USA CLIMBING

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

As of and for the Years Ended December 31, 2025, and 2024

Larson
CERTIFIED PUBLIC ACCOUNTANTS

USA CLIMBING

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Larson
CERTIFIED PUBLIC ACCOUNTANTS

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 and its subsidiaries), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, 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** and its subsidiaries as of December 31, 2025 and 2024, and the changes in their net assets and 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.

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, which 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, which 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.

Larson & Company P.C.

Salt Lake City, Utah
June 17, 2026

USA CLIMBING

Consolidated Statements of Financial Position
As of December 31, 2025 and 2024

	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 14,808,034**	$ 16,217,746
Accounts receivable, net	**95,087**	183,805
Prepaid expenses and other assets	**86,352**	102,532
Total current assets	**14,989,473**	16,504,083
Other assets:		
Accounts receivable, net, less current portion	**275,000**	90,000
Property and equipment, net	**1,653,551**	304,063
Right-of-use asset - finance	**5,064**	172,929
Total assets	**$ 16,923,088**	$ 17,071,075
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	**$ 329,599**	$ 172,540
Credit cards payable	**11,213**	9,579
Accrued payroll and related liabilities	**83,757**	67,982
Deferred revenue	**824,091**	1,356,062
Accrued expense	**-**	119,891
Lease liability - finance, current	**-**	1,689
Current portion of EIDL loan	**13,122**	12,767
Total current liabilities	**1,261,782**	1,740,510
EIDL loan, less current portion	**463,913**	477,034
Total liabilities	**1,725,695**	2,217,544
Net assets:		
Without donor restriction	**1,480,558**	583,577
With donor restriction	**13,716,835**	14,269,954
Total net assets	**15,197,393**	14,853,531
Total liabilities and net assets	**$ 16,923,088**	$ 17,071,075

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, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Change in net assets:			
Public support and revenue:			
Entry fees	$ 3,004,232	$ -	$ 3,004,232
Sponsorship	1,037,652	-	1,037,652
Membership dues	1,384,979	-	1,384,979
Contributions	266,974	305,000	571,974
Contributions in-kind	946,270	-	946,270
Merchandise sales, net	33,163	-	33,163
Other income (loss)	(100,170)	-	(100,170)
Grants	955,990	15,500	971,490
Investment income	586,851	-	586,851
Total public support and revenue	8,115,941	320,500	8,436,441
Satisfaction of restrictions	873,619	(873,619)	-
Total public support, revenue and satisfaction of restrictions	8,989,560	(553,119)	8,436,441
Functional expenses:			
Program services	6,734,421	-	6,734,421
Management and general	1,167,538	-	1,167,538
Fundraising	190,620	-	190,620
Total functional expenses	8,092,579	-	8,092,579
Total change in net assets	896,981	(553,119)	343,862
Net assets, beginning of year	583,577	14,269,954	14,853,531
Net assets, end of year	$ 1,480,558	$ 13,716,835	$ 15,197,393

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

	Without Donor Restrictions	With Donor Restrictions	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	26,236	-	26,236
Grants	1,141,418	78	1,141,496
Investment income	720,182	-	720,182
Total public support and revenue	8,111,610	3,078	8,114,688
Satisfaction of restrictions	436,374	(436,374)	-
Total public support, revenue and satisfaction of restrictions	8,547,984	(433,296)	8,114,688
Functional expenses:			
Program services	6,158,618	-	6,158,618
Management and general	1,216,773	-	1,216,773
Fundraising	74,383	-	74,383
Total functional expenses	7,449,774	-	7,449,774
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 Functional Expenses
For the Year Ended December 31, 2025

	Program Services	Management and General	Fundraising	Totals
Salaries and wages	$ 1,159,775	$ 254,121	$ 137,435	$ 1,551,331
Payroll taxes	85,835	19,583	10,774	116,192
Retirement plan	18,633	3,808	2,989	25,430
Employee benefits	79,032	15,174	1,379	95,585
Payroll processing	-	11,266	-	11,266
Total personnel costs	1,343,275	303,952	152,577	1,799,804
Administration	617,715	32,274	223	650,212
Bank fees	277	92,234	-	92,511
IT	12,665	121,066	10,600	144,331
Contract labor	466,974	13,867	18,023	498,864
Insurance	43,966	165,612	-	209,578
International expenses	52,591	-	-	52,591
Office supplies and postage	1,045	9,179	-	10,224
Online registration service fees	253,939	-	-	253,939
Professional fees	111,172	99,503	313	210,988
Promotion	266,933	40,568	2,245	309,746
Rent	282,814	181,227	-	464,041
Shipping	55,129	2,352	-	57,481
Travel	1,115,297	71,623	6,068	1,192,988
Venue	1,839,218	4,872	-	1,844,090
Venue supplies	137,360	8,392	-	145,752
Total expenses before depreciation	6,600,370	1,146,721	190,049	7,937,140
Percentage of expenses before depreciation	83%	14%	2%	100%
Depreciation and amortization	134,051	20,817	571	155,439
Total expenses	$ 6,734,421	$ 1,167,538	$ 190,620	$ 8,092,579

