

**USA VOLLEYBALL
USA VOLLEYBALL FOUNDATION**

**Consolidated Financial Statements
& Supplemental Schedules**

For the Years Ended December 31, 2023 and 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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.

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 26, 2024

USA VOLLEYBALL
USA VOLLEYBALL FOUNDATION
Consolidated Statements of Financial Position
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash & cash equivalents	\$ 15,505,927	\$ 16,573,376
Accounts receivable, net of allowance for credit losses of \$413,914 and \$411,585	1,468,709	1,292,298
Inventory	22,535	35,160
Deposits	14,500	14,500
Prepaid expenses	<u>2,632,086</u>	<u>1,823,274</u>
Total current assets	19,643,757	19,738,608
INVESTMENTS	32,089,744	21,119,686
RESTRICTED INVESTMENTS	492,808	436,773
RIGHT-OF-USE ASSETS	2,094,483	1,187,405
PREPAID EXPENSES - LONG-TERM	137,372	96,311
PROPERTY & EQUIPMENT, at cost:		
Land	471,141	471,141
Building & improvements	4,232,456	3,997,611
Office furniture	488,374	488,374
Office equipment	1,092,633	1,045,608
Program equipment	3,402,659	2,703,765
Less accumulated depreciation	<u>(6,242,329)</u>	<u>(6,044,535)</u>
Property & equipment, net	<u>3,444,934</u>	<u>2,661,964</u>
TOTAL ASSETS	<u>\$ 57,903,098</u>	<u>\$ 45,240,747</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 1,085,576	\$ 804,825
Accrued liabilities	2,667,920	1,757,609
Regional insurance fund	2,003,024	500,928
Deferred revenue	9,906,846	8,639,982
Lease liability	<u>224,480</u>	<u>222,949</u>
Total current liabilities	15,887,846	11,926,293
LONG-TERM LIABILITIES:		
Insurance litigation reserve	5,000,000	2,374,729
Deferred revenue	110,000	175,000
Lease liability	<u>1,906,165</u>	<u>1,000,388</u>
Total long-term liabilities	<u>7,016,165</u>	<u>3,550,117</u>
Total liabilities	22,904,011	15,476,410
NET ASSETS:		
Without donor restrictions	34,481,792	29,303,077
With donor restrictions	<u>517,295</u>	<u>461,260</u>
Total net assets	<u>34,999,087</u>	<u>29,764,337</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 57,903,098</u>	<u>\$ 45,240,747</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, 2023
(With Consolidated Comparative Totals for the Year Ended December 31, 2022)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Consolidated Totals</u>	<u>2022 Consolidated Totals</u>
SUPPORT AND REVENUE:				
Membership & insurance	\$ 10,797,311	\$	\$ 10,797,311	\$ 8,543,754
Program & event participation fees	9,423,389		9,423,389	8,784,792
Tickets, subscriptions & other sales	6,079,206		6,079,206	4,790,811
Investment income (loss), net	3,217,852	56,035	3,273,887	(2,651,783)
Sponsorship & rights	3,227,505		3,227,505	3,122,306
Other program support & revenue	3,142,608		3,142,608	2,604,312
Value-in-kind (VIK)	3,109,764		3,109,764	3,680,388
Housing royalties	2,523,071		2,523,071	2,376,247
USOPC grants	2,070,900		2,070,900	2,029,976
Product sales, less direct costs of \$93,364 and \$62,357	1,412,760		1,412,760	1,388,101
Host funding	1,012,361		1,012,361	664,894
Employee Retention Credit	324,218		324,218	
Grants & contributions	131,095		131,095	55,381
PPP Grant				1,419,312
Total support and revenue	46,472,040	56,035	46,528,075	36,808,491
EXPENSES:				
Program services:				
Domestic events	11,185,062		11,185,062	9,696,650
National teams	9,961,453		9,961,453	8,889,865
Region services	6,245,196		6,245,196	4,254,226
High performance development	3,609,578		3,609,578	2,983,686
International events & programs	2,602,369		2,602,369	2,034,947
Total program services	33,603,658		33,603,658	27,859,374
Supporting services:				
National headquarters	6,129,972		6,129,972	3,162,863
Sponsorship, marketing & public relations	1,363,527		1,363,527	1,107,947
Fundraising	136,542		136,542	5,836
Governance	59,626		59,626	52,828
Total supporting services	7,689,667		7,689,667	4,329,474
Total expenses	41,293,325		41,293,325	32,188,848
CHANGE IN NET ASSETS	5,178,715	56,035	5,234,750	4,619,643
NET ASSETS, beginning of year	29,303,077	461,260	29,764,337	25,144,694
NET ASSETS, end of year	\$ 34,481,792	\$ 517,295	\$ 34,999,087	\$ 29,764,337

