

**NATIONAL WHEELCHAIR
BASKETBALL ASSOCIATION**

Financial Statements

For the Year Ended December 31, 2020



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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of National Wheelchair Basketball Association (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020, 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.

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 the National Wheelchair Basketball Association as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note J, in March 2020, the World Health Organization declared a pandemic related to a fast-spreading novel strain of coronavirus. The outbreak has caused significant global disruption in commercial and noncommercial activities. The disruption may continue to have a significant impact on future financial performance; however, the ultimate impact of this global concern cannot be determined. Our opinion is not modified with respect to that matter.

Report on Summarized Comparative Information

We have previously audited National Wheelchair Basketball Association's 2019 financial statements, and we expressed a qualified audit opinion on those audited financial statements in our report dated March 25, 2020, due to our inability to observe methods of determining beginning inventory balances. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent in all material aspects, with the audited financial statements from which it has been derived.

McMillen & Company, PLLC

Colorado Springs, Colorado
February 26, 2021

NATIONAL WHEELCHAIR BASKETBALL ASSOCIATION
Statement of Financial Position
December 31, 2020
(With Summarized Comparative Amounts for 2019)

	<u>ASSETS</u>	
	<u>2020</u>	<u>2019</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 217,853	\$ 23,433
Accounts receivable	33,524	20,253
Prepaid expenses	49,941	38,232
Inventory	14,049	8,791
Deposits	<u>3,000</u>	<u>3,000</u>
Total current assets	318,367	93,709
PROPERTY AND EQUIPMENT:		
Furniture	7,494	7,495
Equipment	61,274	59,922
Less accumulated depreciation	<u>(61,764)</u>	<u>(59,710)</u>
Property and equipment - net	7,004	7,707
OTHER ASSETS:		
Investments designated for the Timothy J. Nugent Endowment Fund	86,540	80,891
Other restricted cash	150,000	150,000
Trademark	<u>2,410</u>	<u>2,410</u>
Total other assets	<u>238,950</u>	<u>233,301</u>
TOTAL ASSETS	<u>\$ 564,321</u>	<u>\$ 334,717</u>

	<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES:		
Accounts payable	\$ 44,077	\$ 17,676
Funds held for others	25,065	
Accrued liabilities	12,132	3,650
Contingent liability - related party	27,714	
Deferred revenue	<u>316,166</u>	<u>89,400</u>
Total current liabilities	425,154	110,726
NET ASSETS:		
Without donor restrictions	18,876	132,561
Without donor restrictions - Board designated for the Timothy J. Nugent Endowment Fund	86,540	80,891
With donor restrictions	<u>33,751</u>	<u>10,539</u>
Total net assets	<u>139,167</u>	<u>223,991</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 564,321</u>	<u>\$ 334,717</u>

See Notes to Financial Statements

NATIONAL WHEELCHAIR BASKETBALL ASSOCIATION
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2020
(With Summarized Comparative Totals for 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Totals	2019 Totals
SUPPORT AND REVENUE:				
USOPC grants	\$ 196,949	\$	\$ 196,949	\$ 276,100
Sponsorship and donations	119,332	24,212	143,544	223,739
Membership dues	113,727		113,727	234,084
National tournament	51,150		51,150	87,670
In-kind contributions	39,302		39,302	41,900
Paycheck Protecetion Program	39,300		39,300	
Fundraising events	35,578		35,578	
Divisions/conferences income	9,075		9,075	25,500
Investment income, net fees of \$1,153 and \$819	5,703		5,703	7,002
Telemarketing	3,575		3,575	77,547
Other income	2,207		2,207	12,765
Other grants				50,855
Cost of goods sold	(5,569)		(5,569)	
Satisfied program restrictions	1,000	(1,000)		
Total support and revenue	611,329	23,212	634,541	1,037,162
EXPENSES:				
Program services:				
Domestic League	450,748		450,748	468,130
High performance	136,869		136,869	257,723
Total program services	587,617		587,617	725,853
Supporting services:				
General and administrative	121,850		121,850	89,045
Fundraising	9,898		9,898	76,870
Total supporting services	131,748		131,748	165,915
Total expenses	719,365		719,365	891,768
CHANGE IN NET ASSETS	(108,036)	23,212	(84,824)	145,394
NET ASSETS, beginning of year	213,452	10,539	223,991	78,597
NET ASSETS, end of year	\$ 105,416	\$ 33,751	\$ 139,167	\$ 223,991

