



2024 Audited Financial Statements

To the USA Rugby Community:

Accompanying this memorandum is the 2024 USA Rugby Financial Statement, as audited by our outside accounting and audit firm, Waugh & Goodwin LLP.

As anticipated, the 2024 year was both a financial and operational success for USA Rugby. We welcomed a new CEO and CFO. Community membership revenue increased over 2023. At the same time, a focus on expenses and cash management allowed the National Office to operate on a positive basis with respect to revenues and expenses in support of its Youth & High School, College and Club communities, and to support our High Performance programs.

In High Performance, the Men's and Women's 7's programs completed their full seasons, both teams competing in the very successful Paris Olympics, and with our Women winning the bronze medal. Our Women's 15's team earned an early qualification to the 2025 World Cup, and both 15's teams benefitted from significant increases in funding and coaching staff changes. Also encouraging were increased funding to both our Men's and Women's pathway programs and overseas tour success.

The net result was a nearly \$1 million increase in net assets for the year as compared to 2023, as well as \$2 million in positive cash flow. This put USA Rugby in position to retire an outstanding bank loan and obtain a final release from its 2020 bankruptcy filing in 2025. Moreover, this continued improvement in finances was part of the basis for receiving new USOPC and Safesport four-year certifications, without condition. All of which reflects remarkable improvements and achievements from the challenges of 2020.

As of this writing, we continue to see the results of the continued improvement to our financial position reflected in the performance of USA Rugby. Our Women's 15 recently participated in the World Cup, and have risen to eighth in the world rankings. Our Men's 15 recently qualified for the 2027 World Cup to be held in Australia. Our Women's 7's team has maintained its top six world ranking. All of our communities staged successful national championship events in 2025.

As USA Rugby ends 2025 and looks forward to 2026, it does so in a place of increased financial security with guaranteed commercial and events revenue, increased activity across the international and domestic rugby landscape, and building further toward staging global rugby's showpiece events in 2031 and 2033.

Of course, there continue to be challenges ahead. Continued growth in the community game and high performance will require increased investments to meet our long-term growth and high performance goals. There is still a lot of work to do, but we remain excited for the journey ahead.

Sincerely,

USA Rugby Board of Directors



501 S. Cherry Street Suite 100, Glendale, CO 80246 | Phone: 303.539.0300 | Fax: 303.539.0311

C:\Users\dfshanahan\OneDrive - Duane Morris LLP\USARFU\2025 - Audited Financials Cover Letter (10.20.2025)



**UNITED STATES OF AMERICA RUGBY
FOOTBALL UNION, LTD.**

**d/b/a USA Rugby
Financial Statements**

For the Year Ended December 31, 2024

TABLE OF CONTENTS

Independent Auditor's Report	1
Statement of Financial Position	4
Statement of Activities and Changes in Net Assets	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United States of America Rugby Football Union, Ltd.
d/b/a USA Rugby
Glendale, Colorado

Opinion

We have audited the accompanying financial statements of United States of America Rugby Football Union, Ltd. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, 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 of America Rugby Football Union, Ltd. as of December 31, 2024, 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 of America Rugby Football Union, Ltd. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 of America Rugby Football Union, Ltd.'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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 of America Rugby Football Union, Ltd.'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 of America Rugby Football Union, Ltd.'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 of America Rugby Football Union, Ltd.'s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 1, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Waugh & Goodwin, LLP

Colorado Springs, Colorado
August 31, 2025

UNITED STATES OF AMERICA RUGBY FOOTBALL UNION, LTD.
 d/b/a USA RUGBY
 Statement of Financial Position
 December 31, 2024
 (With Comparative Totals for December 31, 2023)

