

**FEDERATION OF INTERNATIONAL LACROSSE, INC.**

**Financial Statements**

**For the Year Ended December 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

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

**Opinion**

We have audited the accompanying financial statements of Federation of International Lacrosse, Inc. (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, and the changes in net assets and its cash flows for the year 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 Federation of International Lacrosse, Inc. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Federation of International Lacrosse, Inc.'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 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 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 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 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 Federation of International Lacrosse, Inc.'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 financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Federation of International Lacrosse, Inc.'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 Summarized Comparative Information**

We have previously audited Federation of International Lacrosse, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 15, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Waugh & Goodwin, LLP*

Colorado Springs, Colorado  
November 15, 2024

**FEDERATION OF INTERNATIONAL LACROSSE, INC.**  
**Statement of Financial Position**  
**December 31, 2023**  
**(With Comparative Totals for December 31, 2022)**

	<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 648,850	\$ 1,094,151	
Investments	45,529	40,320	
Accounts receivable, net of allowance for credit losses of \$10,000 and \$0	123,005	79,587	
Contributions and pledges receivable	257,005	1,007,005	
Note receivable - current	15,000	85,000	
Inventory	27,247	98,414	
Prepaid expenses	<u>24,695</u>	<u>11,410</u>	
Total current assets	1,141,331	2,415,887	
<b>LONG-TERM CONTRIBUTIONS AND PLEDGES RECEIVABLE - net</b>	244,105	494,105	
<b>NOTE RECEIVABLE - noncurrent</b>	<u>10,000</u>	<u></u>	
<b>TOTAL ASSETS</b>	<u><u>\$ 1,395,436</u></u>	<u><u>\$ 2,909,992</u></u>	

	<u>LIABILITIES AND NET ASSETS</u>	<u>2023</u>	<u>2022</u>
<b>CURRENT LIABILITIES:</b>			
Accounts payable and accrued liabilities	\$ 195,172	\$ 225,216	
Deferred revenue	<u>70,378</u>	<u>26,236</u>	
Total current liabilities	265,550	251,452	
<b>NET ASSETS:</b>			
Without donor restrictions	617,952	1,140,205	
With donor restrictions	<u>511,934</u>	<u>1,518,335</u>	
Total net assets	<u>1,129,886</u>	<u>2,658,540</u>	
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,395,436</u></u>	<u><u>\$ 2,909,992</u></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, 2023**  
**(With Comparative Totals for the Year Ended December 31, 2022)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Totals</u>	<u>2022 Totals</u>
<b>REVENUE:</b>				
Contributions	\$ 1,302,500	\$ 125,738	\$ 1,428,238	\$ 3,054,354
Event hosting rights fee	100,000		100,000	
Membership subscriptions	73,790		73,790	
Event participation fees	47,750		47,750	245,872
IOC grants	31,980		31,980	31,980
Investment income (loss), net	7,146		7,146	(6,409)
In-kind contributions		7,005	7,005	20,395
Media rights				250,000
Satisfied program restrictions	<u>1,139,144</u>	<u>(1,139,144)</u>		
<b>Total revenue</b>	<b>2,702,310</b>	<b>(1,006,401)</b>	<b>1,695,909</b>	<b>3,596,192</b>
<b>EXPENSES:</b>				
Program services:				
Media, public relations & branding	720,424		720,424	446,156
Sport development	719,069		719,069	675,151
Events	462,749		462,749	1,247,639
Technical	252,611		252,611	250,084
International relations	<u>189,451</u>		<u>189,451</u>	<u>274,302</u>
Total program services	<u>2,344,304</u>		<u>2,344,304</u>	<u>2,893,332</u>
Supporting services:				
Administration & governance	820,656		820,656	982,122
Fundraising	<u>59,603</u>		<u>59,603</u>	<u>50,140</u>
Total supporting services	<u>880,259</u>		<u>880,259</u>	<u>1,032,262</u>
Total expenses	<u>3,224,563</u>		<u>3,224,563</u>	<u>3,925,594</u>
CHANGE IN NET ASSETS	(522,253)	(1,006,401)	(1,528,654)	(329,402)
NET ASSETS, beginning of year	<u>1,140,205</u>	<u>1,518,335</u>	<u>2,658,540</u>	<u>2,987,942</u>
NET ASSETS, end of year	<u>\$ 617,952</u>	<u>\$ 511,934</u>	<u>\$ 1,129,886</u>	<u>\$ 2,658,540</u>

See Notes to Financial Statements

**FEDERATION OF INTERNATIONAL LACROSSE, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2023**  
**(With Comparative Totals for the Year Ended December 31, 2022)**

