

FEDERATION OF INTERNATIONAL LACROSSE, INC.

Financial Statements

For the Year Ended December 31, 2024

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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, 2024, 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, 2024, 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 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 15, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Waugh & Goodwin, LLP

Colorado Springs, Colorado
October 8, 2025

FEDERATION OF INTERNATIONAL LACROSSE, INC.
 Statement of Financial Position
 December 31, 2024
 (With Comparative Totals for December 31, 2023)

	<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
CURRENT ASSETS:			
Cash and cash equivalents	\$ 559,125	\$ 648,850	
Investments	38,907	45,529	
Accounts receivable, net of allowance for credit losses of \$30,000 and \$10,000	234,299	123,005	
Contributions and pledges receivable	2,750,000	257,005	
Note receivable - current	6,000	15,000	
Inventory	27,247	27,247	
Prepaid expenses	<u>18,504</u>	<u>24,695</u>	
Total current assets	3,634,082	1,141,331	
LONG-TERM CONTRIBUTIONS AND PLEDGES RECEIVABLE - net		244,105	
NOTE RECEIVABLE - noncurrent		<u>10,000</u>	
TOTAL ASSETS	<u>\$ 3,634,082</u>	<u>\$ 1,395,436</u>	

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:			
Accounts payable and accrued liabilities	\$ 152,196	\$ 195,172	
Deferred revenue	<u>16,957</u>	<u>70,378</u>	
Total current liabilities	169,153	265,550	
NET ASSETS:			
Without donor restrictions	671,733	617,952	
With donor restrictions	<u>2,793,196</u>	<u>511,934</u>	
Total net assets	<u>3,464,929</u>	<u>1,129,886</u>	
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,634,082</u>	<u>\$ 1,395,436</u>	

FEDERATION OF INTERNATIONAL LACROSSE, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2024
(With Comparative Totals for the Year Ended December 31, 2023)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2024 Totals</u>	<u>2023 Totals</u>
REVENUE:				
Contributions	\$ 2,261,390	\$ 2,763,940	\$ 5,025,330	\$ 1,428,238
Event participation fees	184,867	184,867	184,867	47,750
Media rights	136,952	136,952	136,952	136,952
Membership subscriptions	77,215	77,215	77,215	73,790
In-kind contributions	41,500	41,500	41,500	7,005
IOC grants	32,000	32,000	32,000	31,980
Investment income (loss), net	5,224	5,224	5,224	7,146
Event hosting rights fee				100,000
Satisfied program restrictions	<u>482,678</u>	<u>(482,678)</u>		
Total revenue	3,221,826	2,281,262	5,503,088	1,695,909
EXPENSES:				
Program services:				
Media, public relations & branding	669,238	669,238	669,238	720,424
Sport development	667,986	667,986	667,986	719,069
Events	525,094	525,094	525,094	462,749
Technical	346,842	346,842	346,842	252,611
International relations	<u>180,006</u>		<u>180,006</u>	<u>189,451</u>
Total program services	2,389,166		2,389,166	2,344,304
Supporting services:				
Administration & governance	711,261		711,261	820,656
Fundraising	<u>67,618</u>		<u>67,618</u>	<u>59,603</u>
Total supporting services	<u>778,879</u>		<u>778,879</u>	<u>880,259</u>
Total expenses	<u>3,168,045</u>		<u>3,168,045</u>	<u>3,224,563</u>
CHANGE IN NET ASSETS	53,781	2,281,262	2,335,043	(1,528,654)
NET ASSETS, beginning of year	<u>617,952</u>	<u>511,934</u>	<u>1,129,886</u>	<u>2,658,540</u>
NET ASSETS, end of year	<u>\$ 671,733</u>	<u>\$ 2,793,196</u>	<u>\$ 3,464,929</u>	<u>\$ 1,129,886</u>

See Notes to Financial Statements

FEDERATION OF INTERNATIONAL LACROSSE, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2024
(With Comparative Totals for the Year Ended December 31, 2023)

	Media, Public Relations & Branding	Sport Development	Events	Technical	International Relations	Total Program Services
Accounting	\$ 8,500	\$ 2,100	\$ 281	\$ 2,418	\$ 13,299	
Administrative & office expenses	17,458				17,458	
Advertising & promotional items					151,133	
Anti-doping expense				151,133		
Broadcasting	51,446				51,446	
Competitions, technical, development & other programs		16,933	146,677	140,336		303,946
Contract services	141,256			5,000	52,332	198,588
Credit loss expense			39,000			39,000
Equipment & apparel	6,899	6,899	6,899		6,899	27,596
Fees						
Grants		229,128				229,128
Insurance						
Meetings & conferences						
Salaries, benefits, & payroll taxes	423,136	398,835	222,151	48,940	97,190	1,190,252
Travel	272	14,091	110,086	1,073	21,167	146,689
Website & other information technology	20,271			360		20,631
	<u>\$ 669,238</u>	<u>\$ 667,986</u>	<u>\$ 525,094</u>	<u>\$ 346,842</u>	<u>\$ 180,006</u>	<u>\$ 2,389,166</u>

	Supporting Services			2024 Total Expenses	2023 Total Expenses
	Administration & Governance	Fundraising	Total Supporting Services		
Accounting	\$ 32,326	\$	\$ 32,326	\$ 32,326	\$ 31,236
Administrative & office expenses		\$ 97,029	\$ 97,029	110,328	80,018
Advertising & promotional items				17,458	160,198
Anti-doping expense				151,133	138,605
Broadcasting				51,446	3,200
Competitions, technical, development & other programs				303,946	316,253
Contract services	1,599	413	2,012	200,600	176,167
Credit loss expense				39,000	10,000
Equipment & apparel	18,591	3,449	22,040	49,636	91,750
Fees	5,764		5,764	5,764	4,651
Grants				229,128	158,616
Insurance	39,678		39,678	39,678	19,683
Meetings & conferences					33,390
Salaries, benefits, & payroll taxes	412,692	63,756	476,448	1,666,700	1,727,664
Travel	75,217		75,217	221,906	192,617
Website & other information technology	28,365		28,365	48,996	80,515
	\$ 711,261	\$ 67,618	\$ 778,879	\$ 3,168,045	\$ 3,224,563