ASSETS

	<u>2024</u>	<u>2023</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 5,334,964	\$ 3,321,346
Accounts receivable	318,332	405,933
Due from affiliated parties	20,407	122,020
Prepaid expenses	<u>597,375</u>	<u>549,899</u>
Total current assets	6,271,078	4,399,198
PROPERTY AND EQUIPMENT:		
Furniture and equipment	119,171	111,310
Less accumulated depreciation	<u>(66,757)</u>	<u>(46,326)</u>
Property and equipment - net	52,414	64,984
OTHER ASSETS:		
Right-of-use assets		10,285
Deposits	<u>12,842</u>	<u>10,947</u>
TOTAL ASSETS	<u>\$ 6,336,334</u>	<u>\$ 4,485,414</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 818,932	\$ 663,231
Accrued liabilities	697,044	324,709
Current portion of long-term debt	167,723	196,964
PPP loan	375,000	375,000
Current portion of lease liabilities		10,413
Refundable advances	429,411	258,354
Deferred revenue	<u>1,918,497</u>	<u>1,361,104</u>
Total current liabilities	4,406,607	3,189,775
LONG-TERM DEBT	<u>92,500</u>	<u>260,223</u>
TOTAL LIABILITIES	4,499,107	3,449,998
NET ASSETS:		
With donor restrictions	1,098	
Without donor restrictions	<u>1,836,129</u>	<u>1,035,416</u>
Total net assets	<u>1,837,227</u>	<u>1,035,416</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,336,334</u>	<u>\$ 4,485,414</u>

UNITED STATES OF AMERICA RUGBY FOOTBALL UNION, LTD.
 d/b/a USA RUGBY
 Statement of Activities and Changes in Net Assets
 For the Year Ended December 31, 2024
 (With Comparative Totals for December 31, 2023)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2024 Totals	2023 Totals
REVENUE:				
High performance grants	\$ 7,256,997	\$	\$ 7,256,997	\$ 7,348,999
Membership dues	3,105,680		3,105,680	2,536,863
Donations	1,698,739	1,098	1,699,837	1,834,657
Corporate sponsorship	1,590,237		1,590,237	1,526,250
Fixed service fees	1,027,914		1,027,914	
In-kind contributions	661,236		661,236	1,264,037
Rugby development	541,644		541,644	445,354
Other income	402,024		402,024	768,027
Event revenue	100,000		100,000	155,167
Investment income, net (Note D)	177,681		177,681	41,566
Licensing	32,785		32,785	31,276
Merchandise sales	15,000		15,000	
Exchange loss	(7,834)		(7,834)	(1,305)
 Total revenue	 16,602,103	 1,098	 16,603,201	 15,950,891
EXPENSES:				
Program services:				
Men's national team	5,933,287		5,933,287	5,957,483
Women's national team	4,413,016		4,413,016	3,540,344
Membership	2,431,383		2,431,383	2,120,053
Rugby development	580,843		580,843	665,614
High performance	560,150		560,150	295,898
Events	89,277		89,277	116,210
 Total program services	 14,007,956		 14,007,956	 12,695,602
Supporting services:				
National office	1,471,287		1,471,287	1,400,569
Fundraising	322,147		322,147	363,847
 Total supporting services	 1,793,434		 1,793,434	 1,764,416
 Total expenses	 15,801,390		 15,801,390	 14,460,018
CHANGE IN NET ASSETS	 800,713	 1,098	 801,811	 1,490,873
NET ASSETS,				
beginning of year	 1,035,416		 1,035,416	 (455,457)
NET ASSETS, end of year	 \$ 1,836,129	 \$ 1,098	 \$ 1,837,227	 \$ 1,035,416

UNITED STATES OF AMERICA RUGBY FOOTBALL UNION, LTD.
d/b/a USA RUGBY
Statement of Functional Expenses - Program Services
For the Year Ended December 31, 2024
(With Comparative Totals for December 31, 2023)

