



USA TAEKWONDO, INC.

Financial Statements

For the Year Ended December 31, 2019

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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, 2019, 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, 2019, 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 2018 financial statements, and our report dated July 19, 2019, 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, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matters

As described in Note A to the financial statements, in 2019, USA Taekwondo, Inc. adopted Accounting Standards Update (ASU) 2014-09, *(Topic 606): Revenue from Contracts with Customers*, and ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*.

Waugh & Goodwin, LLP

Colorado Springs, Colorado
November 4, 2020

USA TAEKWONDO, INC.
Statement of Financial Position
December 31, 2019
(With Comparative Amounts for 2018)

	<u>ASSETS</u>	
	<u>2019</u>	<u>2018</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 509,427	\$ 453,656
Accounts receivable, net	37,532	74,783
Contributions receivable		5,140
Due from the USOPC	7,000	
Inventory	8,750	15,000
Prepaid expenses	<u>35,779</u>	<u>72,084</u>
Total current assets	598,488	620,663
OTHER ASSETS	5,576	
FURNITURE AND EQUIPMENT:		
Athletic equipment	29,757	29,757
Leasehold improvements	38,260	
Office furniture and equipment	51,305	42,838
Transportation equipment	14,285	14,285
Less accumulated depreciation	<u>(85,037)</u>	<u>(74,607)</u>
Furniture and equipment - net	<u>48,570</u>	<u>12,273</u>
TOTAL ASSETS	<u><u>\$ 652,634</u></u>	<u><u>\$ 632,936</u></u>
 <u>LIABILITIES AND NET ASSETS</u> 		
CURRENT LIABILITIES:		
Accounts payable	\$ 78,101	\$ 40,212
Accrued liabilities	39,399	28,197
Due to the USOPC	13,823	27,894
Current portion of deferred revenue	<u>227,028</u>	<u>162,361</u>
Total current liabilities	358,351	258,664
REFUNDABLE ADVANCE	30,000	
LONG-TERM DEFERRED REVENUE	<u>27,603</u>	<u>27,231</u>
Total liabilities	415,954	285,895
NET ASSETS:		
Without donor restrictions	<u>236,680</u>	<u>347,041</u>
Total net assets	<u>236,680</u>	<u>347,041</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 652,634</u></u>	<u><u>\$ 632,936</u></u>

See Notes to Financial Statements

USA TAEKWONDO, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2019
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
REVENUE:		
Events	\$ 1,909,410	\$ 1,792,933
Membership	693,586	686,900
USOPC grants	540,153	499,327
Sponsorship and royalties	631,980	534,635
Dan office	152,094	126,825
USOPC media agreement	75,000	75,000
Grants and contributions	<u>9,085</u>	<u>10,965</u>
Total revenue	4,011,308	3,726,585
EXPENSES:		
Program services:		
National & international events	1,694,374	1,613,030
High performance programs	1,253,557	975,483
Membership services	<u>557,635</u>	<u>477,266</u>
Total program services	3,505,566	3,065,779
Supporting services:		
General & administrative	<u>616,103</u>	<u>448,033</u>
Total supporting services	<u>616,103</u>	<u>448,033</u>
Total expenses	<u>4,121,669</u>	<u>3,513,812</u>
CHANGE IN NET ASSETS	(110,361)	212,773
NET ASSETS, beginning of year	<u>347,041</u>	<u>134,268</u>
NET ASSETS, end of year	<u>\$ 236,680</u>	<u>\$ 347,041</u>

See Notes to Financial Statements

USA TAEKWONDO, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2019
(With Comparative Totals for 2018)

	National & International Events	High Performance Programs	Membership Services	Total Program Services
Advertising	\$ 2,574	\$	\$	\$ 2,574
Airline travel	62,117	321,548	6,924	390,589
Bad debt expense				
Bank fees	75,519	3,759	17,311	96,589
Contract services	468,793	159,657	48,126	676,576
Depreciation				
Dues & subscriptions	500	2,697	7,146	10,343
Employee benefits	22,300	25,685	13,445	61,430
Equipment	1,286	82,712	1,451	85,449
Fees	47,479	89,276	140,969	277,724
Food & beverage	103,416	15,022	396	118,834
Freight & shipping	21,558	1,568		23,126
General & medical supplies	11,081	29,094	1,181	41,356
Ground travel	10,006	9,860	1,066	20,932
Information technology	1,152	1,728	2,304	5,184
Insurance		845	168,278	169,123
Inventory valuation adjustment				
Legal fees		8,870		8,870
Meal allowance	54,809	58,529	1,190	114,528
Medals, awards & gifts	8,353	14,500		22,853
Occupancy - office space	8,641	8,641	17,282	34,564
Payroll taxes	13,894	16,003	8,377	38,274
Pension expense	7,230		2,026	9,256
Postage	2,816	2,102	3,443	8,361
Printing & copying	17,464	996	4,329	22,789
Rentals & venue costs	337,977	5,718	2,780	346,475
Repairs & maintenance	195	320		515
Rooms & lodging	243,241	187,809	5,340	436,390
Salaries	171,335	197,348	103,304	471,987
Tax expense				
Telephone	638	3,713	967	5,318
Tickets				
Visa & travel services		5,557		5,557
	<u>\$ 1,694,374</u>	<u>\$ 1,253,557</u>	<u>\$ 557,635</u>	<u>\$ 3,505,566</u>

