

**USA VOLLEYBALL  
USA VOLLEYBALL FOUNDATION**

**Consolidated Financial Statements  
& Supplemental Schedules**

**For the Years Ended December 31, 2019 and 2018**

## TABLE OF CONTENTS

Independent Auditor's Report . . . . .	1
Consolidated Statements of Financial Position . . . . .	3
Consolidated Statements of Activities and Changes in Net Assets . . . . .	4
Consolidated Statements of Functional Expenses . . . . .	6
Consolidated Statements of Cash Flows . . . . .	8
Notes to Consolidated Financial Statements . . . . .	9
Consolidating Statement of Financial Position . . . . .	25
Consolidating Statement of Activities and Changes in Net Assets . . . . .	26

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
USA Volleyball  
Colorado Springs, Colorado

We have audited the accompanying consolidated financial statements of USA Volleyball and USA Volleyball Foundation (non-profit organizations), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 consolidated 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of USA Volleyball and USA Volleyball Foundation as of December 31, 2019 and 2018, and the changes in their net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating statements of financial position and of activities and changes in net assets are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

## **Emphasis of Matter**

As described in Note A to the financial statements, in 2019, USA Volleyball and USA Volleyball Foundation adopted Accounting Standards Update (ASU) 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, ASU 2016-01, *Financial Instruments - Overall (Subtopic 825-10: Recognition and Measurement of Financial Assets and Financial Liabilities)*, ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments-Overall (Subtopic 825-10)*, and ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*. Our opinion is not modified with respect to these matters.

*Waugh & Goodwin, LLP*

Colorado Springs, Colorado  
July 24, 2020

USA VOLLEYBALL  
USA VOLLEYBALL FOUNDATION  
Consolidated Statements of Financial Position  
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 8,776,766	\$ 4,138,376
Accounts receivable, net	2,720,434	4,434,763
Inventory	79,692	123,635
Deposits	14,500	14,500
Prepaid expenses	1,175,888	1,053,480
Total current assets	12,767,280	9,764,754
INVESTMENTS	9,673,221	6,530,024
RESTRICTED INVESTMENTS	417,675	336,495
PROPERTY AND EQUIPMENT, at cost:		
Land	471,141	471,141
Building and improvements	3,997,611	3,997,611
Office furniture	488,374	547,698
Office equipment	887,190	811,777
Program equipment	2,693,275	2,599,202
Less accumulated depreciation	(4,876,236)	(4,511,101)
Property and equipment, net	3,661,355	3,916,328
TOTAL ASSETS	\$ 26,519,531	\$ 20,547,601
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 871,962	\$ 353,428
Accrued liabilities	4,368,397	1,772,410
Regional insurance fund	1,013,866	1,059,254
Deferred revenue	6,567,822	6,085,758
Total current liabilities	12,822,047	9,270,850
NET ASSETS:		
Without donor restrictions	13,255,322	10,915,769
With donor restrictions	442,162	360,982
Total net assets	13,697,484	11,276,751
TOTAL LIABILITIES AND NET ASSETS	\$ 26,519,531	\$ 20,547,601

See Notes to Consolidated Financial Statements

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

	Without Donor Restrictions	With Donor Restrictions	2019 Consolidated Totals	2018 Consolidated Totals
<b>SUPPORT AND REVENUE:</b>				
Program & event participation fees	\$ 8,986,179	\$	\$ 8,986,179	\$ 8,620,012
Membership & insurance	7,477,100		7,477,100	7,295,783
Sponsorship & rights, including value in kind	6,684,335		6,684,335	5,209,619
Tickets, subscriptions & other sales	4,752,423		4,752,423	2,500,737
Other program support & revenue	4,282,817		4,282,817	2,745,572
USOPC grants, including value in kind	2,038,941		2,038,941	2,121,256
Housing royalties	1,924,123		1,924,123	1,596,756
Product sales, less direct costs of \$57,641 & \$16,878	1,143,875		1,143,875	923,289
Investment income (loss), net	934,375	60,105	994,480	(207,574)
Host incentives	780,000		780,000	759,463
Grants & contributions	85,719	21,075	106,794	113,099
<b>Total support and revenue</b>	<b>39,089,887</b>	<b>81,180</b>	<b>39,171,067</b>	<b>31,678,012</b>
<b>EXPENSES:</b>				
<b>Program services:</b>				
National teams	9,782,536		9,782,536	9,303,050
Domestic events	7,856,633		7,856,633	6,960,212
Region services	4,133,229		4,133,229	3,447,972
High performance development	3,684,334		3,684,334	3,743,371
International events & programs	2,903,627		2,903,627	791,251
<b>Total program services</b>	<b>28,360,359</b>		<b>28,360,359</b>	<b>24,245,856</b>
<b>Supporting services:</b>				
National headquarters	5,931,992		5,931,992	3,164,591
Sponsorship, marketing & public relations	2,317,467		2,317,467	1,936,778
Governance	135,201		135,201	235,759
Fundraising	5,315		5,315	9,150
<b>Total supporting services</b>	<b>8,389,975</b>		<b>8,389,975</b>	<b>5,346,278</b>
<b>Total expenses</b>	<b>36,750,334</b>		<b>36,750,334</b>	<b>29,592,134</b>
<b>CHANGE IN NET ASSETS</b>	<b>2,339,553</b>	<b>81,180</b>	<b>2,420,733</b>	<b>2,085,878</b>
<b>NET ASSETS, beginning of year</b>	<b>10,915,769</b>	<b>360,982</b>	<b>11,276,751</b>	<b>9,190,873</b>
<b>NET ASSETS, end of year</b>	<b>\$ 13,255,322</b>	<b>\$ 442,162</b>	<b>\$ 13,697,484</b>	<b>\$ 11,276,751</b>

See Notes to Consolidated Financial Statements

USA VOLLEYBALL  
USA VOLLEYBALL FOUNDATION  
Consolidated Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2018