	Men's National Team	Women's National Team	Membership	Rugby Development	High Performance	Events	Total Program Services
Accounting fees	\$ 16	\$ 145,201	\$ 446	\$ (1,848)	\$ 200	\$	\$ 16
Apparel	123,341						267,340
Awards & gifts	278	1,521		521			2,320
Background checks			163,700				163,700
Bank & processing charges	2,640	4,023	271,356	10,484	81	80	288,664
Catering	37,670	2,272		6,313	84	11,839	58,178
Contract labor & consulting	1,341,067	419,935	234,691	189,757	10,167	2,575	2,198,192
Credit loss	20,450		471	135		(7,500)	13,556
Depreciation	15,673	3,446	976				20,095
Dues & subscriptions	7,823	1,791	44,077	20,016	379		74,086
Employee benefits	34,536	85,558	42,139		18,961	2,180	183,374
Equipment & supplies	102,766	101,851	2,062	14,445	212	13,573	234,909
Facility & equipment rental & maintenance	1,252,443	684,645	61	2,786	32,813		1,972,748
Grants			165,851				165,851
Insurance	242,332	169,663	734,489				1,179,029
Interest expense							
Legal fees	16,918	6,590	58,410				81,918
Match fees	225	699		2,975		3,800	7,699
Medical fees & supplies	87,114	85,322		700	16,167	10,980	200,283
Miscellaneous	12,610	62,295	18,589	3,982	1,851	22	99,349
Payroll taxes	45,673	66,991	43,704		36,322	2,240	194,930
Player payments	763,786	678,871					1,442,657
Postage	13,959	7,147	717	4,017	592	1,697	28,129
Printing	7,055	3,059		754			10,868
Software & database	118,532	89,676	171,136				379,344
Travel, lodging, meals, & transportation	1,168,632	1,119,359	59,132	287,851	46,710	26,568	2,708,252
TV, video, & broadcasting			34,201	3,290			37,491
Utilities & telephone	11,689	2,158	978	719	860	45	16,449
Wages	505,922	670,851	384,197		362,196	21,178	1,944,344
Website	137	92		33,946	10		34,185
Total expenses	\$ 5,933,287	\$ 4,413,016	\$ 2,431,383	\$ 580,843	\$ 560,150	\$ 89,277	\$ 14,007,956

	<u>National Office</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	<u>2024 Total Expenses</u>	<u>2023 Total Expenses</u>
Accounting fees	\$ 50,728	\$ 794	\$ 50,728	\$ 50,744	\$ 35,659
Apparel	192		986	268,326	794,994
Awards & gifts	733	322	1,055	3,375	2,614
Background checks				163,700	176,130
Bank & processing charges	3,176		3,176	291,840	317,407
Catering		5,680	5,680	63,858	71,402
Contract labor & consulting	92,521	75,097	167,618	2,365,810	2,332,859
Credit loss				13,556	9,503
Depreciation				20,095	18,006
Dues & subscriptions	16,907	4,556	21,463	95,549	79,832
Employee benefits	50,414	27,123	77,537	260,911	188,508
Equipment & supplies	539	3,957	4,496	239,405	286,365
Facility & equipment rental & maintenance	88,628	6,707	95,335	2,068,083	1,800,355
Grants				165,851	153,396
Insurance	30,811	284	31,095	1,210,124	1,155,706
Interest expense	6,486		6,486	6,486	9,730
Legal fees	209,602		209,602	291,520	261,376
Match fees				7,699	17,703
Medical fees & supplies	32,168		32,168	232,451	113,355
Miscellaneous	4,972		4,972	104,321	88,876
Payroll taxes	66,083	16,114	82,197	277,127	189,659
Player payments				1,442,657	1,305,714
Postage	374	3,982	4,356	32,485	66,666
Printing	113		113	10,981	15,228
Software & database	4,657	13,176	17,833	397,177	375,815
Travel, lodging, meals, & transportation	51,503	18,407	69,910	2,778,162	2,510,115
TV, video, & broadcasting				37,491	27,158
Utilities & telephone	2,390		2,390	18,839	9,065
Wages	747,577	145,948	893,525	2,837,869	2,002,540
Website	10,713		10,713	44,898	44,282
	<u>\$ 1,471,287</u>	<u>\$ 322,147</u>	<u>\$ 1,793,434</u>	<u>\$ 15,801,390</u>	<u>\$ 14,460,018</u>

