

USA BADMINTON
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2022 AND 2021



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USA BADMINTON

DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

Board of Directors
USA Badminton
Colorado Springs, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of USA Badminton (Organization) which comprise the statements of financial position as of December 31, 2022, 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 the Organization as of December 31, 2022, and the changes in activities and net assets, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Organization 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 GAAP, 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 the Organization'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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 the Organization'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 the Organization'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.

Prior Period Financial Statements

The financial statements of the Organization as of December 31, 2021, were audited by other auditors whose report dated, August 31, 2022, expressed an unmodified opinion on those statements.



CliftonLarsonAllen LLP

Livingston, New Jersey
November 16, 2023

USA BADMINTON

STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2022	2021
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 390,606	\$ 351,542
Accounts receivable	1,623	-
Prepaid expenses	9,936	7,642
Total Current Assets	<u>402,165</u>	<u>359,184</u>
Security Deposit	500	-
Property and equipment, net	13,906	6,661
Total Non-Current assets	<u>14,406</u>	<u>6,661</u>
Total Assets	<u>\$ 416,571</u>	<u>\$ 365,845</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 5,184	\$ 5,220
Accrued liabilities	101,473	13,446
Current portion of deferred revenue	138,022	42,486
Accrued pass-through host fees	-	34,580
Total Current Liabilities	<u>244,679</u>	<u>95,732</u>
NONCURRENT LIABILITIES:		
Deferred revenue, net of current portion	<u>3,202</u>	<u>3,886</u>
Total Liabilities	247,881	99,618
NET ASSETS:		
Without donor restrictions	145,190	266,227
With donor restrictions	23,500	-
Total Net Assets	<u>168,690</u>	<u>266,227</u>
Total Liabilities and Net Assets	<u>\$ 416,571</u>	<u>\$ 365,845</u>

USA BADMINTON

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS YEARS ENDED DECEMBER 31, 2022 AND 2021

	Without Donor Restrictions	With Donor Restrictions	2022	Without Donor Restrictions	With Donor Restrictions	2021
REVENUE:						
Tournament income	\$ 715,946	\$ -	\$ 715,946	\$ 295,658	\$ -	\$ 295,658
Grants	189,021	23,500	212,521	145,962	-	145,962
Sponsorships	55,432	-	55,432	58,247	-	58,247
Membership	83,507	-	83,507	46,637	-	46,637
Contributions	5,975	-	5,975	5,981	-	5,981
Donated goods and services	19,149	-	19,149	-	-	-
Total support and revenue	1,069,030	23,500	1,092,530	552,485	-	552,485
EXPENSES:						
Program	755,771	-	755,771	254,121	-	254,121
Supporting services	448,256	-	448,256	304,081	-	304,081
Total expenses	1,204,027	-	1,204,027	558,202	-	558,202
OTHER INCOME (EXPENSE):						
Tournament reimbursement	-	-	-	100,571	-	100,571
Paycheck Protection Program loan forgiveness	-	-	-	99,700	-	99,700
Miscellaneous revenue	13,852	-	13,852	426	-	426
Interest income	108	-	108	409	-	409
Total other income	13,960	-	13,960	201,106	-	201,106
CHANGES IN NET ASSETS	(121,037)	23,500	(97,537)	195,389	-	195,389
NET ASSETS, beginning of year	266,227	-	266,227	70,838	-	70,838
NET ASSETS, end of year	\$ 145,190	\$ 23,500	\$ 168,690	\$ 266,227	\$ -	\$ 266,227

