

**USA BADMINTON**

**FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2021 AND 2020**

**With Independent Auditors' Report Thereon**

**USA BADMINTON  
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DECEMBER 31, 2021 AND 2020**

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whaley hammonds tomasello, p.c.  
CERTIFIED PUBLIC ACCOUNTANTS + ADVISORS

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
USA Badminton  
El Monte, California

### **Opinion**

We have audited the accompanying financial statements of USA Badminton (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 USA Badminton as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of USA Badminton and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 USA Badminton's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' 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 auditors' 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 USA Badminton'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 USA Badminton'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.

A handwritten signature in blue ink, appearing to read 'Whaley Han J. Jansello, P.C.'.

August 31, 2022

**USA BADMINTON**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2021 AND 2020**

<b>Assets</b>		
	<b>2021</b>	<b>2020</b>
<b>Current assets:</b>		
Cash	\$ 351,542	\$ 168,030
Accounts receivable	-	3,520
Prepaid expenses	7,642	5,006
<b>Total current assets</b>	<b>359,184</b>	<b>176,556</b>
<b>Property and equipment, net</b>	<b>6,661</b>	<b>9,785</b>
<b>Total assets</b>	<b>\$ 365,845</b>	<b>\$ 186,341</b>
<b>Liabilities and Net Assets</b>		
	<b>2021</b>	<b>2020</b>
<b>Current liabilities:</b>		
Accounts payable	\$ 5,220	\$ 16,015
Accrued expenses	13,446	8,413
Deferred revenue - current	42,486	35,273
Accrued pass-through host fees	34,580	-
Current portion of Payroll Protection Program loan	-	27,498
<b>Total current liabilities</b>	<b>95,732</b>	<b>87,199</b>
<b>Long-term liabilities:</b>		
Payroll Protection Program loan, less current portion	-	23,502
Deferred revenue - long-term	3,886	4,802
<b>Total long-term liabilities</b>	<b>3,886</b>	<b>28,304</b>
<b>Total liabilities</b>	<b>99,618</b>	<b>115,503</b>
<b>Net assets:</b>		
Without donor restrictions	266,227	70,838
<b>Total net assets</b>	<b>266,227</b>	<b>70,838</b>
<b>Total liabilities and net assets</b>	<b>\$ 365,845</b>	<b>\$ 186,341</b>

The accompanying notes are an integral part of these financial statements.

**USA BADMINTON**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>Changes in net assets without donor restrictions</b>		
<b>Revenues:</b>		
Tournament income	\$ 214,731	\$ 100,252
Grants	145,962	156,570
Host fees for Junior Nationals	80,927	-
Sponsorships	58,247	60,201
Membership	46,637	56,818
Contributions	5,981	900
	<b>552,485</b>	<b>374,741</b>
<b>Expenses:</b>		
Program	254,121	262,526
Supporting services	304,081	236,644
	<b>558,202</b>	<b>499,170</b>
<b>Other income:</b>		
Tournament reimbursement	100,571	-
Payroll Protection Program loan forgiveness	99,700	-
Miscellaneous revenue	426	-
Interest income	409	55
	<b>201,106</b>	<b>55</b>
<b>Net change in net assets without donor restrictions</b>	<b>195,389</b>	<b>(124,374)</b>
<b>Net assets, beginning of year</b>	<b>70,838</b>	<b>195,212</b>
<b>Net assets, end of year</b>	<b>\$ 266,227</b>	<b>\$ 70,838</b>

The accompanying notes are an integral part of these financial statements.

**USA BADMINTON**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021			2020		
	Supporting activities/			Supporting activities/		
	Program activities	Management and general	Total	Program activities	Management and general	Total
<b>Expenses:</b>						
Salaries and wages	\$ 88,004	\$ 138,224	\$ 226,228	\$ 145,081	\$ 122,133	\$ 267,214
Professional fees	-	76,201	76,201	-	58,672	58,672
Travel	24,621	38,671	63,292	49,885	5,244	55,129
Coaching department	39,674	-	39,674	-	-	-
Junior Nationals expense:	37,821	-	37,821	-	-	-
Tournament expenses	36,931	-	36,931	12,856	-	12,856
Payroll taxes	7,097	11,147	18,244	11,801	9,934	21,735
Insurance	4,809	7,553	12,362	10,278	8,652	18,930
Employee benefits	3,656	5,743	9,399	1,477	1,243	2,720
Other operating expense:	7,887	12,388	20,275	3,897	3,280	7,177
Bank and merchant fees	2,912	4,573	7,485	19,284	16,234	35,518
Rent and lease expenses	-	4,995	4,995	-	1,713	1,713
Depreciation	-	3,124	3,124	-	3,124	3,124
Office expenses	-	1,462	1,462	-	6,335	6,335
BWF expenses	676	-	676	1,789	-	1,789
Advertising	33	-	33	95	80	175
Special program expense:	-	-	-	6,083	-	6,083
US Open expenses	-	-	-	-	-	-
<b>Total expenses</b>	<b>\$ 254,121</b>	<b>\$ 304,081</b>	<b>\$ 558,202</b>	<b>\$ 262,526</b>	<b>\$ 236,644</b>	<b>\$ 499,170</b>

The accompanying notes are an integral part of these financial statements.