UNITED STATES OF AMERICA RUGBY FOOTBALL UNION, LTD.

d/b/a USA RUGBY

Statement of Cash Flows

For the Year Ended December 31, 2024

(With Comparative Totals for December 31, 2023)

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 801,811	\$ 1,490,873
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	20,095	18,006
(Increase) decrease in operating assets:		
Accounts receivable, net	87,601	277,662
Due from affiliated organizations	101,613	(60,852)
Prepaid expenses	(47,476)	1,200
Deposits	(1,895)	
Right-of-use assets	10,285	40,820
Increase (decrease) in operating liabilities:		
Accounts payable	155,701	(32,561)
Accrued liabilities	372,335	131,489
Lease liabilities	(10,413)	(41,327)
Refundable advances	171,057	258,354
Deferred revenue	<u>557,393</u>	<u>333,889</u>
Net cash provided (used) by operating activities	2,218,107	2,417,553
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	<u>(7,525)</u>	<u>(77,559)</u>
Net cash used by investing activities	(7,525)	(77,559)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Long-term debt, net	<u>(196,964)</u>	<u>(196,964)</u>
Net cash used by financing activities	<u>(196,964)</u>	<u>(196,964)</u>
NET INCREASE (DECREASE) IN CASH	2,013,618	2,143,030
CASH AND CASH EQUIVALENTS, beginning of year	<u>3,321,346</u>	<u>1,178,316</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 5,334,964</u>	<u>\$ 3,321,346</u>

UNITED STATES OF AMERICA RUGBY FOOTBALL UNION, LTD.
d/b/a USA Rugby

Notes to Financial Statements

For the Year Ended December 31, 2024

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

USA Rugby Football Union, Ltd. d/b/a USA Rugby (a non-profit organization) is the national governing body for the sport of rugby and is responsible for the promotion and development of the sport in the United States and promotion of U.S. international participation. USA Rugby (the Organization) is an official member of the United States Olympic & Paralympic Committee (USOPC) and World Rugby (WR). The Organization is responsible for the development of the boys, girls, high school, collegiate, club athletic programs, and ultimately the national teams representing the U.S. in international competitions. USA Rugby's structure was changed in May 2020 with amendments to the bylaws. The current structure is four Community Councils consisting of College, Senior Club, Youth and High School, and International Athlete Councils elected by representative bodies of the members of each of their communities. USA Rugby's national office is located in Glendale, Colorado.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP). The Organization has reported information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which represent the expendable resources that are available for operations at management's discretion and net assets with donor restrictions, which represent resources restricted by donors as to purpose or by the passage of time and resources for which use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Cash and Cash Equivalents

Cash and cash equivalents consist of the Organization's checking, money market, and savings accounts. The Organization maintains its cash and cash equivalents at commercial banks. In the unlikely event of a bank failure, the Organization 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 Disclosure

Cash flows from operating activities reflect interest paid of \$2,046 and \$5,860 and no income taxes paid for the years ended December 31, 2024 and 2023, respectively.

Accounts Receivable

Accounts receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. Management provides for probable uncollectible amounts through an allowance so that the net amount reflects the amount that management expects to collect. In developing that allowance, management determines statistics for the probability of loss. These statistics are based on the Organization's historical collection experience, adjusted for management's expectations about current and future economic conditions. An allowance for credit losses of \$22,588 and \$9,503 was recorded at December 31, 2024 and 2023, respectively.

Accounts receivable include amounts from contracts with customers, grants receivable and other miscellaneous amounts. Receivables from contracts with customers at the beginning and end of 2024 were \$252,893 and \$114,436. Included in accounts receivable at both December 31, 2024 and 2023, is the \$128,041 grant receivable for Employee Retention Credit (ERC) (See Note F).

Depreciation

Assets are recorded at cost and depreciated using the straight-line method over estimated useful lives of three to ten years. Depreciation expense amounted to \$20,095 and \$18,006 for the years ended December 31, 2024 and 2023, respectively.