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	2018 <u>Consolidated Totals</u>
<b>SUPPORT AND REVENUE:</b>			
Program & event participation fees	\$ 8,620,012	\$	\$ 8,620,012
Membership & insurance	7,295,783		7,295,783
Sponsorship & rights, including value in kind	5,209,619		5,209,619
Other program support & revenue	2,745,572		2,745,572
Tickets, subscriptions & other sales	2,500,737		2,500,737
USOPC grants, including value in kind	2,121,256		2,121,256
Housing royalties	1,596,756		1,596,756
Product sales, less direct costs of \$16,878	923,289		923,289
Host incentives	759,463		759,463
Grants & contributions	98,544	14,555	113,099
Investment loss, net	(180,170)	(27,404)	(207,574)
Satisfied program restrictions	<u>1,995</u>	<u>(1,995)</u>	
Total support and revenue	31,692,856	(14,844)	31,678,012
<b>EXPENSES:</b>			
Program services:			
National teams	9,303,050		9,303,050
Domestic events	6,960,212		6,960,212
High performance development	3,743,371		3,743,371
Region services	3,447,972		3,447,972
International events & programs	<u>791,251</u>		<u>791,251</u>
Total program services	24,245,856		24,245,856
Supporting services:			
National headquarters	3,164,591		3,164,591
Sponsorship, marketing & public relations	1,936,778		1,936,778
Governance	235,759		235,759
Fundraising	<u>9,150</u>		<u>9,150</u>
Total supporting services	<u>5,346,278</u>		<u>5,346,278</u>
Total expenses	<u>29,592,134</u>		<u>29,592,134</u>
CHANGE IN NET ASSETS	2,100,722	(14,844)	2,085,878
NET ASSETS, beginning of year	<u>8,815,047</u>	<u>375,826</u>	<u>9,190,873</u>
NET ASSETS, end of year	<u>\$ 10,915,769</u>	<u>\$ 360,982</u>	<u>\$ 11,276,751</u>

See Notes to Consolidated Financial Statements

USA VOLLEYBALL  
USA VOLLEYBALL FOUNDATION  
Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2019

	Program Services					Total Program Services
	National Teams	Domestic Events	Region Services	High Performance Development	International Events & Programs	
Athlete prize money	\$ 1,161,782	\$	\$	\$	\$ 12,050	\$ 1,173,832
Athlete support	747,736					747,736
Athlete transition	45,000					45,000
Awards and medals		100,723		3,716	3,010	107,449
Bad debts		27		775		802
Bank, interest, and credit card fees	462	206,083	170,310	72,547	2,464	451,866
Computer expense	52,714	86,506	205,346	71,041		415,607
Contract labor	256,563	712,594	75,055	542,330	345,363	1,931,905
Depreciation expense						
Entry fees	200,000			2,030		202,030
Equipment	61,024	49,188		3,714	242,424	356,350
Equipment rental/maintenance	4,472	296,689		18,942	18,883	338,986
Equipment transportation		168,294		16,488	31,615	216,397
Event personnel and catering	133,818	117,394	220	78,901	278,695	609,028
Facilities	565	561,868		115,059	309,834	987,326
Flooring rental		220,613	22,969	8,100		251,682
Grants			468,205			468,205
Host fees	3,609	769,451		576,612	264,416	1,614,088
Housing	231,480	150,239		98,949	429,993	910,661
Insurance	7,513	9,435	1,654,583			1,671,531
Medical	61,842	302,287		442	6,706	371,277
Merchandising	4,267	50,751	1,216			56,234
Miscellaneous	83,372	7,571	35,706	7,181	151,641	285,471
Officials fees	6,510	1,390,877	2,269	149,832	31,659	1,581,147
Officials training and rating team			112,923			112,923
Outreach		3,000	2,060		13,453	18,513
Payroll, benefits and taxes	3,231,383	678,659	1,136,778	626,856	236,141	5,909,817
Postage, shipping and drayage	6,641	108,015	5,697	61,842	2,248	184,443
Printing and copies	7,593	29,340	392	11,285	10,033	58,643
Professional fees			91,235			91,235
Promotions and gifts	11,280	19,642	9,407	6,593	175,608	222,530
Property						
Purchases - apparel/lettering	31,121	10,729	4,333	30,566	8,782	85,531
Rent and janitorial	408,293	97,756				506,049
Security	832	212,732		3,050	56,160	272,774
Sponsor servicing						
Sport science	119,761					119,761
Supplies	14,135	21,348	1,601	35,305	5,596	77,985
Telephone	13,875	3,097	3,486	5,198	1,938	27,594
Television and webcasting		60,750			36,000	96,750
Tournament scheduling		74,357				74,357
Travel, food and lodging	2,092,144	60,447	42,505	488,502	209,772	2,893,370
VIK usage	782,749	1,276,171	88,149	648,478	19,143	2,814,690
<b>Total expenses</b>	<b>9,782,536</b>	<b>7,856,633</b>	<b>4,134,445</b>	<b>3,684,334</b>	<b>2,903,627</b>	<b>28,361,575</b>
Less expenses netted against revenue on statement of activities			(1,216)			(1,216)
	<b>\$ 9,782,536</b>	<b>\$ 7,856,633</b>	<b>\$ 4,133,229</b>	<b>\$ 3,684,334</b>	<b>\$ 2,903,627</b>	<b>\$ 28,360,359</b>