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

USA BADMINTON
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Program activities	Supporting activities/ Management and general	Total	Program activities	Supporting activities/ Management and general	Total
Salaries and wages	\$ 125,167	\$ 195,774	\$ 320,941	\$ 88,004	\$ 138,224	\$ 226,228
Professional fees	-	91,990	91,990	-	76,201	76,201
Travel	47,383	74,111	121,494	24,621	38,671	63,292
Coaching department	34,248	-	34,248	39,674	-	39,674
Tournament expenses	491,572	-	491,572	74,752	-	74,752
Payroll taxes	9,727	15,214	24,941	7,097	11,147	18,244
Insurance	1,516	2,370	3,886	4,809	7,553	12,362
Employee benefits	4,152	6,495	10,647	3,656	5,743	9,399
Other operating	21,715	33,965	55,680	7,887	12,388	20,275
Bank and merchant	11,080	17,331	28,411	2,912	4,573	7,485
Rent and lease	-	962	962	-	4,995	4,995
Depreciation	-	3,124	3,124	-	3,124	3,124
Office expenses	-	6,920	6,920	-	1,462	1,462
BWF expenses	-	-	-	676	-	676
Advertising	9,211	-	9,211	33	-	33
	<u>\$ 755,771</u>	<u>\$ 448,256</u>	<u>\$ 1,204,027</u>	<u>\$ 254,121</u>	<u>\$ 304,081</u>	<u>\$ 558,202</u>

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

USA BADMINTON
STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2022	2021
CASH-FLOWS PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES:		
Changes in net assets	\$ (97,537)	\$ 195,389
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	3,124	3,124
Paycheck protection program loan	-	(51,000)
Changes in operating assets:		
Accounts receivable	(1,623)	3,520
Prepaid expenses	(2,294)	(2,636)
Security Deposit	(500)	-
Changes in operating liabilities:		
Accounts payable	(36)	(10,795)
Accrued liabilities	88,027	7,213
Deferred revenue	94,852	33,664
Accrued pass-through host fees	(34,580)	5,033
Net Cash Provided by Operating Activities	<u>49,433</u>	<u>183,512</u>
<u>INVESTING ACTIVITIES:</u>		
Property and equipment purchases	(10,369)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	39,064	183,512
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>351,542</u>	<u>168,030</u>
End of year	<u>\$ 390,606</u>	<u>\$ 351,542</u>

USA BADMINTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 - NATURE OF ACTIVITIES:

USA Badminton (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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:

The financial statements are prepared on the accrual basis of accounting.

Adoption of New Accounting Standards:

In July 2020, the Financial Accounting Standards Board (FASB) issued an accounting standard update (ASU) 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, intended to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. This ASU requires organizations to present contributed nonfinancial assets as a separate line item in the statements of activities and changes in net assets apart from contributions of cash or other financial assets. Additional disclosure is required regarding the valuation techniques used, as well as any donor restrictions for the contributed nonfinancial assets. The Organization adopted this ASU on January 1, 2022.

Financial Statement Presentation:

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the Organization.

Net Assets With Donor Restrictions - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other purposes specified by the donor. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets.

USA BADMINTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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 \$9,719 and \$75,275 at December 31, 2022 and 2021, respectively.

Accounts Receivable:

Accounts receivable are stated at the amount the Organization expects to collect from balances outstanding at year-end, based on the Organization's experience with individuals and entities having outstanding balances. An allowance for doubtful accounts was not deemed necessary as of December 31, 2022 and 2021.

Property and Equipment:

Property and equipment consist 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 ten 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.

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
DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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.

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 statements of activities and changes in net assets as satisfied program restrictions.

Donated Goods and Services:

The Organization received donated goods and services from various supporters. Donated goods and services recorded in the Organization's financial statements is \$19,149 for the year ended December 31, 2022. There were no such donated goods and services for the year ended December 31, 2021. See footnote 9 for further disclosure.

The Organization receives a substantial amount of donated services from volunteers in carrying out its programs. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under generally accepted accounting principles.

Advertising:

The Organization expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2022 and 2021 was \$9,211 and \$33, respectively.

USA BADMINTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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, 2022 and 2021. 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 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.

Functional Allocation of Expenses:

The costs of providing the various programs and other activities of the Organization have been presented by natural classification and on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services in proportion to the benefits received. Salaries and wages, employee benefits, payroll taxes, travel, insurance, bank and merchant fees, and other operating expenses are allocated based on an estimate of time and effort between program and supporting services.