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Consolidated Totals</u>
SUPPORT AND REVENUE:			
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 (VIK)	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	47,242	8,139	55,381
Investment income, net	<u>(2,575,544)</u>	<u>(76,239)</u>	<u>(2,651,783)</u>
Total support and revenue	36,876,591	(68,100)	36,808,491
EXPENSES:			
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>5,836</u>		<u>5,836</u>
Total supporting services	<u>4,329,474</u>		<u>4,329,474</u>
Total expenses	<u>32,188,848</u>		<u>32,188,848</u>
CHANGE IN NET ASSETS	4,687,743	(68,100)	4,619,643
NET ASSETS, beginning of year	<u>24,615,334</u>	<u>529,360</u>	<u>25,144,694</u>
NET ASSETS, end of year	<u>\$ 29,303,077</u>	<u>\$ 461,260</u>	<u>\$ 29,764,337</u>

See Notes to Consolidated Financial Statements

USA VOLLEYBALL
USA VOLLEYBALL FOUNDATION
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2023

	Program Services					Total Consolidated Program Services
	Domestic Events	National Teams	Region Services	High Performance Development	International Events & Programs	
Athlete support	\$	\$ 808,792	\$	\$	\$	\$ 808,792
Athlete transition		15,000				15,000
Awards & medals	157,801				1,911	159,712
Bank, interest & credit card fees	506,418	542	495,405	43,257	30,580	1,076,202
Computer expense	131,457	244,957	73,837	41,062	155,477	646,790
Contract labor	1,475,353	464,428	34,052	509,049	214,293	2,697,175
Credit loss expense	12,356					12,356
Depreciation expense						
Entry fees				13,250		13,250
Equipment	52,534	55,448	7,213	12,059	21,451	148,705
Equipment rental/maintenance	274,281	10,436			2,249	286,966
Equipment transportation	310,024			1,428	35,821	347,273
Event personnel & catering	189,119	204,041		109,302	81,144	583,606
Facilities	1,237,414			38,010	377,822	1,653,246
Flooring rental	331,122					331,122
Grants		71,288	140,000			211,288
Host fees	522,355			334,743	228,906	1,086,004
Housing	204,718	386,371		2,379		593,468
Insurance	16,511	21,731	4,031,536			4,069,778
Medical	312,322	223,501		2,037	46	537,906
Merchandising			93,364			93,364
Miscellaneous	17,056	59,811	15,063	4,673	236,504	333,107
Officials fees	1,687,554	4,248	37,915	12,100	21,496	1,763,313
Officials training & rating team			107,661			107,661
Payroll, benefits & taxes	801,480	3,400,956	1,074,916	1,033,225	188,892	6,499,469
Postage, shipping & drayage	341,852	6,067	27,720	20,529	4,343	400,511
Printing & copies	73,577	5,029	2,127	524	19,036	100,293
Prize money		440,033				440,033
Professional fees		530	68,373	10,250		79,153
Promotions & gifts	88,364	9,435	17,867	3,681	6,260	125,607
Property						
Purchases - apparel/lettering	1,586	566			182,433	184,585
Rent & janitorial	227,708	503,453				731,161
Security	456,828			3,400	150,000	610,228
Sport science		107,386				107,386
Supplies	21,432	20,037	156	11,343	9,690	62,658
Telephone		170		110		280
Tournament scheduling	60,793					60,793
Travel, food & lodging	158,337	2,353,721	21,706	879,485	212,805	3,626,054
VIK usage	1,514,710	543,476	89,649	523,682	421,210	3,092,727
Total expenses by function	11,185,062	9,961,453	6,338,560	3,609,578	2,602,369	33,697,022
Less expenses shown net of revenue in the statement of activities			(93,364)			(93,364)
Total expenses reported in the statement of activities	<u>\$ 11,185,062</u>	<u>\$ 9,961,453</u>	<u>\$ 6,245,196</u>	<u>\$ 3,609,578</u>	<u>\$ 2,602,369</u>	<u>\$ 33,603,658</u>

