

USA CLIMBING



CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

As of and for the Years Ended December 31, 2024 (as Restated) and 2023



USA CLIMBING

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Independent Auditor's Report

To the Board of Directors
USA Climbing

Opinion

We have audited the accompanying consolidated financial statements of **USA Climbing** (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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** as of December 31, 2024 and 2023, and the results of its operations 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 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 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.

Other Matters

In our report dated June 18, 2025, we expressed an unmodified opinion on the 2025 financial statements of **USA Climbing**. As described in Note 13, the entity has revised its 2025 financial statements and the previously issued financial statements for the year ended December 31, 2024 have been restated. Our opinion is not modified with respect to this matter.

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'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'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'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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

A handwritten signature in black ink that reads "Lassar & Company P.C." in a cursive, flowing script.

Salt Lake City, Utah
September 2, 2025

USA CLIMBING
Consolidated Statements of Financial Position
As of December 31, 2024 (as Restated) and 2023

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 16,217,746	\$ 15,545,862
Accounts receivable	183,805	273,588
Prepaid expenses and other assets	<u>102,532</u>	<u>338,783</u>
Total current assets	16,504,083	16,158,233
Other assets:		
Accounts receivable, less current portion	90,000	165,000
Property and equipment, net	304,063	277,401
Right-of-use asset - finance	<u>172,929</u>	<u>197,933</u>
Total assets	<u>\$ 17,071,075</u>	<u>\$ 16,798,567</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 172,540	\$ 568,557
Credit cards payable	9,579	1,698
Accrued payroll and related liabilities	67,982	51,410
Deferred revenue	1,356,062	1,401,707
Accrued expense	119,891	5,451
Lease liability - finance, current	1,689	40,821
Current portion of EIDL loan	<u>12,767</u>	<u>10,199</u>
Total current liabilities	1,740,510	2,079,843
Lease liability - finance, long-term	-	40,306
EIDL loan, less current portion	<u>477,034</u>	<u>489,801</u>
Total liabilities	<u>2,217,544</u>	<u>2,609,950</u>
Net assets:		
Without donor restriction	583,577	(514,633)
With donor restriction	<u>14,269,954</u>	<u>14,703,250</u>
Total net assets	<u>14,853,531</u>	<u>14,188,617</u>
Total liabilities and net assets	<u>\$ 17,071,075</u>	<u>\$ 16,798,567</u>

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

USA CLIMBING
Consolidated Statement of Activities
For the Year Ended December 31, 2024 (as Restated)

	Without Donor Restriction	With Donor Restriction	Total
Change in net assets:			
Public support and revenue:			
Entry fees	\$ 3,137,706	\$ -	\$ 3,137,706
Sponsorship	998,667	-	998,667
Membership dues	1,354,064	-	1,354,064
Contributions	346,868	3,000	349,868
Contributions in-kind	347,551	-	347,551
Merchandise sales, net	38,918	-	38,918
Other income	43,086	-	43,086
Grants	1,141,418	78	1,141,496
Investment income	720,182	-	720,182
Total public support and revenue	8,128,460	3,078	8,131,538
Satisfaction of restrictions	436,374	(436,374)	-
Total public support, revenue and satisfaction of restrictions	8,564,834	(433,296)	8,131,538
Functional expenses:			
Program services	6,158,618	-	6,158,618
Management and general	1,233,623	-	1,233,623
Fundraising	74,383	-	74,383
Total functional expenses	7,466,624	-	7,466,624
Total change in net assets	1,098,210	(433,296)	664,914
Net assets, beginning of year	(514,633)	14,703,250	14,188,617
Net assets, end of year	\$ 583,577	\$ 14,269,954	\$ 14,853,531

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

USA CLIMBING

Consolidated Statement of Activities
For the Year Ended December 31, 2023

	Without Donor Restriction	With Donor Restriction	Total
Change in net assets:			
Public support and revenue:			
Entry fees	\$ 2,863,131	\$ -	\$ 2,863,131
Sponsorship	1,131,453	-	1,131,453
Membership dues	1,208,092	-	1,208,092
Contributions	45,542	92,000	137,542
Contributions in-kind	195,536	-	195,536
Merchandise sales, net	25,774	-	25,774
Other income	52,784	-	52,784
Grants	1,069,880	14,386,250	15,456,130
Investment income	273,197	-	273,197
Total public support and revenue	6,865,389	14,478,250	21,343,639
Satisfaction of restrictions	153,100	(153,100)	-
Total public support, revenue and satisfaction of restrictions	7,018,489	14,325,150	21,343,639
Functional expenses:			
Program services	5,952,408	-	5,952,408
Management and general	1,128,841	-	1,128,841
Fundraising	617,250	-	617,250
Total functional expenses	7,698,499	-	7,698,499
Total change in net assets	(680,010)	14,325,150	13,645,140
Net assets, beginning of year	165,377	378,100	543,477
Net assets, end of year	<u>\$ (514,633)</u>	<u>\$ 14,703,250</u>	<u>\$ 14,188,617</u>

