

**UNITED STATES ASSOCIATION OF
BLIND ATHLETES, INC.**

Financial Statements

For the Year Ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United States Association of
Blind Athletes, Inc.
Colorado Springs, Colorado

Opinion

We have audited the accompanying financial statements of United States Association of Blind Athletes, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United States Association of Blind Athletes, Inc. as of December 31, 2022, and the changes in its net assets 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 Financial Statements section of our report. We are required to be independent of United States Association of Blind Athletes, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United States Association of Blind Athlete, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United States Association of Blind Athlete, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United States Association of Blind Athlete, Inc.'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.

Report on Summarized Comparative Information

We have previously audited United States Association of Blind Athlete, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 30, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Waugh & Goodwin, LLP

Colorado Springs, Colorado
August 23, 2023

UNITED STATES ASSOCIATION OF BLIND ATHLETES, INC.
Statement of Financial Position
December 31, 2022
(With Comparative Amounts for 2021)

	<u>ASSETS</u>	
	<u>2022</u>	<u>2021</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 452,712	\$ 86,544
Accounts receivable	63,223	
Prepaid expenses	26,478	35,884
Deposits	<u>500</u>	<u>500</u>
Total current assets	542,913	122,928
LONG-TERM INVESTMENTS	382,176	564,144
PROPERTY AND EQUIPMENT:		
Athlete housing	502,225	502,225
Furniture and equipment	19,176	19,176
Athletic equipment	53,812	53,812
Teraflex floor	33,288	33,288
Less accumulated depreciation	<u>(182,154)</u>	<u>(159,569)</u>
Property and equipment - net	<u>426,347</u>	<u>448,932</u>
TOTAL ASSETS	<u>\$ 1,351,436</u>	<u>\$ 1,136,004</u>

<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 110,665	\$ 14,159
Payable to athletes	350	7,926
Accrued liabilities	62,506	58,001
Deferred revenue	20,000	20,000
Refundable advances	<u>5,000</u>	<u>5,000</u>
Total current liabilities	198,521	105,086
LONG-TERM NOTE PAYABLE	<u>350,000</u>	<u>149,259</u>
Total liabilities	548,521	254,345
NET ASSETS:		
Without donor restrictions	688,526	798,624
With donor restrictions	<u>114,389</u>	<u>83,035</u>
Total net assets	<u>802,915</u>	<u>881,659</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,351,436</u>	<u>\$ 1,136,004</u>

See Notes to Financial Statements

UNITED STATES ASSOCIATION OF BLIND ATHLETES, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2022
(With Comparative Amounts for 2021)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Totals</u>	<u>2021 Totals</u>
REVENUE:				
Contributions & bequests	\$ 568,803	\$	\$ 568,803	\$ 98,732
USOPC grants, including paralympic support	487,500		487,500	403,975
Grants		156,053	156,053	98,750
Corporate sponsorships	133,500		133,500	139,600
Event registrations	90,009		90,009	10,000
In-kind contributions	20,260		20,260	20,260
Membership dues	15,980		15,980	6,410
Other income	4,957		4,957	5,350
Interest & dividends	4,440		4,440	7,247
Merchandise sales, net	1,475		1,475	1,335
Realized & unrealized gains and (losses) on investments	(76,408)		(76,408)	116,539
PPP grants				170,472
Satisfied program restrictions	<u>124,699</u>	<u>(124,699)</u>	<u></u>	<u></u>
Total revenue	1,375,215	31,354	1,406,569	1,078,670
EXPENSES:				
Program services:				
Athlete events	338,116		338,116	118,001
HP Goalball	291,292		291,292	336,001
Marketing	167,230		167,230	160,779
Development	136,511		136,511	77,951
Grants	<u>101,025</u>		<u>101,025</u>	<u>89,724</u>
Total program services	1,034,174		1,034,174	782,456
Supporting services:				
General & administrative	367,686		367,686	343,041
Fundraising	<u>83,453</u>		<u>83,453</u>	<u>45,876</u>
Total supporting services	<u>451,139</u>		<u>451,139</u>	<u>388,917</u>
Total expenses	<u>1,485,313</u>		<u>1,485,313</u>	<u>1,171,373</u>
CHANGE IN NET ASSETS	(110,098)	31,354	(78,744)	(92,703)
NET ASSETS, beginning of year	<u>798,624</u>	<u>83,035</u>	<u>881,659</u>	<u>974,362</u>
NET ASSETS, end of year	<u>\$ 688,526</u>	<u>\$ 114,389</u>	<u>\$ 802,915</u>	<u>\$ 881,659</u>