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.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. The expenses are allocated based on internal records and estimates made by the Organization's management.

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. However, restricted contributions are reported as an increase in net assets without donor restrictions if the restriction is satisfied in the same reporting period in which the support is recognized. 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 are reported in the statement of activities and changes in net assets as amounts released from restrictions.

Contributions include United States Olympic & Paralympic Committee (USOPC), and World Rugby (WR) grants.

Donated Assets, Property and Equipment, and Services

The Organization's policy related to donated assets is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization 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 Organization did not sell any non-financial donated assets received during the years ending December 31, 2024 and 2023.

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

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

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue from Contracts with Customers

Membership dues - Revenue from contracts with members for annual dues is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing membership to its members. The Organization's membership year is currently from September 1st to August 31st, the year may be reestablished by the Board of Directors from time to time. Revenue is recognized as performance obligations are satisfied. Membership revenue related to the background check is recognized when the background check is performed. The remaining performance obligations are recognized ratably over the membership year. Membership dues are eligible for a refund if the request is within seven days of the initial transaction and the member has not played in any match, scrimmage, tournament, etc.

Corporate sponsorship - The Organization recognizes revenue from contracts with sponsors and suppliers. Performance obligations in such contracts are satisfied as services are rendered, and therefore, the Organization will recognize revenue over the time of the contract. The Organization 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.

Event and Rugby Development revenue - The Organization receives revenue from sales related to various events, matches, workshops and camps held for members. Each event has a specified registration fee, varying by type of participant. The revenue is recognized at the time of the event, which signifies the completion of the Organization's performance obligations.

The Organization also receives revenue for services performed related to securing, managing, or hosting events. The revenue is recognized as services are performed, generally on a monthly basis.

Fixed service fees - The Organization receives fees for high performance staffing and services provided to other rugby teams.

Licensing - The Organization receives licensing and royalty payments for use of the Organization name and logo. These payments are recognized upon receipt as all performance obligations are met at that time.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue from Contracts with Customers - continued

Merchandise sales - The Organization sells USA Rugby merchandise and apparel to members at events and also to businesses. Revenue is recognized as products are sold and provided to customers.

Income Tax

The Organization 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 Organization'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 it was filed. Management of the Organization believes that it does not have any uncertain tax positions that are material to the financial statements.

Prior-Year Comparisons

The financial statements include certain prior year summarized consolidated comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2023, from which the information was derived.

Certain amounts have been reclassified to conform to the current year presentation.

Date of Management's Review

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 31, 2025, the date that the financial statements were available to be issued.

Notes to Financial Statements

B. AVAILABLE RESOURCES AND LIQUIDITY

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

	<u>2024</u>	<u>2023</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 5,334,964	\$ 3,321,346
Accounts receivable, net	318,332	405,933
Due from affiliated organizations	<u>20,407</u>	<u>122,020</u>
Total financial assets available within one year	<u>\$ 5,673,703</u>	<u>\$ 3,849,299</u>

The Organization's working capital and cash flows have seasonal variations during the year attributable to the annual cash receipts for memberships which occur primarily between September and March (the membership year is September 1st through August 31st).

The Organization receives a majority of its support without donor restrictions, including support with donor restrictions met in the same year. In addition, the Organization receives occasional contributions with donor restrictions to use in accordance with the associated purpose or time restrictions.

C. INVESTMENT INCOME

Investment income consists of the following for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Interest and dividends	<u>\$ 177,681</u>	<u>\$ 41,566</u>

Notes to Financial Statements

D. DEFERRED REVENUE

Deferred revenue, a contract with customers liability, consists of the following at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Membership revenue	\$ 1,362,763	\$ 1,173,574
Grants	512,401	
Sponsorship	40,000	
Miscellaneous	3,333	
Event participation fees	<hr/>	<hr/>
	\$ 1,918,497	\$ 1,361,104

The Organization uses a membership year of September 1st to August 31st. At December 31, 2024 and 2023, eight months of membership revenue is deferred to the subsequent year, when applicable.

