

**NATIONAL WRESTLING
COACHES ASSOCIATION**

**YEARS ENDED
JUNE 30, 2018 AND 2017**

Independent Auditors' Report

Board of Trustees
National Wrestling Coaches Association
Manheim, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the National Wrestling Coaches Association (the Association) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017 and the related statements of activities and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Association's preparation and fair presentation of the financial statements 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 the Association's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the National Wrestling Coaches Association as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Brown Schultz Steidman & Fritz

Lancaster, Pennsylvania
January 9, 2019

NATIONAL WRESTLING COACHES ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Current assets:		
Cash	\$ 386,562	\$ 476,160
Cash, Wrestlers in Business Network:		
Local chapters	156,387	
National chapter	<u>18,902</u>	
Total cash	561,851	476,160
Receivables	255,527	120,544
Campaign pledges receivable		5,000
Prepaid expenses	<u>13,097</u>	<u>22,334</u>
Total current assets	<u>830,475</u>	<u>624,038</u>
Property and equipment:		
Equipment and software	14,764	14,764
Vehicle	11,615	11,615
Website development	493,595	493,595
Patent	<u>97,114</u>	<u>97,114</u>
	617,088	617,088
Less accumulated depreciation and amortization	<u>570,847</u>	<u>530,084</u>
Total property and equipment	<u>46,241</u>	<u>87,004</u>
Other assets, security deposit	<u>2,200</u>	<u>2,200</u>
Total assets	<u><u>\$ 878,916</u></u>	<u><u>\$ 713,242</u></u>

See notes to financial statements.

LIABILITIES AND NET ASSETS

	2018	2017
Liabilities:		
Accounts payable	\$ 13,962	\$ 16,876
Event deposits	221,135	239,348
Deferred revenue	22,155	24,435
Total liabilities, all current	257,252	280,659
Net assets:		
Unrestricted:		
Other	421,212	423,933
Wrestlers in Business Network	199,102	
	620,314	423,933
Temporarily restricted	1,350	8,650
	621,664	432,583
Total net assets	621,664	432,583
Total liabilities and net assets	\$ 878,916	\$ 713,242

NATIONAL WRESTLING COACHES ASSOCIATION

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2018 AND 2017

	2018		2017	
	Unrestricted	Temporarily restricted	Unrestricted	Temporarily restricted
Revenue and support:				
Membership dues	\$ 102,175		\$ 99,514	
OPC registration fees	217,168		170,117	
Contributions	302,202	\$ 419,399	580,132	\$ 344,700
Coaching development income	229,120		239,045	
Event income	156,098		174,121	
Other income	5,094		8,599	
Corporate sponsors	200,000		152,875	
Wrestlers in Business Network	303,694		378,043	
Net assets released from restrictions	426,699	(426,699)	-	(378,043)
	<u>1,942,250</u>	<u>(7,300)</u>	<u>1,802,446</u>	<u>(33,343)</u>
			<u>1,769,103</u>	
Expenses:				
Programs	1,622,022		1,509,409	
General and administrative	160,537		140,891	
Fundraising	125,041		133,062	
	<u>1,907,600</u>		<u>1,783,362</u>	
Change in net assets	34,650	(7,300)	19,084	(33,343)
Acquisition of Wrestlers in Business Network, Inc.	161,731		-	
Net assets:				
Beginning	423,933	8,650	404,849	41,993
Ending	<u>\$ 620,314</u>	<u>\$ 1,350</u>	<u>\$ 423,933</u>	<u>\$ 8,650</u>
			<u>\$ 446,842</u>	<u>\$ 432,583</u>

See notes to financial statements.

NATIONAL WRESTLING COACHES ASSOCIATION

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 27,350	\$ (14,259)
Adjustments:		
Depreciation and amortization	40,763	41,535
(Increase) decrease in assets:		
Receivables	(119,483)	(38,887)
Prepaid expenses	23,503	5,376
Pledges receivable	5,000	5,000
Increase (decrease) in liabilities:		
Accounts payable	(3,642)	(22,390)
Event deposits	(18,213)	15,453
Deferred revenue	(174,638)	(37,684)
Director retirement enhancement		(10,000)
Net cash used in operating activities	<u>(219,360)</u>	<u>(55,856)</u>
Cash flows from investing activities:		
Cash received pursuant to acquisition of Wrestlers in Business Network, Inc.	305,051	
Purchase of property and equipment		<u>(11,615)</u>
Net cash provided by (used in) investing activities	<u>305,051</u>	<u>(11,615)</u>
Increase (decrease) in cash	85,691	(67,471)
Total cash:		
Beginning	<u>476,160</u>	<u>543,631</u>
Ending	<u>\$ 561,851</u>	<u>\$ 476,160</u>
Noncash investing and financing activities pursuant to acquisition of Wrestlers in Business Network, Inc.:		
Deferred revenue	\$ 172,358	
Accounts payable	728	
Receivables	15,500	
Prepaid expenses	14,266	

See notes to financial statements.

