

**USA VOLLEYBALL  
USA VOLLEYBALL FOUNDATION**

**Consolidated Financial Statements  
& Supplemental Schedules**

**For the Years Ended December 31, 2022 and 2021**

## TABLE OF CONTENTS

Independent Auditor's Report . . . . .	1
Consolidated Statements of Financial Position. . . . .	4
Consolidated Statements of Activities and Changes in Net Assets . . . . .	5
Consolidated Statements of Functional Expenses . . . . .	7
Consolidated Statements of Cash Flows . . . . .	9
Notes to Consolidated Financial Statements . . . . .	10
Consolidating Statement of Financial Position . . . . .	29
Consolidating Statement of Activities and Changes in Net Assets . . . . .	30

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
USA Volleyball  
Colorado Springs, Colorado

**Opinion**

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, 2022 and 2021, 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 consolidated financial statements.

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, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of USA Volleyball and USA Volleyball Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events,

considered in the aggregate, that raise substantial doubt about USA Volleyball's and USA Volleyball Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of USA Volleyball's and USA Volleyball Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about USA Volleyball's and USA Volleyball Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Emphasis of Matter**

As described in Note A to the financial statements, during the year ended December 31, 2022, USA Volleyball adopted Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). Our opinion is not modified with respect to this matter.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

*Waugh & Goodwin, LLP*

Colorado Springs, Colorado  
April 24, 2023

USA VOLLEYBALL  
USA VOLLEYBALL FOUNDATION  
Consolidated Statements of Financial Position  
December 31, 2022 and 2021

<u>ASSETS</u>		
	<u>2022</u>	<u>2021</u>
CURRENT ASSETS:		
Cash & cash equivalents	\$ 16,573,376	\$ 13,306,215
Accounts receivable, net	1,292,298	319,348
Inventory	35,160	81,723
Deposits	14,500	14,500
Prepaid expenses	<u>1,919,585</u>	<u>1,069,852</u>
Total current assets	19,834,919	14,791,638
INVESTMENTS	21,119,686	20,505,045
RESTRICTED INVESTMENTS	436,773	504,873
RIGHT-OF-USE ASSETS	1,187,405	1,419,560
PROPERTY & EQUIPMENT, at cost:		
Land	471,141	471,141
Building & improvements	3,997,611	3,997,611
Office furniture	488,374	488,374
Office equipment	1,045,608	909,780
Program equipment	2,703,765	2,703,765
Less accumulated depreciation	<u>(6,044,535)</u>	<u>(5,748,664)</u>
Property & equipment, net	<u>2,661,964</u>	<u>2,822,007</u>
TOTAL ASSETS	<u>\$ 45,240,747</u>	<u>\$ 40,043,123</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 804,825	\$ 316,672
Accrued liabilities	4,132,338	3,614,741
Regional insurance fund	500,928	571,986
Refundable advances		1,450,312
Deferred revenue	8,639,982	7,336,343
Lease liability	<u>222,949</u>	<u>235,038</u>
Total current liabilities	14,301,022	13,525,092
LONG-TERM LIABILITIES:		
Deferred revenue	175,000	
Long-term debt		150,000
Lease liability	<u>1,000,388</u>	<u>1,223,337</u>
Total long-term liabilities	<u>1,175,388</u>	<u>1,373,337</u>
Total liabilities	15,476,410	14,898,429
NET ASSETS:		
Without donor restrictions	29,303,077	24,615,334
With donor restrictions	<u>461,260</u>	<u>529,360</u>
Total net assets	<u>29,764,337</u>	<u>25,144,694</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 45,240,747</u>	<u>\$ 40,043,123</u>

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, 2022  
(With Consolidated Comparative Totals for the Year Ended December 31, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Consolidated Totals	2021 Consolidated Totals
<b>SUPPORT AND REVENUE:</b>				
Program & event participation fees	\$ 8,784,792	\$	\$ 8,784,792	\$ 6,353,616
Membership & insurance	8,543,754		8,543,754	7,088,664
Tickets, subscriptions & other sales	4,790,811		4,790,811	3,691,361
Value-in-kind (VIK)	3,680,388		3,680,388	1,550,125
Sponsorship & rights	3,122,306		3,122,306	2,239,877
Other program support & revenue	2,604,312		2,604,312	3,014,711
Housing royalties	2,376,247		2,376,247	1,812,895
USOPC grants	2,029,976		2,029,976	1,896,810
PPP grant	1,419,312		1,419,312	1,419,312
Product sales, less direct costs of \$62,357 and \$626	1,388,101		1,388,101	1,138,207
Host funding	664,894		664,894	75,000
Grants & contributions	47,242	8,139	55,381	42,782
Investment income (loss), net	<u>(2,575,544)</u>	<u>(76,239)</u>	<u>(2,651,783)</u>	<u>1,181,150</u>
Total support and revenue	36,876,591	(68,100)	36,808,491	31,504,510
<b>EXPENSES:</b>				
Program services:				
Domestic events	9,696,650		9,696,650	5,973,154
National teams	8,889,865		8,889,865	7,177,999
Region services	4,254,226		4,254,226	3,059,304
High performance development	2,983,686		2,983,686	2,192,645
International events & programs	<u>2,034,947</u>		<u>2,034,947</u>	<u>1,002,889</u>
Total program services	27,859,374		27,859,374	19,405,991
Supporting services:				
National headquarters	3,162,863		3,162,863	2,915,308
Sponsorship, marketing & public relations	1,107,947		1,107,947	879,245
Governance	52,828		52,828	12,544
Fundraising	<u>5,836</u>		<u>5,836</u>	<u>4,712</u>
Total supporting services	<u>4,329,474</u>		<u>4,329,474</u>	<u>3,811,809</u>
Total expenses	<u>32,188,848</u>		<u>32,188,848</u>	<u>23,217,800</u>
CHANGE IN NET ASSETS	4,687,743	(68,100)	4,619,643	8,286,710
NET ASSETS, beginning of year	<u>24,615,334</u>	<u>529,360</u>	<u>25,144,694</u>	<u>16,857,984</u>
NET ASSETS, end of year	<u>\$ 29,303,077</u>	<u>\$ 461,260</u>	<u>\$ 29,764,337</u>	<u>\$ 25,144,694</u>

