association
Notes to Financial Statements
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Basis of Presentation

The financial statement presentation follows the recommendations of accounting principles generally accepted in the United States of America (GAAP).

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association.

Net assets with donor restrictions: net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

The Association has analyzed the provisions of the FASB's ASC Topic 606, *Revenue from Contracts with Customers*. The Association's revenue recognition policies are as follows:

- Grant revenue - The Association receives grants from the USOPC and other organizations to support its High-Performance program and other initiatives. The Association assesses grants to determine if an exchange transaction exists. If so, revenue is recognized upon substantially satisfying the performance obligations under such exchange transactions; if grants are not deemed exchange transactions, the Association follows recognition for contributions.
- Membership registrations - Membership registration revenue is recognized in an amount that reflects the

National Wheelchair Basketball Association
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consideration that the Association is entitled to in exchange for providing membership services. Registrations are recognized as revenue in the period in which the Association satisfies its performance obligation to its members. A performance obligation is a promise in a contract to transfer a distinct good or service to a customer, as defined by ASC 606. The Association's performance obligation for membership registration revenue is to provide access to competitions, membership services, and benefits accessible only to members.

- Sponsorship revenue - Sponsorship revenue is recognized in an amount that reflects the consideration that the Association is entitled to in exchange for substantially fulfilling performance obligations specific to each contract. Sponsorships are recognized as revenue in the period in which the Association satisfies its performance obligation to its sponsors. The Association's performance obligations for sponsorship revenue is to provide promotion and advertising opportunities as arranged under each contract. The Association has determined that performance obligations of existing multi-year contracts do not materially differ from year-to-year; but, it continues to evaluate each new contract for proper recognition under ASC 606.
- National Tournament - National Tournament income contains a specific delivery element and revenue is recognized at a single point in time when ownership, risks, and rewards transfer. Revenue is recognized when events are successfully conducted.
- Merchandise sales - Merchandise sales income contains a single delivery element and revenue is recognized at a single point in time when ownership, risks, and rewards transfer. Revenue is recognized when sales occur.

Contributions

Contributions are recorded when received as contributions without restrictions and contributions with restrictions, depending on the existence or nature of any donor restrictions. When a donor restriction is met, net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as

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satisfied program restrictions. Gifts of land, buildings and equipment are reported as unrestricted support unless explicit donor restrictions specify how the donated assets must be used.

Cash and Cash Equivalents

Cash and cash equivalents, as reported on the statement of financial position, consist of the Association's checking and savings accounts.

Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through March 29, 2023, the date that the financial statements were available to be issued.

Investments

Investments are carried at market value. Realized and unrealized gains and losses are reflected in the statement of activities and are available for current operations.

Supplemental Cash Flow Disclosures

The Association paid \$3,305 and \$1,793 of interest expense during the years ended December 31, 2022 and 2021, respectively. The Association paid no income taxes during either year.

The following table reconciles cash, cash equivalents, and restricted cash reported on separate lines in the Statement of Financial Position to the total of the same amounts shown in the Statement of Cash Flows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 251,672	\$ 118,362
Restricted cash	<u>150,000</u>	<u>150,000</u>
Total	<u>\$ 401,672</u>	<u>\$ 268,362</u>

Income Taxes

The Association qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and,

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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.

Inventory

The Association states inventories at the lower of FIFO cost and net realizable value. Net realizable value is based on the selling price. As of December 31, 2022 and 2021, the ending inventory was recorded at \$0 and \$3,666, respectively.

Property and Equipment

Property and equipment are recorded at cost when purchased or fair market value if donated. The Association capitalizes any fixed assets greater than \$1,000. The Association's equipment is being depreciated over useful lives of five to ten years.

Trademark

During 2004, the Association trademarked the National Wheelchair Basketball Association logo. The trademark is recorded at cost and is deemed to have an indefinite life. The trademark is reviewed annually to determine if its carrying value has been impaired. Any impairment to the asset will be charged against earnings in the period that the loss is deemed to have occurred.

Use of Estimates

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.

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In-Kind Contributions

The Association records various types of in-kind contributions. Contributed services are recognized if the services or goods received create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by amounts included in expenses.

During years ending December 31, 2022 and 2021, the Association received a value-in-kind contribution of apparel from one of its sponsors and another organization for internal program use. Upon receiving the apparel, the Association recorded revenue and prepaid expense and will expense these items as they are used in the future. The apparel was measured using a wholesale discount value that would have been received by the Association if the assets had been acquired in an exchange transaction.

Furthermore, the Association received additional apparel donations which were sold to unrelated parties. These items were recorded under the provisions of ASC 958-220-45-14.

During the years ended December 31, 2022 and 2021, the Association recognized revenue and related expenses and assets of \$85,946 and \$86,687, respectively, for contributed airfare, lodging, vehicle-use, and apparel, as follows:

	<u>2022</u>	<u>2021</u>
Lodging	\$ 11,761	\$
Airfare		4,398
Apparel	62,185	57,289
Vehicle lease	<u>12,000</u>	<u>25,000</u>
Total	<u>\$ 85,946</u>	<u>\$ 86,687</u>

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been presented on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel expenses are allocated on the basis of estimates of time and

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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 or natural classification of expenses. 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.

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 primary 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. As of December 31, 2022 and 2021, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 251,672	\$ 118,362
Investments designated for the Timothy J. Nugent Endowment Fund	81,654	93,428
Other investments	12,601	
Accounts receivable	<u>4,318</u>	<u>24,597</u>
Total financial assets	350,245	236,387
Less:		
Board designated net assets	(81,654)	(93,428)
Donor restricted net assets purpose restricted	<u>(54,191)</u>	<u>(33,776)</u>
Amount available for general expenditures	<u>\$ 214,400</u>	<u>\$ 109,183</u>

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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 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Association has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

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.

