

FEDERATION OF INTERNATIONAL LACROSSE, INC.

Financial Statements

For the Year Ended December 31, 2020

TABLE OF CONTENTS

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Federation of International Lacrosse, Inc.
Colorado Springs, Colorado

We have audited the accompanying financial statements of Federation of International Lacrosse, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Federation of International Lacrosse, Inc., as of December 31, 2020, and the changes in its net assets, functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Waugh & Goodwin, LLP

Colorado Springs, Colorado
September 29, 2021

FEDERATION OF INTERNATIONAL LACROSSE, INC.

Statement of Financial Position

December 31, 2020

	<u>ASSETS</u>	<u>2020</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,149,782	
Investments	41,628	
Accounts receivable	56,699	
Other accounts receivable	1,587	
Pledges receivable	1,000,000	
Note receivable - current	60,000	
Prepaid expenses	<u>2,255</u>	
 Total current assets	 3,311,951	
OTHER ASSETS - SECURITY DEPOSIT	2,945	
LONG-TERM PLEDGES RECEIVABLE - net	2,476,313	
NOTE RECEIVABLE - noncurrent	<u>145,000</u>	
 TOTAL ASSETS	 <u>\$ 5,936,209</u>	

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 292,510	
Refundable advance	<u>92,220</u>	
 Total current liabilities	 384,730	
NONCURRENT DEFERRED REVENUE	<u>35,573</u>	
 Total liabilities	 420,303	
NET ASSETS:		
Without donor restrictions	2,018,822	
With donor restrictions	<u>3,497,084</u>	
 Total net assets	 5,515,906	
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 5,936,209</u>	

See Notes to Financial Statements

FEDERATION OF INTERNATIONAL LACROSSE, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUE:			
Contributions	\$ 6,014	\$ 67,868	\$ 73,882
Membership subscriptions	55,143		55,143
IOC grants	31,980		31,980
Investment income, net	11,487		11,487
Other income	7,635		7,635
Satisfied program restrictions	<u>3,060,547</u>	<u>(3,060,547)</u>	<u></u>
Total revenue	3,172,806	(2,992,679)	180,127
EXPENSES:			
Program services:			
Sport development	635,959		635,959
International relations	477,032		477,032
Media, public relations & branding	372,227		372,227
Events	203,232		203,232
Technical	<u>85,253</u>	<u></u>	<u>85,253</u>
Total program services	1,773,703		1,773,703
Supporting services:			
General & administrative	622,447		622,447
Fundraising	<u>134,125</u>	<u></u>	<u>134,125</u>
Total supporting services	<u>756,572</u>	<u></u>	<u>756,572</u>
Total expenses	<u>2,530,275</u>	<u></u>	<u>2,530,275</u>
CHANGE IN NET ASSETS	642,531	(2,992,679)	(2,350,148)
NET ASSETS, beginning of year as restated	<u>1,376,291</u>	<u>6,489,763</u>	<u>7,866,054</u>
NET ASSETS, end of year	<u><u>\$ 2,018,822</u></u>	<u><u>\$ 3,497,084</u></u>	<u><u>\$ 5,515,906</u></u>

See Notes to Financial Statements

FEDERATION OF INTERNATIONAL LACROSSE, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2020

	Program Services					Total Program Services	
	Sport Development	International Relations	Media,	Events	Technical		
			Public Relations & Branding				
Accounting	\$ 9,239	\$ 6,973	\$ 9,348	\$ 4,495	\$ 1,611	\$ 31,666	
Administrative & office expenses			39,251			39,251	
Advertising & promotional items						44,644	
Anti-doping expense					44,644		
Awards & gifts							
Competitions, technical, development & other programs	40,580	388,745	45,300	50,395	13,678	104,653	
Contract services			1,194			434,045	
Equipment & apparel	16,173	138	319	155	55	17,367	
Fees	319					986	
Grants	413,049					413,049	
Insurance	512					512	
Meetings & conferences							
Salaries, benefits, & payroll taxes	141,174	60,957	141,573	148,187	24,601	516,492	
Website & other information technology	948		135,242		664	136,854	
	<u>\$ 635,959</u>	<u>\$ 477,032</u>	<u>\$ 372,227</u>	<u>\$ 203,232</u>	<u>\$ 85,253</u>	<u>\$ 1,773,703</u>	