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

	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	-	-	-	-
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	1,198,160	73,900	7,347,167
Percentage of expenses before depreciation	83%	16%	1%	100%
Depreciation and amortization	83,511	18,613	483	102,607
Total expenses	$ 6,158,618	$ 1,216,773	$ 74,383	$ 7,449,774

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, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	**$ 343,862**	$ 664,914
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	**155,439**	102,607
Contributions in-kind	**(563,342)**	(347,551)
Expenses in-kind	**563,342**	347,551
Interest and amortization on finance lease obligations	**501**	908
Bad debt expense	**60,318**	16,850
Loss on termination of right-of-use asset	**142,860**	-
(Increase) decrease in assets:		
Accounts receivable	**(156,600)**	147,933
Prepaid expenses	**16,180**	236,251
Increase (decrease) in liabilities:		
Accounts payable	**157,059**	(396,017)
Credit cards payable	**1,634**	7,881
Accrued payroll and related liabilities	**15,775**	16,572
Accrued expenses	**(119,891)**	114,440
Deferred revenue	**(531,971)**	(45,645)
Net cash flows from operating activities	**85,166**	866,694
Cash flows from investing activities:		
Purchases of property and equipment	**(1,479,922)**	(104,265)
Payments made on finance lease obligations	**(2,190)**	(80,346)
Net cash flows from investing activities	**(1,482,112)**	(184,611)
Cash flows from financing activities		
EIDL loan repayment	**(12,766)**	(10,199)
Net cash flows from financing activities	**(12,766)**	(10,199)
Net change in cash and cash equivalents	**(1,409,712)**	671,884
Cash and cash equivalents, beginning of year	**16,217,746**	15,545,862
Cash and cash equivalents, end of year	**$ 14,808,034**	$ 16,217,746
Supplemental disclosure of cash flow activities:		
Cash paid during the year for interest	**$ 29**	$ 908

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

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, whereby the donor has stipulated the funds be maintained in perpetuity.

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. Discounts on promises to give were not considered material for recognition in the financial statements for the years ended December 31, 2025 and 2024.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

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

Assets	Useful Lives
Climbing equipment	5-10 years
Climbing wall	10 years
Office equipment	5 years
Office furniture	7 years
Tenant improvements	15 years
Intangible assets	5-15 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 years ended December 31, 2025 and 2024.

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.

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.

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 income earned for sponsorships, memberships, and entry fees would be 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:

Nature of Gift	Value Recognized
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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions (Continued)

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 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.

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, considering 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.

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, 2025, this tax filing for 2025 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.

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:

	2025	2024
Cash and cash equivalents	**$ 14,808,034**	$ 16,217,746
Accounts receivable	**95,087**	183,805
Total financial assets	**14,903,121**	16,401,551
Less: amounts required to meet donor restrictions	**(13,716,835)**	(14,269,954)
Financial assets available to meet general expenditures within one year	**$ 1,186,286**	$ 2,131,597

The Organization's net assets with donor restrictions of **$13,716,835** and $14,269,954 as of December 31, 2025 and 2024, 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, 2025 and 2024 is as follows:

	2025	2024
Amounts due in:		
Less than one year	**$ 95,087**	$ 183,805
One to five years	**275,000**	90,000
Total accounts receivable	**$ 370,087**	$ 273,805

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 **$19,142** and $18,437 for the years ending December 31, 2025 and 2024 respectively.

5. PROPERTY AND EQUIPMENT, NET

Property and equipment as of December 31, 2025 and 2024 consisted of the following:

	2025	2024
Climbing equipment	**$ 350,619**	$ 314,110
Climbing wall	**525,438**	174,950
Office equipment	**40,624**	37,330
Office furniture	**11,838**	11,838
Tenant improvements	**535,116**	1,786
Construction in progress	**569,104**	65,613
Intangible assets	**64,675**	5,252
Total cost of property and equipment	**2,097,414**	610,879
Accumulated depreciation	**(443,863)**	(306,816)
Total property and equipment, net	**$ 1,653,551**	$ 304,063

Depreciation expense was **$137,047** and $77,603 for the years ended December 31, 2025 and 2024.

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.

