

**NATIONAL WRESTLING
COACHES ASSOCIATION**

**YEARS ENDED
JUNE 30, 2019 AND 2018**



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, 2019 and 2018 and the related statements of activities, functional expenses 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 Association as of June 30, 2019 and 2018, 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 Steindler & Fritz

Lancaster, Pennsylvania
January 24, 2020

NATIONAL WRESTLING COACHES ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

ASSETS

	<u>2019</u>	<u>2018</u>
Current assets:		
Cash:		
Unrestricted	\$ 539,091	\$ 373,328
Restricted for amounts held for others	40,822	13,234
Cash, Wrestlers in Business Network:		
Local chapters	145,417	156,387
National chapter	<u>44,130</u>	<u>18,902</u>
Total cash	769,460	561,851
Receivables:		
Contributions	41,500	
Other	162,004	255,527
Prepaid expenses	<u>22,133</u>	<u>13,097</u>
Total current assets	<u>995,097</u>	<u>830,475</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>601,216</u>	<u>570,847</u>
Total property and equipment	<u>15,872</u>	<u>46,241</u>
Other assets, security deposit	<u>2,200</u>	<u>2,200</u>
Total assets	<u><u>\$ 1,013,169</u></u>	<u><u>\$ 878,916</u></u>

See notes to financial statements.

NATIONAL WRESTLING COACHES ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

LIABILITIES AND NET ASSETS

	<u>2019</u>	<u>2018</u>
Liabilities:		
Accounts payable	\$ 879	\$ 728
Event deposits	251,564	221,135
Deferred revenue	44,130	22,155
Amounts held for others	<u>40,822</u>	<u>13,234</u>
Total liabilities, all current	<u>337,395</u>	<u>257,252</u>
Net assets:		
Without donor restrictions:		
Other	486,063	446,212
Wrestlers in Business Network	<u>188,361</u>	<u>174,102</u>
	674,424	620,314
With donor restrictions	<u>1,350</u>	<u>1,350</u>
	<u>675,774</u>	<u>621,664</u>
Total liabilities and net assets	<u>\$ 1,013,169</u>	<u>\$ 878,916</u>

See notes to financial statements.

NATIONAL WRESTLING COACHES ASSOCIATION

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2019 AND 2018

	2019			2018		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenue and support:						
Membership dues	\$ 132,079		\$ 132,079	\$ 102,175		\$ 102,175
OPC registration fees	215,145		215,145	217,168		217,168
Contributions	405,101	\$ 321,998	727,099	302,202	\$ 419,399	721,601
Coaching development income	221,217		221,217	229,120		229,120
Event income	202,300		202,300	156,098		156,098
Other income	14,792		14,792	5,094		5,094
Corporate sponsors	188,521		188,521	200,000		200,000
Wrestlers in Business Network	149,648		149,648	303,694		303,694
Net assets released from restrictions	321,998	(321,998)	-	426,699	(426,699)	-
	<u>1,850,801</u>	<u>-</u>	<u>1,850,801</u>	<u>1,942,250</u>	<u>(7,300)</u>	<u>1,934,950</u>
Expenses:						
Programs	1,483,517		1,483,517	1,622,022		1,622,022
Management and general	131,612		131,612	160,537		160,537
Fundraising	181,562		181,562	125,041		125,041
	<u>1,796,691</u>		<u>1,796,691</u>	<u>1,907,600</u>		<u>1,907,600</u>
Change in net assets	54,110	-	54,110	34,650	(7,300)	27,350
Acquisition of Wrestlers in Business Network, Inc.				161,731		161,731
Net assets:						
Beginning	<u>620,314</u>	<u>1,350</u>	<u>621,664</u>	<u>423,933</u>	<u>8,650</u>	<u>432,583</u>
Ending	<u>\$ 674,424</u>	<u>\$ 1,350</u>	<u>\$ 675,774</u>	<u>\$ 620,314</u>	<u>\$ 1,350</u>	<u>\$ 621,664</u>

See notes to financial statements.