USA VOLLEYBALL  
USA VOLLEYBALL FOUNDATION  
Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2019

	<u>Supporting Services</u>				<u>Total Supporting Services</u>	<u>Total Expenses</u>
	<u>National Headquarters</u>	<u>Sponsorship, Marketing &amp; Public Relations</u>	<u>Governance</u>	<u>Fundraising</u>		
Athlete prize money	\$	\$	\$	\$	\$	1,173,832
Athlete support						747,736
Athlete transition						45,000
Awards and medals			3,948		3,948	111,397
Bad debts		9,180			9,180	9,982
Bank, interest, and credit card fees	9,974	3,770	143	88	13,975	465,841
Computer expense	273,237	62,304			335,541	751,148
Contract labor			1,572		1,572	1,933,477
Depreciation expense	424,458				424,458	424,458
Entry fees						202,030
Equipment	2,859				2,859	359,209
Equipment rental/maintenance		5,870	425		6,295	345,281
Equipment transportation						216,397
Event personnel and catering	83,228				83,228	692,256
Facilities						987,326
Flooring rental						251,682
Grants						468,205
Host fees						1,614,088
Housing						910,661
Insurance	200,479			655	201,134	1,872,665
Medical						371,277
Merchandising		56,425			56,425	112,659
Miscellaneous	66,538	97,755	80,307	3,557	248,157	533,628
Officials fees						1,581,147
Officials training and rating team						112,923
Outreach	5,000				5,000	23,513
Payroll, benefits and taxes	1,300,806	1,215,668			2,516,474	8,426,291
Postage, shipping and drayage	4,176	22,541	860		27,577	212,020
Printing and copies	21,786	881	1,457		24,124	82,767
Professional fees	3,239,971	248,961		1,015	3,489,947	3,581,182
Promotions and gifts	15,273	45,597	2,175		63,045	285,575
Property	194,406				194,406	194,406
Purchases - apparel/lettering		5,227			5,227	90,758
Rent and janitorial						506,049
Security	140				140	272,914
Sponsor servicing	4,990	11,476	1,000		17,466	17,466
Sport science						119,761
Supplies	8,592	668	2,358		11,618	89,603
Telephone	10,300	502	143		10,945	38,539
Television and webcasting		17,262			17,262	114,012
Tournament scheduling						74,357
Travel, food and lodging	65,779	36,037	40,813		142,629	3,035,999
VIK usage		533,768			533,768	3,348,458
<b>Total expenses</b>	<b>5,931,992</b>	<b>2,373,892</b>	<b>135,201</b>	<b>5,315</b>	<b>8,446,400</b>	<b>36,807,975</b>
Less expenses netted against revenue on statement of activities		(56,425)			(56,425)	(57,641)
	<u>\$ 5,931,992</u>	<u>\$ 2,317,467</u>	<u>\$ 135,201</u>	<u>\$ 5,315</u>	<u>\$ 8,389,975</u>	<u>\$ 36,750,334</u>

See Notes to Consolidated Financial Statements

USA VOLLEYBALL  
USA VOLLEYBALL FOUNDATION  
Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2018

	Program Services					
	National Teams	Domestic Events	High Performance Development	Region Services	International Events & Programs	Total Program Services
Athlete prize money	\$ 814,841	\$ 2,000	\$	\$	\$ 1,320	\$ 818,161
Athlete support	580,600					580,600
Athlete transition	359,050					359,050
Awards and medals		90,560	2,974			93,534
Bad debts	18,350		85,641		19,230	123,221
Bank, interest, and credit card fees	539	118,769	68,482	21,432	3,521	212,743
Computer expense	56,451	75,301	65,960	182,718		380,430
Contract labor	252,356	618,987	504,593	99,459	39,820	1,515,215
Depreciation expense						
Entry fees	199,000		9,675	250		208,925
Equipment	24,584	73,169	157	60	39,867	137,837
Equipment rental/maintenance	4,341	174,967	946		532	180,786
Equipment transportation	75	300,583	18,600	50	10,130	329,438
Event personnel and catering	133,353	119,381	177,344	206	608	430,892
Facilities		340,989	25,332			366,321
Flooring rental		75,335		3,425		78,760
Grants				160,000		160,000
Host fees	4,928	883,333	809,161		174,800	1,872,222
Housing	222,957	148,538	37,191	870		409,556
Insurance	7,491	9,979		1,592,181	225	1,609,876
Medical	60,299	261,504				321,803
Merchandising	204	38,809				39,013
Miscellaneous	151,780	7,632	41,743	33,863	44,092	279,110
Officials fees	4,999	1,231,375	113,943	5,943	10,530	1,366,790
Officials training and rating team				100,118		100,118
Outreach	29,035	3,100			79,656	111,791
Payroll, benefits and taxes	2,922,696	649,916	632,494	1,018,791	217,438	5,441,335
Postage, shipping and drayage	3,427	85,781	40,491	5,891	1,419	137,009
Printing and copies	8,261	21,773	8,346		5,901	44,642
Professional fees				73,200		73,200
Promotions and gifts	20,234	18,913	5,534	9,851	16,589	71,121
Property						
Purchases - apparel/lettering	27,701	12,057	73,374	3,090	2,176	118,398
Rent and janitorial	389,202	94,909				484,111
Security	972	172,058	783			173,813
Sponsor servicing						
Sport science	76,792					76,792
Supplies	14,540	28,535	13,841	4,196	6,891	68,003
Telephone	11,042	3,837	6,689	4,933	2,266	28,767
Television and webcasting		64,045			24,000	88,045
Tournament scheduling		48,110				48,110
Travel, food and lodging	2,021,404	60,666	341,426	58,440	31,999	2,513,935
VIK usage	881,546	1,125,301	658,651	68,644	58,241	2,792,383
<b>Total expenses</b>	<b>9,303,050</b>	<b>6,960,212</b>	<b>3,743,371</b>	<b>3,447,972</b>	<b>791,251</b>	<b>24,245,856</b>
Less expenses netted against revenue on statement of activities						
	<u>\$ 9,303,050</u>	<u>\$ 6,960,212</u>	<u>\$ 3,743,371</u>	<u>\$ 3,447,972</u>	<u>\$ 791,251</u>	<u>\$ 24,245,856</u>