	Supporting Services		
	Administration & Governance	Fundraising	Total Supporting Services
			Total Expenses
Accounting	\$ 10,886		\$ 10,886
Administrative & office expenses	41,293	11,131	52,424
Advertising & promotional items			39,251
Anti-doping expense			44,644
Awards & gifts	6,512		6,512
Competitions, technical, development & other programs			104,653
Contract services			434,045
Equipment & apparel			17,367
Fees	6,871	277	7,148
Grants			8,134
Insurance	16,260		16,260
Meetings & conferences	33,602		33,602
Salaries, benefits, & payroll taxes	452,033	122,717	574,750
Website & other information technology	20,814		20,814
	<u>\$ 622,447</u>	<u>\$ 134,125</u>	<u>\$ 756,572</u>
			<u>\$ 2,530,275</u>

See Notes to Financial Statements

FEDERATION OF INTERNATIONAL LACROSSE, INC.

Statement of Cash Flows

For the Year Ended December 31, 2020

	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (2,350,148)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Change in pledge discount	(46,313)
Net realized gains on investments	(4,106)
(Increase) decrease in assets:	
Accounts receivable	(56,199)
Other accounts receivable	(1,587)
Pledges receivable	2,750,000
Grants receivable	31,980
Prepaid expenses	(2,255)
Increase (decrease) in liabilities:	
Accounts payable	193,697
Refundable advance	92,220
Deferred revenue	<u>35,573</u>
Total adjustments	<u>2,993,010</u>
Net cash provided by operating activities	642,862
CASH FLOWS FROM INVESTING ACTIVITIES:	
Note receivable	30,000
Investments, net	<u>(247)</u>
Net cash provided by investing activities	<u>29,753</u>
NET INCREASE IN CASH	672,615
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,477,167</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,149,782</u>

See Notes to Financial Statements

FEDERATION OF INTERNATIONAL LACROSSE, INC.

Notes to Financial Statements

For the Year Ended December 31, 2020

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Federation of International Lacrosse, Inc. (the Corporation) was established on September 30, 2008. It was formed via a Certificate of Amendment name change to its predecessor which was the International Lacrosse Federation, Inc., which was formed on December 1, 1999. The Corporation was established in a merger of both the men's and women's international lacrosse associations. The Corporation is the International Olympic Committee recognized International Federation for the sport of lacrosse. As such, it governs the sport globally working with 70+ Member National Governing Bodies and four currently recognized Continental Federations. The Corporation's Vision is that *lacrosse is recognized and played by all countries worldwide and is an Olympic Sport*. Its mission is to *develop lacrosse throughout the world to positively impact the lives of its participants and their communities*.

On May 6, 2019, the Corporation rebranded as World Lacrosse and the new name, logo, and brand platform will add further momentum to the already rapid growth lacrosse is enjoying worldwide, while generating increased awareness and support for the Corporation.

Income Tax

The Corporation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income tax. Accordingly, no income tax provision has been recorded.

The Corporation's form 990, Return of Organization Exempt from Income Tax, is subject to examination by various taxing authorities, generally for three years after the date it was filed. Management of the Corporation believes that it does not have any uncertain tax positions that are material to the financial statements.

Cash and Cash Equivalents

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

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Supplemental Cash Flow Disclosures

The Corporation paid no interest or income taxes during the years ended December 31, 2020.

Accounts Receivable

Accounts receivable include amounts from contracts with customers, contributions, and other miscellaneous amounts. They are stated at the amount management expects to collect from balances outstanding at year-end. Receivables from contracts with customers at the beginning and end of 2020 were \$500 and \$56,699, respectively.