See Notes to Financial Statements

NATIONAL WHEELCHAIR BASKETBALL ASSOCIATION
Statement of Functional Expenses
For the Year Ended December 31, 2020
(With Comparative Totals for 2019)

	Program Services			Supporting Services				
	Domestic League	High Performance	Total Program Services	General and Administrative	Fundraising	Total Support Services	2020 Total Expenses	2019 Total Expenses
Advertising & telemarketing	\$ 929	\$ 232	\$ 1,161	\$ 6,679	\$ 5,446	\$ 12,125	\$ 13,286	\$ 63,850
Awards & apparel	2,142	500	2,642				2,642	17,428
Bad debts								8,000
Bank & credit card charges				5,541	1,227	6,768	6,768	3,813
Banquets								26,880
Board of Directors								1,726
Coaching fees								50,150
Conferences & meeting								13,688
Contracted services	52,683	49,394	102,077				102,077	8,355
Cost of goods sold					5,569	5,569	5,569	
Depreciation				2,055		2,055	2,055	7,959
In-kind vehicle & airfare				12,000		12,000	12,000	29,400
Insurance	42,301		42,301	2,226		2,226	44,527	32,697
Interest				104		104	104	9,347
Legal, accounting, & other	39,895	1,371	41,266	39,847	2,579	42,426	83,692	31,361
Miscellaneous	74	228	302				302	2,229
Occupancy	14,051		14,051	4,683		4,683	18,734	19,403
Operating supplies	764	3,769	4,533	801		801	5,334	6,982
Other direct tournament costs	48,000		48,000				48,000	
Other membership services	18,711	1,075	19,786	360		360	20,146	11,245
Photography								586
Printing & postage	2,256	1,030	3,286	2,205		2,205	5,491	5,294
Registration & entry fees								42,560
Salaries & benefits	190,221	38,960	229,181	27,090		27,090	256,271	193,018
Scholarships	1,000		1,000				1,000	3,000
Stipends								16,905
Technology & website		2,692	2,692	18,259	646	18,905	21,597	15,983
Tournament division costs	17,604		17,604				17,604	16,905
Travel	20,117	37,618	57,735				57,735	251,374
Volunteers & gifts								1,630
Totals	450,748	136,869	587,617	121,850	15,467	137,317	724,934	891,768
Less cost of goods sold					(5,569)	(5,569)	(5,569)	
Total expenses as presented on the statement of activities	\$ 450,748	\$ 136,869	\$ 587,617	\$ 121,850	\$ 9,898	\$ 131,748	\$ 719,365	\$ 891,768

See Notes to Financial Statements

NATIONAL WHEELCHAIR BASKETBALL ASSOCIATION
Statement of Cash Flows
For the Year Ended December 31, 2020
(With Summarized Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (84,824)	\$ 145,394
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Paycheck Protection Plan	(39,300)	
Depreciation	2,055	7,959
Realized and unrealized gains on investments	(4,758)	(5,945)
(Increase) decrease in assets:		
Accounts receivable	(13,271)	29,002
Prepaid expenses	(11,709)	(27,151)
Inventory	(5,258)	(2,791)
Increase (decrease) in liabilities:		
Accounts payable	26,401	(6,094)
Funds held for others	25,065	
Accrued liabilities	8,482	(5,767)
Contingent liability - related party	27,714	
Deferred revenue	<u>226,766</u>	<u>3,187</u>
Total adjustments	<u>242,187</u>	<u>(7,600)</u>
Net cash provided by operating activities	157,363	137,794
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(1,351)	(8,156)
Change in investments, net	<u>(892)</u>	<u>(21,728)</u>
Net cash used by investing activities	(2,243)	(29,884)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the Paycheck Protection Program	39,300	
Payment of line of credit		<u>(150,000)</u>
Net cash provided (used) by financing activities	<u>39,300</u>	<u>(150,000)</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	194,420	(42,090)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year	<u>173,433</u>	<u>215,523</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year	<u>\$ 367,853</u>	<u>\$ 173,433</u>

NATIONAL WHEELCHAIR BASKETBALL ASSOCIATION

Notes to Financial Statements

For the Year Ended December 31, 2020

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.