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

USA CLIMBING

Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2024 (as Restated)

	Program Services	Management and General	Fundraising	Totals
Salaries and wages	\$ 1,062,206	\$ 291,975	\$ 26,543	\$ 1,380,724
Payroll taxes	80,119	22,155	2,014	104,288
Retirement plan	16,940	4,447	404	21,791
Employee benefits	96,925	26,826	2,439	126,190
Payroll processing	-	9,506	-	9,506
Total personnel costs	1,256,190	354,909	31,400	1,642,499
Administration	233,664	276,488	-	510,152
Bad debt	-	16,850	-	16,850
Bank fees	5,392	94,799	-	100,191
IT	12,513	123,241	-	135,754
Contract labor	457,657	15,000	-	472,657
Insurance	43,376	134,006	-	177,382
International expenses	63,114	-	-	63,114
Office supplies and postage	473	6,262	-	6,735
Online registration service fees	219,737	-	-	219,737
Professional fees	167,968	58,173	42,500	268,641
Promotion	651,577	19,803	-	671,380
Rent	99,000	51,000	-	150,000
Shipping	47,979	6,891	-	54,870
Travel	853,670	54,149	-	907,819
Venue	1,868,288	3,129	-	1,871,417
Venue supplies	94,509	310	-	94,819
Total expenses before depreciation	6,075,107	1,215,010	73,900	7,364,017
Percentage of expenses before depreciation	82%	16%	1%	100%
Depreciation and amortization	83,511	18,613	483	102,607
Total expenses	\$ 6,158,618	\$ 1,233,623	\$ 74,383	\$ 7,466,624

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

USA CLIMBING
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2023

	Program Services	Management and General	Fundraising	Totals
Salaries and wages	\$ 996,662	\$ 332,393	\$ 29,962	\$ 1,359,017
Payroll taxes	75,846	25,217	2,273	103,336
Retirement plan	14,437	6,242	962	21,641
Employee benefits	83,656	29,553	2,664	115,873
Payroll processing	-	9,859	-	9,859
Total personnel costs	1,170,601	403,264	35,861	1,609,726
Administration	192,951	136,614	-	329,565
Bad debt	-	15,000	-	15,000
Bank fees	3,912	95,368	-	99,280
Computers and telephone	3,099	102,403	-	105,502
Contract labor	461,841	23,018	500,000	984,859
Insurance	33,873	137,162	-	171,035
International expenses	39,355	-	-	39,355
Office supplies and postage	1,019	6,853	-	7,872
Online registration service fees	182,115	-	-	182,115
Professional fees	95,281	62,262	81,000	238,543
Promotion	406,787	7,319	-	414,106
Rent	99,000	49,172	-	148,172
Shipping	58,973	1,802	-	60,775
Travel	1,120,549	73,079	-	1,193,628
Venue	1,892,528	2,016	-	1,894,544
Venue supplies	128,717	1,412	-	130,129
Total expenses before depreciation	5,890,601	1,116,744	616,861	7,624,206
Percentage of expenses before depreciation	77%	15%	8%	100%
Depreciation and amortization	61,807	12,097	389	74,293
Total expenses	<u>\$ 5,952,408</u>	<u>\$ 1,128,841</u>	<u>\$ 617,250</u>	<u>\$ 7,698,499</u>

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

USA CLIMBING

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2024 (as Restated) and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 664,914	\$ 13,645,140
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	102,607	74,293
Contributions in-kind	(347,551)	(195,536)
Expenses in-kind	347,551	195,536
Interest and amortization on finance lease obligations	908	4,276
Contributions restricted for long-term purposes	-	(14,575,000)
(Increase) decrease in assets:		
Accounts receivable	164,783	74,349
Prepaid expenses	236,251	(226,340)
Current portion of EIDL loan	-	-
Accrued income	-	-
Increase (decrease) in liabilities:		
Accounts payable	(396,017)	503,440
Credit cards payable	7,881	(22,290)
Accrued payroll and related liabilities	16,572	(59,014)
Accrued expenses	114,440	(9,729)
Deferred revenue	(45,645)	72,598
Net cash flows from operating activities	<u>866,694</u>	<u>(518,277)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(104,265)	(56,189)
Payments made on finance lease obligations	(80,346)	(117,233)
Net cash flows from investing activities	<u>(184,611)</u>	<u>(173,422)</u>
Cash flows from financing activities		
Collection of contributions for long-term purposes	-	14,575,000
EIDL loan repayment	(10,199)	-
Net cash flows from financing activities	<u>(10,199)</u>	<u>14,575,000</u>
Net change in cash and cash equivalents	<u>671,884</u>	<u>13,883,301</u>
Cash and cash equivalents, beginning of year	<u>15,545,862</u>	<u>1,662,561</u>
Cash and cash equivalents, end of year	<u><u>\$ 16,217,746</u></u>	<u><u>\$ 15,545,862</u></u>
Supplemental disclosure of cash flow activities:		
Cash paid during the year for interest	\$ 908	\$ 4,276