	General & Administrative	2019 Total Expenses	2018 Total Expenses
Advertising	\$ 144	\$ 2,718	\$
Airline travel	36,083	426,672	393,586
Bad debt expense	32,500	32,500	
Bank fees	5,167	101,756	79,904
Contract services	2,290	678,866	650,448
Depreciation	10,430	10,430	8,964
Dues & subscriptions	4,460	14,803	14,751
Employee benefits	21,694	83,124	76,163
Equipment	23,686	109,135	21,188
Fees	16,957	294,681	254,942
Food & beverage	9,620	128,454	106,519
Freight & shipping	236	23,362	28,393
General & medical supplies	13,432	54,788	20,409
Ground travel	1,899	22,831	25,199
Information technology	3,590	8,774	14,111
Insurance	10,745	179,868	126,305
Inventory valuation adjustment	6,250	6,250	17,323
Legal fees	173,479	182,349	113,602
Meal allowance	225	114,753	135,641
Medals, awards & gifts		22,853	1,751
Occupancy - office space	31,904	66,468	25,434
Payroll taxes	13,516	51,790	39,421
Pension expense	3,267	12,523	10,928
Postage	1,054	9,415	12,991
Printing & copying	722	23,511	25,085
Rentals & venue costs	4,777	351,252	325,853
Repairs & maintenance	3,214	3,729	604
Rooms & lodging	9,509	445,899	412,667
Salaries	166,679	638,666	558,546
Tax expense			849
Telephone	7,891	13,209	7,253
Tickets			125
Visa & travel services	683	6,240	4,857
	<u>\$ 616,103</u>	<u>\$ 4,121,669</u>	<u>\$ 3,513,812</u>

See Notes to Financial Statements

USA TAEKWONDO, INC.
Statement of Cash Flows
For the Year Ended December 31, 2019
(With Comparative Amounts for 2018)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (110,361)	\$ 212,773
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Inventory valuation adjustment	6,250	17,323
Depreciation	10,430	8,964
(Increase) decrease in assets:		
Accounts receivable, net	37,251	(27,698)
Contributions receivable	5,140	(5,140)
Due from the USOPC	(7,000)	3,200
Prepaid expenses	36,305	1,933
Other assets	(5,576)	
Increase (decrease) in liabilities:		
Accounts payable	37,889	(32,823)
Due to the USOPC	(14,071)	15,013
Accrued liabilities	11,202	4,210
Refundable advance	30,000	
Deferred revenue	<u>65,039</u>	<u>(1,627)</u>
Total adjustments	<u>212,859</u>	<u>(16,645)</u>
Net cash provided by operating activities	102,498	196,128
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	<u>(46,727)</u>	<u> </u>
Net cash used by investing activities	<u>(46,727)</u>	<u> </u>
NET INCREASE IN CASH	55,771	196,128
CASH AND CASH EQUIVALENTS, beginning of year	<u>453,656</u>	<u>257,528</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 509,427</u>	<u>\$ 453,656</u>

See Notes to Financial Statements

USA TAEKWONDO, INC.
Notes to Financial Statements
For the Year Ended December 31, 2019

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 Corporation is not a private foundation.

Accounting Standards Update

On January 1, 2019, the Corporation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, (ASU 2014-09) and FASB ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). These two ASUs were adopted together as of January 1, 2019, because they both establish standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions. Adopting one ASU without the other would leave the accounting for some ongoing grants and contracts unresolved. ASU 2014-09 was adopted retrospectively for all periods presented. Accordingly, there is no effect on net assets in connection with implementation of the two ASUs.

Cash and Cash Equivalents

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

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. Receivables from contracts with customers at the beginning and end of 2019 were \$70,195 and \$65,000, respectively.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounts Receivable - continued

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 \$32,500 is necessary for the year ending December 31, 2019. Management believed that no allowance was deemed necessary at December 31, 2018.

Inventory

Inventory at December 31, 2019 and 2018, consists of a motorcycle which is held for sale. This motorcycle is valued at its estimated net realizable value.

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, 2019 and 2018, was \$10,430 and \$8,964, respectively.

Compensated Absences

Employees of the Corporation earn a vested right to compensation for unused vacation. Accordingly, the Corporation has made an accrual for vacation compensation that employees have earned but not taken.

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

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributions - continued

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.