See Notes to Financial Statements

FEDERATION OF INTERNATIONAL LACROSSE, INC.
Statement of Cash Flows
For the Year Ended December 31, 2024
(With Comparative Totals for the Year Ended December 31, 2023)

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,335,043	\$ (1,528,654)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Change in pledge discount	(12,900)	
Net realized and unrealized (gains) losses on investments	(3,907)	(4,058)
(Increase) decrease in assets:		
Accounts receivable, net	(111,294)	(43,418)
Contributions and pledges receivable	(2,235,990)	1,000,000
Inventory		71,167
Prepaid expenses	6,191	(13,285)
Other asset - security deposit		
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(42,976)	(30,044)
Deferred revenue	<u>(53,421)</u>	<u>44,142</u>
Net cash provided (used) by operating activities	(119,254)	(504,150)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Note receivable	19,000	60,000
Investments, net	<u>10,529</u>	<u>(1,151)</u>
Net cash provided by investing activities	<u>29,529</u>	<u>58,849</u>
NET DECREASE IN CASH	(89,725)	(445,301)
CASH AND CASH EQUIVALENTS, beginning of year	648,850	1,094,151
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 559,125</u>	<u>\$ 648,850</u>

See Notes to Financial Statements

FEDERATION OF INTERNATIONAL LACROSSE, INC.
Notes to Financial Statements
For the Year Ended December 31, 2024

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 90+ 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, 2024 and 2023.

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 \$30,000 and \$10,000 during the year ended December 31, 2024 and 2023 respectively.

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 2024 were \$76,808 and \$57,202, 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 amount of pledge discounts recorded as of December 31, 2024 and 2023 are \$0.

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.

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

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 in donated use of facilities revenue during the years ended December 31, 2024 and 2023. 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 \$7,005 and \$14,010 as of December 31, 2024, and 2023, respectively.

The future use of facilities are also considered as net assets with donor restrictions with time restrictions as of December 31, 2024 and 2023. The Corporation recognized \$7,005 as occupancy expenses for the donated use of facilities during the years ended December 31, 2024 and 2023.

The Corporation recorded value-in-kind for apparel of \$34,495 and \$0 during the years ended December 31, 2024 and 2023, 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, 2024 and 2023.

Compensated Absences

Employees of the Corporation earn a vested right to compensation for unused vacation. The Corporation began recording the liability for accrued vacation during 2024.

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.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue from Contracts with Customers - continued

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.

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, 2024, the Corporation received a rights fee for hosting the 2024 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, 2024 and 2023, was \$17,458 and \$151,769, 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.

Notes to 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, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

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, 2023, 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 October 8, 2025, 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.

Notes to Financial Statements

B. AVAILABLE RESOURCES AND LIQUIDITY - Continued

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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 559,125	\$ 648,850
Investments	38,907	45,529
Accounts receivable, net	234,299	123,005
Pledges receivable - current	2,750,000	257,005
Note receivable - current	<u>6,000</u>	<u>15,000</u>
Total financial assets available within one year	3,588,331	1,089,389
Less assets with donor restrictions:		
Current time restrictions	(2,500,000)	(444,011)
Member Nation Support	<u>(44,196)</u>	<u>(67,923)</u>
Financial assets available within one year	<u>\$ 1,044,135</u>	<u>\$ 577,455</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).

Notes to Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

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. 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, 2024 and 2023:

<u>Assets at Fair Value as of December 31, 2024</u>				
	Level 1	Level 2	Level 3	Total
Delaware Community Foundation Lacrosse Agency Fund	\$ _____	\$ 38,907	\$ _____	\$ 38,907
<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

Notes to Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

Investment income (loss) in the accompanying statement of activities consists of the following for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Net realized and unrealized gains (losses)	\$ 3,907	\$ 4,058
Interest income	1,877	3,688
Investment fees	<u>(560)</u>	<u>(600)</u>
Total investment income (loss)	<u>\$ 5,224</u>	<u>\$ 7,146</u>

D. DEFERRED REVENUE

Deferred revenue, a liability for contracts with customers, at December 31, 2024 and 2023, consists of the following:

	<u>2024</u>	<u>2023</u>
Event participation fees	<u>\$ 16,957</u>	<u>\$ 70,378</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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Time restrictions	\$ 2,500,000	\$ 444,011
Sport development	249,000	
Funds held on behalf of members	<u>44,196</u>	<u>67,923</u>
	<u>\$ 2,793,196</u>	<u>\$ 511,934</u>

Notes to Financial Statements

E. NET ASSETS WITH DONOR RESTRICTIONS: TEMPORARY IN NATURE - Continued

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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Time restrictions	\$ 444,011	\$ 1,007,005
Funds spent from member balances	<u>38,667</u>	<u>132,139</u>
	<u><u>\$ 482,678</u></u>	<u><u>\$ 1,139,144</u></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.

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, 2024, and 2023.

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

Notes to Financial Statements

F. LEASES - Continued

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.

The fair market value of the use of the leased office spaces is determined to be \$7,005 for both the years ended December 31, 2024 and 2023.

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

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.

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, 2024 and 2023, 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, 2024 and 2023, are either without merit or will not exceed insurance limits.

I. 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.