NATIONAL WRESTLING COACHES ASSOCIATION

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2019 AND 2018

	2019								
	Programs					Supporting services			
	Membership activities	Events	Coaches education	Program entrenchment	Wrestlers in Business Network	Total programs	Management and general	Fundraising	Total expenses
Salaries	\$ 91,222	\$ 105,549	\$ 115,239	\$ 25,098	\$ 15,245	\$ 352,353	\$ 60,793	\$ 102,003	\$ 515,149
Employee benefits	19,327	20,092	39,790	5,954	4,804	89,967	11,414	29,314	130,695
Professional fees and contractors			188,163	45,665	20,878	254,706	21,604		276,310
Supplies	23,953		5,085			29,038		3,000	32,038
Occupancy	6,799	3,263	8,159	2,720		20,941	3,535	2,720	27,196
Travel	9,222	411	102,644	164	530	112,971	164		113,135
Events and meetings		189,585	51,710		62,154	303,449			303,449
Insurance	933	6,377	1,711	933		9,954	4,044	1,555	15,553
Office and technology	26,538	15,153	157,945	8,944	28,945	237,525	24,568	7,119	269,212
Depreciation			24,878			24,878	5,490		30,368
Donations and sponsorships				5,500	23,449	28,949		7,555	36,504
Memberships and licenses	14,803					14,803			14,803
Marketing and advertising	1,048	1,048	1,677	210		3,983		28,296	32,279
	<u>\$ 193,845</u>	<u>\$ 341,478</u>	<u>\$ 697,001</u>	<u>\$ 95,188</u>	<u>\$ 156,005</u>	<u>\$ 1,483,517</u>	<u>\$ 131,612</u>	<u>\$ 181,562</u>	<u>\$ 1,796,691</u>

	2018								
	Programs					Supporting services			
	Membership activities	Events	Coaches education	Program entrenchment	Wrestlers in Business Network	Total programs	Management and general	Fundraising	Total expenses
Salaries	\$ 74,563	\$ 125,011	\$ 178,590	\$ 71,259		\$ 449,423	\$ 74,189	\$ 42,152	\$ 565,764
Employee benefits	13,089	26,522	68,239	19,874		127,724	17,163	10,577	155,464
Professional fees and contractors			104,711	11,812	\$ 44,608	161,131	18,427		179,558
Supplies	18,161		5,694			23,855			23,855
Occupancy	6,923	3,323	8,307	2,769		21,322	3,600	2,769	27,691
Travel	9,764	119	76,575	48	8,173	94,679	48		94,727
Events and meetings		206,144	34,403		119,824	360,371			360,371
Insurance	703	4,802	1,288	703		7,496	3,045	1,171	11,712
Office and technology	13,340	10,427	180,013	27,486	7,368	238,634	38,575	6,257	283,466
Depreciation			35,273			35,273	5,490		40,763
Donations and sponsorships					86,350	86,350		17,803	104,153
Memberships and licenses	7,009					7,009			7,009
Marketing and advertising	2,304	2,304	3,686	461		8,755		44,312	53,067
	<u>\$ 145,856</u>	<u>\$ 378,652</u>	<u>\$ 696,779</u>	<u>\$ 134,412</u>	<u>\$ 266,323</u>	<u>\$ 1,622,022</u>	<u>\$ 160,537</u>	<u>\$ 125,041</u>	<u>\$ 1,907,600</u>

See notes to financial statements.

NATIONAL WRESTLING COACHES ASSOCIATION

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Increase in net assets	\$ 54,110	\$ 27,350
Adjustments:		
Depreciation and amortization	30,369	40,763
(Increase) decrease in assets:		
Other receivables	93,523	(119,483)
Prepaid expenses	(9,036)	23,503
Contributions receivable	(41,500)	5,000
Increase (decrease) in liabilities:		
Accounts payable	151	(16,876)
Event deposits	30,429	(18,213)
Deferred revenue	21,975	(174,638)
Amounts held for others	<u>27,588</u>	<u>13,234</u>
Net cash provided by (used in) operating activities	<u>207,609</u>	<u>(219,360)</u>
Net cash provided by investing activities, cash received pursuant to acquisition of Wrestlers in Business Network, Inc.		<u>305,051</u>
Increase in cash	207,609	85,691
Total cash:		
Beginning	<u>561,851</u>	<u>476,160</u>
Ending	<u>\$ 769,460</u>	<u>\$ 561,851</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, 2019 AND 2018

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 accounting:

The financial statements of the Association have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Adoption of new accounting pronouncement:

In 2019, the Association implemented Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The Association has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative periods presented. The new standard changes the following aspects of the Association's financial statements:

- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The financial statements include a statement of functional expenses for each year presented. A disclosure has been added describing the allocation method used by the Association.
- The footnotes include a new disclosure about liquidity and availability of resources (Note 2).