E. REFUNDABLE ADVANCES

In accordance with FASB ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08), the Organization classified conditional promises to give subject to donor-imposed conditions received prior to year-end as refundable advances. The refundable advances related to World Rugby grants were \$429,411 and \$258,354 at December 31, 2024 and 2023, respectively. As the Organization satisfies the barriers and conditions set forth in the grant contracts, revenue will be recognized accordingly.

F. PAYROLL PROTECTION PROGRAM AND OTHER GOVERNMENT GRANTS

In May 2020, the Organization received a \$375,000 loan from JPMorgan Chase Bank, National Association through the first round of the Small Business Administration's Paycheck Protection Program. A portion or all of the loan may be forgiven by the Small Business Administration (SBA) if certain payroll criteria are met and funds are used for payroll, rent, mortgage interest, or utilities. Any portion of the loan that is not forgiven has a maturity of up to two years and an interest rate of 1.0%. The Organization is currently working on an appeal to the SBA relating to the forgiveness of the loan. Loan deferment continues while the appeal is in judicial review. Depending on the outcome of the appeal, the loan could be due immediately; however, if the loan is not forgiven in full, management plans to request the loan period be extended to five years under the PPP program which will be subject to SBA approval.

Notes to Financial Statements

F. PAYROLL PROTECTION PROGRAM AND OTHER GOVERNMENT GRANTS - Continued

The 2021 Coronavirus Aid, Relief, and Economic Security (CARES) act included a provision that created the employee retention credit, a refundable tax credit against certain employment taxes

During the year ended December 31, 2022, the Organization determined it was eligible for the Employee Retention Credit. Amended payroll tax returns were prepared reflecting a credit of approximately \$563,600. Included in accounts receivable is \$128,041 for the remaining balance of the credit, which was received subsequent to year end.

G. LONG-TERM DEBT

Long-term debt consists of the following as of December 31, 2024:

Loan payable to World Rugby approved by the bankruptcy court as a debtor-in-possession loan. The loan is to be repaid in four equal installments, plus accrued interest. The original payment schedule began on January 1, 2021 with the final payment July 1, 2022. Payment plan was revised in December 2021 per request of USA Rugby. The loan is to be repaid in quarterly payments of \$20,000 beginning March 2022 with the final payment of \$12,500 in March 2027.

\$ 172,500

Line of credit outstanding balance due to JP Morgan Chase. The payment plan approved by the bankruptcy court is monthly payments of \$9,747 beginning June 2021 with the final payment in September 2025.

87,723

Total	260,223
Less current portion	<u>(167,723)</u>
Noncurrent portion	<u>\$ 92,500</u>

Future maturities of notes payables, for the years ending December 31, are as follows:

2025	\$ 167,723
2026	80,000
2027	12,500

Notes to Financial Statements

H. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2024, are \$1,098 for Women's National Team World Cup.

I. AFFILIATED ORGANIZATIONS

The USOPC provides grants to the Organization for sports development, international competition, and team preparation. Total cash grants from the USOPC for the years ended December 31, 2024 and 2023, consist of the following project categories:

	<u>2024</u>	<u>2023</u>
High performance grants	<u>\$ 1,624,000</u>	<u>\$ 1,742,500</u>

The USOPC also provides credit toward usage of the Chula Vista Elite Athlete Training Center. See Note J for additional information.

The USOPC also provides direct athlete support, which is not recorded in the statement of activities.