NATIONAL WRESTLING COACHES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

1. Nature of activities and summary of significant accounting policies:

Nature of activities:

The National Wrestling Coaches Association (the Association) is a national nonprofit membership organization dedicated to conducting amateur wrestling and other athletic activities, instituting and promoting educational programs and producing publications and videos for academic institutions at the collegiate and high school levels, as well as the general public, and supporting political and legal action to reduce the impact of Title IX on certain athletic activities in the near future and restore such activities to their prior status as a long-term goal.

Basis of presentation:

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) as codified in FASB Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under ASC 958, the Association is required to report information regarding its financial position and activities in up to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Use of estimates:

The preparation of financial statements in accordance with generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Receivables:

Receivables are stated at the amount management expects to collect from balances outstanding at year end. Management determines the allowance for doubtful accounts by evaluating individual accounts and considering their financial condition, credit history and current economic conditions. Receivables are written off when deemed uncollectible. Recoveries of previously written off accounts receivable are recorded when received.

NATIONAL WRESTLING COACHES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2018 AND 2017

1. Nature of activities and summary of significant accounting policies (continued):

Revenue recognition:

The Association records operating support and revenue on an accrual basis. Contributions are recorded when they are received unconditionally at their fair value.

Deferred revenue and event deposits represent membership dues, ticket sales, hotel reservations and convention income paid in advance. Membership dues are being recognized over the related membership year. Ticket sales, hotel reservations and convention income are recognized once the event to which the sale pertains takes place.

Property and equipment and depreciation:

It is the Association's policy to capitalize equipment and software, vehicle and website development costs over \$3,500. Equipment and software, vehicle and website development costs are stated at cost. Depreciation is being provided on the straight-line basis over the assets' estimated useful lives.

Recognition of donor restricted contributions:

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Statements of cash flows:

The Association, for cash flow purposes, considers cash to be its checking accounts.

Functional expenses:

The expenses associated with programs, general and administrative and fundraising are reflected in the statements of activities. Certain costs have been allocated between programs, general and administrative and fundraising based upon management's estimates.

NATIONAL WRESTLING COACHES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2018 AND 2017

1. Nature of activities and summary of significant accounting policies (continued):

Tax status:

The Association has been recognized as exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state statutes and files Form 990, *Return of Organization Exempt from Income Tax*, on an annual basis.

Recently issued accounting standards:

Revenue:

FASB ASU 2014-09, *Revenue from Contracts and Customers (Topic 606)*, with effective dates amended by FASB ASU 2015-14, is effective for the Association's 2020 year end and identifies specific steps to be applied to properly recognize revenue from customer contracts. Under the standard, revenue recognition is determined using a five-step model which identifies customer contracts, identifies performance obligations in each contract, determines transaction price, allocates transaction price to performance obligations and recognizes revenue when or as the performance obligations are satisfied. The standard permits the use of either the retrospective or cumulative effect transition method. The Association is evaluating the effect that ASU 2014-09 will have on the Association's financial statements. The Association has not yet selected a transition method, nor has it determined the effect of the standard on its ongoing financial reporting.

Leases:

FASB ASU 2016-02, *Leases*, is effective for the Association's 2021 year end and requires that all leases with terms of more than 12 months be recognized as assets and liabilities on the balance sheet. Recognition of these lease assets and lease liabilities represents a change from previous generally accepted accounting principles (GAAP), which did not require lease assets and lease liabilities to be recognized for operating leases. Qualitative disclosures along with specific quantitative disclosures will be required to provide enough information to supplement the amounts recorded in the financial statements so that users can understand more about the nature of an entity's leasing activities.

NATIONAL WRESTLING COACHES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2018 AND 2017

1. Nature of activities and summary of significant accounting policies (continued):

Recently issued accounting standards (continued):

Leases (continued):

The Association will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients that the Association may elect to apply. At adoption, the Association will recognize a right-of-use asset and a lease liability initially measured at the present value of its operating lease payments. The Association is currently evaluating the impacts of adopting this guidance on its financial position, results of operations and cash flows.