USA VOLLEYBALL
USA VOLLEYBALL FOUNDATION
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2023

	Supporting Services				Total Consolidated Supporting Services	Total Expenses
	National Headquarters	Sponsorship, Marketing & Public Relations	Fundraising	Governance		
Athlete support	\$	\$	\$	\$	\$	808,792
Athlete transition						15,000
Awards & medals		3,794			3,794	163,506
Bank, interest & credit card fees	5,653	153			5,806	1,082,008
Computer expense	260,469	74,397	5,732		340,598	987,388
Contract labor						2,697,175
Credit loss expense		69,973			69,973	82,329
Depreciation expense	215,694				215,694	215,694
Entry fees						13,250
Equipment	517	18,336			18,853	167,558
Equipment rental/maintenance						286,966
Equipment transportation						347,273
Event personnel & catering	133,500	24,525	72,961		230,986	814,592
Facilities						1,653,246
Flooring rental						331,122
Grants						211,288
Host fees						1,086,004
Housing						593,468
Insurance	277,891				277,891	4,347,669
Medical						537,906
Merchandising						93,364
Miscellaneous	32,606	56,984	10,577	45,228	145,395	478,502
Officials fees						1,763,313
Officials training & rating team						107,661
Payroll, benefits & taxes	2,244,665	1,000,998			3,245,663	9,745,132
Postage, shipping & drayage	5,791	5,060	1,378	183	12,412	412,923
Printing & copies	7,557	10,591	898		19,046	119,339
Prize money						440,033
Professional fees	2,668,249	900	40,700		2,709,849	2,789,002
Promotions & gifts	34,044	34,165			68,209	193,816
Property	150,293				150,293	150,293
Purchases - apparel/lettering						184,585
Rent & janitorial						731,161
Security						610,228
Sport science						107,386
Supplies	7,089	3,438		317	10,844	73,502
Telephone	27,899				27,899	28,179
Tournament scheduling						60,793
Travel, food & lodging	41,018	60,213	4,296	13,898	119,425	3,745,479
VIK usage	17,037				17,037	3,109,764
Total expenses by function	6,129,972	1,363,527	136,542	59,626	7,689,667	41,386,689
Less expenses shown net of revenue in the statement of activities						(93,364)
Total expenses reported in the statement of activities	\$ 6,129,972	\$ 1,363,527	\$ 136,542	\$ 59,626	\$ 7,689,667	\$ 41,293,325

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

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
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
Credit loss expense		40,480			40,480	40,885
Depreciation expense	295,873				295,873	295,873
Entry fees						11,100
Equipment	2,600	9,212			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
Total expenses by function	3,162,863	1,107,947	52,828	5,836	4,329,474	32,251,205
Less expenses shown net of revenue in the statement of activities						(62,357)
Total expenses reported in the statement of activities	<u>\$ 3,162,863</u>	<u>\$ 1,107,947</u>	<u>\$ 52,828</u>	<u>\$ 5,836</u>	<u>\$ 4,329,474</u>	<u>\$ 32,188,848</u>