Adopted Accounting Pronouncements

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement: Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820)*. This ASU is effective for fiscal years beginning after December 15, 2019, with early adoption permissible. This ASU removes and modifies certain disclosures, adding disclosures related to fair value measurement. The Association adopted this standard during the year ended December 31, 2020.

In November 2016, the FASB issues ASU 2016-18, *Statement of Cash Flow, Restricted Cash (Topic 230)*. This standard is effective for fiscal year beginning after December 15, 2019. It requires that restricted cash and cash equivalents be included in the total cash and cash equivalents at the beginning and end of the period for which changes are shown in the statement of cash flow. It also requires that the face of the statement of cash flows or the notes to the financial statements present a reconciliation when cash and cash equivalents (restricted and unrestricted) are shown in more than one line on the statement of financial position. The Association had adopted this standard during the year ended December 31, 2020.

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

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Notes to Financial Statements
December 31, 2020

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.

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.

Revenue Recognition:

The Association has analyzed the provisions of the FASB's ASC Topic 606, *Revenue from Contracts with Customers*, and have concluded that no changes are necessary to conform with the new standard. 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.
- Membership registrations - Membership registration revenue is recognized in an amount that reflects the consideration that the Association is entitled to in exchange for providing membership services.

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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 satisfied program restrictions. Gifts of land, buildings and equipment are reported as unrestricted support unless explicit

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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 February 26, 2021, 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 \$104 and \$9,347 of interest expense during the years ended December 31, 2020 and 2019, 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>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 217,853	\$ 23,239
Restricted cash	<u>150,000</u>	<u>150,000</u>
Total	<u>\$ 367,853</u>	<u>\$ 173,239</u>

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.

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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, 2020 and 2019, the ending inventory was recorded at \$14,049 and \$8,791, 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.

In-Kind Contributions

The Association records various types of in-kind

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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 the year ended December 31, 2019, the Association received a value-in-kind contribution of apparel from one of its sponsors for internal 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.

During the years ended December 31, 2020 and 2019, the Association recognized revenue and related expenses and assets of \$39,302 and \$41,900, respectively, for contributed airfare, vehicle-use, and apparel.

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 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, 2019, from which the summarized information was derived.

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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, 2020 and 2019, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 217,853	\$ 23,433
Accounts receivable	<u>33,524</u>	<u>20,253</u>
Total	<u>\$ 251,377</u>	<u>\$ 43,686</u>

Of the amounts above, a portion of the funds are restricted by donors for specific uses (see Note G). The Association also has investments of \$86,540 and \$80,891 as of December 31, 2020 and 2019, respectively. However, these investments were designated by the Board of Directors (see Note F).

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:

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- 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, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income	\$ 53,262	\$	\$	\$ 53,262
Equities	32,944			32,944
Money market	<u>334</u>			<u>334</u>
	<u>\$ 86,540</u>	<u>\$</u>	<u>\$</u>	<u>\$ 86,540</u>

Assets at Fair Value as of December 31, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income	\$ 49,747	\$	\$	\$ 49,747
Equities	30,308			30,308
Money market	<u>836</u>			<u>836</u>
	<u>\$ 80,891</u>	<u>\$</u>	<u>\$</u>	<u>\$ 80,891</u>

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

	<u>2020</u>	<u>2019</u>
Realized gain (loss)	\$ (312)	\$ 110
Interest and dividends	2,098	1,876
Investment fees	(1,153)	(819)
Unrealized gains (losses)	<u>5,070</u>	<u>5,835</u>
Investment income (loss)	<u>\$ 5,703</u>	<u>\$ 7,002</u>

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D. DEFERRED REVENUE

Deferred revenue at December 31, 2020 and 2019, consists of the following:

	<u>2020</u>	<u>2019</u>
Advance grant funds received	\$ 281,952	\$
Membership dues	<u>34,214</u>	<u>89,400</u>
Total	<u>\$ 316,166</u>	<u>\$ 89,400</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 to the greater of \$250 or accrued interest plus 1/60 of the outstanding principal per month. The note is secured by cash.