Not-for-profit entities:

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which provides more relevant information about available resources (and the changes in those resources) to donors, grantors, creditors and other users. The most significant aspects of the ASU are as follows: (1) the ASU replaces the current presentation of three classes of net assets (unrestricted, temporarily restricted and permanently restricted) with two classes of net assets – net assets with donor restrictions and net assets without donor restrictions, as well as the currently required amount for total net assets, (2) the ASU expands the disclosures about the nature and amount of any donor restrictions, board designations of net assets without donor restrictions, as well as any underwater endowment funds, (3) the ASU requires expenses to be presented by nature and function, as well as an analysis of the allocation of these expenses and (4) the ASU requires specific quantitative and qualitative disclosures to improve the ability of financial statement users to assess the entity's available financial resources and the methods by which it manages liquidity and liquidity risk. ASU 2016-14 is to be applied retrospectively and is effective for years beginning after December 15, 2017. The Association will be evaluating the impact this standard will have on its financial statements and related disclosures.

Subsequent events:

The Association has evaluated subsequent events through January 9, 2019, the date that the financial statements were available to be issued.

NATIONAL WRESTLING COACHES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2018 AND 2017

2. Line of credit:

The Association has a \$125,000 unsecured line of credit which is renewable annually. It accrues interest at prime plus 1% and the interest rate was 6.00% as of June 30, 2018. There was no outstanding balance at June 30, 2018 and 2017.

3. Office rent:

In January 2014, the Association rented office space under a lease agreement which calls for monthly payments of \$1,600. In addition to the monthly rent, the Association is responsible for paying 2.5% of the taxes assessed against the property. The original lease expired December 31, 2016. The Association exercised a three-year renewal option with a 3% rental payment increase, increasing the monthly payment to \$1,648. The renewed lease term is for three years, expiring December 31, 2019. The renewed lease contains two three-year renewal options with an increase of 3% and 5%, respectively, to the rental payment at each lease renewal. The future minimum lease payments under the current lease agreement are as follows:

<u>Year ending June 30</u>	
2019	\$ 19,776
2020	<u>9,888</u>
Total	<u>\$ 29,664</u>

Rent expense totaled \$27,691 and \$26,657 for the years ended June 30, 2018 and 2017, respectively.

NATIONAL WRESTLING COACHES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2018 AND 2017

4. Program services:

The Association provides the following program services:

	<u>2018</u>	<u>2017</u>
Membership activities - allows for the production and dissemination of amateur athletic news and the promotion of national amateur wrestling athletic activities.	\$ 145,856	\$ 117,013
Events - conducts national amateur wrestling athletic activities for academic institutions that incorporate wrestling into the educational process. Facilitates competitive opportunities for youth through college age, folk-style wrestling, which generates public awareness, recognition of wrestling excellence and education to the general wrestling community.	378,652	401,453
Coaches education - to develop proficiency in and with coaches, while providing educational opportunities for the general wrestling community. Provides guidance in and around the academic environment on several aspects of wrestling activities, encompassing weight management, nutrition, administration, leadership and technical knowledge.	696,779	821,996
Program entrenchment - the Association, in an effort to protect amateur wrestling, dedicates a considerable amount of time and resources to saving threatened interscholastic/intercollegiate wrestling programs and establishing new ones.	134,412	168,947
Wrestlers In Business Network - supports the Association's wrestling programs and coaches through funding, mentorship opportunities between business leaders and coaches, and the availability of internships and career opportunities for the wrestlers.	<u>266,323</u>	<u> </u>
	<u>\$ 1,622,022</u>	<u>\$ 1,509,409</u>

NATIONAL WRESTLING COACHES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2018 AND 2017

5. Temporarily restricted net assets:

Temporarily restricted net assets are available for the following purposes or periods:

	<u>2018</u>	<u>2017</u>
Program entrenchment	<u>\$ 1,350</u>	<u>\$ 8,650</u>

Net assets released from temporary restriction were as follows:

	<u>2018</u>	<u>2017</u>
Program use restrictions accomplished:		
Coaches education	\$ 317,550	\$ 239,738
Program entrenchment	69,800	71,855
Event	39,349	61,450
OPC		5,000
	<u>\$ 426,699</u>	<u>\$ 378,043</u>

6. Retirement plan:

The Association has a defined contribution retirement plan, which covers all employees meeting certain age and service requirements. Employer contributions to the plan are based on 5% of eligible compensation. Contributions totaled \$15,841 and \$18,516 for 2018 and 2017, respectively.

7. Acquisition of Wrestlers in Business Network, Inc.:

On November 3, 2017, the Association and Wrestlers in Business Network, Inc. (WIBN) agreed to merge the WIBN into the Association, with the Association as the survivor of the merger, becoming the owner, without other transfer or assignment, of all the rights and properties of both parties, including all membership rights and subject to all the debts and liabilities of both parties. The assets of WIBN, including any future bequests to WIBN, shall be used to benefit the sport of wrestling consistent with the mission statement of the Association. The excess of total assets over total liabilities acquired by the Association, as a result of the acquisition on November 3, 2017, was \$161,731.