See Notes to Consolidated Financial Statements

USA VOLLEYBALL
USA VOLLEYBALL FOUNDATION
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 5,234,750	\$ 4,619,643
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	215,694	295,873
Realized and unrealized (gains) loss on investments	(2,060,875)	2,443,607
(Increase) decrease in operating assets:		
Accounts receivable, net of credit losses	(176,411)	(972,950)
Inventory	12,625	46,563
Prepaid expenses	(849,873)	(849,733)
Right-of-use assets	(907,078)	232,155
Increase (decrease) in operating liabilities:		
Accounts payable	280,751	488,153
Accrued liabilities	910,311	517,597
Regional insurance fund	1,502,096	(71,058)
Refundable advances		(1,450,312)
Deferred revenue	1,201,864	1,478,639
Insurance litigation reserve	2,625,271	
Lease liability	907,308	(235,038)
Total adjustments	<u>3,661,683</u>	<u>1,923,496</u>
Net cash provided by operating activities	8,896,433	6,543,139
CASH FLOWS FROM INVESTING ACTIVITIES:		
Gross proceeds from sale of long-term investments	6,765,502	7,439,613
Gross purchases of long-term investments	(15,674,685)	(10,497,861)
(Increase) decrease in restricted investments	(56,035)	68,100
Acquisition of property and equipment	(998,664)	(135,830)
Net cash used by investing activities	(9,963,882)	(3,125,978)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Long-term debt, net		(150,000)
Net cash used by financing activities		(150,000)
NET INCREASE (DECREASE) IN CASH	(1,067,449)	3,267,161
CASH AND CASH EQUIVALENTS, beginning of year	<u>16,573,376</u>	<u>13,306,215</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 15,505,927</u>	<u>\$ 16,573,376</u>

See Notes to Consolidated Financial Statements

USA VOLLEYBALL
USA VOLLEYBALL FOUNDATION

Notes to Consolidated Financial Statements
For the Years Ended December 31, 2023 and 2022

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

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, 2022, to conform with the presentation for the year ended December 31, 2023.

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 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, 2023 and 2022, 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 Organizations may only be able to recover the amounts insured.

Supplemental Cash Flow Information

During the years ended December 31, 2023 and 2022, the Organizations paid no interest and no income taxes.

Notes to Consolidated Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounts Receivable

During the year ended December 31, 2023, the Organizations implemented Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This ASU was issued in June 2016 by the Financial Accounting Standards Board (FASB) and revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. On January 1, 2023, the Organizations adopted the new accounting standard and all of the related amendments.

There was no impact of adoption of ASU 2016-13 on the accompanying consolidated financial statements. The Organizations do not expect ASU 2016-13 to have a significant impact on its financial condition or results of operations on an ongoing basis.

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Accounts receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. Management provides for probable uncollectible amounts through an allowance so that the net amount reflects the amount that management expects to collect. In developing that allowance, management determines statistics for the probability of loss. These statistics are based on the Corporation's historical collection experience, adjusted for management's expectations about current and future economic conditions. The Corporation has recorded an allowance for credit losses in the amount of \$413,914 and \$411,585 during the years ended December 31, 2023 and 2022, respectively.

The gross amount of the Corporation's accounts receivable from contracts with customers was \$1,332,568, \$1,273,117 and \$665,008 as of December 31, 2023, 2022 and 2021, 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 credit losses is considered necessary.

Notes to Consolidated Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Inventory

Inventory is stated at the lower of first in-first out (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 \$215,694 and \$295,873 for the years ended December 31, 2023 and 2022, respectively.

Compensated Absences

The Corporation has accrued amounts for accumulated compensated absences of employees. At December 31, 2023 and 2022, the balances of this accrual were \$358,515 and \$319,673, 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

Notes to Consolidated Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributions - continued

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), Small Business Administration (SBA) Paycheck Protection Program (PPP) grants and Employee Retention Credits.

Value-in-Kind

The Corporation received various types of value-in-kind (VIK) contributions that supported the Corporation's program and supporting services. The Corporation recognizes VIK 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 VIK 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.