The following tables present assets that are measured at fair value on a recurring basis at December 31:

Assets at Fair Value as of December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income	\$ 51,747	\$	\$	\$ 51,747
Equities	42,081			42,081
Cash & money market	<u>427</u>	<u></u>	<u></u>	<u>427</u>
	<u>\$ 94,255</u>	<u>\$</u>	<u>\$</u>	<u>\$ 94,255</u>

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Assets at Fair Value as of December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income	\$ 53,768	\$	\$	\$ 53,768
Equities	38,201			38,201
Cash & money market	<u>1,459</u>	<u></u>	<u></u>	<u>1,459</u>
	<u>\$ 93,428</u>	<u>\$</u>	<u>\$</u>	<u>\$ 93,428</u>

Investment income consists of the following for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Realized gain (loss)	\$ 2,379	\$ 1,882
Interest and dividends	1,822	2,664
Investment fees	(1,299)	(1,294)
Unrealized gains (losses)	<u>(19,724)</u>	<u>3,565</u>
Investment income	<u>\$ (16,822)</u>	<u>\$ 6,817</u>

D. DEFERRED REVENUE

Deferred revenue at December 31, 2022 and 2021, consists of the following:

	<u>2022</u>	<u>2021</u>
Membership dues	\$ 111,382	\$ 94,988
Advance grant funds received	<u>114,900</u>	<u>19,900</u>
Total	<u>\$ 226,282</u>	<u>\$ 114,888</u>

E. LINE OF CREDIT

During the year ended December 31, 2018, the Association executed an agreement with a commercial bank for a \$150,000 revolving line of credit for working capital. Interest accrues on any outstanding balance at a rate of .15% over the bank's prime rate (unless subject to a higher default rate). The Association makes monthly payments equal to the amount of accrued interest or \$100, whichever is greater (not to exceed the outstanding balance). The revolving line of credit, requiring interest-only payments, is available to the Association until the final availability date, which is determined by notice in writing at the sole discretion of the bank. As of the final availability date, no further advances under the note will be available and the note would convert to a term note, requiring interest and principal payments equal

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to the greater of \$250 or accrued interest plus 1/60 of the outstanding principal per month. The note is secured by cash.

As of December 31, 2022 and 2021, the Association had a balance of \$0 and \$100,293 on the line of credit, respectively.

F. BOARD DESIGNATED NET ASSETS

During 2004, the Board of Directors designated unrestricted net assets to establish the Timothy J. Nugent Endowment Fund in order to provide the Association with funds to promote wheelchair basketball. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

The Association has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix, which includes debt securities and municipal bonds that is intended to result in a consistent inflation-protected rate of return. Actual returns in any given year may vary. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Composition of and changes in endowment net assets for the year ended December 31, 2022, were as follows:

Board-designated endowment net assets,	
beginning of year	\$ 93,428
Investment earnings	(10,475)
Investment fees	<u>(1,299)</u>
Board-designated endowment net assets,	
end of year	<u>\$ 81,654</u>

G. NET ASSETS WITH RESTRICTIONS: TEMPORARY IN NATURE

Temporarily restricted net assets at December 31, 2022 and 2020, were restricted for the following purpose:

	<u>2022</u>	<u>2021</u>
The Wayne Fund	\$ 8,539	\$ 9,539

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Frank T. Burns Fund	<u>45,652</u>	<u>24,237</u>
Total	<u>\$ 54,191</u>	<u>\$ 33,776</u>

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purpose. During the years ended December 31, net assets with restrictions were released from restrictions for the following programs:

	<u>2022</u>	<u>2021</u>
Frank T. Burns Fund	\$ 11,705	\$
The Wayne Fund scholarship	<u>1,000</u>	<u></u>
	<u>\$ 12,705</u>	<u>\$</u>

H. RELATED PARTY TRANSACTIONS

The United States Olympic & Paralympic Committee (USOPC) provides grants to the Association for sport management and team preparation. Grant revenue from the USOC for the years ended December 31, consisted of the following:

	<u>2022</u>	<u>2021</u>
Paralympic high performance		
Management	\$ 340,000	\$ 365,452
Special grants	86,450	109,236
Other support	47,300	
VIK - lodging/airfare	<u>8,378</u>	<u>4,398</u>
Total	<u>\$ 482,128</u>	<u>\$ 479,086</u>

The Association received additional funding from the USOPC to further support 2022 and 2021 program activity. However, some funds were not used as of December 31, 2022; therefore, of the amounts not used for program purposes in 2022 and 2021, the Association has recognized an amount payable to the USOPC of \$25,505. In addition to this amount, the Association received back \$19,900 of amounts paid for certain program purposes in 2020 due to the dissolution of the vendor. The Association used \$5,000 of these proceeds in 2022 and has reported the remaining \$14,900 as deferred revenue until further expenditures satisfy the specific program purposes of the initial funding.

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I. LEASES

During 2017, the Association entered into a lease for office space in Colorado Springs, Colorado. The lease commenced on May 26, 2017, and continued through May 26, 2018, with an option to extend for an additional year. This lease required monthly payments of \$1,198. As of November 2018, the Association renegotiated its lease on a month-to-month basis and paid monthly lease payments of \$1,400 for 2022. The Association is also leasing a storage area and a printer. As of December 31, 2022 and 2021, the Association paid \$18,468 and \$20,108 relating to these leases, respectively.