	<b>Media, Public Relations &amp; Branding</b>	<b>Sport Development</b>	<b>Events</b>	<b>Technical</b>	<b>International Relations</b>	<b>Total Program Services</b>
Accounting	\$	\$	\$	\$	\$	\$
Administrative & office expenses						3,517
Advertising & promotional items	151,769	1,198	42			151,769
Anti-doping expense				138,605		138,605
Broadcasting			3,200			3,200
Competitions, technical, development & other programs	27,350	122,268	99,964	66,671		316,253
Contract services	77,638		2,500		59,815	139,953
Credit loss expense			10,000			10,000
Equipment & apparel			71,167			71,167
Fees						
Grants		158,616				158,616
Insurance						
Meetings & conferences						
Salaries, benefits, & payroll taxes	408,889	415,323	208,679	45,032	97,056	1,174,979
Travel		20,716	67,197	1,973	30,303	120,189
Website & other information technology	54,778	948		330		56,056
	<b><u>\$ 720,424</u></b>	<b><u>\$ 719,069</u></b>	<b><u>\$ 462,749</u></b>	<b><u>\$ 252,611</u></b>	<b><u>\$ 189,451</u></b>	<b><u>\$ 2,344,304</u></b>

	Supporting Services			2023 Total Expenses	2022 Total Expenses		
	Administration & Governance		Total Supporting Services				
	Governance	Fundraising					
Accounting	\$ 31,236	\$	\$ 31,236	\$ 31,236	\$ 21,129		
Administrative & office expenses	76,501		76,501	80,018	113,958		
Advertising & promotional items	8,429		8,429	160,198	76,119		
Anti-doping expense				138,605	93,022		
Broadcasting				3,200	727,789		
Competitions, technical, development & other programs				316,253	389,269		
Contract services	36,214		36,214	176,167	396,665		
Credit loss expense				10,000			
Equipment & apparel	20,583		20,583	91,750	24,685		
Fees	4,651		4,651	4,651	2,316		
Grants				158,616	206,467		
Insurance	19,683		19,683	19,683	40,604		
Meetings & conferences	33,390		33,390	33,390	59,334		
Salaries, benefits, & payroll taxes	493,406	59,279	552,685	1,727,664	1,354,862		
Travel	72,104	324	72,428	192,617	364,879		
Website & other information technology	24,459		24,459	80,515	54,496		
	\$ 820,656	\$ 59,603	\$ 880,259	\$ 3,224,563	\$ 3,925,594		

See Notes to Financial Statements

FEDERATION OF INTERNATIONAL LACROSSE, INC.

Statement of Cash Flows

For the Year Ended December 31, 2023

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

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (1,528,654)	\$ (329,402)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Change in pledge discount	(10,787)	
Net realized and unrealized (gains) losses on investments	(4,058)	7,008
(Accrue) decrease in assets:		
Accounts receivable, net	(43,418)	(43,780)
Contributions and pledges receivable	1,000,000	985,990
Inventory	71,167	(59,668)
Prepaid expenses	(13,285)	709
Other asset - security deposit	2,945	
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(30,044)	(15,903)
Deferred revenue	<u>44,142</u>	<u>(10,837)</u>
Net cash provided (used) by operating activities	(504,150)	526,275
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Note receivable	60,000	60,000
Investments, net	<u>(1,151)</u>	<u>(384)</u>
Net cash provided by investing activities	<u>58,849</u>	<u>59,616</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(445,301)</b>	<b>585,891</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b><u>1,094,151</u></b>	<b><u>508,260</u></b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b><u>\$ 648,850</u></b>	<b><u>\$ 1,094,151</u></b>

See Notes to Financial Statements

FEDERATION OF INTERNATIONAL LACROSSE, INC.

Notes to Financial Statements

For the Year Ended December 31, 2023

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

#### Cash and Cash Equivalents - 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 either of the years ended December 31, 2023 and 2022.

#### Accounts Receivable

During the year ended December 31, 2023, the Corporation 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 Corporation adopted the new accounting standard and the related amendments. There was no impact of adoption of ASU 2016-13 on the accompanying financial statements. The Corporation does 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 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 \$10,000 during the year ended December 31, 2023. The Corporation did not have an allowance for credit losses as of December 31, 2022.

## Notes to Financial Statements

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

#### Accounts Receivable - continued

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 2023 were \$5,604 and \$76,808, respectively.

#### 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 .11% to 4.73%.

The amount of pledge discounts recorded as of December 31, 2023 and 2022 are \$12,900. 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 credit losses 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.

## Notes to Financial Statements

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

#### Contributions - continued

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.

Historically, one donor has provided a significant amount of operating support through respective pledge agreements in past years. The donor is continuing to make scheduled payments.

International Olympic Committee grants and in-kind contributions are treated as contributions by the Corporation.

#### In-kind Contributions

During the year ended December 31, 2022, the Corporation 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 recognizes donated services and in-kind use of facilities that create or enhance non-financial assets or that require specialized skills and would typically need to be purchased if not provided by donation.

