

# USA Climbing and USA Climbing Foundation

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**CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**  
*For the Year Ended December 31, 2022*



# USA CLIMBING AND USA CLIMBING FOUNDATION

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## **Independent Auditor's Report**

To the Board of Directors  
**USA Climbing and USA Climbing Foundation**

### ***Opinion***

We have audited the accompanying consolidated financial statements of **USA Climbing and USA Climbing Foundation** (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2022 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of **USA Climbing and USA Climbing Foundation** as of December 31, 2022, and the results of its operations 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 Consolidated Financial Statements section of our report. We are required to be independent of **USA Climbing and USA Climbing Foundation** 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 Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **USA Climbing and USA Climbing Foundation's** ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated 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, 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 consolidated 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 consolidated 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 consolidated 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 Climbing and USA Climbing Foundation'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **USA Climbing and USA Climbing Foundation'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 cursive script that reads "Lawson Company P.C.".

Salt Lake City, Utah  
June 30, 2023

# USA CLIMBING AND USA CLIMBING FOUNDATION

Consolidated Statement of Financial Position

As of December 31, 2022

## ASSETS

### **Current assets:**

Cash and cash equivalents	\$ 1,662,561
Accounts receivable	167,937
Prepaid expenses and other assets	112,443

**Total current assets** 1,942,941

### **Other assets:**

Property and equipment, net	270,501
Right-of-use asset - finance	222,937

**Total assets** \$ 2,436,379

## LIABILITIES AND NET ASSETS

### **Current liabilities:**

Accounts payable	\$ 65,117
Credit cards payable	23,988
Accrued payroll and related liabilities	110,424
Deferred revenue	1,329,109
Accrued expense	15,180
Lease liability - finance, current	41,267

**Total current liabilities** 1,585,085

### **Long-term liabilities:**

Lease liability - finance, long-term	152,817
EIDL loan	500,000

**Total liabilities** 2,237,902

### **Net assets:**

Without donor restriction	165,377
With donor restriction	33,100

**Total net assets** 198,477

**Total liabilities and net assets** \$ 2,436,379

The accompanying notes to the consolidated financial statements are an integral part of these statements

# USA CLIMBING AND USA CLIMBING FOUNDATION

Consolidated Statement of Activities  
For the Year Ended December 31, 2022

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<b>Change in net assets:</b>			
<b>Public support and revenue:</b>			
Entry fees	\$ 2,635,913	\$ -	\$ 2,635,913
Sponsorship	1,486,759	-	1,486,759
Membership dues	1,038,546	-	1,038,546
Contributions	217,907	13,100	231,007
Contributions in-kind	233,688	-	233,688
Merchandise sales, net	30,771	-	30,771
Other income	60,699	-	60,699
Grants	1,113,909	20,000	1,133,909
Investment income	540	-	540
<b>Total public support and revenue</b>	<u>6,818,732</u>	<u>33,100</u>	<u>6,851,832</u>
<b>Satisfaction of restrictions</b>	<u>267,630</u>	<u>(267,630)</u>	<u>-</u>
<b>Total public support, revenue   and satisfaction of restrictions</b>	<u>7,086,362</u>	<u>(234,530)</u>	<u>6,851,832</u>
<b>Functional expenses:</b>			
Program services	5,764,461	-	5,764,461
Management and general	1,017,611	-	1,017,611
Supporting services	60,063	-	60,063
<b>Total functional expenses</b>	<u>6,842,135</u>	<u>-</u>	<u>6,842,135</u>
<b>Total change in net assets</b>	244,227	(234,530)	9,697
Net assets, beginning of year	<u>(78,850)</u>	<u>267,630</u>	<u>188,780</u>
<b>Net assets, end of year</b>	<u>\$ 165,377</u>	<u>\$ 33,100</u>	<u>\$ 198,477</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements

## USA CLIMBING AND USA CLIMBING FOUNDATION

Consolidated Statement of Functional Expenses

For the Year Ended December 31, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
Salaries and wages	\$ 926,901	\$ 333,703	\$ 31,392	\$ 1,291,996
Payroll taxes	71,027	25,571	2,406	99,004
Retirement plan	10,360	4,621	703	15,684
Employee benefits	71,280	25,662	2,414	99,356
Payroll processing	-	8,246	-	8,246
Total personnel costs	1,079,568	397,803	36,915	1,514,286
Administration	249,893	117,803	-	367,696
Bank fees	120	77,755	2,428	80,303
Computers and telephone	3,534	90,991	8,582	103,107
Contract labor	379,702	10,210	-	389,912
Insurance	28,849	116,804	-	145,653
International expenses	43,006	-	-	43,006
Office supplies and postage	256	8,319	158	8,733
Online registration service fees	170,395	-	-	170,395
Professional fees	61,833	17,697	8,020	87,550
Promotion	384,086	16,307	-	400,393
Rent	100,244	50,270	-	150,514
Shipping	65,621	3,509	-	69,130
Travel	948,615	82,537	-	1,031,152
Venue	2,160,696	-	3,776	2,164,472
Venue supplies	60,356	-	-	60,356
Total expenses before depreciation	5,736,774	990,005	59,879	6,786,658
Percentage of expenses before depreciation	85%	15%	1%	100%
Depreciation and amortization	27,687	27,606	184	55,477
Total expenses	<u>\$ 5,764,461</u>	<u>\$ 1,017,611</u>	<u>\$ 60,063</u>	<u>\$ 6,842,135</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements

# USA CLIMBING AND USA CLIMBING FOUNDATION

Consolidated Statement of Cash Flows  
For the Year Ended December 31, 2022

<b>Cash flows from operating activities:</b>	
Change in net assets	\$ 9,697
<b>Adjustments to reconcile change in net assets to net cash flows from operating activities:</b>	
Depreciation and amortization	55,477
Contributions in-kind	(233,688)
Expenses in-kind	233,688
Interest and amortization expense on finance lease obligations	12,414
<b>(Increase) decrease in assets:</b>	
Accounts receivable	42,320
Prepaid expenses	(68,831)
Employee retention credit receivable	267,630
Accrued income	28,955
<b>Increase (decrease) in liabilities:</b>	
Accounts payable	(46,809)
Credit cards payable	19,377
Accrued payroll and related liabilities	47,213
Accrued expenses	15,180
Deferred revenue	332,183
<b>Net cash flows from operating activities</b>	<u>714,806</u>
<b>Cash flows from investing activities:</b>	
Purchases of property and equipment	(37,583)
Payments made on finance lease obligations	(41,267)
<b>Net cash flows from investing activities</b>	<u>(78,850)</u>
<b>Cash flows from financing activities</b>	
EIDL loan proceeds	350,000
<b>Net cash flows from financing activities</b>	<u>350,000</u>
<b>Net change in cash and cash equivalents</b>	985,956
Cash and cash equivalents, beginning of year	676,605
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,662,561</u>
<b>Supplemental disclosure of non-cash investing and financing activity:</b>	
Finance lease obligation and right-of-use asset recorded	\$ 232,165
<b>Supplemental disclosure of cash flow activities:</b>	
Cash paid during the year for interest	\$ 1,146

The accompanying notes to the consolidated financial statements are an integral part of these statements



# USA CLIMBING AND USA CLIMBING FOUNDATION

Notes to the Financial Statements  
For the Year Ended December 31, 2022

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Nature of Operations

**USA Climbing and USA Climbing Foundation** (collectively the “Organization”) are non-profit corporations licensed pursuant to the laws of the State of Utah. The Organization operates for charitable and educational purposes to foster national and international sports competition in the sport of competition climbing. The Organization operates consistent with and maintains a tax-exempt status in accordance with section 501(c)(3) of the Internal Revenue Service. The mission of the Organization is to promote the growth and success of the sport of competition climbing in the United States while supporting the well-being of participants and generating sustained competitive excellence for United States athletes in international competition. The USA Climbing Foundation is the philanthropic arm of the Organization and endeavors to provide support for USA Climbing.

The United States Olympic and Paralympic Committee has approved USA Climbing as the National Governing Body for the sport of Sport Climbing in the United States. The Organization is headquartered in Salt Lake City Utah.

### Principles of Consolidation

The consolidated financial statements include the accounts and operations of USA Climbing and USA Climbing Foundation, which are affiliated by virtue of economic interest and common control. All intercompany balances and transactions have been eliminated upon consolidation.