USA VOLLEYBALL  
USA VOLLEYBALL FOUNDATION  
Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2018

	<u>Supporting Services</u>				<u>Total Supporting Services</u>	<u>Total Expenses</u>
	<u>National Headquarters</u>	<u>Sponsorship, Marketing &amp; Public Relations</u>	<u>Governance</u>	<u>Fundraising</u>		
Athlete prize money	\$	\$	\$	\$	\$	818,161
Athlete support						580,600
Athlete transition						359,050
Awards and medals		240.00	4,025		4,265	97,799
Bad debts		39,906			39,906	163,127
Bank, interest, and credit card fees	10,750	2,989	23	107	13,869	226,612
Computer expense	263,167	63,460		2,379	329,006	709,436
Contract labor	33,534		843		34,377	1,549,592
Depreciation expense	481,075				481,075	481,075
Entry fees						208,925
Equipment	3,896				3,896	141,733
Equipment rental/maintenance	578	15,850	2,627		19,055	199,841
Equipment transportation						329,438
Event personnel and catering			79,529		79,529	510,421
Facilities						366,321
Flooring rental						78,760
Grants						160,000
Host fees						1,872,222
Housing						409,556
Insurance	181,087			1,409	182,496	1,792,372
Medical						321,803
Merchandising		16,878			16,878	55,891
Miscellaneous	39,473	64,370	83,720	100	187,663	466,773
Officials fees						1,366,790
Officials training and rating team						100,118
Outreach	5,000				5,000	116,791
Payroll, benefits and taxes	1,453,429	925,269		114	2,378,812	7,820,147
Postage, shipping and drayage	5,714	178,914	1,523	10	186,161	323,170
Printing and copies	19,586	156,269	394		176,249	220,891
Professional fees	330,335	115,551	6,900	4,490	457,276	530,476
Promotions and gifts	23,284	4,795	1,680		29,759	100,880
Property	219,979				219,979	219,979
Purchases - apparel/lettering		3,983			3,983	122,381
Rent and janitorial						484,111
Security						173,813
Sponsor servicing		14,877	800		15,677	15,677
Sport science						76,792
Supplies	13,699	212	1,050		14,961	82,964
Telephone	12,597	1,273	159		14,029	42,796
Television and webcasting		17,331			17,331	105,376
Tournament scheduling						48,110
Travel, food and lodging	67,408	19,340	52,486	541	139,775	2,653,710
VIK usage		312,149			312,149	3,104,532
<b>Total expenses</b>	<b>3,164,591</b>	<b>1,953,656</b>	<b>235,759</b>	<b>9,150</b>	<b>5,363,156</b>	<b>29,609,012</b>
Less expenses netted against revenue on statement of activities		(16,878)			(16,878)	(16,878)
	<u>\$ 3,164,591</u>	<u>\$ 1,936,778</u>	<u>\$ 235,759</u>	<u>\$ 9,150</u>	<u>\$ 5,346,278</u>	<u>\$ 29,592,134</u>

See Notes to Consolidated Financial Statements

USA VOLLEYBALL  
USA VOLLEYBALL FOUNDATION  
Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,420,733	\$ 2,085,878
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	424,458	481,075
Realized and unrealized (gains) losses on investments	(823,032)	310,831
(Increase) decrease in operating assets:		
Accounts receivable, net	1,714,329	(1,101,905)
Inventory	43,943	55,587
Prepaid expenses	(122,408)	(340,080)
Increase (decrease) in operating liabilities:		
Accounts payable	518,534	(109,157)
Accrued liabilities	2,595,987	778,975
Regional insurance fund	(45,388)	10,594
Deferred revenue	<u>482,064</u>	<u>299,249</u>
Total adjustments	<u>4,788,487</u>	<u>385,169</u>
Net cash provided by operating activities	7,209,220	2,471,047
CASH FLOWS FROM INVESTING ACTIVITIES:		
Gross proceeds from sale of long-term investments	9,988,158	3,745,769
Gross purchases of long-term investments	(12,308,323)	(7,351,380)
(Increase) decrease in restricted investments	(81,180)	14,844
Acquisition of property and equipment	<u>(169,485)</u>	<u>(96,779)</u>
Net cash used by investing activities	<u>(2,570,830)</u>	<u>(3,687,546)</u>
NET INCREASE (DECREASE) IN CASH	4,638,390	(1,216,499)
CASH AND CASH EQUIVALENTS, beginning of year	<u>4,138,376</u>	<u>5,354,875</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 8,776,766</u>	<u>\$ 4,138,376</u>

See Notes to Consolidated Financial Statements

USA VOLLEYBALL  
USA VOLLEYBALL FOUNDATION

Notes to Consolidated Financial Statements  
For the Years Ended December 31, 2019 and 2018

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizations

USA Volleyball (the Corporation), is a nonprofit corporation organized in 1928 and originally incorporated in the State of California in 1970, and re-incorporated in the State of Colorado in 2010. Effective December 31, 2010, the two corporations merged, and the Colorado Corporation became the surviving entity. The principal purposes of the Corporation are to foster and conduct area, regional, state and national amateur instructional beach volleyball, indoor volleyball, and sitting volleyball programs and to represent the beach volleyball, indoor volleyball, and sitting volleyball interests of the nation to the United States Olympic and Paralympic Committee (USOPC), to the Federation Internationale de Volleyball (FIVB) and to the World ParaVolley.

The Corporation is the National Governing Body of the sports of beach volleyball, indoor volleyball, and sitting volleyball. The Corporation recognizes and sets general policy for Regional Volleyball Associations (RVAs). These RVAs are separate legal entities whose operations are controlled by their own elected boards.

USA Volleyball Foundation (the Foundation) was incorporated as a nonprofit corporation in the State of Colorado on July 18, 1996. The purpose of the Foundation is to raise funds and acquire assets in order to encourage, improve, and promote volleyball in the United States by providing financial support to the Corporation and the RVAs.

The Corporation has a controlling financial interest over the Foundation, based on its organizational structure. According to ASC 958-810-25-2, a controlling financial interest over a related (but separate) nonprofit entity through sole-corporate membership requires consolidation. The entities are collectively referred to as the Organizations.