Estimated maturities of the loan payable are as follows:

For the years ending December 31,		
2026	$	13,122
2027		13,488
2028		13,863
2029		14,249
2030		14,646
Thereafter		407,666
Total	$	477,034

7. RENTAL AGREEMENTS

The Organization rented office and warehouse space in Salt Lake City, Utah, under short-term lease arrangements with an initial expiration date of May 1, 2023. These leases continued on a month-to-month basis upon expiration of the initial term and were discontinued during the year ended December 31, 2025.

In April 2026, the Organization entered into a lease agreement at a discounted rate for office and warehouse space in Salt Lake City, Utah. The lease is for a three-year term with the option to renew the lease on a month-to-month basis at the end of the three-year term. The lease calls for rental payments of $1 annually. Given the terms of the lease, the Organization has not recognized a right-to-use asset or lease liability for this lease. However, the Organization has recognized an in-kind contribution for rent given the discounted rate.

Rent expense for office and warehouse space was **$464,041** and $150,000, respectively for the years ended December 31, 2025 and 2024.

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, 2025 and 2024 were as follows:

	2025	2024
Finance lease cost:		
Interest expense	**$ 29**	$ 908
Amortization of right-of-use assets	**25,004**	25,004

The following table summarizes the supplemental cash flow information for the years ended December 31, 2025 and 2024:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Financing cash flows used for finance leases	**$ 2,190**	$ 80,346

The following summarizes the weighted-average remaining lease term and weighted-average discount rate as of December 31, 2025 and 2024:

	2025	2024
Weighted-average remaining lease term		
Finance leases	**-**	0.3 years
Weighted-average discount rate		
Finance leases	**-**	6.45%

During the year ended December 31, 2025, the Organization satisfied the remaining obligations under its finance lease agreements. Upon settlement, the related lease liabilities were extinguished. The Organization evaluated the underlying leased assets and determined that one asset would no longer be utilized. Accordingly, the related right-of-use asset was derecognized, and a loss on termination of $142,860 was recognized in the other income (loss) line of the consolidated statement of activities.

The Organization retained the underlying asset associated with the remaining finance lease. As a result, the related right-of-use asset remains on the consolidated statement of financial position and continues to be amortized over its remaining estimated useful life.

9. CONTRIBUTION OF NONFINANCIAL ASSETS

For the year ended December 31, 2025 and 2024, in-kind contributions recognized within the statement of activities consisted of the following:

	2025	2024	Utilization in programs or other activities	Donor restrictions	Valuation techniques and inputs
Goods	**$ 372,869**	$ 219,768	Events and general operations	None	Goods are valued at the estimated fair value based on current rates for similar products.
Rent	**382,928**	-	Program services and management and general	None	Rent is valued at the esimated fair value based on current rates for similar space.
Services	**188,215**	123,811	Events	None	Contributed services are valued at the estimated fair value based on current rates for similar services.
Lodging and travel	**2,258**	3,972	Events and general operations	None	Contributed facilities and travel costs are valued using rates for similar travel arrangements.
Total	**$ 946,270**	$ 347,551			

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, 2025.

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, 2025 and 2024.

	2025	2024
Purpose restrictions:		
Capital campaign	**$ 13,184,835**	$ 14,039,954
Training Center operations	**100,000**	-
Competition and training events	**2,000**	5,000
Time restrictions	**430,000**	225,000
Total net assets with donor restrictions	**$ 13,716,835**	$ 14,269,954

12. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2025 and 2024, the Organization paid **$127,771** and $168,824 respectively, to various board members, individuals affiliated with board members, employees, or entities in which board members have ownership interests. The majority of these payments related to occupancy expenses.

13. RESTATEMENT

Subsequent to the issuance of the audited consolidated financial statements for the year ended December 31, 2024, management determined that certain expenditures should have been reclassified among program services, management and general, and fundraising expenses. As a result, the 2024 amounts were restated in a previously issued restated consolidated financial statements. The restatement had no impact on the Organization's previously reported change in net assets or net financial position. During the audit for the year ended December 31, 2025, there were minor reclassifications made to the December 31, 2024 financial statements to conform to the December 31, 2025 presentation. As such, the amounts presented below may no longer tie directly to the current year presentation.

13. RESTATEMENT (Continued)

The following table presents the impact of the previously identified restatement on the Organization's statement of activities for the year ended December 31, 2024:

	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	7,466,624	-	7,466,624
Total change in net assets without donor restrictions	1,098,210	-	1,098,210
Total change in net assets	664,914	-	664,914
Net assets, beginning of year	14,188,617	-	14,188,617
Net assets, end of year	$ 14,853,531	$ -	$ 14,853,531

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.