



**USA TAEKWONDO, INC.**

**Financial Statements**

**For the Years Ended December 31, 2020**

## TABLE OF CONTENTS

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
USA Taekwondo, Inc.  
Colorado Springs, Colorado

We have audited the accompanying financial statements of USA Taekwondo, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020, and the related statements of activities, 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 from 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 USA Taekwondo, Inc., as of December 31, 2020, and the changes in its net assets, functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited USA Taekwondo, Inc.'s 2019 financial statements, and our report dated November 4, 2020, 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, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Waugh & Goodwin, LLP*

Colorado Springs, Colorado  
November 30, 2021

USA TAEKWONDO, INC.  
Statement of Financial Position  
December 31, 2020  
(With Comparative Totals for December 31, 2019)

	<u>ASSETS</u>	
	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 541,587	\$ 509,427
Accounts receivable, net	106,771	37,532
Due from the USOPC		7,000
Inventory		8,750
Prepaid expenses	<u>9,320</u>	<u>35,779</u>
Total current assets	657,678	598,488
OTHER ASSETS	5,576	5,576
<b>FURNITURE AND EQUIPMENT:</b>		
Athletic equipment	42,188	29,757
Leasehold improvements	38,260	38,260
Office furniture and equipment	56,305	51,305
Transportation equipment	14,285	14,285
Less accumulated depreciation	<u>(98,554)</u>	<u>(85,037)</u>
Furniture and equipment - net	<u>52,484</u>	<u>48,570</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 715,738</u></b>	<b><u>\$ 652,634</u></b>
<u>LIABILITIES AND NET ASSETS</u>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 260,312	\$ 78,101
Accrued liabilities	19,188	39,399
Due to the USOPC	54,778	13,823
Refundable advance	137,556	
Current portion of deferred revenue	<u>100,946</u>	<u>227,028</u>
Total current liabilities	572,780	358,351
LONG-TERM REFUNDABLE ADVANCE		30,000
LONG-TERM DEFERRED REVENUE	<u>37,404</u>	<u>27,603</u>
Total liabilities	610,184	415,954
<b>NET ASSETS:</b>		
Without donor restrictions	<u>105,554</u>	<u>236,680</u>
Total net assets	<u>105,554</u>	<u>236,680</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 715,738</u></b>	<b><u>\$ 652,634</u></b>

See Notes to Financial Statements

USA TAEKWONDO, INC.  
Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2020  
(With Comparative Totals for the Year Ended December 31, 2019)

	<u>2020</u>	<u>2019</u>
<b>REVENUE AND SUPPORT:</b>		
Events	\$ 546,953	\$ 1,907,744
Membership	487,522	798,886
USOPC grants	483,079	540,153
Sponsorship & royalties	242,121	528,346
PPP grant	130,727	
Dan office	90,640	152,094
USOPC media agreement	75,000	75,000
Grants & contributions	<u>34,380</u>	<u>9,085</u>
Total revenue and support	2,090,422	4,011,308
<b>EXPENSES:</b>		
Program services:		
National & international events	777,454	1,694,374
High performance programs	552,043	1,253,557
Membership services	320,385	557,635
Media	<u>87,879</u>	
Total program services	1,737,761	3,505,566
Supporting services:		
General & administrative	<u>483,787</u>	<u>616,103</u>
Total supporting services	<u>483,787</u>	<u>616,103</u>
Total expenses	<u>2,221,548</u>	<u>4,121,669</u>
CHANGE IN NET ASSETS	(131,126)	(110,361)
NET ASSETS, beginning of year	<u>236,680</u>	<u>347,041</u>
NET ASSETS, end of year	<u>\$ 105,554</u>	<u>\$ 236,680</u>

See Notes to Financial Statements

USA TAEKWONDO, INC.  
Statement of Functional Expenses  
For the Year Ended December 31, 2020  
(With Comparative Totals for the Year Ended December 31, 2019)