## Notes to Consolidated Financial Statements

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

#### Accounting Standards Update

On January 1, 2019, the Organizations adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (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). This ASU establishes standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions. Accordingly, there is no effect on net assets in connection with implementation of the ASU.

On January 1, 2019, the Organizations also adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-01, *Financial Instruments - Overall (Subtopic 825-10: Recognition and Measurement of Financial Assets and Financial Liabilities)*, and subsequently issued related ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments-Overall (Subtopic 825-10)*, and elected early adoption for ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*. These standards amend certain aspects of accounting and disclosure requirements for financial instruments, including the requirement that equity investments with readily determinable fair values are to be measured at fair value with any changes in fair value recognized in the statement of changes in net assets. The standards were adopted using the modified retrospective method and there is no effect on net assets with the implementation of the three ASUs.

#### 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 and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

## Notes to Consolidated Financial Statements

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

#### Functional expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. The expenses are allocated based on internal records and estimates made by the Organizations' management.

#### Income Taxes

The Corporation and the Foundation qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and, accordingly, they are not subject to federal income tax on income related to their exempt purpose. Accordingly, no income tax provisions have been recorded.

The Corporation and Foundation's Forms 990, Return of Organization Exempt from Income Tax, are subject to examination by various taxing authorities, generally for three years after the date filed. Management of the Organizations believe that they do not have any uncertain tax positions that are material to the financial statements.

#### Cash and Cash Equivalents

Cash and cash equivalents consist of the Organizations' checking, savings, and petty cash accounts. The Organizations maintain their cash and cash equivalents primarily at commercial banks. In the event of a bank failure, the Organizations might only be able to recover the amounts insured.

#### Supplemental Cash Flow Information

During the years ended December 31, 2019 and 2018, the Organizations paid no interest and no income taxes.

#### Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. The Organizations have recorded an allowance for doubtful accounts in the amount of \$482,573 and \$492,923 at December 31, 2019 and 2018, respectively.

## Notes to Consolidated Financial Statements

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

#### Inventory

Prior to 2018, the Organizations reported inventories at the lower of cost or market. Cost was determined using the first-in, first-out (FIFO) method.

As of the beginning of 2018, the Organizations began stating inventories prospectively at the lower of FIFO cost and net realizable value. This change was made in response to a recent FASB standard issued as part of the Financial Accounting Standards Board's simplification initiative.

Under the prior method, market was replacement cost, subject to possible adjustments. Net realizable value is generally based on the selling price. The change is intended to reduce complexity in financial statement preparation. This change had no significant effect on the change in net assets for 2018.

The inventory consists of promotional and educational items for give-a-ways and e-commerce.

#### 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.

#### Property and Equipment

Property and equipment consist of assets used in the operations of the Corporation. The Corporation capitalizes items that have a useful life greater than one year and exceed \$5,000 in cost. They are recorded at cost or, if donated, at the estimated fair market value at the date of donation.

Depreciation is recorded using the straight-line method over an estimated life as follows:

	<u>Years</u>
Equipment	3-10
Furniture	5-10
Building improvements	10
Building	30

Depreciation expense was \$424,458 and \$481,075 for the years ended December 31, 2019 and 2018, respectively.



## Notes to Consolidated Financial Statements

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

#### Compensated Absences

The Corporation has accrued amounts for accumulated compensated absences of employees. At December 31, 2019 and 2018, the balances of this accrual were \$395,159 and \$347,998, respectively.

#### 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.

Contributions include USOPC grants.

#### Revenue from Contracts with Customers

Membership and insurance - 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 to its members. Revenue is recognized as performance obligations are satisfied, which is ratably over the membership term. Membership dues are nonrefundable.

Sponsorship and rights - The Corporation recognizes revenue from contracts with both sponsors and suppliers. 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.

Therefore, sponsorship and rights revenue from contracts with customers will be recognized on a straight-line basis over the term of the agreement.

## Notes to Consolidated Financial Statements

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

#### Revenue from Contracts with Customers - continued

Value in kind - Sponsorship income in the form of in-kind goods such as clothing and volleyballs are reported as revenue and expense in the fiscal year they are received.

Program and event participation fees - The Corporation receives revenue from registration fees for events. Revenue is recognized when the performance obligation is met, which is at the time of the event.

Tickets, subscriptions, and other sales - The Corporation receives revenue from gate receipts at events, court rentals, photography fees, and magazine sales. These revenues are recognized when performance obligations are met.

Housing royalties - The Corporation receives housing royalties and rebates from contracts with customers. Revenue is recognized when payment is received.

Host incentives - Revenue from contracts with host cities for events is recognized when the performance obligation is met.

Other program support and revenue - The Corporation receives revenue from contracts with customers from common area maintenance, host fees, match payments, credit card royalties, prize money, and internet services. The revenue is recognized when performance obligations are met. The Corporation receives other miscellaneous contributions which are recorded when received. Contributions recorded as other revenue at December 31, 2019 and 2018, were \$1,263,192 and \$289,671, respectively.

#### Basis of Presentation

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 Organizations.

## Notes to Consolidated Financial Statements

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

#### Basis of Presentation - continued

- 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 purposes specified by the donor. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

#### Contributed Services

The Corporation receives a substantial amount of donated services in carrying out the Corporation's programs. 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. During the year ended December 31, 2019, \$500,000 was recorded for contributed services.

#### Reclassifications

Certain amounts have been reclassified for the year ended December 31, 2018, to conform with the presentation for the year ended December 31, 2019.

#### Date of Management's Review

In preparing the financial statements, Management of the Organizations has evaluated events and transactions for potential recognition or disclosure through July 24, 2020, the date the financial statements were available to be issued.

