

**NATIONAL WHEELCHAIR
BASKETBALL ASSOCIATION**

Financial Statements

For the Year Ended December 31, 2023



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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, 2023, 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, 2023, 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 2022 financial statements, and our report dated March 29, 2023, 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, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McMillen & Company, PLLC

Colorado Springs, Colorado
September 3, 2024

NATIONAL WHEELCHAIR BASKETBALL ASSOCIATION
Statement of Financial Position
December 31, 2023
(With Summarized Comparative Amounts for 2022)

	<u>ASSETS</u>	
	<u>2023</u>	<u>2022</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 397,598	\$ 251,672
Accounts receivable	12,172	4,318
Prepaid expenses	54,407	67,067
Deposits	<u>3,000</u>	<u>3,000</u>
Total current assets	467,177	326,057
PROPERTY AND EQUIPMENT:		
Furniture	7,494	7,494
Equipment	22,758	22,758
Less accumulated depreciation	<u>(27,115)</u>	<u>(24,332)</u>
Property and equipment - net	3,137	5,920
OTHER ASSETS:		
Investments designated for the Timothy J. Nugent Endowment Fund	90,014	81,654
Other investments	30,990	12,601
Other restricted cash	150,000	150,000
Trademark	<u>2,410</u>	<u>2,410</u>
Total other assets	<u>273,414</u>	<u>246,665</u>
TOTAL ASSETS	<u>\$ 743,728</u>	<u>\$ 578,642</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 12,092	\$ 23,917
Funds held for others		41,134
Accrued liabilities	6,866	2,809
Due to related party	25,505	28,255
Deferred revenue	<u>261,520</u>	<u>226,282</u>
Total current liabilities	305,983	322,397
NET ASSETS:		
Without donor restrictions	201,341	120,400
Without donor restrictions - Board designated for the Timothy J. Nugent Endowment Fund	90,014	81,654
With donor restrictions	<u>146,390</u>	<u>54,191</u>
Total net assets	<u>437,745</u>	<u>256,245</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 743,728</u>	<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, 2023
(With Summarized Comparative Totals for 2022)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Totals</u>	<u>2022 Totals</u>
SUPPORT AND REVENUE:				
USOPC grants	\$ 542,100	\$	\$ 542,100	\$ 473,750
Sponsorship and donations	215,750	110,636	326,386	273,686
Membership dues	251,772		251,772	216,309
Other grants	128,060		128,060	10,000
In-kind contributions	95,290		95,290	85,946
National tournament	54,000		54,000	51,253
Divisions/conferences income	32,360		32,360	31,327
Other income	28,509		28,509	45,053
Investment income, net fees of \$1,223 and \$1,299	23,437		23,437	(16,822)
Fundraising events				9,810
Cost of goods sold				(19,864)
Satisfied program restrictions	<u>44,994</u>	<u>(44,994)</u>		
Total support and revenue	1,416,272	65,642	1,481,914	1,160,448
EXPENSES:				
Program services:				
High performance	538,727		538,727	479,203
Domestic League	<u>427,099</u>		<u>427,099</u>	<u>417,710</u>
Total program services	965,826		965,826	896,913
Supporting services:				
General and administrative	330,378		330,378	145,517
Fundraising	<u>4,210</u>		<u>4,210</u>	<u>7,149</u>
Total supporting services	<u>334,588</u>		<u>334,588</u>	<u>152,666</u>
Total expenses	<u>1,300,414</u>		<u>1,300,414</u>	<u>1,049,579</u>
CHANGE IN NET ASSETS	115,858	65,642	181,500	110,869
NET ASSETS, beginning of year, as previously reported	202,054	54,191	256,245	145,376
Reclassification of net assets	<u>(26,557)</u>	<u>26,557</u>		
NET ASSETS, beginning of year, as restated	<u>175,497</u>	<u>80,748</u>	<u>256,245</u>	<u>145,376</u>
NET ASSETS, end of year	<u>\$ 291,355</u>	<u>\$ 146,390</u>	<u>\$ 437,745</u>	<u>\$ 256,245</u>

See Notes to Financial Statements

NATIONAL WHEELCHAIR BASKETBALL ASSOCIATION

Statement of Functional Expenses
For the Year Ended December 31, 2023
(With Comparative Totals for 2022)