	Program Services				Total Program Services
	National & International Events	High Performance Programs	Membership Services	Media	
Advertising	\$				\$
Airline travel	24,912	79,541		1,033	105,486
Bad debt expense					
Contract services	145,370	918	8,348	12,600	167,236
Depreciation					
Dues & subscriptions		4,064	45,225	2,621	51,910
Employee benefits	23,691	27,201	14,039	4,617	69,548
Equipment & apparel	3,773	18,223			21,996
Fees	94,571	74,092	72,585	560	241,808
Food & beverage	4,432	2,404	93		6,929
Freight & shipping	16,027	722			16,749
General & medical supplies	1,418	3,552	513	179	5,662
Ground travel	3,509	2,503			6,012
Information technology		1,897			1,897
Insurance			65,235		65,235
Inventory valuation adjustment					
Legal fees					
Meal allowance	29,732	15,628			45,360
Medals, awards & gifts	6,823	1,861	55		8,739
Miscellaneous		1,608			1,608
Occupancy - office space		63,002			63,002
Payroll taxes	14,393	16,525	8,529	4,415	43,862
Pension expense	3,157	3,625	1,871	1,731	10,384
Postage	1,259		564		1,823
Printing & copying	331		2,277		2,608
Rentals & venue costs	123,059	30		1,494	124,583
Repairs & maintenance					
Rooms & lodging	106,343	38,290		503	145,136
Salaries	169,851	195,014	100,652	57,708	523,225
Signage	4,287				4,287
Telephone	516	221	399	418	1,554
Visa & travel services		1,122			1,122
	<u>\$ 777,454</u>	<u>\$ 552,043</u>	<u>\$ 320,385</u>	<u>\$ 87,879</u>	<u>\$ 1,737,761</u>

<u>Supporting Services</u>			
	<u>General &amp; Administrative</u>	<u>2020 Total Expenses</u>	<u>2019 Total Expenses</u>
Advertising	\$		\$ 2,718
Airline travel	4,233	109,719	426,672
Bad debt expense	129,000	129,000	32,500
Contract services	199	167,435	678,866
Depreciation	13,518	13,518	10,430
Dues & subscriptions	3,707	55,617	14,803
Employee benefits	22,814	92,362	83,124
Equipment & apparel	3,482	25,478	109,135
Fees	20,255	262,063	396,437
Food & beverage		6,929	128,454
Freight & shipping		16,749	23,362
General & medical supplies	5,565	11,227	54,788
Ground travel	22	6,034	22,831
Information technology	632	2,529	8,774
Insurance	40,579	105,814	179,868
Inventory valuation adjustment	8,750	8,750	6,250
Legal fees	15,292	15,292	182,349
Meal allowance		45,360	114,753
Medals, awards & gifts		8,739	22,853
Miscellaneous		1,608	
Occupancy - office space	21,590	84,592	66,468
Payroll taxes	13,860	57,722	51,790
Pension expense	3,039	13,423	12,523
Postage	3,373	5,196	9,415
Printing & copying	1,674	4,282	23,511
Rentals & venue costs	720	125,303	351,252
Repairs & maintenance	315	315	3,729
Rooms & lodging	803	145,939	445,899
Salaries	163,560	686,785	638,666
Signage		4,287	
Telephone	6,805	8,359	13,209
Visa & travel services		1,122	6,240
	<u>\$ 483,787</u>	<u>\$ 2,221,548</u>	<u>\$ 4,121,669</u>

See Notes to Financial Statements



USA TAEKWONDO, INC.  
Statement of Cash Flows  
For the Year Ended December 31, 2020  
(With Comparative Totals for the Year Ended December 31, 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (131,126)	\$ (110,361)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Inventory valuation adjustment	8,750	6,250
Depreciation	13,518	10,430
(Increase) decrease in assets:		
Accounts receivable, net	(69,239)	37,251
Contributions receivable		5,140
Due from the USOPC	7,000	(7,000)
Prepaid expenses	26,459	36,305
Other assets		(5,576)
Increase (decrease) in liabilities:		
Accounts payable	182,211	37,889
Due to the USOPC	40,955	(14,071)
Accrued liabilities	(20,211)	11,202
Refundable advance	107,556	30,000
Deferred revenue	<u>(116,281)</u>	<u>65,039</u>
Total adjustments	<u>180,718</u>	<u>212,859</u>
Net cash provided by operating activities	49,592	102,498
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	<u>(17,432)</u>	<u>(46,727)</u>
Net cash used by investing activities	<u>(17,432)</u>	<u>(46,727)</u>
NET INCREASE IN CASH	32,160	55,771
CASH AND CASH EQUIVALENTS, beginning of year	<u>509,427</u>	<u>453,656</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 541,587</u>	<u>\$ 509,427</u>

See Notes to Financial Statements

USA TAEKWONDO, INC.  
Notes to Financial Statements  
For the Year Ended December 31, 2020

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

USA Taekwondo, Inc. (the Corporation) is the national governing body for the sport of taekwondo, making it responsible for the conduct and administration of amateur taekwondo in the United States. The mission of USA Taekwondo shall be to enable United States athletes to achieve sustained competitive excellence and promote and grow the sport of taekwondo in the United States. The Corporation is not a private foundation.

Cash and Cash Equivalents

Cash and cash equivalents consist of the Corporation's checking accounts.