See Notes to Financial Statements

UNITED STATES ASSOCIATION OF BLIND ATHLETES, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2022
(With Comparative Amounts for 2021)

						Supporting Services		2022 Total Expenses	2021 Total Expenses	
	Athlete Events	HP Goalball	Marketing	Development	Grants	Total Program Services	General & Administrative			Fundraising
Accounting	\$	\$	\$	\$ 4,580	\$	\$ 4,580	\$ 24,955	\$	\$ 29,535	\$ 29,363
Awards	3,500	1,204				4,704			4,704	124
Bank charges	77	50				127	12,742		12,869	8,343
Consultants/volunteers							80,122		80,122	42,325
Contract labor	25,494	60,269	57,775	21,546	14,948	180,032		13,518	193,550	96,845
Database management		306	7,636	833		8,775	28,717	699	38,191	9,797
Depreciation		267				267	22,318		22,585	22,028
Dues	780	8,669	499	8,403		18,351	3,114		21,465	32,248
Employee benefits	2,348	2,459	4,354	4,389	2,751	16,301	1,437	4,273	22,011	31,394
Equipment rental		475				475			475	
Insurance							21,911		21,911	32,833
Management fees	5,000					5,000			5,000	3,624
Merchandise							6,744		6,744	8,790
Miscellaneous	56,162	17,289	588	742		74,781	14,030		88,811	79,492
Officials										4,740
Payroll taxes	3,590	5,064	5,861	3,550	5,205	23,270	4,069	4,064	31,403	26,131
Postage	993	13		188	158	1,352	6,676		8,028	5,331
Printing & copying	3		554			557	956	3,058	4,571	3,974
Professional fees				24,000		24,000			24,000	18,000
Rent							26,818		26,818	26,804
Salaries	51,099	72,066	83,410	50,516	74,072	331,163	57,903	57,841	446,907	405,825
Seminars			500			500			500	1,935
Stipends										22,500
Supplies & equipment	14,762	8,973	4,304	50	406	28,495	6,913		35,408	33,626
Telephone			74			74	1,051		1,125	1,847
Travel	172,658	105,255	1,675	17,714	3,485	300,787	53,609		354,396	222,477
Uniforms	1,650					1,650			1,650	1,442
Utilities		8,933				8,933	345		9,278	8,325
Total expenses by natural classification	338,116	291,292	167,230	136,511	101,025	1,034,174	374,430	83,453	1,492,057	1,180,163
Less: cost of goods sold amount included with revenues in the statement of activities							(6,744)		(6,744)	(8,790)
Total expenses reported in the statement of activities	\$ 338,116	\$ 291,292	\$ 167,230	\$ 136,511	\$ 101,025	\$ 1,034,174	\$ 367,686	\$ 83,453	\$ 1,485,313	\$ 1,171,373

See Notes to Financial Statements

UNITED STATES ASSOCIATION OF BLIND ATHLETES, INC.