The Corporation received the following gifts-in-kind during the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Apparel & equipment	\$ 1,916,124	\$ 2,652,354
Travel & lodging	<u>1,193,640</u>	<u>1,028,034</u>
	<u>\$ 3,109,764</u>	<u>\$ 3,680,388</u>

The Foundation did not receive any gifts-in-kind during the years ending December 31, 2023 and 2022.

The Corporation'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, 2023 and 2022.

Notes to Consolidated Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Value-in-Kind - continued

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, 2023 and 2022, \$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.

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.

Notes to Consolidated Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue from Contracts with Customers - continued

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 26, 2024, the date the financial statements were available to be issued.

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:

	2023	2022
Financial assets at year-end:		
Cash and cash equivalents	\$ 15,505,927	\$ 16,573,376
Accounts receivable, net	1,468,709	1,292,298
Investments, not including Region Insurance Fund & USAVP stock	<u>31,478,889</u>	<u>20,452,780</u>
Total financial assets	48,453,525	38,318,454
Less amounts not available to be used within one year:		
Donor restricted net assets	<u>517,295</u>	<u>461,260</u>
Financial assets available within one year	<u>\$ 47,936,230</u>	<u>\$ 37,857,194</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.

Notes to Consolidated Financial Statements

B. AVAILABLE RESOURCES AND LIQUIDITY - Continued

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 \$492,808 and \$436,773 as of December 31, 2023 and 2022, respectively. Income from donor restricted contributions is restricted for specific purposes, and, therefore, is not available for general expenditure.

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.

Notes to Consolidated Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

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, 2023 and 2022:

<u>Assets at Fair Value as of December 31, 2023</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Debt securities:				
Fixed income	\$	\$ 5,204,068	\$	\$ 5,204,068
Equity securities:				
Mutual funds	22,687,535			22,687,535
Stocks	2,472,443			2,472,443
USAVP stock			1,000	1,000
Cash held in investments	2,174,757			2,174,757
Money market	42,749			42,749
	<u>\$ 27,377,484</u>	<u>\$ 5,204,068</u>	<u>\$ 1,000</u>	<u>\$ 32,582,552</u>

<u>Assets at Fair Value as of December 31, 2022</u>				
	<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>

USAVP Stock is valued at the initial investment. This stock had no observable price changes during the years ended December 31, 2023 and 2022.

Investment income (loss) is recorded in the accompanying statement of activities and consists of the following for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Interest & dividends	\$ 973,436	\$ 533,012
Less investment fees	(95,888)	(94,452)
Net realized & unrealized gains (losses)	<u>2,396,339</u>	<u>(3,090,343)</u>
Investment income (loss)	<u>\$ 3,273,887</u>	<u>\$ (2,651,783)</u>

Notes to Consolidated Financial Statements

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, 2022, the beginning of year deferred revenue was \$7,336,343.

At December 31, 2023 and 2022, deferred revenue consists of the following:

	<u>2023</u>	<u>2022</u>
Membership registrations	\$ 6,143,423	\$ 5,629,485
Event fees	3,685,999	2,853,725
Host city funding	175,000	310,000
Miscellaneous	<u>12,424</u>	<u>21,772</u>
	<u>\$ 10,016,846</u>	<u>\$ 8,814,982</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.

Notes to Consolidated Financial Statements

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.

G. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2023 and 2022, net assets with donor restrictions are restricted for the following purposes:

	<u>2023</u>	<u>2022</u>
Education	\$ 128,061	\$ 113,500
Sitting teams - Foundation	83,659	74,146
Orange County youth development	69,019	61,171
Women's national team	61,460	54,471
Boy's youth national team	40,645	36,024
Men's national team	35,420	31,393
Men's sitting team - Corporation	24,487	24,487
Beach programs	21,467	19,026
Women's youth national team	19,486	17,271
Men's junior national team	14,875	13,184
Women's junior national team	10,067	8,922
Koorhan Memorial Fund	4,159	3,686
Officials development	2,811	2,491
High performance - indoor	1,146	1,016
Other programs - deaflympics	533	472
	<u>\$ 517,295</u>	<u>\$ 461,260</u>

During the years ended December 31, 2023 and 2022, 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.