The Corporation considers its accounts receivable to be fully collectible; accordingly, based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that an allowance for doubtful accounts at December 31, 2020, is not necessary.

Pledges Receivable and Pledge Discount

Pledges receivable consist of unconditional promises to give that are expected to be collected in current and future periods. Pledges expected to be collected within one year are recorded at their estimated net realizable values. Pledges receivable expected to be collected in more than one year are recorded at the present value of their estimated future cash flows, computed using risk-adjusted interest rates. Amortization of the discount is included in contribution revenue. The pledges will be received by the Corporation in future years and have been discounted using the risk-free interest rate for the year in which they were received. The interest rates used range from .17% to 1.67%.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Pledges Receivable and Pledge Discount - continued

Pledge discount as of December 31, 2020 is \$23,687. Pledges receivable are reported as donor restricted support unless the donor stipulations or circumstances surrounding the pledge make clear the donor intended it to be used to support activities in the current period. Pledges receivable are considered by management to be fully collectible and, accordingly, no allowance for doubtful accounts is considered necessary.

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 without donor restrictions if the restriction is met in the same year that the gift is received.

International Olympic Committee grants are treated as contributions by the Corporation.

Inventory

Subsequent to the year ended December 31, 2020, inventory will consist of merchandise and apparel stated at the lower of cost (first-in, first-out method) or net realizable value. The Corporation did not have inventory on hand as of December 31, 2020.

Compensated Absences

Employees of the Corporation earn a vested right to compensation for unused vacation. The Corporation considers the amount immaterial as of December 31, 2020.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue from Contracts with Customers

Membership subscriptions - Revenue from contracts with members for annual dues is reported at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for provided membership and benefits to its members. The amount received is recorded ratably over the membership period.

Advertising and Promotional Items

The Corporation uses advertising and promotional items to promote its program services. Advertising costs are expensed as incurred. Advertising and promotional items expense for the year ending December 31, 2020 was \$39,251.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting services of the Corporation. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

Certain costs and expenses are allocated among the various programs and supporting service expenses based on time and effort estimates.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Date of Management's Review

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through September 29, 2021, the date that the financial statements were available to be issued.

Notes to Financial Statements

B. AVAILABLE RESOURCES AND LIQUIDITY

The Corporation is dedicated to ensuring that all financial operations and transactions are conducted under the highest standards and in the best interest of furthering the Corporation's mission. As part of the Corporation's liquidity management, the Corporation regularly monitors liquidity required to meet its operating needs and other commitments. The Corporation has various sources of liquidity at its disposal, including cash and cash equivalents, investments, and accounts receivable.

In addition to financial assets available to meet general cash expenditures over the next 12 months, the Corporation strives to produce a conservative budget and anticipates collecting revenue from conducting its program services as well as receiving support to adequately cover operating expenses.

The following table reflects the Corporation's financial assets as of December 31, 2020. The Corporation has both purpose and time restrictions (Note F).

Financial assets at year-end:

Cash and cash equivalents	\$ 2,149,782
Investments	41,628
Accounts receivable	56,699
Pledges receivable - current	1,000,000
Note receivable	<u>60,000</u>
 Total financial assets available within one year	 3,308,109
 Less assets with donor restrictions	
Current time restrictions	(1,000,000)
Member Nation Support	<u>(67,083)</u>
 Financial assets available within one year	 <u>\$ 2,241,026</u>

C. FAIR VALUE MEASUREMENTS

The Corporation applies 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.

Notes to Financial Statements

C. FAIR VALUE MEASUREMENTS - continued

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 Corporation has 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 value 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 table presents assets that are measured at fair value on a recurring basis at December 31, 2020:

<u>Assets at Fair Value as of December 31, 2020</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Delaware Community Foundation				
Lacrosse Agency Fund	\$	\$ 41,628	\$	\$ 41,628
Interest income			\$ 7,520	
Realized gains			4,106	
Investment fees			(139)	
				\$ 11,487

Notes to Financial Statements

D. DEFERRED REVENUE

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

Event participation fees	\$ 35,573
--------------------------	-----------

The Corporation will recognize the revenue as their performance obligations are completed. The Corporation expects to complete their obligations during the year ended December 31, 2022.