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, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Consolidated Totals</u>
<b>SUPPORT AND REVENUE:</b>			
Membership & insurance	\$ 7,088,664	\$	\$ 7,088,664
Program & event participation fees	6,353,616		6,353,616
Tickets, subscriptions & other sales	3,691,361		3,691,361
Other program support & revenue	3,014,711		3,014,711
Sponsorship & rights	2,239,877		2,239,877
USOPC grants	1,896,810		1,896,810
Housing royalties	1,812,895		1,812,895
Value in kind	1,550,125		1,550,125
PPP grant	1,419,312		1,419,312
Investment income, net	1,155,104	26,046	1,181,150
Product sales, less direct costs of \$626	1,138,207		1,138,207
Host funding	75,000		75,000
Grants & contributions	<u>21,943</u>	<u>20,839</u>	<u>42,782</u>
Total support and revenue	31,457,625	46,885	31,504,510
<b>EXPENSES:</b>			
Program services:			
National teams	7,177,999		7,177,999
Domestic events	5,973,154		5,973,154
Region services	3,059,304		3,059,304
High performance development	2,192,645		2,192,645
International events & programs	<u>1,002,889</u>		<u>1,002,889</u>
Total program services	19,405,991		19,405,991
Supporting services:			
National headquarters	2,915,308		2,915,308
Sponsorship, marketing & public relations	879,245		879,245
Governance	12,544		12,544
Fundraising	<u>4,712</u>		<u>4,712</u>
Total supporting services	<u>3,811,809</u>		<u>3,811,809</u>
Total expenses	<u>23,217,800</u>		<u>23,217,800</u>
CHANGE IN NET ASSETS	8,239,825	46,885	8,286,710
NET ASSETS, beginning of year	<u>16,375,509</u>	<u>482,475</u>	<u>16,857,984</u>
NET ASSETS, end of year	<u>\$ 24,615,334</u>	<u>\$ 529,360</u>	<u>\$ 25,144,694</u>

See Notes to Consolidated Financial Statements



USA VOLLEYBALL  
USA VOLLEYBALL FOUNDATION  
Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2022

	Program Services					Total Consolidated Program Services
	Domestic Events	National Teams	Region Services	High Performance Development	International Events & Programs	
Athlete support	\$	\$ 510,023	\$	\$	\$	\$ 510,023
Athlete transition		25,000				25,000
Awards & medals	195,593	543			2,173	198,309
Bad debts				405		405
Bank, interest & credit card fees	527,472	319	135,582	36,896	602	700,871
Computer expense	113,645	222,893	60,276	104,927	3,600	505,341
Contract labor	1,021,879	298,558	36,529	447,209	157,713	1,961,888
Depreciation expense						
Entry fees				11,100		11,100
Equipment	35,084	69,160	17,476	10,473	32,698	164,891
Equipment rental/maintenance	236,179	4,471			2,721	243,371
Equipment transportation	319,599		112		52,689	372,400
Event personnel & catering	170,259	177,785		64,760	135,834	548,638
Facilities	978,296			44,279	76,922	1,099,497
Flooring rental	316,375					316,375
Grants			20,000	6,000		26,000
Host fees	547,612	3,392		202,195	145,000	898,199
Housing	218,825	313,355		2,026	184,812	719,018
Insurance	12,908	13,258	2,686,802			2,712,968
Medical	279,286	162,636		8,592	5,186	455,700
Merchandising			62,357			62,357
Miscellaneous	2,324	24,818	10,116	9,624	5,587	52,469
Officials fees	1,608,099	2,026		10,200	33,323	1,653,648
Officials training & rating team			98,901			98,901
Outreach						
Payroll, benefits & taxes	748,657	2,852,581	795,076	861,867	202,571	5,460,752
Postage, shipping & drayage	202,126	4,915	6,852	15,323	5,068	234,284
Printing & copies	46,771	7,449	394	588		55,202
Prize money		491,262				491,262
Professional fees		39,014	114,166	2,000		155,180
Promotions & gifts	30,489	425	68,980	3,701	22,987	126,582
Property						
Purchases - apparel/lettering	9,548	1,352		15	150,733	161,648
Rent & janitorial	147,015	388,915		359		536,289
Security	308,214					308,214
Sport science		117,778				117,778
Supplies	22,015	12,436	1,661	17,747	5,234	59,093
Telephone	924	320		2,085	240	3,569
Tournament scheduling	83,795					83,795
Travel, food & lodging	188,672	2,294,104	6,954	587,743	49,031	3,126,504
VIK usage	<u>1,324,989</u>	<u>851,077</u>	<u>194,349</u>	<u>533,572</u>	<u>760,223</u>	<u>3,664,210</u>
Total expenses by function	9,696,650	8,889,865	4,316,583	2,983,686	2,034,947	27,921,731
Less expenses shown net of revenue in the statement of activities			(62,357)			(62,357)
Total expenses reported in the statement of activities	<u>\$ 9,696,650</u>	<u>\$ 8,889,865</u>	<u>\$ 4,254,226</u>	<u>\$ 2,983,686</u>	<u>\$ 2,034,947</u>	<u>\$ 27,859,374</u>