A substantial number of volunteers donated time to the Corporation's program services and its fundraising activities; however, the estimated value was not recorded because they did not meet the criteria described above.

As detailed further in Note F, the Corporation has entered into a lease for office space which initially was partial value-in-kind through December 31, 2024. That lease was rewritten during the year ended December 31, 2022, and adjusted to 100% value-in-kind during the year ended December 31, 2023, with annual auto-renewal terms.

To adjust for this to be in accordance with the new value-in-kind standard, the Corporation has recorded the estimated donated future use of facilities that are deemed legally enforceable based on the Corporation's lease for its office space.

## Notes to Financial Statements

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

#### In-kind Contributions - continued

The Corporation recorded \$7,005 and \$20,395 in donated use of facilities revenue during the years ended December 31, 2023 and 2022, respectively. During the year ended December 31, 2023, management has determined that it is reasonably certain that the Corporation will stay in its office space through December 31, 2025, therefore additional estimated usage of the value-in-kind facilities and an additional contribution receivable of \$7,005 was recorded. The Corporation has recognized contributions receivable of \$14,010 as of December 31, 2023, and 2022.

The future use of facilities are also considered as net assets with donor restrictions with time restrictions as of December 31, 2023 and 2022. The Corporation recognized \$7,005 and \$6,385 as occupancy expenses for the donated use of facilities during the years ended December 31, 2023 and 2022, respectively.

#### Inventory

Inventory consists of merchandise and apparel stated at the lower of cost (first-in, first-out method) or net realizable value as of December 31, 2023 and 2022.

#### 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, 2023 and 2022.

#### 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 providing membership and benefits to its members. The amount received is recorded ratably over the membership period.

Media rights - Revenue from contracts for media rights is considered contract with customer revenue. The Corporation provides media and production services at times at various events. Revenue is recognized as the services are provided.

## Notes to Financial Statements

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

#### Revenue from Contracts with Customers - continued

Event participation fees - The Corporation receives revenue from members related to their participation in various World Lacrosse championships held for members. Each event has a specified registration fee. The revenue is recognized at the time of the event, which recognizes the completion of the Corporation's performance obligations.

Event hosting rights fee - During the year ended December 31, 2023, the Corporation received a rights fee for hosting the 2023 Men's World Championships. The revenue has been recognized upon the completion of the event, which recognizes the completion of the Corporation's performance obligations.

#### 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 years ending December 31, 2023 and 2022, was \$160,198 and \$25,056, respectively.

#### 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.

## Notes to Financial Statements

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

#### Prior-Year Comparisons

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended December 31, 2022, from which the information was derived.

#### Date of Management's Review

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through November 15, 2024, the date that the financial statements were available to be issued.

### 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.

## Notes to Financial Statements

### B. AVAILABLE RESOURCES AND LIQUIDITY - Continued

The following table reflects the Corporation's financial assets as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 648,850	\$ 1,094,151
Investments	45,529	40,320
Accounts receivable, net	123,005	79,587
Pledges receivable - current	257,005	1,007,005
Note receivable - current	<u>15,000</u>	<u>85,000</u>
Total financial assets available within one year	1,089,389	2,306,063
Less assets with donor restrictions:		
Current time restrictions	(444,011)	(1,444,011)
Member Nation Support	<u>(67,923)</u>	<u>(74,324)</u>
Financial assets available within one year	<u>\$ 577,455</u>	<u>\$ 787,728</u>

The Corporation has net assets with both purpose and time restrictions (Note E).

### 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.

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.

Notes to Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

- 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. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
- Level 3 inputs are unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

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, 2023 and 2022:

<u>Assets at Fair Value as of December 31, 2023</u>				
	Level 1	Level 2	Level 3	Total
Delaware Community Foundation				
Lacrosse Agency Fund	\$ _____	\$ 45,529	\$ _____	\$ 45,529
<u>Assets at Fair Value as of December 31, 2022</u>				
	Level 1	Level 2	Level 3	Total
Delaware Community Foundation				
Lacrosse Agency Fund	\$ _____	\$ 40,320	\$ _____	\$ 40,320

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

	2023	2022
Net realized and unrealized gains (losses)	\$ 4,058	\$ (7,008)
Interest income	3,688	1,204
Investment fees	(600)	(605)
Total investment income (loss)	\$ 7,146	\$ (6,409)

## Notes to Financial Statements

### D. DEFERRED REVENUE

Deferred revenue, a liability for contracts with customers, at December 31, 2023 and 2022, consists of the following:

	<u>2023</u>	<u>2022</u>
Event participation fees	<u>\$ 70,378</u>	<u>\$ 26,236</u>

The Corporation recognizes this revenue as performance obligations are met. The Corporation expects to complete their outstanding obligations during the year ended December 31, 2024.