E. REFUNDABLE ADVANCES

On May 4, 2020, the Corporation received a \$92,220 loan from Bank of America through the Small Business Administration's Paycheck Protection Program (PPP). A portion or all of loan may be forgiven by the Small Business Administration if certain performance barriers are met related to payroll and funds are used for payroll, rent, mortgage interest, and/or utilities. Any portion of the loan that is not forgiven has a maturity of no less than two years and an interest rate of 0.98%. Subsequent to year end, this loan was forgiven in full.

The PPP loan is included in refundable advances as of December 31, 2020.

F. NET ASSETS WITH DONOR RESTRICTIONS: TEMPORARY IN NATURE

Net assets with donor restrictions are available for the following at December 31, 2020:

Time restrictions	\$ 3,430,000
Funds held on behalf of members	<u>67,084</u>
	<u>\$ 3,497,084</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose or passage of time. Net assets were released from temporary restrictions by satisfying the following restrictions at December 31:

Time restrictions	\$ 3,046,313
Funds spent from member balances	<u>14,234</u>
	<u>\$ 3,060,547</u>

Notes to Financial Statements

G. LEASES

On March 12, 2019, the Corporation entered into a lease for office space that commenced on April 1, 2019. The term of the lease is three years and one month unless sooner terminated pursuant to any of the provisions of the lease. The lease was made on an absolute net basis, and base rent is not intended to cover taxes, insurance and operating expenses allocable to the premises. The lease commenced with monthly payments of \$1,892 per year with annual increases to \$1,964 and \$2,037.

Future minimum operating lease commitments for the years ending December 31 are as follows:

2021	\$ 24,153
2022	8,148

H. PENSION PLAN

During the year ended December 31, 2019, the Corporation established a SIMPLE 401(k) profit sharing plan to cover eligible employees as outlined in the plan document. Eligible employees may elect to reduce their compensation and make an elective deferral contribution to the plan on a pre-tax basis. The Corporation at its discretion may make a profit-sharing contribution to the plan on behalf of eligible employees. The Corporation did not make a contribution to the plan during the year ended December 31, 2020.

I. PRIOR PERIOD ADJUSTMENTS

The Corporation has received donor restricted contributions historically. Historically, the Corporation considered these amounts conditional promises to give and have been recording the revenue annually on a straight-line basis as of the initial pledge agreement date and have not tracked net assets with donor restrictions.

During the year ended December 31, 2020, it was determined that the pledges previously recorded as conditional promises to give are unconditional promises to give due to there not being significant annual performance-based barriers for the Corporation to overcome to receive the annual installment. Therefore, the pledges should have been recorded as revenue in the year the agreements were signed.

Notes to Financial Statements

I. PRIOR PERIOD ADJUSTMENTS - Continued

Accordingly, the Corporation restated its financial statements as of January 1, 2020 and for the year ending December 31, 2020. The effect of the correction as of January 1, 2020 was to increase the beginning net assets with donor restrictions as of by \$6,489,763. The error has been pervasive over several years, and it is not possible to determine the direct effect on the change in net assets from preceding years.

The effect of the correction as of December 31, 2020 was to increase pledges receivable by \$3,430,000, decrease deferred grant revenue by \$1,250,000, and decrease contribution revenue by \$1,750,000.

J. UNCERTAINTIES

During the year ended December 31, 2020, the outbreak of a novel strain of coronavirus (COVID-19 outbreak) outbreak has been recognized as a pandemic by the World Health Organization, and became increasingly widespread in the United States. The COVID-19 outbreak has had a notable impact on general economic conditions, including, but not limited to, the uncertainty in global financial markets, temporary closures of many businesses, suspension or cancelation of events, "shelter in place" and other governmental regulations, and job losses. The extent to which the COVID-19 outbreak will continue to affect the operations, collections or financial results of the Corporation is uncertain.