Statement of Cash Flows

December 31, 2022

(With Comparative Amounts for 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (78,744)	\$ (92,703)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	22,585	22,028
Net realized and unrealized (gains) and losses on investments	76,408	(116,539)
Decrease (increase) in assets:		
Accounts receivable	(63,223)	26,904
Contributions receivable		75,000
Prepaid expenses	9,406	(9,967)
Deposits		(500)
Increase (decrease) in liabilities:		
Accounts payable	96,506	(25,062)
Payable to athletes	(7,576)	3,045
Accrued liabilities	4,505	55,613
Refundable advances		(84,662)
Total adjustments	<u>138,611</u>	<u>(54,140)</u>
Net cash provided (used) by operating activities	59,867	(146,843)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in long-term investments, net	105,560	135,848
Acquisition of property & equipment		(117,943)
Net cash provided by investing activities	105,560	17,905
CASH FLOWS FROM FINANCING ACTIVITIES:		
Long-term note payable	<u>200,741</u>	<u>(641)</u>
Net cash provided (used) by financing activities	<u>200,741</u>	<u>(641)</u>
NET INCREASE (DECREASE) IN CASH	366,168	(129,579)
CASH AND CASH EQUIVALENTS, beginning of year	<u>86,544</u>	<u>216,123</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 452,712</u>	<u>\$ 86,544</u>

See Notes to Financial Statements

UNITED STATES ASSOCIATION OF BLIND ATHLETES, INC.

Notes to Financial Statements

For the Year Ended December 31, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The United States Association of Blind Athletes, Inc. (the Association) was the high-performance management organization for blind athletes. Effective December 30, 2021, the Association became the National Governing Body for blind athletes and the two paralympic team sports of goalball and blind soccer. The Association is responsible for the promotion and development of athletic competitions in the United States.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Income Tax

The Association qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income tax. Accordingly, no income tax provision has been recorded.

The Association's form 990, Return of Organization Exempt from Income Tax, is subject to examination by various taxing authorities, generally for three years after the date filed. Management of the Association believes that it does not have any uncertain tax positions that are material to the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consist of the Association's checking and savings accounts. In the unlikely event of a bank failure, the Corporation could suffer a loss to the extent its deposits exceed the respective bank insurance limits.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Supplemental Cash Flow Disclosures

The Association paid no interest or income taxes during the years ended December 31, 2022 and 2021.

Donated Assets, Property, and Equipment, and Services

In September 2020, FASB issued ASU 2020-7, Not-For-Profit Entities (Topic 958): *Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*. The most significant change is disclosure of Association details related to contributed goods and services. The Association adopted this ASU as of January 1, 2022.

The Association's policy related to donated assets is to utilize the assets given to carry out the mission of the Association. If an asset is provided that does not allow the Association to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset. The Association did not sell any donated assets received during the years ending December 31, 2022 and 2021.

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Association.

The Association also receives donated services from other contributors and volunteers that are not measurable, and therefore, are excluded from the financial statements.

Depreciation

Assets are recorded at cost and depreciated using the straight-line method over estimated useful lives of five to 10 years for furniture and equipment, and 30 years for buildings. Depreciation expense amounted to \$22,585 and \$22,028 for the years ended December 31, 2022 and 2021, respectively.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounts Receivable - continued

customers having outstanding balances and current relationships with them, it has concluded that an allowance for doubtful accounts at December 31, 2022 and 2021, is not necessary. Receivables from contracts with customers at the beginning and end of 2022 were \$0 and \$63,223, respectively.

Deferred Revenue

At December 31, 2022 and 2021, the Association recorded a contract liability of \$20,000, which represents deferred revenue from a contract with a customer. This deferred revenue represents the estimated fair market value of the services provided to a customer as part of a larger agreement. The revenue will be recognized once the Association fulfills their contracted performance obligations.

Contributions

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as satisfied program restrictions. Contributions and grants with donor restrictions are reported as support and revenue without donor restrictions if the restriction is met in the same year that the gift is received.

Contributions include United States Olympic & Paralympic Committee (USOPC) grants, and Small Business Administration loan forgiveness.

Revenue from Contracts with Customers

Athlete registrations - The Association receives revenue from sales related to various Association sanctioned events and challenges held for members. The revenue is recognized at the time of the event, which recognizes the completion of the Association's performance obligations.