USA VOLLEYBALL  
USA VOLLEYBALL FOUNDATION  
Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2022

	Supporting Services				Total Consolidated Supporting Services	Total Expenses
	National Headquarters	Sponsorship, Marketing & Public Relations	Governance	Fundraising		
Athlete support	\$	\$	\$	\$	\$	510,023
Athlete transition						25,000
Awards & medals		2,693			2,693	201,002
Bad debts		40,480			40,480	40,885
Bank, interest & credit card fees	10,534	481		112	11,127	711,998
Computer expense	271,109	50,543	5,500	680	327,832	833,173
Contract labor	62,716	1,096			63,812	2,025,700
Depreciation expense	295,873				295,873	295,873
Entry fees						11,100
Equipment	2,600				11,812	176,703
Equipment rental/maintenance		3,296	2,942		6,238	249,609
Equipment transportation						372,400
Event personnel & catering	103,652	15,048			118,700	667,338
Facilities						1,099,497
Flooring rental						316,375
Grants						26,000
Host fees						898,199
Housing						719,018
Insurance	184,265			1,502	185,767	2,898,735
Medical						455,700
Merchandising						62,357
Miscellaneous	40,177	58,626	21,058	1,542	121,403	173,872
Officials fees						1,653,648
Officials training & rating team						98,901
Outreach	5,000				5,000	5,000
Payroll, benefits & taxes	1,844,426	847,906			2,692,332	8,153,084
Postage, shipping & drayage	5,155	2,298	168		7,621	241,905
Printing & copies	11,101	1,556			12,657	67,859
Prize money						491,262
Professional fees	42,843	1,425		2,000	46,268	201,448
Promotions & gifts	21,182	23,615			44,797	171,379
Property	170,693				170,693	170,693
Purchases - apparel/lettering						161,648
Rent & janitorial						536,289
Security						308,214
Sport science						117,778
Supplies	5,909	3,332			9,241	68,334
Telephone	38,118	720			38,838	42,407
Tournament scheduling						83,795
Travel, food & lodging	47,510	41,291	11,311		100,112	3,226,616
VIK usage		4,329	11,849		16,178	3,680,388
<b>Total expenses by function</b>	<b>3,162,863</b>	<b>1,107,947</b>	<b>52,828</b>	<b>5,836</b>	<b>4,329,474</b>	<b>32,251,205</b>
Less expenses shown net of revenue in the statement of activities						(62,357)
<b>Total expenses reported in the statement of activities</b>	<b>\$ 3,162,863</b>	<b>\$ 1,107,947</b>	<b>\$ 52,828</b>	<b>\$ 5,836</b>	<b>\$ 4,329,474</b>	<b>\$ 32,188,848</b>

See Notes to Consolidated Financial Statements

USA VOLLEYBALL  
USA VOLLEYBALL FOUNDATION  
Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2021

	Program Services					Total Consolidated Program Services
	National Teams	Domestic Events	Region Services	High Performance Development	International Events & Programs	
Athlete support	\$ 446,169					\$ 446,169
Athlete transition	50,000					50,000
Awards & medals		116,214		287	395	116,896
Bank, interest & credit card fees	162	350,625	218,777	33,687	821	604,072
Computer expense	60,970	120,737	60,074	127,239	1,200	370,220
Contract labor	316,353	597,933	27,007	358,353	9,215	1,308,861
Depreciation expense						
Entry fees				2,000		2,000
Equipment	50,170	21,165		4,152	58,762	134,249
Equipment rental/maintenance	4,763	108,392		7,797		120,952
Equipment transportation		241,035		8,762	26,693	276,490
Event personnel & catering	105,644	43,205		5,750	919	155,518
Facilities		716,087		48,898		764,985
Flooring rental		148,895				148,895
Grants			20,000			20,000
Host fees	525	394,845		356,029		751,399
Housing	197,737	58,030		34,287		290,054
Insurance	9,338	10,549	1,866,150			1,886,037
Medical	169,938	193,548		5,732		369,218
Merchandising			626			626
Miscellaneous	46,908	898	10,000	5,542	6,065	69,413
Officials fees	1,795	704,909		21,281		727,985
Officials training & rating team			81,184			81,184
Outreach						
Payroll, benefits & taxes	2,859,817	643,162	691,967	687,510	194,207	5,076,663
Postage, shipping & drayage	2,600	83,643	900	16,297	3,030	106,470
Printing & copies	4,373	53,691	87	1,215	37	59,403
Prize money	604,388					604,388
Professional fees	574		75,792			76,366
Promotions & gifts	17,412	6,601	4,403	1,299	17,045	46,760
Property						
Purchases - apparel/lettering	19,411	5,669		8,633	18,149	51,862
Rent & janitorial	370,032	140,314		714		511,060
Security		236,063		4,450		240,513
Sponsor servicing						
Sport science	91,220					91,220
Supplies	5,622	30,336	30	13,040	5,718	54,746
Telephone	634	985		3,313	770	5,702
Tournament scheduling		54,712		292		55,004
Travel, food & lodging	1,430,037	64,783	2,933	316,472	407,843	2,222,068
VIK usage	311,407	826,128		119,614	252,020	1,509,169
<b>Total expenses by function</b>	<b>7,177,999</b>	<b>5,973,154</b>	<b>3,059,930</b>	<b>2,192,645</b>	<b>1,002,889</b>	<b>19,406,617</b>
Less expenses shown net of revenue in the statement of activities			(626)			(626)
<b>Total expenses reported in the statement of activities</b>	<b>\$ 7,177,999</b>	<b>\$ 5,973,154</b>	<b>\$ 3,059,304</b>	<b>\$ 2,192,645</b>	<b>\$ 1,002,889</b>	<b>\$ 19,405,991</b>