	Program Services			Supporting Services		Total Support Services	2023 Total Expenses	2022 Total Expenses
	Domestic League	High Performance	Total Program Services	General and Administrative	Fundraising			
Travel	\$ 67,276	\$ 322,703	\$ 389,979	\$ 19,017	\$	\$ 19,017	\$ 408,996	\$ 296,682
Salaries, payroll taxes, & benefits	139,440	32,471	171,911	20,488		20,488	192,399	162,449
Contracted services	17,637	74,490	92,127	102,473		102,473	194,600	149,220
In-kind vehicle & airfare		24,425	24,425	70,865		70,865	95,290	12,000
Direct tournament costs	49,300	44,200	93,500				93,500	112,048
Insurance	59,123	646	59,769	3,146		3,146	62,915	49,420
Awards & apparel	38,730	23,177	61,907				61,907	43,802
Legal, accounting, & other				52,213		52,213	52,213	42,899
Technology & website	703	1,334	2,037	30,541		30,541	32,578	25,231
Other membership services	23,893	1,000	24,893	2,472		2,472	27,365	74,030
Occupancy	12,480	4,680	17,160	8,637		8,637	25,797	36,018
Miscellaneous	6,733	4,881	11,614	8,013		8,013	19,627	1,749
Printing & postage	968	1,098	2,066	5,795		5,795	7,861	6,309
Advertising & promotion	1,274		1,274	326	4,210	4,536	5,810	10,693
Operating supplies	433	3,607	4,040	460		460	4,500	11,213
Banquets	3,682		3,682				3,682	
Coaching fees	3,500		3,500	150		150	3,650	330
Bank & credit card charges				2,146		2,146	2,146	4,372
Depreciation				2,783		2,783	2,783	2,783
Scholarships	1,000		1,000				1,000	2,000
Photography	600		600				600	
Bad debts				430		430	430	
Volunteers & gifts	327		327				327	83
Interest				270		270	270	3,305
Conferences & meeting		15	15	153		153	168	2,943
Cost of goods sold								19,864
Totals	427,099	538,727	965,826	330,378	4,210	334,588	1,300,414	1,069,443
Less cost of goods sold								(19,864)
Total expenses as presented on the statement of activities	\$ 427,099	\$ 538,727	\$ 965,826	\$ 330,378	\$ 4,210	\$ 334,588	\$ 1,300,414	\$ 1,049,579

See Notes to Financial Statements

NATIONAL WHEELCHAIR BASKETBALL ASSOCIATION
Statement of Cash Flows
For the Year Ended December 31, 2023
(With Summarized Comparative Totals for 2022)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 181,500	\$ 110,869
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,783	2,783
Realized and unrealized (gains) losses on investments	(19,260)	17,345
(Increase) decrease in assets:		
Accounts receivable	(7,854)	20,279
Prepaid expenses	12,660	(11,110)
Inventory		3,666
Increase (decrease) in liabilities:		
Accounts payable	(11,825)	(313)
Funds held for others	(41,134)	26,567
Accrued liabilities	4,057	(4,741)
Due to related party	(2,750)	(24,964)
Deferred revenue	<u>35,238</u>	<u>111,394</u>
Total adjustments	<u>(28,085)</u>	<u>140,906</u>
Net cash provided (used) by operating activities	153,415	251,775
CASH FLOWS FROM INVESTING ACTIVITIES:		
Gross purchases of investments	<u>(7,489)</u>	<u>(18,172)</u>
Net cash used by investing activities	(7,489)	(18,172)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on line of credit	<u> </u>	<u>(100,293)</u>
Net cash provided (used) by financing activities	<u> </u>	<u>(100,293)</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	145,926	133,310
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year	<u>401,672</u>	<u>268,362</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year	<u>\$ 547,598</u>	<u>\$ 401,672</u>

See Notes to Financial Statements

NATIONAL WHEELCHAIR BASKETBALL ASSOCIATION

Notes to Financial Statements

For the Year Ended December 31, 2023

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

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, in June 2016. The ASU introduces a new expected credit loss model for the recognition and measurement of credit losses on financial assets measured at amortized cost, such as loans, receivables, debt securities, and net investments in leases. The ASU also modifies the accounting for available-for-sale debt securities and provides new guidance on the presentation and disclosure of credit losses.

In accordance with ASU 2016-13 and the related subsequent pronouncements, the Association has adopted the current expected credit loss (CECL) model for measuring credit losses on financial instruments. This new standard has been applied using the modified retrospective approach, which requires a cumulative-effect adjustment to the opening balance of retained earnings as of the beginning of the first reporting period in which the guidance is effective. The adoption of ASU 2016-13 has resulted in the following changes to the Association's financial statements:

1. The allowance for credit losses, if any, has been adjusted to reflect the Association's current estimate of expected credit losses over the life of the financial assets.
2. The significant categories of financial assets measured at amortized cost, along with the associated allowance for credit losses, are now presented separately on the Statement of Financial Position.

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3. Enhanced disclosures have been provided in the notes to the financial statements, detailing the basis for measuring credit losses, if any, and the factors that influenced the Association's estimate of expected credit losses.

The adoption of ASU 2016-13 did not have a material impact on the financial statements and did not require any cumulative adjustment to beginning balances. However, the Association has reviewed and updated policies and procedures to ensure compliance with the new standard and to maintain effective internal controls over financial reporting.

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:

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- 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 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.

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- 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

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. However, restricted contributions are reported as an increase in net assets without donor restrictions if the restriction is satisfied in the same reporting period in which the support is recognized.

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 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.

Supplemental Cash Flow Disclosures

The Association paid \$270 and \$3,305 of interest expense during the years ended December 31, 2023 and 2022, 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>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 397,598	\$ 251,672
Restricted cash	<u>150,000</u>	<u>150,000</u>
Total	<u>\$ 547,598</u>	<u>\$ 401,672</u>

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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.