Notes to Consolidated Financial Statements

B. AVAILABLE RESOURCES AND LIQUIDITY

The Organizations' financial assets available within one year of the Consolidated Statements of Financial Position date for general expenditure are as follows:

	<u>2019</u>	<u>2018</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 8,776,766	\$ 4,138,376
Accounts receivable, net	2,720,434	4,434,763
Investments in marketable securities	<u>8,931,602</u>	<u>5,714,292</u>
Total financial assets	20,428,802	14,287,431
Less amounts not available to be used within one year:		
Donor restricted net assets	<u>442,162</u>	<u>360,982</u>
Financial assets not available to be used within one year	<u>442,162</u>	<u>360,982</u>
Financial assets available within one year	<u>\$ 19,986,640</u>	<u>\$ 13,926,449</u>

As part of the Corporation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In accordance with its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit. The Corporation also has a \$1,694,116 line of credit available to meet cash flow needs.

The Foundation receives a majority of its support without donor restrictions; such support has historically represented approximately 10% of annual program funding needs, with the remainder funded by investment income without donor restrictions and appropriated earnings. In addition, the Foundation receives occasional contributions with donor restrictions to use in accordance with the associated purpose or time restrictions. The Foundation has donor restricted investments of \$417,675 and \$336,495 as of December 31, 2019 and 2018, respectively. Income from donor restricted contributions is restricted for specific purposes, and, therefore, is not available for general expenditure.

## Notes to Consolidated Financial Statements

### C. FAIR VALUE MEASUREMENTS

The Organizations apply Generally Accepted Accounting Principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organizations have 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 Organizations record transfers between levels at the end of the reporting period.

The following tables present assets that are measured at fair value on a recurring basis at December 31, 2019 and 2018:

#### Assets at Fair Value as of December 31, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Debt securities:				
Fixed income	\$	\$ 1,488,280	\$	\$ 1,488,280
Equity securities:				
Mutual funds	2,051,180			2,051,180
Cash held in investments	692,229			692,229
Certificates of deposit	487,075			487,075
Money market	11,411			11,411
USAVP stock			1,000	1,000
USOE pooled funds		5,359,721		5,359,721
	<u>\$ 3,241,895</u>	<u>\$ 6,848,001</u>	<u>\$ 1,000</u>	<u>\$ 10,090,896</u>

Notes to Consolidated Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

<u>Assets at Fair Value as of December 31, 2018</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Debt securities:				
Fixed income	\$	\$ 1,341,195	\$	\$ 1,341,195
Equity securities:				
Mutual funds	1,761,782			1,761,782
Cash held in investments	619,124			619,124
Certificates of deposit	598,947			598,947
Money market	2,544,471			2,544,471
USAVP stock			1,000	1,000
	<u>\$ 5,524,324</u>	<u>\$ 1,341,195</u>	<u>\$ 1,000</u>	<u>\$ 6,866,519</u>

USAVP Stock, a Level 3 input, had no activity during the years ended December 31, 2019 and 2018.

The Organizations have two certificates of deposit, bearing interest rates of approximately 2.00% and maturing in January 2020.

The USOE pooled funds consists of units in a pooled portfolio managed by the United States Olympic Endowment (USOE). At December 31, 2019, the USOE portfolio consisted of the following types of securities:

Alternative investments	37.08%
Domestic equities	31.46
International equities	19.16
Domestic bonds	6.77
International bonds	2.54
Cash and equivalents	<u>2.99</u>
	<u>100.00%</u>

Investment income (loss) is recorded in the accompanying statement of activities and consists of the following for the years ended December, 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 197,846	\$ 128,726
Less investment fees	(26,398)	(25,469)
Net realized and unrealized gains (losses)	<u>823,032</u>	<u>(310,831)</u>
Investment income (loss)	<u>\$ 994,480</u>	<u>\$ (207,574)</u>

## Notes to Consolidated Financial Statements

### D. DEFERRED REVENUE

Deferred revenue includes registration fees, deferred awards, and other fees from RVAs received in advance of the year in which they should be recognized.

At December 31, 2019 and 2018, deferred revenue consists of the following:

	<u>2019</u>	<u>2018</u>
Region registrations	\$ 4,625,370	\$ 4,628,762
Tryout registrations	1,339,910	1,240,245
Event fees	478,928	136,725
Sponsorship funding	37,500	
Host city funding	30,000	30,000
Officials renewal fees	29,120	32,680
Clinic and seminar fees	26,020	15,060
Other	974	2,286
	<u>\$ 6,567,822</u>	<u>\$ 6,085,758</u>

### E. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2019 and 2018, net assets with donor restrictions are restricted for the following purposes:

Subject to expenditure for specified purpose:

	<u>2019</u>	<u>2018</u>
Education	\$ 110,347	\$ 93,895
Sitting teams - foundation	71,157	60,481
Orange county youth development	59,472	50,609
Women's national team	52,959	33,022
Boy's youth national team	35,023	29,803
Men's national team	30,521	18,561
Men's sitting team - corporation	24,487	24,487
Women's youth national team	16,791	14,288
Men's junior national team	12,817	10,907
Beach programs	11,873	10,109
Women's junior national team	8,674	7,382
Officials development	6,441	5,906
High performance - indoor	1,140	1,140
Other programs - deaflympics	460	392
	<u>\$ 442,162</u>	<u>\$ 360,982</u>

Notes to Consolidated Financial Statements

E. NET ASSETS WITH DONOR RESTRICTIONS - Continued

Net assets were released from donor restrictions by the passage of time or by incurring expenses satisfying the restricted purpose specified by the donors as follows for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Satisfaction of purpose restrictions:		
Orange county youth development	\$ <u>                    </u>	\$ <u>          1,995</u>

F. RELATED PARTIES

During the years ended December 31, 2019 and 2018, the USOPC provided funding to the Corporation under the following project categories:

	<u>2019</u>	<u>2018</u>
NGB Funding	\$ 1,450,460	\$ 1,398,500
Rights fees	300,000	300,000
Paralympic grants	200,220	262,620
International relations	10,000	
Other USOPC support	<u>2,200</u>	<u>83,756</u>
	<u>\$ 1,962,880</u>	<u>\$ 2,044,876</u>

As part of the Corporation's agreement with the USOPC, stipends are paid directly to athletes in the following categories:

	<u>2019</u>	<u>2018</u>
Beach	\$ 450,000	\$ 450,000
Indoor	450,000	450,000
Paralympic	<u>96,000</u>	<u>96,000</u>
	<u>\$ 996,000</u>	<u>\$ 996,000</u>

In addition to the amounts above, the USOPC provided additional funding in the form of United Airlines value-in-kind, in the amount of \$76,061 and \$76,380, for the years ended December 31, 2019 and 2018, respectively.