USA VOLLEYBALL  
USA VOLLEYBALL FOUNDATION  
Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2021

	<u>Supporting Services</u>				Total Consolidated Supporting Services	Total Expenses
	National Headquarters	Sponsorship, Marketing & Public Relations	Governance	Fundraising		
Athlete support	\$	\$	\$	\$	\$	446,169
Athlete transition						50,000
Awards & medals						116,896
Bank, interest & credit card fees	8,805	726		218	9,749	613,821
Computer expense	245,926	46,576		592	293,094	663,314
Contract labor						1,308,861
Depreciation expense	415,653				415,653	415,653
Entry fees						2,000
Equipment		8,359			8,359	142,608
Equipment rental/maintenance	150				150	121,102
Equipment transportation		9,000			9,000	285,490
Event personnel & catering	81,335				81,335	236,853
Facilities						764,985
Flooring rental						148,895
Grants						20,000
Host fees						751,399
Housing						290,054
Insurance	150,858			1,466	152,324	2,038,361
Medical						369,218
Merchandising						626
Miscellaneous	19,489	5,000	1,628	1,530	27,647	97,060
Officials fees						727,985
Officials training & rating team						81,184
Outreach	5,000				5,000	5,000
Payroll, benefits & taxes	1,748,257	678,254			2,426,511	7,503,174
Postage, shipping & drayage	3,513	1,199		688	5,400	111,870
Printing & copies	20,719	581		218	21,518	80,921
Prize money						604,388
Professional fees	30,755	69,200			99,955	176,321
Promotions & gifts	7,991	6,834	249		15,074	61,834
Property	141,493				141,493	141,493
Purchases - apparel/lettering						51,862
Rent & janitorial						511,060
Security						240,513
Sponsor servicing		1,979			1,979	1,979
Sport science						91,220
Supplies	1,998	100			2,098	56,844
Telephone	18,227	840			19,067	24,769
Tournament scheduling						55,004
Travel, food & lodging	15,139	9,641	10,667		35,447	2,257,515
VIK usage		40,956			40,956	1,550,125
Total expenses by function	2,915,308	879,245	12,544	4,712	3,811,809	23,218,426
Less expenses shown net of revenue in the statement of activities						(626)
Total expenses reported in the statement of activities	<u>\$ 2,915,308</u>	<u>\$ 879,245</u>	<u>\$ 12,544</u>	<u>\$ 4,712</u>	<u>\$ 3,811,809</u>	<u>\$ 23,217,800</u>

See Notes to Consolidated Financial Statements

USA VOLLEYBALL  
USA VOLLEYBALL FOUNDATION  
Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 4,619,643	\$ 8,286,710
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	295,873	415,653
Realized and unrealized loss (gains) on investments	2,443,607	(371,904)
(Increase) decrease in operating assets:		
Accounts receivable, net	(972,950)	604,637
Inventory	46,563	4,570
Prepaid expenses	(849,733)	(135,018)
Right-of-use assets	232,155	192,022
Increase (decrease) in operating liabilities:		
Accounts payable	488,153	37,765
Accrued liabilities	517,597	(395,514)
Regional insurance fund	(71,058)	(438,558)
Refundable advances	(1,450,312)	(9,415)
Deferred revenue	1,478,639	2,410,039
Lease liability	<u>(235,038)</u>	<u>(186,496)</u>
Total adjustments	<u>1,923,496</u>	<u>2,127,781</u>
Net cash provided by operating activities	6,543,139	10,414,491
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Gross proceeds from sale of long-term investments	7,439,613	4,677,301
Gross purchases of long-term investments	(10,497,861)	(9,355,964)
(Increase) decrease in restricted investments	68,100	(46,885)
Acquisition of property and equipment	<u>(135,830)</u>	<u>(22,464)</u>
Net cash used by investing activities	(3,125,978)	(4,748,012)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Long-term debt, net	<u>(150,000)</u>	<u>                    </u>
Net cash used by financing activities	<u>(150,000)</u>	<u>                    </u>
NET INCREASE IN CASH	3,267,161	5,666,479
CASH AND CASH EQUIVALENTS, beginning of year	<u>13,306,215</u>	<u>7,639,736</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 16,573,376</u>	<u>\$ 13,306,215</u>

See Notes to Consolidated Financial Statements

USA VOLLEYBALL  
USA VOLLEYBALL FOUNDATION

Notes to Consolidated Financial Statements  
For the Years Ended December 31, 2022 and 2021

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

#### New Accounting Standards Update - Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued additional ASUs which amend and clarify Topic 842. The most significant change in the new lease guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

The Organizations elected to adopt these ASUs using the modified retrospective approach with January 1, 2021 as the date of initial adoption. The adoption only affected the Corporation, the Foundation does not currently have any leases. The Organizations elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Organization to carry forward the historical lease classification.