USOPC grants are treated as contributions by the Corporation.

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 \$219,124 and \$142,853 of in-kind revenue for the years ended December 31 2019 and 2018, 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, 2019 and 2018, 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 provided membership and benefits to its members.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue from Contracts with Customers - continued

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 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.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 2019 and 2018 was \$2,718 and \$0, respectively.

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, 2018, from which the summarized information was derived.

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

Supplemental Cash Flow Information

During the years ended December 31, 2019 and 2018, the Corporation did not pay any interest or income taxes.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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 4, 2020, 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.

Notes to Financial Statements

B. AVAILABLE RESOURCES AND LIQUIDITY - Continued

The following table reflects the Corporation's financial assets as of December 31, 2019 and 2018. The Corporation does not currently have any funds whose general use is limited by donor restrictions or board designations.

	<u>2019</u>	<u>2018</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 509,427	\$ 453,656
Accounts receivable, net	37,532	74,783
Due from the USOPC	7,000	
Contributions receivable		5,140
	<u> </u>	<u> </u>
Total financial assets available within one year	<u>\$ 553,959</u>	<u>\$ 533,579</u>

C. RELATED PARTY TRANSACTIONS

The United States Olympic & Paralympic Committee (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, 2019 and 2018, consist of the following project categories:

	<u>2019</u>	<u>2018</u>
NGB funding	\$ 465,820	\$ 455,820
Other grants	71,204	35,996
VIK rent	3,129	7,511
	<u> </u>	<u> </u>
	<u>\$ 540,153</u>	<u>\$ 499,327</u>

In addition to the grant amounts above, the USOPC made direct athlete support payments of \$112,000 and \$100,000 for the years ended December 31, 2019 and 2018, respectively.

At December 31, 2019 and 2018, \$7,000 and \$0, respectively, was due from the USOPC. The Corporation owed the USOPC \$13,823 and \$27,894 at December 31, 2019 and 2018, 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.

Notes to Financial Statements

C. RELATED PARTY TRANSACTIONS - Continued

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 and \$7,511 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 years ending December 31, 2019 and 2018, respectively. 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. Subsequent to year end, the Corporation has terminated this lease and has entered into a new office lease agreement with an unrelated party (Note F).

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. During the year ending December 31, 2017, the Corporation entered into an amendment extending this agreement through December 31, 2020. The Corporation received \$75,000 during each of the years ended December 31, 2019 and 2018 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, 2019 and 2018, 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, 2019 and 2018, consists of the following:

Notes to Financial Statements

D. DEFERRED REVENUE - Continued

	<u>2019</u>	<u>2018</u>
Athlete membership dues	\$ 180,593	\$ 154,110
Grand slam series	36,175	
Life memberships	34,510	33,713
Other	2,400	
Non-competitor membership dues	<u>953</u>	<u>1,769</u>
	<u>\$ 254,631</u>	<u>\$ 189,592</u>

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

E. REFUNDABLE ADVANCE

To be in compliance with FASB ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08) (Note A), the Corporation classified conditional promises to give subject to donor-imposed conditions received in 2019 as a refundable advance at December 31, 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 contract, revenue will be recognized accordingly.

Refundable advances consist of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
USOPC special grant - Olympic games	<u>\$ 30,000</u>	<u>\$</u>

F. LEASES

As mentioned in Note C, the Corporation leased certain office facilities from the USOPC. During the year ended December 31, 2019, this lease was terminated by the Corporation. The initial lease expired April 30, 2015 and had been extended through April 30, 2020. The extended lease required monthly payments of \$1,629 per month, with annual increases based on the regional CPI. Upon termination, there was no cancellation fee payable by the Corporation.

Notes to Financial Statements

F. LEASES - Continued

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 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.

Subsequent to year end, the Corporation amended this lease to include an additional expansion space. This expansion space does not have a base rent. The Corporation must pay an additional estimated pro rata share of common area expenses and real estate taxes of \$4.50 per square foot per annum.

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

Rent expense under these leases were \$64,508 and \$25,434 for the years ended December 31, 2019 and 2018, respectively.

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

2020	\$	41,787
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, 2019 and 2018, the Corporation contributed \$12,523 and \$10,928 to the plan, respectively.

Notes to Financial Statements

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 has continued during the year ended December 31, 2019. 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. SUBSEQUENT EVENTS

Subsequent to year end, the outbreak of COVID-19 (coronavirus) has been recognized as a pandemic by the World Health Organization, and the outbreak has become increasingly widespread in the United States. The COVID-19 (coronavirus) outbreak has had a notable impact on general economic conditions, including but not limited to the temporary closures of many businesses, "shelter in place" and other governmental regulations and job losses. The extent to which the COVID-19 (coronavirus) outbreak will affect the operations, collections or financial results of the Corporation is uncertain.

In May 2020, the Corporation received a \$130,727 loan 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. 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.