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

USA CLIMBING

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2024 (as Restated) and 2023

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Operations

USA Climbing is a non-profit corporation licensed pursuant to the laws of the State of Utah and operates for charitable and educational purposes to foster national and international sports competition in the sport of competition climbing. USA Climbing operates consistent with and maintains a tax-exempt status in accordance with section 501(c)(3) of the Internal Revenue Service. The mission of USA Climbing 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 a 501(c)(3) and the philanthropic arm of USA Climbing and endeavors to provide support for USA Climbing. USA Climbing National Training Center is a single member LLC whose sole member is USA Climbing. The LLC was created to construct and operate a new national training facility for 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, USA Climbing Foundation, and USA Climbing National Training Center LLC, (collectively the "Organization") 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

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2024 (as Restated) and 2023

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

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.

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 include promises to give and 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:

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

USA CLIMBING

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2024 (as Restated) and 2023

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

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 years ended December 31, 2024 and 2023.

Lease Agreements

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 determines if an arrangement is a lease at inception and begins recording lease activity at the commencement date, which is generally the date in which the Organization takes possession of or controls the physical use of the asset. Right-of-use ("ROU") assets and lease liabilities are recognized based on the present value of lease payments over the lease term. Operating lease expenses are recognized on a straight-line basis over the life of the lease and are typically recognized as lease or rent expense. Finance lease expenses are recognized as interest expense and amortization expense over the life of the lease.

The Organization includes 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.

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.

The Organization may enter 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 would be recognized as deferred revenue on the Consolidated Statement of Financial Position.

USA CLIMBING

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2024 (as Restated) and 2023

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

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:

<u>Nature of Gift</u>	<u>Value Recognized</u>
Conditional gifts, with or without restriction	
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
Unconditional gifts, with or without restriction	
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

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.

USA CLIMBING

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2024 (as Restated) and 2023

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

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.

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.

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 they pertain to. 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. The Organization allocates expenses either by time and effort or by square footage depending on the nature of the expense. 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.

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, 2024, this tax filing for 2024 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.

USA CLIMBING

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2024 (as Restated) and 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. Total changes in net assets were not affected by the reclassifications.

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:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 16,217,746	\$ 15,545,862
Accounts receivable	183,805	273,588
Total financial assets	16,401,551	15,819,450
Less: amounts required to meet donor restrictions	<u>(14,269,954)</u>	<u>(14,703,250)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,131,597</u>	<u>\$ 1,116,200</u>

The Organization's net assets with donor restrictions of **\$14,269,954** and \$14,703,250 as of December 31, 2024 and 2023, are restricted based on time and purpose as described in Note 11. As part of the Organization's liquidity management, the Organization invests its financial assets to be available as general expenditures, liabilities, and other obligations come due.

3. ACCOUNTS RECEIVABLE

Additional information related to the accounts receivable and promises to give as of December 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Amounts due in:		
Less than one year	\$ 183,805	\$ 273,588
One to five years	90,000	165,000
Total accounts receivable	<u>\$ 273,805</u>	<u>\$ 438,588</u>

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Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2024 (as Restated) and 2023

4. 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 **\$18,437** and \$21,640 for the years ending December 31, 2024 and 2023 respectively.

5. PROPERTY AND EQUIPMENT, NET

Property and equipment as of December 31, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
Climbing equipment	\$ 314,110	\$ 242,339
Climbing wall	174,950	174,950
Office equipment	37,330	31,349
Office furniture	11,838	11,838
Construction/design in progress	65,613	39,100
Intangible	5,252	5,252
Leasehold improvements	1,786	1,786
Total cost of property and equipment	610,879	506,614
Accumulated depreciation	<u>(306,816)</u>	<u>(229,213)</u>
Total property and equipment, net	<u>\$ 304,063</u>	<u>\$ 277,401</u>

Depreciation expense was **\$77,603** and \$49,289 for the years ended December 31, 2024 and 2023.