Corporate sponsorships - The Association recognizes revenue from contracts with both sponsors and suppliers of the Association. Performance obligations in such contracts are

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue from Contracts with Customers - continued

satisfied as services are rendered, and therefore, the Association will recognize revenue over time. The Association has concluded that the performance obligations within these contracts are substantially the same in each year and are satisfied ratably over the term of the agreement.

Therefore, corporate sponsorship revenue from contracts with customers will be recognized on a straight-line basis over the term of the agreement.

Membership dues - Revenue from contracts with members for annual dues is reported at the amount that reflects the consideration to which the Association expects to be entitled in exchange for providing membership services to its members. Revenue is recognized as performance obligations are satisfied, which is ratably over the membership term. Membership dues are nonrefundable.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Association. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

Leases

The Association assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement are changed.

Under ASU 2016-02, the Association has made an accounting policy election to apply the short-term lease recognition exemption for all applicable classes of underlying assets. Leases with a term of 12 months or less that do not include an option to purchase the underlying asset, are not recorded on the balance sheet as ROU assets or lease liabilities. The Association has elected to expense the cost of the short-term leases on the straight-line basis in the accompanying Statements of Activities.

The Association adopted ASU 2016-02 effective January 1, 2022. Upon adoption the Association had only short-term leases with no effect on the statement of financial position.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through August 23, 2023, the date that the financial statements were available to be issued.

B. AVAILABLE RESOURCES AND LIQUIDITY

The Association's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Financial assets at year-end:

Cash and cash equivalents	\$ 452,712
Accounts receivable	63,223
Long-term investments	382,176
Less amounts with donor restrictions	<u>(42,742)</u>
Total financial assets available within one year	<u>\$ 855,369</u>

The Association strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements, if any, are invested in certificates of deposit, money market funds, and other short-term investments.

C. FAIR VALUE MEASUREMENTS

The Association applies Generally Accepted Accounting Principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

Notes to Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Association has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Assets at Fair Value as of December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities:				
Mutual funds	\$ 775	\$	\$	\$ 775
USOPE pooled investments	<u> </u>	<u>381,401</u>	<u> </u>	<u>381,401</u>
Total	<u>\$ 775</u>	<u>\$ 381,401</u>	<u>\$</u>	<u>\$ 382,176</u>

Assets at Fair Value as of December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities:				
Mutual funds	\$ 1,974	\$	\$	\$ 1,974
USOPE pooled investments	<u> </u>	<u>562,170</u>	<u> </u>	<u>562,170</u>
	<u>\$ 1,974</u>	<u>\$ 562,170</u>	<u>\$</u>	<u>\$ 564,144</u>

The Association has placed its investments in a pooled investment fund sponsored and managed by the United States Olympic and Paralympic Endowment (USOPE). The USOPE invests on behalf of the USOPC and various national sports organizations recognized by the USOPC.

Notes to Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

The manager allocation of the pooled investments held by the USOPE is as follows:

Alternative investments	34.47 %
Domestic equities	24.90
Domestic bonds	19.72
International equities	13.40
Cash and equivalents	<u>7.51</u>
	<u>100.00 %</u>

D. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2022:

	<u>2022</u>	<u>2021</u>
Time restrictions	\$ 71,647	\$ 69,083
US Soccer program	42,390	13,600
Copeland scholarship fund	<u>352</u>	<u>352</u>
	<u>\$ 114,389</u>	<u>\$ 83,035</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the year ended December 31, 2022, the following amounts were released from net assets with donor restrictions:

	<u>2022</u>	<u>2021</u>
Time restrictions	\$ 86,185	\$ 75,000
Other programs	22,000	26,072
US Soccer program	16,514	23,163
Time restrictions	<u>12,000</u>	<u>12,000</u>
	<u>\$ 124,699</u>	<u>\$ 136,235</u>

Notes to Financial Statements

E. RELATED PARTY TRANSACTIONS

The USOPC provided grants to the Association as follows:

	<u>2022</u>	<u>2021</u>
High Performance grants	\$ 307,000	\$ 328,975
NGB Services grant	<u>180,500</u>	<u>75,000</u>
	<u>\$ 487,500</u>	<u>\$ 403,975</u>

The Association is economically dependent on the funding it receives from the USOPC to maintain its goalball high performance program at the current level.