Use of Estimates in Preparation of Financial Statements:

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 differ from those estimates.

Reclassifications:

Certain amounts have been reclassified in the 2022 financial statements to conform to the 2021 presentation. This has no effect on the change in net assets.

Subsequent Events:

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 16, 2023, the date that the financial statements were available to be issued.

USA BADMINTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 3 - AVAILABLE RESOURCES AND LIQUIDITY:

The following represents the Organization's financial assets, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions. Amounts available include donor-restricted amounts that are available for general expenditure in the following year.

	December 31,	
	2022	2021
Financial assets at year end:		
Cash	\$ 390,606	\$ 351,542
Accounts receivable, net	1,623	-
Total financial assets	<u>392,229</u>	<u>351,542</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>(23,500)</u>	-
Financial assets available within one year:	<u>\$ 368,729</u>	<u>\$ 351,542</u>

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.

NOTE 4 - PROPERTY AND EQUIPMENT:

Property and equipment consist of the following:

	December 31,	
	2022	2021
Office furniture and equipment	\$ 25,987	\$ 15,619
Perpetual trophies	34,336	34,336
Subtotal	60,323	49,955
Less: accumulated depreciation	46,417	43,294
Total property and equipment, net	<u>\$ 13,906</u>	<u>\$ 6,661</u>

Depreciation expense was \$3,124 for the years ended December 31, 2022 and 2021.

USA BADMINTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 5 - DEFERRED REVENUE:

Deferred revenue consists of the following:

	December 31,		
	2022	2021	2020
Lifetime memberships	\$ 4,002	\$ 4,802	\$ 5,861
Regular dues	52,327	41,570	21,097
Event	84,895	-	13,117
Subtotal	141,224	46,372	40,075
Less: Lifetime memberships - long-term	3,202	3,886	4,802
Total deferred revenue - current	<u>\$ 138,022</u>	<u>\$ 42,486</u>	<u>\$ 35,273</u>

NOTE 6 - RELATED PARTY TRANSACTIONS:

The United States Olympic and Paralympic Committee (USOPC) provides support to the Organization through grants for sports development, international competition, and team preparation. During the years ended December 31, 2022 and 2021, the Organization received \$127,821 and \$145,962 in grants from the USOPC, respectively. In addition, the Organization leased office space in Colorado Springs, Colorado from the USOPC during the year ended December 31, 2022. Rent expense paid to the USOPC during the year ended December 31, 2022 was \$962. There were no such expenses paid to USOPC for rent during the year ended December 31, 2021.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS:

The following net assets with donor restrictions are available for the following purpose:

	December 31,	
	2022	2021
Coaching and technical officials 2023/2024	<u>\$ 23,500</u>	<u>\$ -</u>

NOTE 8 - 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.

USA BADMINTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 9 - DONATED GOODS AND SERVICES:

The Organization received in-kind contributions of services that are related to program operations. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated goods are recorded at their estimated fair value at the date of donation and are reflected as in-kind contributions in the accompanying financial statements. The value of donated goods, services, and space received or used by the Organization is reflected in the financial statements as revenues and expenses, as follows:

	December 31,	
	2022	2021
Equipment	\$ 8,640	\$ -
Lodging	10,509	-
	<u>\$ 19,149</u>	<u>\$ -</u>

All donated goods were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and assets.

NOTE 10 - SIGNIFICANT RISKS AND UNCERTAINTIES:

The Organization is a defendant in a lawsuit with a vendor for breach of contract and collections. The trial is scheduled to commence in January 2025. In respect to the litigation mentioned, the Organization's outside counsel advised that, at this stage of the proceedings, it is premature at this time to give any estimate regarding a potential judgement in this matter.

NOTE 11 - PAYCHECK PROTECTION PROGRAM LOAN FORGIVENESS:

In June 2020 and March 2021, the Organization acquired two loans pursuant to the Paycheck 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 SBA reserves the right to audit loan forgiveness for six years from the date that forgiveness was awarded.