Basis of presentation:

Financial statement presentation follows the requirements of the 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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

NATIONAL WRESTLING COACHES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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

Use of estimates:

The preparation of financial statements in accordance with generally accepted accounting principles (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 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.

Revenue recognition:

Contributions are recorded when they are received unconditionally at their fair value.

In accordance with FASB ASC 958, contributions and other support received are recorded as without donor restrictions or with donor restrictions. This requirement is dependent on the existence and/or nature of any donor restrictions. All donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a 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 statement of activities as net assets released from restrictions.

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.

NATIONAL WRESTLING COACHES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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

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.

Functional expenses:

The costs of providing program and supporting services have been summarized on a functional basis on the statements of functional expenses. Certain costs have been allocated between program and supporting services based on management's estimates and actual employee time spent providing such services. Costs directly related to the program or supporting service are charged directly to the program or supporting service.

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.

Reclassifications:

Certain amounts in the 2018 financial statements have been reclassified to conform to the 2019 presentation.

NATIONAL WRESTLING COACHES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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

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 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.

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.

NATIONAL WRESTLING COACHES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

2. Financial assets and liquidity resources:

As of June 30, 2019 and 2018, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, payments of liabilities and purchases of property and equipment were as follows:

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash	\$ 769,460	\$ 561,851
Receivables:		
Contributions	41,500	
Other	<u>162,004</u>	<u>255,527</u>
Total financial assets	972,964	817,378
Less cash restricted for amounts held for others	(40,822)	(13,234)
Less net assets with donor restrictions	<u>(1,350)</u>	<u>(1,350)</u>
Total financial assets available within one year	<u><u>\$ 930,792</u></u>	<u><u>\$ 802,794</u></u>

The Association maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due.

To help manage liquidity needs, the Association has access to a \$125,000 line of credit. As of June 30 2019 and 2018, the remaining amount available under the line of credit was \$125,000.

3. 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 6.50% as of June 30, 2019. There was no outstanding balance at June 30, 2019 and 2018.

NATIONAL WRESTLING COACHES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

4. Office rent:

The Association rents office space under a lease agreement which calls for monthly payments of \$1,648. In addition to the monthly rent, the Association is responsible for paying 2.5% of the taxes assessed against the property. The lease term is for 3 years and expires December 31, 2019. The Association renewed the lease in November 2019. The renewed lease term is for three years, which expires December 31, 2022. 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>	
2020	\$ 19,776
2021	19,776
2022	19,776
2023	<u>9,888</u>
Total	<u>\$ 69,216</u>

Rent expense totaled \$27,195 and \$27,691 for the years ended June 30, 2019 and 2018, respectively.

NATIONAL WRESTLING COACHES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

5. Program services:

The Association provides the following program services:

	<u>2019</u>	<u>2018</u>
Membership activities - allows for the production and dissemination of amateur athletic news and the promotion of national amateur wrestling athletic activities.	\$ 193,845	\$ 145,856
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.	341,478	378,652
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.	697,001	696,779
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.	95,188	134,412
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>156,005</u>	<u>266,323</u>
	<u>\$ 1,483,517</u>	<u>\$ 1,622,022</u>

NATIONAL WRESTLING COACHES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

6. Net assets with donor restrictions:

Net assets with donor restrictions are available for the following purposes or periods:

	<u>2019</u>	<u>2018</u>
Program entrenchment	<u>\$ 1,350</u>	<u>\$ 1,350</u>

7. Net assets released from restrictions:

Net assets with donor restrictions were released as follows:

	<u>2019</u>	<u>2018</u>
Program use restrictions accomplished:		
Coaches education	\$ 234,674	\$ 317,550
Program entrenchment	40,000	69,800
Event	<u>47,324</u>	<u>39,349</u>
	<u>\$ 321,998</u>	<u>\$ 426,699</u>

8. 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 \$21,197 and \$15,841 for 2019 and 2018, respectively.

9. 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.

NATIONAL WRESTLING COACHES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

10. Concentrations:

The Association maintains cash balances at two financial institutions where the balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2019, cash balances exceeded the FDIC limit by \$150,288.

11. Subsequent events:

The Association has evaluated subsequent events through January 24, 2020, the date that the financial statements were available to be issued.