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



## Notes to Consolidated Financial Statements

### G. INTERCOMPANY TRANSACTIONS

The Corporation receives grants from the Foundation. These intercompany grants and any amounts owed to/from the Organizations have been eliminated in the consolidated financial statements.

### H. RETIREMENT PLAN

The Corporation has a 403(b) retirement plan available to all eligible personnel. The plan enables employees to make contributions on either a tax deferred salary reduction basis or an after tax basis if the Roth provision is elected, of a percentage of their compensation. The Corporation matches contributions up to 8% of base compensation for employees who have made a voluntary contribution and have completed ninety days of employment. Employee contributions are immediately vested. Employer contributions are fully vested on the first day of the month following completion of two years of employment. Employer contributions under this plan were \$373,174 and \$355,929 for the years ended December 31, 2019 and 2018, respectively.

### I. COMMITMENTS AND CONTINGENCIES

The Corporation has entered into annual agreements with its players that call for monthly stipends to the players in exchange for their participation on the Corporation's volleyball teams. These monthly stipends conform to USOPC guidelines and policies. In addition to support payments paid to athletes directly by the USOPC as discussed in Note F, for the years ended December 31, 2019 and 2018, the monthly stipends paid by the Corporation amounted to \$747,736 and \$580,600, respectively.

The Corporation also provides athlete transition funding for vested athletes who separate from the national teams. Eligible athletes become vested after four years of qualified participation. The Corporation has accrued \$640,000 and \$620,000 at December 31, 2019 and 2018, respectively, to pay these obligations. The Corporation incurred \$45,000 and \$359,050 of athlete transition funding expense for the years ended December 31, 2019 and 2018, respectively.

## Notes to Consolidated Financial Statements

### I. COMMITMENTS AND CONTINGENCIES - Continued

During the year ended December 31, 2018, Management implemented a change in the method of estimating the liability that it records for future athlete transition funding. Effective for 2018 and beyond, the Corporation records the full future value of the athlete transition funding in the reporting period in which the athlete becomes vested. The 2018 athlete transition funding expense of \$359,050 consists of \$180,000 of new amounts vested during 2018 and \$179,050 of accelerated expense for previously vested amounts, which were historically discounted to net present value.

The Corporation evaluates contingencies on an ongoing basis and has established provisions for matters in which losses are probable and the amount of loss can be reasonably estimated, and is currently party to various legal proceedings and claims that arise out of the ordinary course of business. Insurance and legal settlement liabilities are included in the accrued liabilities line item on the consolidated statements of financial position. The Corporation believes the recorded reserves in the consolidated financial statements are adequate in light of the probable and estimable liabilities.

### J. LEASES

The Corporation leases office space in Torrance, California, under an operating lease that started on November 1, 2013, and continues through February 28, 2021. In July 2015, the lease was amended to include additional space. Under the amended terms, this lease requires monthly payments of \$9,766 through October 2016, and increases each year in November according to the amended lease payment schedule.

The Corporation leases warehouse space in Colorado Springs under an operating lease commencing October 1, 2013 and continuing through September 30, 2023. This lease requires monthly payments of \$5,250 and increases each year according to the lease payment schedule. During 2015, the Corporation leased additional warehouse space commencing July 1, 2015, and continuing through September 30, 2023. This lease requires monthly payments of \$2,290 and increases each year according to the lease payment schedule.

The Corporation also sub-leases office space in Anaheim, California, under an operating lease through December 31, 2020. Initial base rent under this agreement is \$15,946 per month, with annual increases of 4%.

## Notes to Consolidated Financial Statements

### J. LEASES - Continued

On July 1, 2017, the Corporation entered into a lease agreement with University of Central Oklahoma to lease eight apartments. The term of the lease shall expire December 31, 2020. The annual cost of the apartments is \$61,200, or \$5,100 per month. The rental rate may be increased annually to reflect increases in utility rates. The landlord agrees to notify the tenant by December 1 of each year of any increase to the rental rate due to utility costs.

Future minimum payments under all of the above operating leases are as follows:

2020	\$	515,960
2021		132,808
2022		113,475
2023		87,003

The Corporation leases a portion of its national headquarters to other national governing bodies for office space. The Corporation charges these entities rent equal to their pro-rata share of the building operating expenses.

### K. AFFILIATES

The Corporation has trade receivables of \$81,249 and \$17,114 due from affiliates and RVAs at December 31, 2019 and 2018, respectively. The Corporation has trade accounts payable of \$165,607 and \$3,250 and Regional Insurance Fund payable of \$1,013,866 and \$1,059,254 due to RVAs as of December 31, 2019 and 2018, respectively.

### L. LINE OF CREDIT

During the year ended December 31, 2011, the Corporation entered into an agreement to obtain a line of credit. The credit available to the Corporation was \$1,694,116 and \$1,863,528 as of December 31, 2019 and 2018, respectively. There was no outstanding balance at December 31, 2019 and 2018. The line of credit carries an interest rate of 4.00% on outstanding balances until December 1, 2021, when it will change to 4.75%, and has a maturity date of December 1, 2026.

The maximum principal available on this line of credit is reduced by \$169,412 each year beginning on December 9, 2013. The line of credit stipulates that the Corporation must occupy at least 51% of the office property and maintain a minimum tangible net worth of \$1,300,000.