Notes to Consolidated Financial Statements

H. RELATED PARTIES

During the years ended December 31, 2023 and 2022, the USOPC provided funding to the Corporation under the following project categories:

	<u>2023</u>	<u>2022</u>
NGB Funding	\$ 1,537,000	\$ 1,527,000
Paralympic support	325,000	300,000
Sport performance grant	110,000	110,000
Other special grants	87,820	74,476
International relations	<u>11,080</u>	<u>18,500</u>
	<u>\$ 2,070,900</u>	<u>\$ 2,029,976</u>

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

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

	<u>2023</u>	<u>2022</u>
Beach	\$ 450,000	\$ 450,000
Indoor	450,000	450,000
Paralympic	<u>100,000</u>	<u>100,000</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 \$20,356 and \$80,969, for the years ended December 31, 2023 and 2022, 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 \$183,000 and \$179,642 during the years ended December 31, 2023 and 2022, respectively.

Notes to Consolidated Financial Statements

I. INTERCOMPANY TRANSACTIONS - Continued

During the year ended December 31, 2023, on behalf of the Foundation, the Corporation paid \$34,718 of various administrative and fundraising expenses, and \$60,209 of expenses related directly to the 2023 Hall of Fame event held by the Foundation. These expenses have not been eliminated from the respective consolidated financial statements.

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 \$410,661 and \$389,824 for the years ended December 31, 2023 and 2022, respectively.

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 \$808,792 and \$510,023, respectively, during the years ended December 31, 2023 and 2022 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 \$460,000 and \$635,000 at December 31, 2023 and 2022, respectively, to pay these obligations. The Corporation incurred \$15,000 and \$25,000 of athlete transition funding expense for the years ended December 31, 2023 and 2022, respectively.

Notes to Consolidated Financial Statements

K. COMMITMENTS AND CONTINGENCIES - Continued

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 involved in various legal proceedings and claims that arise out of the ordinary course of business. The outcomes of these claims and legal proceedings are subject to significant uncertainty. Insurance and legal settlement liabilities are included in the insurance litigation reserve 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. The Corporation has accrued liabilities contingencies as follows:

Unasserted Claims:

The Corporation has accrued \$2,000,000 related to claims that have not yet been asserted but, based on available information and legal consultation, management believes are possible and for which a reasonable estimate of the loss can be made.

Asserted Claim:

The Corporation is currently defending against a claim asserted by a third party. Based on the progression of this claim and the advice of legal counsel, management considers it probable that a loss will be incurred. A liability of \$3,000,000 has been recorded as the best estimate of the probable loss resulting from the resolution of this claim.

These provisions are based on management's current knowledge, analysis of potential outcomes based on past experience, the advice from legal professionals, and involve significant judgement and estimation. The actual outcomes of these matters and the final insurance recoveries could vary significantly from the amounts recorded.

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.

Notes to Consolidated Financial Statements

L. LEASES - Continued

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.

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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
2023	\$	\$ 275,743
2024	320,862	192,384
2025	328,464	196,137
2026	335,297	198,995
2027	338,296	197,908
2028	369,636	225,039
Thereafter	<u>886,618</u>	<u>138,727</u>
Total lease payments	2,579,173	1,424,933
Less: interest	<u>(448,528)</u>	<u>(201,596)</u>
Present value of lease liabilities	<u>\$ 2,130,645</u>	<u>\$ 1,223,337</u>
	<u>2023</u>	<u>2022</u>
Weighted Average Remaining Lease Term	8.08 years	6.36 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.

Notes to Consolidated Financial Statements

L. LEASES - Continued

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.

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 that commenced October 1, 2013 and continued through September 30, 2023. This lease required monthly payments of \$5,250 and increased each year according to the lease payment schedule. During 2015, the Corporation leased additional warehouse space commencing July 1, 2015, and continued through September 30, 2023. This lease required monthly payments of \$2,290 and increased each year according to the lease payment schedule. This lease also included monthly variable utility payments.