### Basis of Presentation

The Organization prepares its financial statements on the accrual basis of accounting and follows accounting principles generally accepted in the United States for nonprofit organizations and reports information regarding its financial position and activities according to two classes of net assets, with donor restrictions and without donor restrictions, based upon the following criteria:

**Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the Board of Directors.

**Net Assets With Donor Restrictions** – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where-by the donor has stipulated the funds be maintained in perpetuity.

# USA CLIMBING AND USA CLIMBING FOUNDATION

Notes to the Financial Statements  
For the Year Ended December 31, 2022

## 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Adoption of New Accounting Standards**

In March of 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standard Update (“ASU”) 2016-02, *Leases*, which requires all leases that have a term of more than 12 months to be recognized as assets and liabilities on the balance sheet at inception. A lessee would recognize a lease liability to make lease payments owed to a lessor (liability) and a benefit for the right to use the leased asset (asset) for the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee would depend on whether the lessee is expected to consume more than an insignificant portion of the economic benefits embedded in the underlying asset. This new guidance is effective for fiscal years beginning after December 15, 2021. The Company elected certain practical expedients permitted under the transition guidance, including to retain the historical lease classification, relief from reviewing expired or existing contracts to determine if they contain leases, and relief from reviewing previous initial direct costs.

In September of 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure requirements. The amendments in this update require organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. Additionally, organizations are required to enhance disclosures by disaggregating the amount of nonfinancial assets recognized within the statement of activities by type of contributed nonfinancial asset and providing additional qualitative information for each disaggregated category. This new guidance is effective for fiscal years beginning after June 15, 2021. The Organization has adopted this standard for the year ended December 31, 2022 and has applied the guidance retrospectively.

### **Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Cash and Cash Equivalents**

The Organization considers all demand deposit and savings accounts and highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

# USA CLIMBING AND USA CLIMBING FOUNDATION

Notes to the Financial Statements  
For the Year Ended December 31, 2022

## 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Concentrations**

The Organization maintains its cash and cash equivalents in financial institution accounts, which may, at times, exceed the federally insured limit. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash held in such institutions.

### **Accounts Receivable**

Accounts receivable and promises to give are recorded at their estimated fair value less an appropriate allowance for uncollectible amounts. Allowances are based on historical experience and management's analysis of specific balances. Promises to give due later than one year are recorded at the present value of estimated future cash flows. The discounts on those amounts, when applicable, are computed using various rates applicable to the years in which promises are received. Discounts are amortized between the date the promise to give is recognized and the date the cash or other contributed assets are received.

### **Property and Equipment**

Property and equipment are stated at cost. Repairs and maintenance are expensed as incurred, whereas major improvements are capitalized. If donated, property and equipment are recorded at the approximate fair value on the date of donation. The Organization's capitalization policy is to capitalize property and equipment with a cost or donated fair value equal to or greater than \$1,000.

Depreciation of property and equipment is computed using the straight-line method based on the estimated useful lives of the assets as follows:

<b><u>Assets</u></b>	<b><u>Useful Lives</u></b>
Climbing wall	10 years
Office equipment	5 years
Office furniture	7 years
Leasehold improvements	3 years
Intangible	15 years

### **Long-Lived Assets**

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. No impairment charges were recorded during the year ended December 31, 2022.

# USA CLIMBING AND USA CLIMBING FOUNDATION

Notes to the Financial Statements  
For the Year Ended December 31, 2022

## 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Revenue Recognition**

Sponsorship revenue, membership dues, and entry fees are recognized when services are provided, which can be a point in time or over a period of time. Revenue is reported at the amount of consideration which the Organization expects to be entitled in exchange for providing the auxiliary services.

During the year ended December 31, 2022, the Organization entered into sponsorship contracts which require that the Organization fulfill certain performance obligations over the term of the contract. Amounts received in excess of earned income for sponsorships, memberships, and entry fees have been recognized as deferred revenue on the Consolidated Statement of Financial Position.

### **Grant Revenue**

Support funded by grants is recognized as the Organization meets the conditions prescribed by the grant agreement, performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

### **Contributions**

Contributions from various sources are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

<b><u>Nature of Gift</u></b>	<b><u>Value Recognized</u></b>
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, i.e., the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

# USA CLIMBING AND USA CLIMBING FOUNDATION

Notes to the Financial Statements  
For the Year Ended December 31, 2022

## 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Contributions (Continued)**

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are met in the fiscal year in which the contributions are recognized.