The adoption had a material impact on the Organizations' consolidated statements of financial position but did not have a material impact on the consolidated statements of activities. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. Adoption of the standard required the Organizations to restate amounts at January 1, 2021. The following table presents the line items from the accompanying consolidated financial statements for December 31, 2021, that were affected through applying the new guidance:

	Amounts Reported Prior to Adoption	Effects of Applying the New Guidance	Reported within the Accompanying Statements
<u>Consolidated Statements of Financial Position</u>			
Assets: Right-of-use assets	\$	\$ 1,419,560	\$ 1,419,560
Liabilities: Right-of-use liabilities		1,458,375	1,458,375
Net assets: Net assets without donor restrictions - December 31, 2021	25,183,509	(38,815)	25,144,694
<u>Consolidated Statement of Activities and Changes in Net Assets - December 31, 2021</u>			
Expenses: National Team Program Services	\$ 7,172,473	\$ 5,526	\$ 7,177,999
Net Assets, beginning of year - January 1, 2021	16,891,273	(33,289)	16,857,984
Net Assets, end of year - December 31, 2021	25,183,509	(38,815)	25,144,694
<u>Consolidated Statements of Cash Flows - December 31, 2021</u>			
Change in net assets	\$ 8,292,236	\$ (5,526)	\$ 8,286,710

## Notes to Consolidated 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 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.

#### 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 are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organizations.
- Net assets with donor restrictions are 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.

#### Reclassifications

Certain amounts have been reclassified for the year ended December 31, 2021, to conform with the presentation for the year ended December 31, 2022.

#### Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function.



## Notes to Consolidated Financial Statements

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

#### Functional Expenses - continued

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 Organization's checking, savings, and petty cash accounts.

The Corporation considers all liquid financial instruments and cash and cash equivalents held for long-term investment purposes, regardless of original length to maturity, as investments and are reported as such in the accompanying statements of financial position.

The Organizations maintain cash balances at various commercial banks. At times during the years ended December 31, 2022 and 2021, balances on deposit exceeded Federal Deposit Insurance Corporation (FDIC) insured limits of \$250,000. In the event of a bank or brokerage firm failure, the Organization may only be able to recover the amounts insured.

#### Supplemental Cash Flow Information

During the years ended December 31, 2022 and 2021, the Organizations paid no interest and no income taxes.

## Notes to Consolidated Financial Statements

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

#### Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. The Corporation has recorded an allowance for doubtful accounts in the amount of \$411,585 and \$370,700 during the years ended December 31, 2022 and 2021, respectively. The gross amount of the Corporation's accounts receivable from contracts with customers was \$1,273,117, \$665,008 and \$1,291,620 as of December 31, 2022, 2021 and 2020, respectively.

Based on the Foundation's experience with customers having outstanding balances, it has concluded that any losses on balances outstanding at year end will not be material. Therefore, no allowance for doubtful accounts is considered necessary.

#### Inventory

Inventory is stated at the lower of FIFO cost or net realizable value. 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 \$295,873 and \$415,653 for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, the balances of this accrual were \$319,673 and \$296,016, 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 United States Olympic & Paralympic Committee (USOPC) and Small Business Administration (SBA) Paycheck Protection Program (PPP) grants.

#### Value-in-kind

During the year ended December 31, 2022, the Organizations adopted Accounting Standards Update (ASU) 2020-07, *Not-For-Profit Entities (Topic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*.

The Corporation received various types of value-in-kind (VIK) contributions that supported the Corporation's program and supporting services. The Corporation recognizes value-in-kind contribution revenue and a corresponding VIK distribution expense in an amount approximating the respective fair value at the time of the donation. Information on the fair value of value-in-kind contributions is often provided by the respective sponsor.

VIK distribution expense has been allocated to the respective program and supporting services based upon usage in the accompanying statements of functional expenses.

## Notes to Consolidated Financial Statements

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

#### Value-in-kind - continued

The Corporation received the following gifts-in-kind during the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Apparel & equipment	\$ 2,652,354	\$ 861,650
Travel & lodging	<u>1,028,034</u>	<u>688,475</u>
	<u>\$ 3,680,388</u>	<u>\$ 1,550,125</u>

The Foundation did not receive any gifts-in-kind during the years ending December 31, 2022 and 2021.

The Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Corporation. If an asset is provided that does not allow the Corporation to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset. The Corporation did not sell any gifts-in-kind received during the years ending December 31, 2022 and 2021.

The Corporation receives a substantial amount of donated services in carrying out the Corporation's mission. 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 years ended December 31, 2022 and 2021, \$0 was recorded for contributed services.

#### Revenue from Contracts with Customers

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

## Notes to Consolidated Financial Statements

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

#### Revenue from Contracts with Customers - continued

##### Sponsorship and Rights - continued

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.

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 the amount is determinable, which is generally 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 for 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 revenues which are recorded when received.

#### 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 April 24, 2023, 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>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 16,573,376	\$ 13,306,215
Accounts receivable, net	1,292,298	319,348
Investments, not including Region Insurance Fund & USAVP stock	<u>20,452,780</u>	<u>19,906,255</u>
Total financial assets	38,318,454	33,531,818
Less amounts not available to be used within one year:		
Donor restricted net assets	<u>461,260</u>	<u>529,360</u>
Financial assets not available to be used within one year	<u>461,260</u>	<u>529,360</u>
Financial assets available within one year	<u>\$ 37,857,194</u>	<u>\$ 33,002,458</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 \$1,185,880 line of credit available to meet cash flow needs (Note N).