**USA BADMINTON**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities:</b>		
Cash received from members and others	\$ 663,299	\$ 352,545
Cash paid to suppliers and employees	(528,896)	(612,247)
Interest received	409	55
<b>Net cash provided by (used in) operating activities</b>	<b>134,812</b>	<b>(259,647)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from Payroll Protection Program loan	48,700	51,000
<b>Net provided by financing activities</b>	<b>48,700</b>	<b>51,000</b>
<b>Net increase (decrease) in cash</b>	183,512	(208,647)
<b>Cash, beginning of year</b>	168,030	376,677
<b>Cash, end of year</b>	\$ 351,542	\$ 168,030
<b>Reconciliation of change in net assets to net cash provided by (used in) operating activities:</b>		
Net change in net assets without donor restrictions	\$ 195,389	\$ (124,374)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,124	3,124
Payroll Protection Program loan forgiveness	(99,700)	-
(Increase) decrease in assets:		
Accounts receivable	3,520	26,350
Prepaid expenses	(2,636)	6,772
Increase (decrease) in liabilities:		
Accounts payable	(10,795)	1,561
Accrued expenses	5,033	1,372
Deferred revenue	6,297	(47,676)
Accrued pass-through host fees	34,580	(125,906)
Due to related party	-	(870)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 134,812</b>	<b>\$ (259,647)</b>

The accompanying notes are an integral part of these financial statements.



**USA BADMINTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**1. Summary of Significant Accounting Policies**

**Nature of Activities**

USA Badminton (the “Organization”) is the national governing body for the sport of badminton in the United States. The Organization is responsible for the promotion and development of the sport in the United States. The Organization incorporated in the state of Colorado in 2003.

**Cash**

Cash includes bank deposits which are maintained in bank deposit accounts. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. The uninsured portion of cash was \$75,275 at December 31, 2021. There was no uninsured portion of cash at December 31, 2020.

**Accounts Receivable**

Accounts receivable are reported at the amount the Organization expects to collect from the balances outstanding at year end. Based upon the Organization’s experience with those with outstanding balances at year end, management has concluded that an allowance for doubtful accounts is not necessary as of December 31, 2021 and 2020.

**Property and Equipment**

Property and equipment consists of items with a useful life of greater than one year and a cost in excess of \$1,000. Property and equipment is stated at cost or fair market value if donated, net of accumulated depreciation. Depreciation is provided for on the straight-line method over the useful lives of the assets, which range from five to seven years. Additions and major improvements to existing assets are capitalized. Minor improvements as well as maintenance and repairs are charged to expense as incurred.

**Accrued Pass-Through Host Fees**

The Organization receives entry fee payments in advance for future tournaments. A portion of these entry fees are paid to tournament host sites. The accrued pass-through host fees relate to receipts received during the current year related to tournaments to be held in a future year or receipts for current year tournaments that were not paid until subsequent to year end.

**Financial Statement Presentation**

In accordance with U.S. generally accepted accounting principles, the Organization’s net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Organization records contributions of cash

**USA BADMINTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**1. Summary of Significant Accounting Policies (Continued)**

**Financial Statement Presentation (Continued)**

and other assets as without donor restrictions unless specifically restricted by the donor. Restricted contributions are recorded as restricted income. When the donor stipulation expires, net assets with donor restrictions are reclassified to net assets without donor restrictions, and are reported as net assets released from restrictions.

Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations and are available for general use to support operations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations.

**Revenue Recognition**

Tournament income, sponsorships, and host fees are recognized as income when the event occurs. Membership dues are recognized over the membership period. Amounts received in advance are deferred to the applicable period. Contributions are recorded as revenue when either unsolicited cash is received or when donors make a promise to give. Contributions and promises to give are classified as with or without donor restrictions. Grant revenue is recorded as revenue when the conditions under the grant agreement are met. With the exception of goods and services provided in connection with membership dues, which are transferred over the period of membership, all goods and services are transferred at a point in time.

**Advertising**

The Organization expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2021 and 2020 was \$33 and \$175, respectively.