In September 2023, the Corporation entered into a new lease for both warehouse spaces mentioned above in Colorado Springs. This new lease commenced October 1, 2023 and continues through September 30, 2033. The lease requires monthly payments of \$10,627 through September 30, 2024 and increases each year according to the agreed upon lease schedule. This is a triple net lease, including monthly variable payments for various operating expenses such as utilities on a monthly basis 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.

Notes to Consolidated Financial Statements

L. LEASES - Continued

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, 2023.

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 during the year ended December 31, 2023. These leases have been accounted for under the short-term lease recognition exemption under ASU 2016-02.

During the year ended December 31, 2023, the Corporation has leased ten apartment units for athlete and staff member housing in California. The rent payments range from \$3,438 to \$6,161 monthly and the leases have expiration dates from August 2023 to April 2024. The leases have not been extended by the Corporation subsequent to the year ended December 31, 2023. These leases have been accounted for under the short-term lease recognition exemption under ASU 2016-02.

The following table represents lease expense for the years ended December 31, 2023 and 2022. Variable costs include those specifically mentioned as part of lease arrangements outlined above.

	<u>2023</u>	<u>2022</u>
Operating lease rent, included in program service expenses	\$ 337,324	\$ 285,931
Variable payments, included in program service expenses	94,686	62,585
Variable payments, included in supporting service expenses	73,548	81,882
Short-term leases, included in program service expenses	<u>451,260</u>	<u>339,079</u>
Total lease cost	<u>\$ 956,818</u>	<u>\$ 769,477</u>
	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in measurement of lease liabilities for operating leases	<u>\$ 337,094</u>	<u>\$ 283,048</u>
Right-of-use assets obtained in exchange for new operating lease liabilities	<u>\$ 1,142,482</u>	<u>\$</u>

Notes to Consolidated Financial Statements

M. AFFILIATES

The Corporation has trade receivables of \$120,287 and \$110,000 due from affiliates and RVAs at December 31, 2023 and 2022, respectively. The Corporation has trade accounts payable of \$0 and Regional Insurance Fund payable of \$0 due to RVAs as of December 31, 2023 and 2022.

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 as of December 31, 2023 and 2022. There was no outstanding balance at December 31, 2023 and 2022. The line of credit carried 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 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.

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.

Notes to Consolidated Financial Statements

O. UNCERTAINTIES - Continued

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.

P. EMPLOYEE RETENTION CREDITS

The 2021 Coronavirus Aid, Relief, and Economic Security (CARES) act included a provision that created the employee retention credit, a refundable tax credit against certain employment wages and taxes of up to \$5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States Government which extended the credit through September 30, 2021 and expanded the credit to allow it to be equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee was \$10,000 of qualified wages per quarter.

During the year ended December 31, 2023, the Corporation determined it was eligible for the Employee Retention Credit and submitted amended payroll tax returns. The Corporation has determined that as of December 31, 2023, the criteria for recognition of this conditional grant had been met. Due to this determination, the Corporation has recorded \$324,218 in relation to the employee retention credit in the accompanying statement of activities and changes in net assets.

The Corporation has received acknowledgement from the Internal Revenue Service (IRS) that it had substantially met the qualifications for the Employee Retention Tax Credit. The funds were received in November 2023.

USA VOLLEYBALL
USA VOLLEYBALL FOUNDATION
Consolidating Statement of Financial Position
December 31, 2023