### **In-Kind Donations**

In-kind donations of property, equipment, supplies and other goods and services are recorded as support at the estimated fair value on the date of gift. These donations are recorded as support without donor restrictions unless they have been restricted for a specific time or purpose in which case they are recorded as support with donor restrictions. When the time or purpose restriction is met they are released and reported as satisfactions of restrictions. For the year ended December 31, 2022, the Organization received donated goods of \$125,132, which was used primarily in programs.

If the Organization is the recipient of donated services that create or enhance non-financial assets, require specialized skills, are provided by individuals possessing those skills and would need to be purchased if not provided by volunteers, the services are recorded at their fair value in the year they are performed. For the year ended December 31, 2022, the Organization received donated services of \$32,148, which was used primarily in programs.

Many individuals volunteer their time and effort in support of the Organization's programs. The value of these donated services is not recorded in the financial statements as the services do not meet the criteria for recognition as in-kind contributions under U.S. generally accepted accounting principles as described above.

### **Functional Allocation of Expenses**

The costs of programs and supporting services have been summarized on a functional basis in the statement of activities. Likewise, the statements of functional expense present the natural classification detail of expenses by function. All direct costs are charged to the applicable functional area. Indirect costs are charged to programs and supporting services based on estimates made by management, taking into account the nature of the expense and how it relates to the functional area. General and management costs include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

# USA CLIMBING AND USA CLIMBING FOUNDATION

Notes to the Financial Statements  
For the Year Ended December 31, 2022

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code on the excess of revenue over expenses generated in the normal course of business. Contributions to the Organization qualify for the charitable contribution deduction under Section 170(b)(1)(A). Activities considered to be unrelated to the normal exempt purposes of the Organization are taxable as "unrelated business income." No tax is expected to be due for the year ending December 31, 2022, this tax filing for 2022 has not yet been filed.

ASC Topic 740, *Income Taxes*, provides guidance on how uncertain tax positions should be recognized, measured, disclosed, and presented in the financial statements. This requires the evaluation by management of tax positions taken or expected to be taken in preparation of the Organization's tax returns to determine if the positions are more-likely-than-not of being sustained if examined by the taxing authorities. Management has determined there are no uncertain income tax positions. Generally, tax years remain subject to examination for three years from the date filed.

## 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 1,662,561
Accounts receivable	<u>167,937</u>
<b>Total financial assets</b>	1,830,498
Less: amounts required to meet donor restrictions	<u>(33,100)</u>
<b>Financial assets available to meet general expenditures within one year</b>	<u>\$ 1,797,398</u>

The Organization's net assets with donor restrictions of \$33,100 as of December 31, 2022, are restricted based on time and purpose and are expected to be received and available for use within one year.

## 3. RETIREMENT PLAN

The Organization offers a SIMPLE IRA plan to all eligible employees. Each participant may elect to contribute up to the maximum limit by federal law. The Organization matches up to 100% of full-time employee contributions up to a maximum of 3% of the employee's salary and bonus compensation. Employer contributions totaled \$15,684 for the year ended December 31, 2022.

# USA CLIMBING AND USA CLIMBING FOUNDATION

Notes to the Financial Statements  
For the Year Ended December 31, 2022

## 4. PROPERTY AND EQUIPMENT, NET

Property and equipment as of December 31, 2022 consisted of the following:

Climbing equipment	\$	229,456
Climbing wall		174,950
Office equipment		27,143
Office furniture		11,838
Intangible		5,252
Leasehold improvements		<u>1,786</u>
<b>Total cost of property and equipment</b>		450,425
Accumulated depreciation		<u>(179,924)</u>
<b>Total property and equipment, net</b>	\$	<u><u>270,501</u></u>

Depreciation expense was \$46,249 for the year ended December 31, 2022.

## 5. EIDL LOAN PAYABLE

In April 2020, the Organization applied for government assistance under the Economic Injury Disaster Loan (“EIDL”) program established as part of the CARES Act. The loan program is available to businesses experiencing negative economic impacts due to COVID-19. EIDL applicants can receive an immediate advance of up to \$10,000 in the form of a government grant that is not a loan. The Organization received a \$10,000 advance in April 2020 and an EIDL of \$150,000 on June 10, 2020. The Organization received an additional \$350,000 in April of 2022. The loan is payable over 30 years at an interest rate of 2.75%. Payments of \$641 per month are due starting 24 months from the loan date. The amended payments after the \$350,000 addition are \$2,173 per month starting December 2022. All assets of the Organization are pledged as collateral.