The Association had no balance on the line of credit as of December 31, 2020.

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

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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, 2020, were as follows:

Board-designated endowment net assets, beginning of year	\$ 80,891
Additions	
Net investment earnings	<u>5,649</u>
Board-designated endowment net assets, end of year	<u>\$ 86,540</u>

G. NET ASSETS WITH RESTRICTIONS: TEMPORARY IN NATURE

Temporarily restricted net asset at December 31, 2020 and 2019, were restricted for the following purpose:

	<u>2020</u>	<u>2019</u>
The Wayne Fund	\$ 9,539	\$ 10,539
Frank T. Burns Fund	<u>24,212</u>	<u></u>
Total	<u>\$ 33,751</u>	<u>\$ 10,539</u>

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purpose. During the years ended December 31, 2020 and 2019, respectively, net assets with restrictions were released from restrictions for the following programs:

	<u>2020</u>	<u>2019</u>
The Wayne Fund scholarship	<u>\$ 1,000</u>	<u>\$ 1,000</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, 2020 and 2019, consisted of the following:

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	<u>2020</u>	<u>2019</u>
Paralympic management	\$ 196,949	\$ 272,600
VIK - airfare	14,801	17,400
Strategic planning	<u> </u>	<u>3,500</u>
Total	<u>\$ 211,750</u>	<u>\$ 293,500</u>

During the year ended December 31, 2020, the Association received additional grant funding from the USOPC, including a special grant for COVID-19 relief (Note J). Due to limited program activity in 2020, a substantial portion, \$281,952, of these grants was deferred until amounts could be used for specific program purposes in 2021. Furthermore, of the 2020 grant funding, the Association has estimated a balance of \$27,714 that could be owed back to the USOPC, since those funds were not expended for identified purposes under certain grants.

I. LEASES

During 2017, the Association entered into a lease for office space. The lease commenced on May 26, 2017, and continued through May 26, 2018, with an option to extend for an additional year. This lease requires monthly payments of \$1,198. As of November 2018, the Association renegotiated its lease on a month-to-month basis with a new monthly lease payment of \$1,350. The Association is also leasing a storage area and a printer. As of December 31, 2020 and 2019, the Association has paid \$24,465 and \$19,403, respectively.

J. COVID PANDEMIC, PAYCHECK PROTECTION PROGRAM, AND SUBSEQUENT EVENT

In March 2020, the World Health Organization declared a pandemic related to the fast-spreading COVID-19 virus. As a result of the global attention and concern arising from this disease, many event organizers have taken measures that are considered appropriate responses to limit the spread of the disease such as postponing events, including the 2020 Olympics and Paralympics. Impacts to the Association included disruptions or restrictions on the Association's ability to perform services and/or conduct events, which impeded its ability to secure sponsorships and other funding. The Association received special USOPC funding (Note H) to mitigate the financial damage from COVID-19; these funds were deferred (Note D) for use during the year ended December 31, 2021.

NATIONAL WHEELCHAIR BASKETBALL ASSOCIATION
Notes to Financial Statements
December 31, 2020

In April 2020, the Association acquired a federal loan in the amount of \$39,300 pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020, further amended by the Paycheck Protection Program Flexibility Act. The PPP provides loans to qualifying businesses for amounts up to two months of the average monthly payroll expenses plus an additional 25% of that amount, subject to limitations. The loans and accrued interest are forgivable after 24 weeks if the borrower uses the loan proceeds for qualified purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels at certain prescribed levels. The amount of loan forgiveness would have been reduced if the borrower terminated employees or reduces salaries below the prescribed level during the 24-week period. During the year ended December 31, 2020, the Association satisfied the forgiveness requirements of the program. Therefore, it has recorded the revenue in the year ended December 31, 2020, applying provisions of ASC 958-605.

In December 2020, Congress passed the Consolidated Appropriations Act, which included the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act. This legislation allowed for additional funding under the PPP for certain entities. Subsequent to the year ended December 31, 2020, the Association applied for additional support of \$45,272 under the modified PPP, which it expects to use for purposes that would result in forgiveness of the loan.

Management continues to evaluate options for appropriate response to this global concern within the context of its operations and events. However, the ultimate impact of the COVID-19 outbreak is unknown.