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 \$436,773 and \$504,873 as of December 31, 2022 and 2021, 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 following tables present assets that are measured at fair value on a recurring basis at December 31, 2022 and 2021:

Assets at Fair Value as of December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Debt securities:				
Fixed income	\$	\$ 4,815,903	\$	\$ 4,815,903
Equity securities:				
Mutual funds	12,534,550			12,534,550
Stocks	1,387,883			1,387,883
ETFs	2,449,010			2,449,010
USAVP stock			1,000	1,000
Cash held in investments	348,957			348,957
Money market	19,156			19,156
	<u>\$ 16,739,556</u>	<u>\$ 4,815,903</u>	<u>\$ 1,000</u>	<u>\$ 21,556,459</u>

## Notes to Consolidated Financial Statements

### C. FAIR VALUE MEASUREMENTS - Continued

<u>Assets at Fair Value as of December 31, 2021</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Debt securities:				
Fixed income	\$	\$ 1,451,779	\$	\$ 1,451,779
Equity securities:				
Mutual funds	11,963,502			11,963,502
Stocks	2,541,218			2,541,218
ETFs	3,524,391			3,524,391
USAVP stock			1,000	1,000
Cash held in investments	1,428,475			1,428,475
Money market	99,553			99,553
	<u>\$ 19,557,139</u>	<u>\$ 1,451,779</u>	<u>\$ 1,000</u>	<u>\$ 21,009,918</u>

USAVP Stock is valued at the initial investment. This stock had no observable price changes during the years ended December 31, 2022 and 2021.

Investment income is recorded in the accompanying statement of activities and consists of the following for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Interest & dividends	\$ 533,012	\$ 556,035
Less investment fees	(94,452)	(75,462)
Net realized & unrealized gains (losses)	<u>(3,090,343)</u>	<u>700,577</u>
Investment income (loss)	<u>\$ (2,651,783)</u>	<u>\$ 1,181,150</u>

### D. DEFERRED REVENUE

Deferred revenue, which is a liability from contracts with customers, includes registration fees, deferred awards, and other fees from RVAs received in advance of the year in which they should be recognized. For the year ended December 31, 2021, the beginning of year deferred revenue was \$4,926,304. At December 31, 2022 and 2021, deferred revenue consists of the following:



## Notes to Consolidated Financial Statements

### D. DEFERRED REVENUE - Continued

	<u>2022</u>	<u>2021</u>
Membership registrations	\$ 5,629,485	\$ 4,224,392
Event fees	2,853,725	2,956,891
Host city funding	310,000	30,000
Miscellaneous	21,772	60
Marketing partnership	<u>                    </u>	<u>125,000</u>
	<u>\$ 8,814,982</u>	<u>\$ 7,336,343</u>

### E. REFUNDABLE ADVANCES

On May 1, 2020, the Corporation received a \$1,419,312 loan from Chase through the Small Business Administration's Paycheck Protection Program (PPP). Under this program, a portion or all of the 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 not less than two years and an interest rate of 0.98%. This loan was forgiven in full during the year ended December 31, 2020.

On January 19, 2021, the Corporation received a second \$1,419,312 loan from Chase through the second round of the Small Business Administration's Paycheck Protection Program (PPP). This second PPP loan was included in refundable advances as of December 31, 2021 and in July 2022, the loan was forgiven in full and the Corporation recognized the loan as PPP grant revenue in the accompanying consolidated statement of activities and changes in net assets during the year ended December 31, 2022.

Also included in refundable advances are special grants from the USOPC of \$0 and \$31,000 as of December 31, 2022 and 2021, respectively.

### F. NOTE PAYABLE

On June 16, 2020, the Corporation received a \$150,000 Economic Injury Disaster Loan from the Small Business Administration. The loan had an interest rate of 2.75% and a maturity date of June 16, 2050. Scheduled monthly payments of \$675 were to begin in 2022. The Corporation paid this loan off in full in June 2022 and no further balance was due as of December 31, 2022.

## Notes to Consolidated Financial Statements

### G. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2022 and 2021, net assets with donor restrictions are restricted for the following purposes:

	<u>2022</u>	<u>2021</u>
Education	\$ 113,500	\$ 133,627
Sitting teams - Foundation	74,146	86,151
Orange County youth development	61,171	72,005
Women's national team	54,471	64,118
Boy's youth national team	36,024	42,403
Men's national team	31,393	36,952
Men's sitting team - Corporation	24,487	24,487
Beach programs	19,026	14,376
Women's youth national team	17,271	20,329
Men's junior national team	13,184	15,519
Women's junior national team	8,922	10,502
Koorhan Memorial Fund	3,686	4,339
Officials development	2,491	2,856
High performance - indoor	1,016	1,140
Other programs - deaflympics	472	556
	<u>\$ 461,260</u>	<u>\$ 529,360</u>

During the years ended December 31, 2022 and 2021, there were no net assets released from donor restrictions by the passage of time or by incurring expenses satisfying the restricted purpose specified by the donors. However, there were reductions in restricted funds due to negative investment earnings.

### H. RELATED PARTIES

During the years ended December 31, 2022 and 2021, the USOPC provided funding to the Corporation under the following project categories:

	<u>2022</u>	<u>2021</u>
NGB Funding	\$ 1,527,000	\$ 1,558,500
Paralympic support	300,000	285,000
Sport performance grant	110,000	
Other special grants	74,476	40,415
International relations	18,500	12,895
	<u>\$ 2,029,976</u>	<u>\$ 1,896,810</u>

Rights fees and broadcast and streaming revenue are considered revenue from contracts with customers.

## Notes to Consolidated Financial Statements

### H. RELATED PARTIES - Continued

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

	<u>2022</u>	<u>2021</u>
Beach	\$ 450,000	\$ 454,000
Indoor	450,000	450,000
Paralympic	<u>100,000</u>	<u>96,000</u>
	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>

The USOPC provided funding in the form of United Airlines and AirBnB value-in-kind, in the amount of \$80,969 and \$28,735, for the years ended December 31, 2022 and 2021, respectively.