## 6. RENTAL AGREEMENTS

The Organization rents office and warehouse space in Salt Lake City, Utah, under 12-month short-term leases expiring May 1, 2023. These short-term leases will continue on a month-to-month basis upon the expiration of the initial lease term. Future minimum rent payments during 2023 required under these agreements as of December 31, 2022 are \$50,000. Rent expense for office and warehouse space was \$163,015 for the year ended December 31, 2022

# USA CLIMBING AND USA CLIMBING FOUNDATION

Notes to the Financial Statements  
For the Year Ended December 31, 2022

## 7. FINANCE LEASES

The Organization leases certain equipment for various terms under long-term, non-cancelable finance lease agreements. The leases expire at various dates through 2025 and include bargain purchase options.

The Organization included in the determination of the finance right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised, if applicable.

The weighted-average discount rate is based on the discount rate implicit in the lease, or if the implicit rate is not readily determinable from the lease, then the Organization utilizes the risk-free rate over a similar time period to the contractual lease term.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

Total lease costs for the year ended December 31, 2022 were as follows:

Finance lease cost:

Interest expense	\$	3,657
Amortization of right-of-use assets		9,228

The future minimum lease payments required under finance lease obligations as of December 31, 2022, having initial or remaining non-cancelable lease terms in excess of one year are summarized as follows:

For the years ending December 31,

2023	\$	117,233
2024		80,345
2025		2,190
Thereafter		-
<b>Total lease payments</b>		<u>199,768</u>
Less: present value discount		<u>(5,684)</u>
<b>Present value of lease liabilities</b>	\$	<u>194,084</u>

Other information for finance leases as of December 31, 2022 are as follows:

Right-of-use assets obtained in exchange for lease liabilities:

Finance leases	\$	232,165
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Weighted-average remaining lease term

Finance leases	2.9 years
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Weighted-average discount rate

Finance leases	3.25%
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# USA CLIMBING AND USA CLIMBING FOUNDATION

Notes to the Financial Statements  
For the Year Ended December 31, 2022

## 8. CONTRIBUTION OF NONFINANCIAL ASSETS

For the year ended December 31, 2022, in-kind contributions recognized within the statement of activities consisted of the following:

		<u>Utilization in programs or other activities</u>	<u>Donor restrictions</u>	<u>Valuation techniques and inputs</u>
Goods	\$ 125,132	Events and general operations	None	Goods are valued at the estimated fair value based on current rates for similar products.
Services	32,148	Events	None	Contributed services are valued at the estimated fair value based on current rates for similar services.
Lodging and travel	<u>76,408</u>	Events and general operations	None	Contributed facilities and travel costs are valued using rates for similar travel arrangements.
Total	<u>\$ 233,688</u>			

## 9. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Organization may be subject to various claims, actions, and complaints. In the opinion of management, the resolution of such matters will not have a material adverse effect on the Organization's financial position as of December 31, 2022.

Grants require the fulfillment of certain conditions as set forth in the instruments of the grant. Failure to fulfill the conditions could result in the grantors requiring the return of the funds or forfeiture of future cash receipts. Although the requirement to return funds is a possibility, the Organization deems the contingency remote because the Organization has met, and appears able to continue to meet, its obligations relating to the grants.

## 10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31, 2022.

Competition and training events, time and purpose	\$ 20,000
Education and grant program, time and purpose	<u>13,100</u>
<b>Total net assets with donor restrictions</b>	<u><u>\$ 33,100</u></u>

# USA CLIMBING AND USA CLIMBING FOUNDATION

Notes to the Financial Statements  
For the Year Ended December 31, 2022

## 11. RELATED PARTY TRANSACTIONS

For services provided to the Organization during the year ended December 31, 2022, the Organization paid \$32,250 to various board members, individuals affiliated with board members, employees, or entities in which board members have ownership. During the year ended December 31, 2022, the Organization paid various expenses for travel related to USA Climbing events/meetings and competition related expenses to athletes who are also board members.

## 12. SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through the date of the independent auditor's report, which is the date the financial statements were available to be issued. There were no items noted that would require additional disclosure or recognition in these financial statements.