6. 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.

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For the Years Ended December 31, 2024 (as Restated) and 2023

6. EIDL LOAN PAYABLE (Continued)

Estimated maturities of the loan payable are as follows:

For the years ending December 31,

2025	\$	12,767
2026		13,122
2027		13,488
2028		13,863
2029		14,249
Thereafter		<u>422,312</u>
Total	\$	<u>489,801</u>

7. RENTAL AGREEMENTS

The Organization rents office and warehouse space in Salt Lake City, Utah, under 12-month short-term with an initial expiration of May 1, 2023. These short-term leases continued on a month-to-month basis upon the expiration of the initial lease term. Rent expense for office and warehouse space was **\$150,000** and \$148,172, respectively for the years ended December 31, 2024 and 2023.

8. 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.

Total lease costs for the years ended December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Finance lease cost:		
Interest expense	\$ 908	\$ 4,276
Amortization of right-of-use assets	25,004	25,004

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For the Years Ended December 31, 2024 (as Restated) and 2023

8. FINANCE LEASES (Continued)

The following table summarizes the supplemental cash flow information for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Financing cash flows used for finance leases	\$ 80,346	\$ 117,233
Right-of-use assets obtained in exchange for lease liabilities:		
Finance leases	\$ -	\$ -

The following summarizes the weighted-average remaining lease term and weighted-average discount rate as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Weighted-average remaining lease term		
Finance leases	0.3 years	1.9 years
Weighted-average discount rate		
Finance leases	6.45%	3.25%

The future minimum lease payments required under finance lease obligations as of December 31, 2024, having initial or remaining non-cancelable lease terms in excess of one year are summarized as follows:

For the years ending December 31,

2025	\$ 2,160
2026	-
Thereafter	-
Total lease payments	<u>2,160</u>
Less: present value discount	<u>(471)</u>
Present value of lease liabilities	<u><u>\$ 1,689</u></u>

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9. CONTRIBUTION OF NONFINANCIAL ASSETS

For the year ended December 31, 2024 and 2023, in-kind contributions recognized within the statement of activities consisted of the following:

	<u>2024</u>	<u>2023</u>	<u>Utilization in programs or other activities</u>	<u>Donor restrictions</u>	<u>Valuation techniques and inputs</u>
Goods	\$ 219,768	\$ 76,249	Events and general operations	None	Goods are valued at the estimated fair value based on current rates for similar products.
Services	123,811	90,055	Events	None	Contributed services are valued at the estimated fair value based on current rates for similar services.
Lodging and travel	3,972	29,232	Events and general operations	None	Contributed facilities and travel costs are valued using rates for similar travel arrangements.
Total	<u>\$ 347,551</u>	<u>\$ 195,536</u>			

10. 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, 2024.

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.

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
Capital campaign restrictions	\$ 14,039,954	\$ 14,386,250
Time restrictions	225,000	315,000
Competition and training events, time and purpose	5,000	2,000
Total net assets with donor restrictions	<u>\$ 14,269,954</u>	<u>\$ 14,703,250</u>

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12. RELATED PARTY TRANSACTIONS

For services provided to the Organization during the years ended December 31, 2024 and 2023, the Organization paid **\$168,824** and \$171,989, respectively, to various board members, individuals affiliated with board members, employees, or entities in which board members have ownership. During the years ended December 31, 2024 and 2023, the Organization paid various expenses for travel related to USA Climbing events/meetings and competition related expenses to athletes who are also board members.

13. RESTATEMENT

Subsequent to the issuance of the audited consolidated financial statements for the year ended December 31, 2024, it was determined that certain expenditures should be reclassified between program services, management and general, and fundraising. Such changes in the balances were restated as of and for the year ended December 31, 2024 within this report to reflect these changes. There was no impact to the statement of financial position of the Organization as a result of these changes.

The following table shows the impact of the restatement to the statement of activities:

	2024 (as Reported)	Adjustments	2024 (as Restated)
Change in net assets without donor restrictions:			
Functional expense:			
Program services	\$ 5,746,484	\$ 412,134	\$ 6,158,618
Management and general	1,228,063	5,560	1,233,623
Fundraising	492,077	(417,694)	74,383
Total functional expenses	<u>7,466,624</u>	<u>-</u>	<u>7,466,624</u>
Total change in net assets without donor restrictions	<u>1,098,210</u>	<u>-</u>	<u>1,098,210</u>
Total change in net assets	664,914	-	664,914
Net assets, beginning of year	<u>14,188,617</u>	<u>-</u>	<u>14,188,617</u>
Net assets, end of year	<u><u>\$ 14,853,531</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 14,853,531</u></u>

14. 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.