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

### I. 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.

The Corporation received grants from the Foundation of \$179,642 and \$172,600 during the years ended December 31, 2022 and 2021, respectively.

### J. 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 90 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 \$389,824 and \$325,175 for the years ended December 31, 2022 and 2021, respectively.

## Notes to Consolidated Financial Statements

### K. 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. The Corporation paid \$510,023 and \$446,169, respectively, during the years ended December 31, 2022 and 2021 as monthly stipends. These payments are in addition to the support payments paid to athletes directly by the USOPC as discussed in Note H.

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 \$635,000 and \$620,000 at December 31, 2022 and 2021, respectively, to pay these obligations. The Corporation incurred \$25,000 and \$50,000 of athlete transition funding expense for the years ended December 31, 2022 and 2021, respectively.

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. The Corporation 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.

### L. LEASES

During the year ended December 31, 2022, the Organizations adopted Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The Corporation has operating leases for office space, training centers, warehouses, athlete/staff residential housing, and equipment. The Corporation assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. As the Corporation's leases do not provide an implicit rate, the Corporation uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments in determination of the respective right-of-use (ROU) assets and liabilities.

## Notes to Consolidated Financial Statements

### L. LEASES - Continued

Under ASU 2016-02, the Corporation has made an accounting policy election to apply the short-term lease recognition exemption for all applicable classes of underlying assets. Leases with a term of 12 months or less that do not include an option to purchase the underlying asset, are not recorded on the balance sheet as ROU assets or lease liabilities. The Corporation has elected to expense the cost of the short-term leases on the straight-line basis in the accompanying Statements of Activities.

Maturities of lease liabilities, and the Weighted Averages for the leases recorded on the Consolidated Statements of Financial Position are as follows as of December 31, 2022 and 2021, respectively:

	<u>2022</u>	<u>2021</u>
2022	\$	\$ 299,253
2023	275,743	275,743
2024	192,384	192,384
2025	196,137	196,137
2026	198,995	198,995
2027	197,908	197,908
Thereafter	<u>363,766</u>	<u>363,766</u>
Total lease payments	1,424,933	1,724,186
Less: interest	<u>(201,596)</u>	<u>(265,811)</u>
Present value of lease liabilities	<u>\$ 1,223,337</u>	<u>\$ 1,458,375</u>
	<u>2022</u>	<u>2021</u>
Weighted Average Remaining Lease Term	6.36 years	6.97 years
Weighted Average Discount Rate	4.75%	4.75%

The Corporation leases office space in Torrance, California, under an initial operating lease that started on November 1, 2013, and continued through February 28, 2021. In July 2015, the lease was amended to include additional space. In September 2020, the lease was amended a second time to extend the lease through February 28, 2030, and modify the base rent amount. Beginning September 2020 this amended lease requires monthly payments of \$9,874, and the lease amount will be adjusted by three percent each year starting March 2023. This lease includes monthly variable lease payments for Common Area Operating Expenses. The most recent amendment of this lease includes an option to terminate for both the Corporation and the lessor. The option allows the Corporation to terminate the lease without penalty prior to the expiration date, if the Corporation notifies the lessor no less than one year from any potential vacate date.

## Notes to Consolidated Financial Statements

### L. LEASES - Continued

The Corporation has determined that they are not reasonably certain to terminate this lease and therefore have not considered the termination option in the respective ROU asset and liability calculations.

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. This lease also includes monthly variable utility payments as part of the agreed upon rent.

In August 2022, the Corporation sub-leased office space in Anaheim through September 2023, with base rent payments of \$19,000 per month. This lease has been accounted for under the short-term lease recognition exemption, and the ROU asset and liability has not been recorded on the accompanying consolidated statement of financial position.

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 expired December 31, 2020. In January 2021, the lease was extended through December 31, 2028. 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. There have not been any base rent increases as of December 31, 2022.

The Corporation has leased five apartment units for athlete and staff member housing in California. The rent payments range from \$3,455 to \$3,586 monthly and the leases have expiration dates from November 2022 to March 2023.

The leases have not been extended by the Corporation subsequent to December 31, 2022. These leases have been accounted for under the short-term lease recognition exemption under ASU 2016-02.

## Notes to Consolidated Financial Statements

### L. LEASES - Continued

The following table represents lease expense for the years ended December 31, 2022 and 2021, respectively. Variable cost includes those specifically mentioned as part of lease arrangements outlined above.

	<u>2022</u>	<u>2021</u>
Operating lease rent, included in program		
service expenses	\$ 285,931	\$ 283,367
Variable payments, included in program		
service expenses	62,585	43,880
Variable payments, included in supporting		
service expenses	81,882	76,131
Short-term leases, included in program		
service expenses	<u>339,079</u>	<u>286,096</u>
Total lease cost	<u>\$ 769,477</u>	<u>\$ 689,474</u>

	<u>2022</u>	<u>2021</u>
Cash paid for amounts included in measurement of lease liabilities for operating leases	<u>\$ 283,048</u>	<u>\$ 277,841</u>
Right-of-use assets obtained in exchange for new operating lease liabilities	<u>\$</u>	<u>\$ 26,630</u>

### M. AFFILIATES

The Corporation has trade receivables of \$110,000 and \$20,007 due from affiliates and RVAs at December 31, 2022 and 2021, respectively. The Corporation has trade accounts payable of \$0 and \$87 and Regional Insurance Fund payable of \$0 due to RVAs as of December 31, 2022 and 2021, respectively.