Inventory

When present, the Association states inventories at the lower of FIFO cost and net realizable value. Net realizable value is based on the selling price.

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 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

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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, 2023 and 2022, 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, 2023 and 2022, the Association recognized revenue and related expenses and assets of \$95,290 and \$85,946, respectively, for contributed airfare, lodging, vehicle-use, and apparel, as follows:

	<u>2023</u>	<u>2022</u>
Lodging	\$ 20,695	\$ 11,761
Vehicle lease	21,177	12,000
Apparel and equipment	<u>53,417</u>	<u>62,185</u>
Total	<u>\$ 95,289</u>	<u>\$ 85,946</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 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

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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, 2022, 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, 2023 and 2022, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 397,598	\$ 251,672
Investments designated for the Timothy J. Nugent Endowment Fund	90,014	81,654
Other investments	30,990	12,601
Accounts receivable	<u>12,172</u>	<u>4,318</u>
Total financial assets	530,774	350,245
Less:		
Board designated net assets	(90,014)	(81,654)
Donor restricted net assets purpose restricted	<u>(59,833)</u>	<u>(54,191)</u>
Amount available for general expenditures	<u>\$ 380,927</u>	<u>\$ 214,400</u>

C. FAIR VALUE MEASUREMENTS

The Association applies Generally Accepted Accounting Principles (GAAP) for fair value measurements of financial

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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, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income	\$ 56,059	\$	\$	\$ 56,059
Equities	63,562			63,562
Cash & money market	<u>1,383</u>			<u>1,383</u>
	<u>\$ 121,004</u>	<u>\$</u>	<u>\$</u>	<u>\$ 121,004</u>

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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>427</u>
	<u>\$ 94,255</u>	<u>\$</u>	<u>\$</u>	<u>\$ 94,255</u>

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

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 4,177	\$ 1,822
Unrealized gains (losses)	19,610	(19,724)
Realized gains (losses)	873	2,379
Investment fees	<u>(1,223)</u>	<u>(1,299)</u>
	<u>\$ 23,437</u>	<u>\$ (16,822)</u>

D. DEFERRED REVENUE

Deferred revenue at December 31, 2023 and 2022, consists of the following:

	<u>2023</u>	<u>2022</u>
Membership dues	\$ 161,520	\$ 111,382
Advance grant funds received	<u>100,000</u>	<u>114,900</u>
Total	<u>\$ 261,520</u>	<u>\$ 226,282</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

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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.

As of December 31, 2023 and 2022, the Association had no balance on the line of credit.

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, 2023, were as follows:

Board-designated endowment net assets, beginning of year	\$ 81,654
Investment earnings	9,583
Investment fees	<u>(1,223)</u>
Board-designated endowment net assets, end of year	<u>\$ 90,014</u>

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G. NET ASSETS WITH RESTRICTIONS: TEMPORARY IN NATURE

Temporarily restricted net assets at December 31, 2023 and 2022, were restricted for the following purpose:

	<u>2023</u>	<u>2022</u>
HP Women	\$ 67,516	\$ 26,557
Frank T. Burns Fund	61,335	45,652
2024 event	10,000	
The Wayne Fund Scholarship	<u>7,539</u>	<u>8,539</u>
Total	<u>\$ 146,390</u>	<u>\$ 80,748</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>2023</u>	<u>2022</u>
Frank T. Burns Fund	\$ 34,953	\$ 11,705
CAF CNL Charity Golf Tournament	9,041	
The Wayne Fund scholarship	<u>1,000</u>	<u>1,000</u>
	<u>\$ 44,994</u>	<u>\$ 12,705</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>2023</u>	<u>2022</u>
Paralympic high performance		
Management	\$ 320,000	\$ 340,000
Other support	222,100	47,300
VIK - lodging/airfare	23,000	8,378
Special grants	<u> </u>	<u>86,450</u>
Total	<u>\$ 565,100</u>	<u>\$ 482,128</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, 2023; therefore, of the

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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 \$14,900 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 2023 and has reported the remaining \$14,900 as deferred revenue until further expenditures satisfy the specific program purposes of the initial funding.

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. As of November 2018, the Association renegotiated its lease on a month-to-month basis and paid monthly lease payments of \$1,400 for 2023. The Association is also leasing a storage area and a printer. As of December 31, 2023 and 2022, the Association paid \$24,548 and \$18,468 relating to these leases, respectively.

J. 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.

K. SUBSEQUENT EVENTS

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through September 3, 2024, the date that the financial statements were available to be issued.

L. PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2023, Management discovered

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misclassified net assets relating to restricted funds received in 2022. Therefore, the Association has restated prior year financial statements to reflect the change in classification. The overall change in net assets for the year and total net assets as of the year-end were not impacted. As a result of the restatement, for the year ended December 31, 2022, restricted net assets were increased by \$26,557 and net assets without donor restrictions were decreased by the same amount. Also, for the year ended December 31, 2022, change in net assets with restrictions was increased by \$26,557 and change in net assets without donor restrictions was decreased by the same amount.