### E. NET ASSETS WITH DONOR RESTRICTIONS: TEMPORARY IN NATURE

Net assets with donor restrictions are available for the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Time restrictions	\$ 444,011	\$ 1,444,011
Funds held on behalf of members	<u>67,923</u>	<u>74,324</u>
	<u>\$ 511,934</u>	<u>\$ 1,518,335</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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Time restrictions	\$ 1,007,005	\$ 1,017,172
Funds spent from member balances	<u>132,139</u>	<u>36,326</u>
	<u>\$ 1,139,144</u>	<u>\$ 1,053,498</u>

### F. LEASES

The Corporation has an operating lease for office space used during the year. The determination of whether an arrangement is a lease is made at the lease's inception. During the year ended December 31, 2022, the Corporation adopted Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*.

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.

## Notes to Financial Statements

### F. LEASES - Continued

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; however, there were no short-term leases during the years ended December 31, 2023, and 2022.

On March 12, 2019, the Corporation entered into a 37-month lease for office space that commenced on April 1, 2019 and continued through April 30, 2022. The lease was made on an absolute net basis, and base rent was 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. The Corporation reviewed the lease for applicable right-of-use assets and lease liabilities as of adoption on January 1, 2022, and management has determined that the respective right-of-use assets and lease liabilities were immaterial and have therefore not recorded them in the accompanying financial statements for the year ended December 31, 2022.

In May 2022, the Corporation entered into a lease for new office space that officially commenced on May 1, 2022. The term of the original lease ran through December 31, 2024 and required monthly payments of \$429 per month, or \$5,147 per year.

Effective September 2022, the Corporation entered into an amendment to the lease that removed the monthly rent payments, making the cost \$0 per year. This lease is now a 100% gift-in-kind. The new lease term is September 1, 2022, through December 31, 2023. The lease contains an automatic renewal clause for subsequent one-year terms subject to the Landlord's consent 180 days prior to expiration. During the year ending December 31, 2023, management has determined that it is reasonably certain that the Corporation will stay in its office space through December 31, 2025, therefore additional estimated usage of the value-in-kind facilities has been recorded during the year.

During the year ended December 31, 2022, the fair market value of the use of the leased office spaces was higher than the annual rent charge and a donation of facility use in-kind of \$6,385 was determined for the year ended December 31, 2022. During the year ended December 31, 2023, \$7,005 of rent expenses has been recognized for 2023 usage.

## Notes to Financial Statements

### F. LEASES - Continued

Contribution revenue of \$7,005 and \$20,395 for 2023 and 2024 has been recognized as revenue with donor restrictions in the accompanying statement of activities and changes in net assets. The Corporation has recognized contributions receivable of \$14,010 as of December 31, 2023 and 2022.

As previously noted, the Corporation's office space lease has shifted to fully in-kind, and consequently, the Corporation does not have any legally enforceable future minimum payments for leases in the upcoming years.

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 agreements mentioned above.

	<u>2023</u>	<u>2022</u>
Operating lease rent, included in supporting service expenses	\$	\$ 9,864
Value-in-kind use of facilities, included in supporting service expenses	7,005	6,385
Variable payments, included in supporting service expenses	—————	6,298
 Total lease cost	<u>\$ 7,005</u>	<u>\$ 22,547</u>

### G. 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. During the years ended December 31, 2023 and 2022, the Corporation contributed \$40,945 and \$32,236 to the plan, respectively.

### H. COMMITMENT AND CONTINGENCIES

Occasionally, in the normal conduct of business, the Corporation may be named defendant in a lawsuit or other form of legal action. In the opinion of management, any pending or threatened claims against the Corporation, as of December 31, 2023 and 2022, are either without merit or will not exceed insurance limits.

## Notes to Financial Statements

### I. SUBSEQUENT EVENT

In April 2024, the Corporation entered into a new pledge agreement for a total of \$5,000,000. The purpose of the pledge is to assist in the funding of the programs, business, and operations of the Corporation for the years ending December 31, 2024, and 2025. The Corporation expects to receive \$2,500,000 during 2024 and \$2,500,000 during 2025 under this agreement.

This pledge agreement is considered an unconditional promise to give, which represents an agreement made by a donor to contribute cash to an organization. The following circumstances are not considered to be present, and therefore the pledge is considered unconditional rather than conditional: (1) a donor promises to contribute assets to an organization only if specified future and uncertain events occur and (2) a right of return for assets transferred or a right of release of the promisor from its obligations exists.

Generally Accepted Accounting Principles (GAAP) require the recognition of unconditional promises to give at fair value in the period the promise is received. Therefore, in accordance with GAAP the Corporation will expect to recognize \$5,000,000 as contributions as part of this unconditional promise to give during the year ended December 31, 2024.

### J. UNCERTAINTIES

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