### N. 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 \$1,185,880 and \$1,355,292 as of December 31, 2022 and 2021, respectively. There was no outstanding balance at December 31, 2022 and 2021. The line of credit carries an interest rate of 4.00% on outstanding balances until December 1, 2021, when it changed 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 initial tangible net worth of \$1,300,000. The minimum tangible net worth requirement increases by \$100,000 on December 1 of each year, beginning on December 1, 2017.

## Notes to Consolidated Financial Statements

### N. LINE OF CREDIT - Continued

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.

### O. UNCERTAINTIES

The outbreak of a novel strain of coronavirus (COVID-19) 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 outbreak has had a notable impact on general economic conditions including, but not limited to, 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 continue to affect the operations, collections or financial results of the Organizations is uncertain.

With the rising cost of inflation and potential risk of recession, it is uncertain what effect these factors may have on operations of the Organizations in the coming years.



USA VOLLEYBALL  
USA VOLLEYBALL FOUNDATION  
Consolidating Statement of Financial Position  
December 31, 2022

	USA Volleyball	USA Volleyball Foundation	Eliminating Entries	2022 Consolidated Totals
<u>ASSETS</u>				
CURRENT ASSETS:				
Cash & cash equivalents	\$ 16,529,539	\$ 43,837	\$	\$ 16,573,376
Accounts receivable, net	1,292,285	13		1,292,298
Due from the USAVF	182,504		(182,504)	
Inventory	35,160			35,160
Deposits	14,500			14,500
Prepaid expenses	1,919,585			1,919,585
Total current assets	19,973,573	43,850	(182,504)	19,834,919
INVESTMENTS	18,193,096	2,926,590		21,119,686
RESTRICTED INVESTMENTS		436,773		436,773
RIGHT-OF-USE ASSETS	1,187,405			1,187,405
PROPERTY & EQUIPMENT, at cost:				
Land	471,141			471,141
Building & improvements	3,997,611			3,997,611
Office furniture	488,374			488,374
Office equipment	1,045,608			1,045,608
Program equipment	2,703,765			2,703,765
Less accumulated depreciation	(6,044,535)			(6,044,535)
Property & equipment, net	2,661,964			2,661,964
<b>TOTAL ASSETS</b>	<b>\$ 42,016,038</b>	<b>\$ 3,407,213</b>	<b>\$ (182,504)</b>	<b>\$ 45,240,747</b>
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES:				
Accounts payable	\$ 804,825	\$ 182,504	\$ (182,504)	\$ 804,825
Accrued liabilities	4,132,338			4,132,338
Regional insurance fund	500,928			500,928
Deferred revenue	8,639,982			8,639,982
Lease liability	222,949			222,949
Total current liabilities	14,301,022	182,504	(182,504)	14,301,022
LONG-TERM LIABILITIES:				
Deferred revenue	175,000			175,000
Lease liability	1,000,388			1,000,388
Total long-term liabilities	1,175,388			1,175,388
Total liabilities	15,476,410	182,504	(182,504)	15,476,410
NET ASSETS:				
Without donor restrictions	26,515,141	2,787,936		29,303,077
With donor restrictions	24,487	436,773		461,260
Total net assets	26,539,628	3,224,709		29,764,337
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 42,016,038</b>	<b>\$ 3,407,213</b>	<b>\$ (182,504)</b>	<b>\$ 45,240,747</b>

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, 2022

	USA Volleyball	USA Volleyball Foundaton	Eliminating Entries	2022 Consolidated Totals
<b>SUPPORT AND REVENUE:</b>				
Program & event participation fees	\$ 8,784,792	\$	\$	\$ 8,784,792
Membership & insurance	8,543,754			8,543,754
Tickets, subscriptions & other sales	4,790,811			4,790,811
Value in kind	3,680,388			3,680,388
Sponsorship & rights	3,122,306			3,122,306
Other program support & revenue	2,604,312			2,604,312
Housing royalties	2,376,247			2,376,247
USOPC grants	2,029,976			2,029,976
PPP grant	1,419,312			1,419,312
Product sales, less				
direct costs of \$62,357	1,388,101			1,388,101
Host funding	664,894			664,894
Grants & contributions	35,046	20,335		55,381
USAVF grants	179,642		(179,642)	
Investment loss, net	<u>(2,048,085)</u>	<u>(603,698)</u>		<u>(2,651,783)</u>
Total support and revenue	37,571,496	(583,363)	(179,642)	36,808,491
<b>EXPENSES:</b>				
Program services:				
Domestic events	9,696,650			9,696,650
National teams	8,889,865			8,889,865
Region services	4,254,226			4,254,226
High performance development	2,983,686			2,983,686
International events & programs	<u>2,034,947</u>			<u>2,034,947</u>
Total program services	27,859,374			27,859,374
Supporting services:				
National headquarters	3,162,863			3,162,863
Sponsorship, marketing & public relations	1,107,947			1,107,947
Governance	52,828			52,828
Fundraising	<u>2,862</u>	<u>182,616</u>	<u>(179,642)</u>	<u>5,836</u>
Total supporting services	<u>4,326,500</u>	<u>182,616</u>	<u>(179,642)</u>	<u>4,329,474</u>
Total expenses	<u>32,185,874</u>	<u>182,616</u>	<u>(179,642)</u>	<u>32,188,848</u>
CHANGE IN NET ASSETS	5,385,622	(765,979)		4,619,643
NET ASSETS, beginning of year	<u>21,154,006</u>	<u>3,990,688</u>		<u>25,144,694</u>
NET ASSETS, end of year	<u>\$ 26,539,628</u>	<u>\$ 3,224,709</u>	<u>\$</u>	<u>\$ 29,764,337</u>

See Notes to Consolidated Financial Statements