World Rugby (WR) also provides grants to the Organization for sports development, international competition, and team preparation. Total grants from WR for the years ended December 31, 2024 and 2023, consist of the following project categories:

	<u>2024</u>	<u>2023</u>
High performance and development	\$ 4,715,971	\$ 4,987,788
Other grants	428,350	368,001
Reimbursements	<u>488,676</u>	<u>250,710</u>
	<u>\$ 5,632,997</u>	<u>\$ 5,606,499</u>

Notes to Financial Statements

J. IN-KIND GOODS AND SERVICES

The fair value of in-kind goods and services included as support in the financial statements and the corresponding expense categories for the year ended December 31, 2024 and 2023, are as follows:

	<u>2024</u>	<u>2023</u>
Services:		
Credit for Chula Vista Elite Athlete Training Center	\$ 383,994	\$ 492,500
Coaching/instructing services	<u>2,655</u>	
Total in-kind services	383,994	495,155
Goods:		
Apparel	277,242	655,702
Equipment	<u>113,180</u>	
Total in-kind goods	277,242	768,882
Total in-kind	\$ 661,236	\$ 1,264,037

The in-kind goods and services are used primarily in the Men's National Team and Women's National Team programs. Other programs and supporting services also utilize some apparel and equipment.

K. PENSION PLAN

The Organization adopted a 401(k) plan (the Plan) covering all employees who are at least 21 years old and who work at least 1,000 hours per year. Plan participants may make pre-tax deferrals subject to limitations imposed by the Internal Revenue Code. Employees also have the option to make post-tax deferrals to a Roth 401(k). The Organization matches a portion of the employee's deferral, subject to limits set by the Plan.

During the years ended December 31, 2024 and 2023, the Organization made matching contributions to the Plan totaling \$52,871 and \$15,766, respectively.

Notes to Financial Statements

L. OPERATING LEASE AGREEMENTS

The Organization 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. As the Organization's leases do not provide an implicit rate, the Organization uses the risk-free discount rate based on the five-year Treasury bond rate as of the later of the date of adoption of the lease standard or the initial date of the lease term in determining the present value of lease payments in determination of the respective right-of-use (ROU) assets and liabilities.

Under ASU 2016-02, the Organization 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 Organization has elected to expense the cost of the short-term leases on the straight-line basis in the accompanying Statements of Activities.

In September 2018, the Organization entered into a lease agreement for equipment at the training facility in Chula Vista, California. The initial lease term was two years and was most recently renewed in April 2022, and the agreement ran through April 2024. The lease was again extended through December 31, 2024, and then continued on a month-to-month basis. The monthly payment, including applicable taxes, is \$3,478.

The Organization has month-to-month leases for various spaces, including office and warehouse space.

The Organization leases apartments for athlete use in various locations. The lease terms are 12 months or less and typically include rent and related expenses such as utilities and parking. The number of leases varies based upon the need for athlete housing.

The following summarizes the line items in the statement of activities which include the components of lease expense for the years ended December 31:

Notes to Financial Statements

L. OPERATING LEASE AGREEMENTS - Continued

	<u>2024</u>	<u>2023</u>
Operating lease rent, included in:		
Program service expenses	\$ 10,307	\$ 41,234
Short-term lease rent, included in		
Program service expenses	684,756	506,554
Supporting services expenses	<u>82,830</u>	<u>82,500</u>
Total lease cost	<u>\$ 777,893</u>	<u>\$ 630,288</u>

The following summarizes lease term and discount rate for operating leases as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Operating Leases:		
Weighted Average Remaining		
Lease Term	0.25 years	
Weighted Average Discount Rate	1.26%	

Maturities of operating leases as of the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
2024	<u>\$</u>	<u>\$</u>
Total lease payments	10,435	10,435
Less: interest	<u>(435)</u>	<u>(435)</u>
Present value of lease liabilities	<u>\$</u>	<u>\$</u>
	10,000	10,000

Supplemental cash flow information for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Operating cash flows:		
Cash paid for amounts included in measurement of lease liabilities for operating leases	<u>\$ 10,435</u>	<u>\$ 41,740</u>

Notes to Financial Statements

M. CONTINGENCIES

Occasionally, in the conduct of business, the Organization may be named defendant in a lawsuit or other form of legal action. In the opinion of management, and pending or threatened litigation claims against the Organization, as of December 31, 2024, are either without merit or will not exceed insurance limits.

N. UNCERTAINITIES

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