The Corporation maintains its cash and cash equivalents in a commercial bank. In the unlikely event of a bank failure, the Corporation could suffer a loss to the extent its deposits exceed the respective bank's insurance limits.

Accounts Receivable

Accounts receivable include amounts from contracts with customers, contributions, and other miscellaneous amounts. They are stated at the amount management expects to collect from balances outstanding at year-end. Gross receivables from contracts with customers at the beginning and end of 2020 were \$65,000 and \$251,500, respectively.

Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, the Corporation has concluded that an allowance for doubtful accounts in the amount of \$161,500 and \$32,500 is necessary for the years ending December 31, 2020 and 2019, respectively.

Inventory

Inventory at December 31, 2019, consists of a motorcycle which was held for sale. This motorcycle was valued at its estimated net realizable value. During the year ended December 31, 2020, the Corporation determined that the motorcycle no longer has a net realizable value; therefore, the value has been written down to \$0.

## Notes to Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Prepaid Expenses and Deferred Charges

Event expenses paid for in a fiscal year prior to the occurrence of a scheduled event are deferred and recognized as expenses in the fiscal year in which such events occur.

#### Depreciation

Furniture and equipment are recorded at cost as of the date of acquisition or fair value as of the date of receipt in the case of gifts. Depreciation is recorded for office, transportation and athletic equipment using the straight-line method over an estimated useful life of five to ten years. Depreciation expense for the years ended December 31, 2020 and 2019, was \$13,518 and \$10,430, respectively.

#### Compensated Absences

In past years, employees of the Corporation earned a vested right to compensation for unused vacation. Accordingly, the Corporation accrued for unused vacation time earned. During the year ended December 31, 2020, the Corporation modified its vacation policy resulting in no accrual for unused vacation time; therefore, there is no liability recorded in the accompanying financial statements as of December 31, 2020.

#### Contributions

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as satisfied program restrictions. Contributions and grants with donor restrictions are reported as support and revenue without donor restrictions if the restriction is met in the same year that the gift is received.

United States Olympic & Paralympic Committee (USOPC) grants are treated as contributions by the Corporation.

## Notes to Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### In-kind Revenue

Sponsorship income in the form of in-kind goods such as clothing, equipment, medals, and airfare are reported as revenue and expense in the fiscal year they are received.

The Corporation recorded \$25,407 and \$219,124 of in-kind revenue for the years ended December 31, 2020 and 2019, respectively.

#### Donated Services

The Corporation recognizes donated services that create or enhance non-financial assets or that require specialized skills and would typically need to be purchased if not provided by donation. For the years ended December 31, 2020 and 2019, there were no donated services recorded. A number of volunteers donated time to the Corporation's program services; however, the estimated value was not recorded, because they did not meet the criteria described above.

#### Revenue from Contracts with Customers

Events - The Corporation receives revenue from sales related to various national and international events and competitions held for members.

Event registrations are mostly completed online through the Corporation's membership database. The revenue is recognized at the time of the event, which recognizes the completion of the Corporation's performance obligations.

Membership - Revenue from contracts with members for annual dues is reported at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing membership and benefits to its members.

The Corporation currently has membership in the following categories with various fees and services provided: Athlete, Coach, Referee, Supporting, Life, Club, Affiliated Organization, Contributing Organization, and State Association. Membership in the Corporation creates with it certain obligations and duties. The Board of Directors may establish such membership requirements and dues as the Board shall deem necessary or appropriate. Further, the Board may establish such rules and procedures for the manner and method of payments of dues, the collection of delinquent dues and the

## Notes to Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Revenue from Contracts with Customers - continued

##### Membership - continued

proration or refund of dues, as the Board shall deem necessary or appropriate. No privilege of membership shall be available until all membership requirements are satisfied and all dues are paid in full.

Revenue is recognized as performance obligations are satisfied, which is ratably over the membership term. Membership dues are nonrefundable.

Sponsorship and Royalties - The Corporation recognizes revenue from contracts with both sponsors and suppliers of USA Taekwondo, Inc. Performance obligations in such contracts are satisfied as services are rendered, and therefore, the Corporation will recognize revenue over time. The Corporation has concluded that the performance obligations within these contracts are substantially the same in each year and are satisfied ratably over the term of the agreement.

Dan Office - The Dan office at USA Taekwondo provides a direct link between the United States and the Kukkiwon office in Korea. The goal of the Dan Office to provide efficient processing of students Black Belt certificates and to provide a support system with Kukkiwon. The Corporation recognizes the certificate revenue as it is processed.