	USA Volleyball	USA Volleyball Foundation	Eliminating Entries	2023 Consolidated Totals
<u>ASSETS</u>				
CURRENT ASSETS:				
Cash & cash equivalents	\$ 15,402,940	\$ 102,987	\$	\$ 15,505,927
Accounts receivable, net of allowance for credit losses of \$413,914	1,463,405	5,304		1,468,709
Due from the USAVF	232,177		(232,177)	
Inventory	22,535			22,535
Deposits	14,500			14,500
Prepaid expenses	2,632,086			2,632,086
Total current assets	19,767,643	108,291	(232,177)	19,643,757
INVESTMENTS	29,019,701	3,070,043		32,089,744
RESTRICTED INVESTMENTS		492,808		492,808
RIGHT-OF-USE ASSETS	2,094,483			2,094,483
PREPAID EXPENSES - LONG-TERM	137,372			137,372
PROPERTY & EQUIPMENT, at cost:				
Land	471,141			471,141
Building & improvements	4,232,456			4,232,456
Office furniture	488,374			488,374
Office equipment	1,092,633			1,092,633
Program equipment	3,402,659			3,402,659
Less accumulated depreciation	(6,242,329)			(6,242,329)
Property & equipment, net	3,444,934			3,444,934
TOTAL ASSETS	\$ 54,464,133	\$ 3,671,142	\$ (232,177)	\$ 57,903,098
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES:				
Accounts payable	\$ 1,085,576	\$ 232,177	\$ (232,177)	\$ 1,085,576
Accrued liabilities	2,667,920			2,667,920
Regional insurance fund	2,003,024			2,003,024
Deferred revenue	9,906,846			9,906,846
Lease liability	224,480			224,480
Total current liabilities	15,887,846	232,177	(232,177)	15,887,846
LONG-TERM LIABILITIES:				
Insurance litigation reserve	5,000,000			5,000,000
Deferred revenue	110,000			110,000
Lease liability	1,906,165			1,906,165
Total long-term liabilities	7,016,165			7,016,165
Total liabilities	22,904,011	232,177	(232,177)	22,904,011
NET ASSETS:				
Without donor restrictions	31,535,635	2,946,157		34,481,792
With donor restrictions	24,487	492,808		517,295
Total net assets	31,560,122	3,438,965		34,999,087
TOTAL LIABILITIES AND NET ASSETS	\$ 54,464,133	\$ 3,671,142	\$ (232,177)	\$ 57,903,098

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, 2023

	USA Volleyball	USA Volleyball Foundaton	Eliminating Entries	2023 Consolidated Totals
SUPPORT AND REVENUE:				
Membership & insurance	\$ 10,797,311	\$	\$	\$ 10,797,311
Program & event participation fees	9,423,389			9,423,389
Tickets, subscriptions & other sales	6,079,206			6,079,206
Investment loss, net	2,854,399	419,488		3,273,887
Sponsorship & rights	3,227,505			3,227,505
Other program support & revenue	3,142,608			3,142,608
Value in kind	3,109,764			3,109,764
Housing royalties	2,523,071			2,523,071
USOPC grants	2,070,900			2,070,900
Product sales, less				
direct costs of \$93,364	1,412,760			1,412,760
Host funding	1,012,361			1,012,361
Employee Retention Credit	324,218			324,218
Grants & contributions	51,503	79,592		131,095
USAVF grants	183,000		(183,000)	
Total support and revenue	46,211,995	499,080	(183,000)	46,528,075
EXPENSES:				
Program services:				
Domestic events	11,185,062			11,185,062
National teams	9,961,453			9,961,453
Region services	6,245,196			6,245,196
High performance development	3,609,578			3,609,578
International events & programs	2,602,369			2,602,369
Total program services	33,603,658			33,603,658
Supporting services:				
National headquarters	6,129,972			6,129,972
Sponsorship, marketing & public relations	1,363,527			1,363,527
Fundraising	34,718	284,824	(183,000)	136,542
Governance	59,626			59,626
Total supporting services	7,587,843	284,824	(183,000)	7,689,667
Total expenses	41,191,501	284,824	(183,000)	41,293,325
CHANGE IN NET ASSETS	5,020,494	214,256		5,234,750
NET ASSETS, beginning of year	26,539,628	3,224,709		29,764,337
NET ASSETS, end of year	<u>\$ 31,560,122</u>	<u>\$ 3,438,965</u>	<u>\$</u>	<u>\$ 34,999,087</u>

See Notes to Consolidated Financial Statements