## Notes to Consolidated Financial Statements

### L. LINE OF CREDIT - Continued

The minimum tangible net worth requirement increases by \$100,000 on December 1 of each year, beginning on December 1, 2017.

The Corporation's building is subject to a deed of trust dated December 9, 2011. The Corporation's business assets are components of the Corporation's borrowing base calculation, which governs the availability of future advances on the line of credit.

The Corporation's business assets are subject to a UCC filing lien related to this line of credit as prescribed by the commercial security agreement dated December 9, 2011.

### M. SUBSEQUENT EVENTS

In March 2020, the outbreak of COVID-19 (coronavirus) was 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 decline in global financial markets, 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 or financial results of the Organizations is uncertain.

Significant events scheduled in 2020, including all national championships have been postponed or cancelled. The Corporation has furloughed and laid off staff.

On May 1, 2020, the Corporation received a \$1,419,312 loan from Chase through the Small Business Administration's Paycheck Protection Program. A portion or all of loan may be forgiven by the Small Business Administration if all employees are kept on the payroll for either eight or twenty-four weeks and at least 60% the money is used for payroll and the remaining amount is used for rent, mortgage interest, or utilities. Any portion of the loan that is not forgiven has a maturity of no less than two years and an interest rate of 0.98%. Loan payments are deferred for ten months.

USA VOLLEYBALL  
USA VOLLEYBALL FOUNDATION  
Consolidating Statement of Financial Position  
December 31, 2019

	<u>USA Volleyball</u>	<u>USA Volleyball Foundation</u>	<u>Eliminating Entries</u>	<u>2019 Consolidated Totals</u>
<u>ASSETS</u>				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 8,727,021	\$ 49,745	\$	\$ 8,776,766
Accounts receivable, net	2,720,434	10,000	(10,000)	2,720,434
Due from the USAVF	42,750		(42,750)	
Inventory	79,692			79,692
Deposits	14,500			14,500
Prepaid expenses	<u>1,175,888</u>			<u>1,175,888</u>
Total current assets	12,760,285	59,745	(52,750)	12,767,280
INVESTMENTS	6,530,075	3,143,146		9,673,221
RESTRICTED INVESTMENTS		417,675		417,675
PROPERTY AND EQUIPMENT, at cost:				
Land	471,141			471,141
Building and improvements	3,997,611			3,997,611
Office furniture	488,374			488,374
Office equipment	887,190			887,190
Program equipment	2,693,275			2,693,275
Less accumulated depreciation	<u>(4,876,236)</u>			<u>(4,876,236)</u>
Property and equipment, net	<u>3,661,355</u>			<u>3,661,355</u>
TOTAL ASSETS	<u>\$ 22,951,715</u>	<u>\$ 3,620,566</u>	<u>\$ (52,750)</u>	<u>\$ 26,519,531</u>
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES:				
Accounts payable	\$ 881,962	\$ 42,750	\$ (52,750)	\$ 871,962
Accrued liabilities	4,368,397			4,368,397
Regional insurance fund	1,013,866			1,013,866
Deferred revenue	<u>6,567,822</u>			<u>6,567,822</u>
Total current liabilities	12,832,047	42,750	(52,750)	12,822,047
NET ASSETS:				
Without donor restrictions	10,095,181	3,160,141		13,255,322
With donor restrictions	<u>24,487</u>	<u>417,675</u>		<u>442,162</u>
Total net assets	<u>10,119,668</u>	<u>3,577,816</u>		<u>13,697,484</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 22,951,715</u>	<u>\$ 3,620,566</u>	<u>\$ (52,750)</u>	<u>\$ 26,519,531</u>

See Notes to Consolidated Financial Statements

USA VOLLEYBALL  
USA VOLLEYBALL FOUNDATION  
Consolidating Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2019

	<u>USA Volleyball</u>	<u>USA Volleyball Foundaton</u>	<u>Eliminating Entries</u>	<u>2019 Consolidated Totals</u>
<b>SUPPORT AND REVENUE:</b>				
Program & event participation fees	\$ 8,986,179	\$	\$	\$ 8,986,179
Membership & insurance	7,477,100			7,477,100
Sponsorship & rights, including value in kind	6,684,335			6,684,335
Tickets, subscriptions & other sales	4,752,423			4,752,423
Other program support & revenue	4,282,817			4,282,817
USOPC grants, including value in kind	2,038,941			2,038,941
Housing royalties	1,924,123			1,924,123
Product sales, less direct costs of \$57,641	1,143,875			1,143,875
Investment income, net	448,829	545,651		994,480
Host incentives	780,000			780,000
Grants & contributions	46,448	60,346		106,794
USAVF grants	171,000		(171,000)	
Total support and revenue	<u>38,736,070</u>	<u>605,997</u>	<u>(171,000)</u>	<u>39,171,067</u>
<b>EXPENSES:</b>				
Program services:				
National teams	9,782,536			9,782,536
Domestic events	7,856,633			7,856,633
Region services	4,133,229			4,133,229
High performance development	3,684,334			3,684,334
International events & programs	2,903,627			2,903,627
Total program services	<u>28,360,359</u>			<u>28,360,359</u>
Supporting services:				
National headquarters	5,931,992			5,931,992
Sponsorship, marketing & public relations	2,317,467			2,317,467
Governance	135,201			135,201
Fundraising		176,315	(171,000)	5,315
Total supporting services	<u>8,384,660</u>	<u>176,315</u>	<u>(171,000)</u>	<u>8,389,975</u>
Total expenses	<u>36,745,019</u>	<u>176,315</u>	<u>(171,000)</u>	<u>36,750,334</u>
CHANGE IN NET ASSETS	1,991,051	429,682		2,420,733
NET ASSETS, beginning of year	<u>8,128,617</u>	<u>3,148,134</u>		<u>11,276,751</u>
NET ASSETS, end of year	<u>\$ 10,119,668</u>	<u>\$ 3,577,816</u>	<u>\$</u>	<u>\$ 13,697,484</u>

See Notes to Consolidated Financial Statements