USOPC Media Agreement - The Corporation also recognizes revenue from contracts with the USOPC. As previously mentioned, USOPC grants are considered contributions by the Corporation. The USOPC media agreement is considered revenue from contracts with customers. See Note C for more information regarding those revenue streams.

#### Advertising Costs

The Corporation uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the years ending December 31, 2020 and 2019 was \$0 and \$2,718, respectively.

## Notes to Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Income Tax

The Corporation 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 Corporation'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 Corporation believes that it does not have any uncertain tax positions that are material to the financial statements.

#### Prior-Year Comparisons

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional expense classification. 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 Corporation's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

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

#### Supplemental Cash Flow Information

During the years ended December 31, 2020 and 2019, the Corporation did not pay any interest or income taxes.

#### Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Corporation. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Certain costs and expenses are allocated among the various programs and supporting service expenses based on time and effort estimates.

## Notes to Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### 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.

#### Date of Management's Review

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through November 30, 2021, the date that the financial statements were available to be issued.

### B. AVAILABLE RESOURCES AND LIQUIDITY

USA Taekwondo, Inc. is dedicated to ensuring that all financial operations and transactions are conducted under the highest standards and in the best interest of furthering the Corporation's mission. As part of the Corporation's liquidity management, the Corporation regularly monitors liquidity required to meet its operating needs and other commitments. The Corporation has various sources of liquidity at its disposal, including cash and cash equivalents, and accounts receivable. The Corporation does not currently have any short-term investments. In addition to financial assets available to meet general cash expenditures over the next 12 months, the Corporation strives to produce a conservative budget and anticipates collecting revenue from conducting its program services as well as receiving support to adequately cover operating expenses. The following table reflects the Corporation's financial assets as of December 31, 2020 and 2019. The Corporation does not currently have any funds whose general use is limited by donor restrictions or board designations.

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 541,587	\$ 509,427
Accounts receivable, net	106,771	37,532
Due from the USOPC	<u>                    </u>	<u>7,000</u>
Total financial assets available within one year	<u>\$ 648,358</u>	<u>\$ 553,959</u>

## Notes to Financial Statements

### C. RELATED PARTY TRANSACTIONS

USOPC provides grants to the Corporation for sports development, international competition and team preparation. Total grants from the USOPC for the years ended December 31, 2020 and 2019, consist of the following project categories:

	<u>2020</u>	<u>2019</u>
NGB funding	\$ 421,820	\$ 465,820
Other grants	61,259	71,204
VIK rent	<u>          </u>	<u>3,129</u>
	<u>\$ 483,079</u>	<u>\$ 540,153</u>

In addition to the grant amounts above, the USOPC made direct athlete support payments of \$166,000 and \$112,000 for the years ended December 31, 2020 and 2019, respectively.

At December 31, 2020 and 2019, \$0 and \$7,000, respectively, was due from the USOPC. The Corporation owed the USOPC \$54,778 and \$13,823 at December 31, 2020 and 2019, respectively.

In addition to the amounts above, the USOPC provides additional funding in the form of value in kind. These amounts are included in sponsorship revenue and as expenses in the statement of activities and changes in net assets. The USOPC provided additional value in kind of \$11,247 and \$28,565 during the years ended December 31, 2020 and 2019, respectively.

The Corporation is economically dependent upon grants from the USOPC in order to maintain its programs at current levels.

The Corporation had a lease agreement with the USOPC for office space which expired on April 30, 2020. No amount was charged for common areas, however, \$3,129 has been reflected in the financial statements as value in kind revenue and cost for the Corporation's share of common area facilities for the year ending December 31, 2019. As part of this agreement, administrative services at the building's front desk were provided at no charge by one of the Corporation's employees one day per week. The Corporation has terminated this lease and has entered into a new office lease agreement with an unrelated party (Note F).



## Notes to Financial Statements

### C. RELATED PARTY TRANSACTIONS

The Corporation previously entered into a digital licensing agreement with the USOPC, and the term of the agreement was January 1, 2013 through December 31, 2016. The Corporation signed an amended agreement with the USOPC that extends the term of the agreement through December 31, 2021. The Corporation received \$75,000 during each of the years ended December 31, 2020 and 2019 under this agreement.

Board Members may also serve in other capacities for the Corporation and as such may be reimbursed for their out-of-pocket expenses and compensated for their time. During the years ended December 31, 2020 and 2019, members of the Board served in capacities as coaches or referees in which they were reimbursed for actual costs incurred or their travel costs were paid directly by the Corporation, and they were compensated for their time in accordance with normal compensation practices of the Corporation.

No Board Member is compensated for their service on the Board of Directors.