**Leases**

The determination of whether an arrangement is a lease is made at the lease's inception. The Organization records leases of twelve months or less as short-term leases.

**Reclassifications**

Certain reclassifications have been made to the prior year financial statement presentation to correspond to the current year presentation.

**USA BADMINTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**1. Summary of Significant Accounting Policies (Continued)**

**Subsequent Events**

Management evaluates all activity of the Organization through the issuance date of the financial statements. Management evaluated subsequent events through August 31, 2022 and concluded that no subsequent events occurred that would require recognition in the financial statements or disclosure in the related notes to the financial statements.

**2. Use of Estimates**

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

**3. Income Taxes**

The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, gifts to the Organization are tax deductible. The Organization is required to pay federal and state income taxes only on its net unrelated business income. There was no unrelated business income during the years ended December 31, 2021 and 2020. The Organization is subject to examinations of its returns by the U.S. federal, state and local authorities for three years after the returns are filed. Currently, the 2019, 2020 and 2021 tax returns are open and subject to examination. However, the Organization is not currently under audit nor has the Organization been contacted by any of these jurisdictions.

**4. Property and Equipment**

Property and equipment consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Office furniture and equipment	\$ 15,619	\$ 35,211
Perpetual trophies	<u>34,336</u>	<u>34,336</u>
Subtotal	49,955	69,547
Less: accumulated depreciation	<u>43,294</u>	<u>59,762</u>
<b>Total property and equipment, net</b>	<b><u>\$ 6,661</u></b>	<b><u>\$ 9,785</u></b>

Depreciation expense was \$3,124 and \$3,124 for the years ended December 31, 2021 and 2020.

**USA BADMINTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**5. Functional Expense Allocation of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**6. Retirement Plan**

Substantially all the Organization's full-time employees are covered by a 403(b) plan. Participants in the plan may elect to make salary reduction contributions to the plan not to exceed the limitation amounts established by the Internal Revenue Service. The Organization does not contribute to the plan.

**7. Liquidity of Financial Assets**

The Organization's financial assets available within one year of the statements of financial position date, December 31, 2021 and 2020, for general expenditures are as follows:

	<b>2021</b>	<b>2020</b>
Cash	\$ 360,700	\$ 168,030
Accounts receivable	-	3,520
<b>Total available</b>	<b>\$ 360,700</b>	<b>\$ 171,550</b>

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of December 31, 2021. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

**8. Deferred Revenue**

Membership dues are received for one-year memberships throughout the year. Membership dues are deferred and recognized as revenue over the corresponding period of the membership. Dues for lifetime memberships are deferred and recognized as revenue over a 20-year period. In addition, entry fees received for future tournaments are recorded as deferred entry fees.

**USA BADMINTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**8. Deferred Revenue (Continued)**

Deferred revenue consists of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Lifetime memberships	\$ 4,802	\$ 5,861
USOC grant	-	21,097
Regular dues	<u>41,570</u>	<u>13,117</u>
Subtotal	46,372	40,075
Less: lifetime memberships – long-term	<u>3,886</u>	<u>4,802</u>
<b>Total deferred revenue - current</b>	<b><u>\$ 42,486</u></b>	<b><u>\$ 35,273</u></b>

**9. Payroll Protection Program Loan**

In June 2020 and March 2021, the Organization acquired two loans pursuant to the Payroll Protection Program under the CARES Act and secured financing through a financial institution for \$48,700 and \$51,000 at 1.00% interest. The loans qualify for 100% forgiveness if certain criteria are met. The criteria were met and the loans were forgiven during the year ended December 31, 2021.

The Payroll Protection Program loan is recorded as follows at December 31, 2020:

Current	\$ 27,498
Long-term	<u>23,502</u>
<b>Total Payroll Protection Program loan</b>	<b><u>\$ 51,000</u></b>

**10. Related Party Transactions**

The United States Olympic Committee (the "USOC") provides support to the Organization through grants for sports development, international competition, and team preparation. During the years ended December 31, 2021 and 2020, the Organization received \$145,962 and \$156,570 in grants from the USOC. In addition, the Organization leased office space in Colorado Springs, Colorado from the USOC during the year ended December 31, 2020. Rent expense paid to the USOC during the year ended December 31, 2020 was \$792.

**USA BADMINTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**11. Commitments and Contingencies**

The on-going COVID-19 outbreak may continue to have a significant impact on the Organization in future years; however, the potential impact on the Organization is not currently measurable. Due to the level of risk this virus may have on the global economy, it is at least reasonably possible that it could have an impact on the operations of the Organization in the near-term that could materially impact the Organization's financial position and results of operations.