F. IN-KIND GOODS AND SERVICES

The fair value of donated goods and services included as contributions in the financial statements and the corresponding expense categories for the years ended December 31, 2022 and 2021, are as follows:

	<u>2022</u>	<u>2021</u>
Services:		
Occupancy-related services	<u>\$ 20,260</u>	<u>\$ 20,260</u>
Total in-kind goods and services	<u>\$ 20,260</u>	<u>\$ 20,260</u>

The Association occupies office space in the USOPC Sport Building at a discounted rental rate. Provided services and common area maintenance are provided in-kind by the USOPC.

Occupancy-related services include utilities, garbage, janitorial services, and plumbing services.

G. LEASES

Beginning September 1, 2016, the Association entered into a lease arrangement with the USOPC for 1,000 square feet of office space and 768 square feet of common space. The term of the lease is one year with annual renewals available.

The base rent is \$547 per month and other services are provided in-kind as described in Note F. The base rent expense for the years ending December 31, 2022 and 2021, was \$6,558 for each year.

Notes to Financial Statements

G. LEASES - Continued

The Association also agrees to pay the following operating expenses:

- IT services - \$96 per employee per month
- Copier - by usage at \$0.02 per black and white copy, \$0.09 per color copy
- Other incremental services to be billed at cost

Effective February 6, 2017, the Association entered into a memorandum of understanding with Turnstone Center for Children and Adults with Disabilities, Inc. (Turnstone) and Turnstone Fieldhouse, LLC for priority access to the gymnasium, designated training space, and adjacent storage area. The initial period is five years with an annual payment of \$1.00. The agreement includes an option of renewal for two additional terms of five years.

In this memorandum of understanding, the Association also entered into a land lease with Turnstone Properties, LLC (an Indiana limited liability company and wholly owned subsidiary of Turnstone). The term of the initial lease is five years for an annual rental amount of \$1.00.

The land lease provides for two additional five-year terms to be exercised by providing Turnstone with written notice at least 180 days prior to the expiration of the initial land lease term.

The leases with Turnstone are at below-market rates and therefore are excluded from the lease standard reporting.

H. REFUNDABLE ADVANCE

The Association receives, from time to time, advance payments on grants from other funding sources for programs to be held in future years. At December 31, 2022 and 2021, the Association had \$5,000 in other refundable advances each years.

I. NOTES PAYABLE

The Association has obtained a loan through the Small Business Association Economic Business Injury Disaster program in the amount of \$150,000. The loan has a maturity of 30 years and an interest rate of 2.75%.

Notes to Financial Statements

I. NOTES PAYABLE - Continued

On March 28, 2022, the U.S. Small Business Administration authorized an additional loan of \$200,000. The original note was amended to include this amount. All other terms remain the same and monthly payments of \$1,520 begin in 2023. The payments will be applied first to the outstanding interest. The final balloon payment is due September 21, 2050.

Future minimum payments under this note payable are as follows for years ending December 31:

2023	\$	
2024		1,565
2025		8,768
2026		9,013
2027		9,263
Thereafter		321,391

J. UNCERTAINTIES

The outbreak of a fast-spreading novel strain of coronavirus (COVID-19) has been recognized as a pandemic by the World Health Organization, and the outbreak has become increasingly widespread in the United States. The COVID-19 outbreak has had a notable impact on general economic conditions, including, but not limited to, the uncertainty in global financial markets, temporary closures of many businesses, suspension or cancelation of events, "shelter in place" and other governmental regulations, and job losses. The extent to which the COVID-19 outbreak will continue to affect the operations, collections or financial results of the Association is uncertain.

With the rising cost of inflation and potential recession, it is uncertain what effect these factors may have on operations of the Association in the coming year.