### D. DEFERRED REVENUE

Deferred revenue, a contract with customers liability, at December 31, 2020 and 2019, consists of the following:

	<u>2020</u>	<u>2019</u>
Athlete membership dues	\$ 79,794	\$ 180,593
Life memberships	41,402	34,510
Other	16,771	2,400
Non-competitor membership dues	383	953
Grand slam series	<u>                    </u>	<u>36,175</u>
	<u>\$ 138,350</u>	<u>\$ 254,631</u>

Dues for life memberships are deferred and recognized as revenue over a 20-year period.

Notes to Financial Statements

E. REFUNDABLE ADVANCE

The Corporation classified amounts received subject to donor-imposed conditions that qualified as barriers as refundable advances at December 31, 2020 and 2019. This has no effect on the net assets of the Corporation. As the Corporation satisfies the barriers and conditions set forth in the grant contracts, revenue will be recognized accordingly.

Refundable advances consist of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
USOPC special grants	\$ <u>137,556</u>	\$ <u>30,000</u>

F. LEASES

As mentioned in Note C, the Corporation leased certain office facilities from the USOPC pursuant to a lease agreement which required payments of \$1,629 through April 2020. During the year ended December 31, 2019, this lease was terminated by the Corporation, there was no cancellation fee payable by the Corporation.

In February 2019, the Corporation entered into a new lease for office space. The lease commenced on April 1, 2019 and expires on April 1, 2024. The lease requires base rent payments of \$3,316 per month during the first lease year, with annual increases following an agreed upon schedule. The Corporation must also pay a monthly estimated pro rata share of real estate taxes and 10% of annually estimated incurred common area maintenance expenses (CAM). Estimated CAM payments are not included in the future minimum payments table below.

In January 2020, the Corporation amended this lease to include additional space. This additional space did not require any additional base rent payments. The Corporation paid an additional estimated pro rata share of common area expenses and real estate taxes of \$4.50 per square foot per annum. In July 2020, the Corporation terminated the lease amendment related to the additional space. Charges related to the additional space ceased retroactive to June 30, 2020.

## Notes to Financial Statements

### F. LEASES - Continued

On January 14, 2020 the Corporation entered into a lease for a copier. The lease expires on January 15, 2025. The lease requires payments of \$100 per month through the life of the lease.

Total rent expense, including the Corporation's share of common area maintenance, under these leases was \$83,588 and \$64,508 for the years ended December 31, 2020 and 2019, respectively.

Future minimum base lease payments under the terms of these leases are as follows:

2021	\$	43,128
2022		44,390
2023		45,701
2024		12,408
2025		100

### G. PENSION PLAN

During the year ended December 31, 2018, the Corporation established a SIMPLE IRA retirement savings plan to cover eligible employees as outlined in the plan document. The Corporation contributes 2% of compensation for employees. During the years ended December 31, 2020 and 2019, the Corporation contributed \$13,423 and \$12,523 to the plan, respectively.

### H. CONTINGENCIES

During the year ended December 31, 2018, several allegations were made concerning the sport, potentially naming the Corporation as a party to possible litigation. This litigation is ongoing. Management believes that should any claims proceed, they will be covered by insurance. No amounts have been recorded in the financial statements related to these alleged claims.

### I. PAYCHECK PROTECTION PROGRAM

In May 2020, the Corporation received a \$130,727 loan from Wells Fargo Bank through the Small Business Administration's Paycheck Protection Program. A portion or all of loan may be forgiven by the Small Business Administration if certain payroll criteria are met and funds are used for payroll, rent, mortgage interest, or utilities.

## Notes to Financial Statements

### I. PAYCHECK PROTECTION PROGRAM - Continued

Any portion of the loan that is not forgiven has a maturity of up to five years and an interest rate of 1%. Loan payments are deferred for ten months.

Subsequent to the year ended December 31, 2020, the Corporation submitted an application for forgiveness. The requirements for full loan forgiveness were substantially completed as of December 31, 2020 and the Corporation has recognized PPP grant income in the amount of \$130,727 in the accompanying statement of activities and changes in net assets during the year ended December 31, 2020.

### J. UNCERTAINTIES

During the year ended December 31, 2020, the outbreak of a novel strain of coronavirus (the COVID-19 outbreak) has been recognized as a pandemic by the World Health Organization, and the COVID-19 outbreak has become increasingly widespread in the United States. The COVID-19 outbreak has had a notable impact on general economic conditions, including the uncertainty in global financial markets, temporary closures of many businesses, suspension or cancelation of events, "shelter in place" and other governmental regulations, and job losses. The extent to which the COVID-19 outbreak will affect the operations, collections or financial results of the Corporation is uncertain.