USA Football, Inc.

Independent Auditor’s Report and Consolidated Financial Statements

December 31, 2023 and 2022

Contents

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Independent Auditor's Report

Board of Directors
USA Football, Inc.
Indianapolis, Indiana

Opinion

We have audited the consolidated financial statements of USA Football, Inc. and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of USA Football Inc. and its subsidiaries as of December 31, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of USA Football, Inc., and its subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about USA Football, Inc. and its subsidiaries' ability to continue as a going concern within one year after the date that these consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of USA Football, Inc. and its subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about USA Football Inc. and its subsidiaries' 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.

Forvis Mazars, LLP

Indianapolis, Indiana
June 7, 2024

USA Football, Inc.
Consolidated Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	$ 8,289,897	$ 9,310,604
Accounts receivable, net of allowance; 2023 - $18,970 and 2022 - $22,821	848,874	636,017
Grants receivable	236,300	274,200
Prepaid expenses and other	569,395	570,011
Inventory	321,261	298,754
Investments	15,289,229	14,303,352
Right-of-use assets - operating leases	-	33,273
Property and equipment, net	299,251	639,860
Total assets	$ 25,854,207	$ 26,066,071
Liabilities		
Accounts payable and accrued expenses	$ 1,516,959	$ 1,659,918
Operating lease liabilities	-	33,273
Deferred revenue	4,696,163	5,941,900
Total liabilities	6,213,122	7,635,091
Net Assets		
Without donor restrictions	12,184,188	11,568,117
With donor restrictions	7,456,897	6,862,863
Total net assets	19,641,085	18,430,980
Total liabilities and net assets	$ 25,854,207	$ 26,066,071

USA Football, Inc.
Consolidated Statement of Activities
Year Ended December 31, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support			
Grants and contributions	$ 11,492,838	$ 87,683	$ 11,580,521
Employee retention credit	585,844	-	585,844
Certifications	1,651,583	-	1,651,583
Sponsorships and royalties	1,746,464	-	1,746,464
Membership dues	394,108	-	394,108
Events and other programs	823,224	-	823,224
Investment income, net	221,744	102,623	324,367
Contributions of nonfinancial assets	214,177	-	214,177
Other income	252,756	-	252,756
Net assets released from restrictions	58,712	(58,712)	-
Total revenues, gains and other support	17,441,450	131,594	17,573,044
Expenses			
Program expenses			
Educate	3,956,552	-	3,956,552
Consult	5,745,424	-	5,745,424
Promote	2,224,904	-	2,224,904
Advocate	580,740	-	580,740
High performance	3,390,093	-	3,390,093
Total program expenses	15,897,713	-	15,897,713
General and administrative expenses	1,903,402	-	1,903,402
Total expenses	17,801,115	-	17,801,115
Change in Net Assets Before Other Gains (Losses)	(359,665)	131,594	(228,071)
Net realized and unrealized gains on investments	975,736	462,440	1,438,176
Change in Net Assets	616,071	594,034	1,210,105
Net Assets, Beginning of Year	11,568,117	6,862,863	18,430,980
Net Assets, End of Year	$ 12,184,188	$ 7,456,897	$ 19,641,085

USA Football, Inc.
Consolidated Statement of Activities
Year Ended December 31, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support			
Grants and contributions	$ 11,455,881	$ 159,540	$ 11,615,421
Paycheck Protection Program loan forgiveness	1,469,012	-	1,469,012
Certifications	1,684,201	-	1,684,201
Sponsorships and royalties	1,229,293	-	1,229,293
Events and other programs	714,472	-	714,472
Investment income, net	108,299	92,177	200,476
Contributions of nonfinancial assets	113,537	-	113,537
Other income	266,829	-	266,829
Net assets released from restrictions	106,861	(106,861)	-
Total revenues, gains and other support	17,148,385	144,856	17,293,241
Expenses			
Program expenses			
Educate	4,558,243	-	4,558,243
Consult	5,248,582	-	5,248,582
Promote	1,326,705	-	1,326,705
Advocate	495,740	-	495,740
High performance	2,575,284	-	2,575,284
Total program expenses	14,204,554	-	14,204,554
General and administrative expenses	1,728,145	-	1,728,145
Total expenses	15,932,699	-	15,932,699
Change in Net Assets Before Other Losses	1,215,686	144,856	1,360,542
Net realized and unrealized losses on investments	(1,099,403)	(531,986)	(1,631,389)
Change in Net Assets	116,283	(387,130)	(270,847)
Net Assets, Beginning of Year	11,451,834	7,249,993	18,701,827
Net Assets, End of Year	$ 11,568,117	$ 6,862,863	$ 18,430,980

USA Football, Inc.
Consolidated Statement of Functional Expenses
Year Ended December 31, 2023

	Program	General and Administrative	Total	Percent of Total
Salaries and benefits	$ 5,382,911	$ 954,195	$ 6,337,106	37 %
Travel	1,028,601	54,137	1,082,738	6
Meetings	17,755	3,133	20,888	-
Entertainment	46,522	8,210	54,732	-
Parking	2,268	400	2,668	-
Information technology	162,476	28,672	191,148	1
Office operations	338,036	59,653	397,689	2
Dues and subscriptions	27,460	4,846	32,306	-
Gifts, awards and donations	57,920	-	57,920	-
Professional services	1,600,257	282,398	1,882,655	11
Insurance	661,053	116,657	777,710	4
Consulting	1,495,820	263,968	1,759,788	10
Events	1,174,020	-	1,174,020	7
In-kind expenses	214,176	-	214,176	1
Equipment	359,435	-	359,435	2
Medical support	42,314	-	42,314	-
Apparel	283,223	-	283,223	2
Marketing, promotion and advertising	419,341	74,001	493,342	3
Depreciation	289,518	51,091	340,609	2
Grants and sponsorships	1,975,203	-	1,975,203	11
Cost of goods sold	53,453	-	53,453	-
Professional conventions	85	15	100	-
Game tickets	9,652	1,703	11,355	-
Flag app fulfillment	254,386	-	254,386	1
Other	1,828	323	2,151	-
Bad debt	-	-	-	-
	$ 15,897,713	$ 1,903,402	$ 17,801,115	100 %

USA Football, Inc.
Consolidated Statement of Functional Expenses
Year Ended December 31, 2022

	Program	General and Administrative	Total	Percent of Total
Salaries and benefits	$ 4,839,062	$ 853,954	$ 5,693,016	38 %
Travel	915,096	48,163	963,259	6
Meetings	14,344	2,531	16,875	-
Entertainment	35,273	6,225	41,498	-
Parking	1,607	284	1,891	-
Information technology	159,629	28,170	187,799	1
Office operations	227,338	40,119	267,457	2
Dues and subscriptions	22,153	3,909	26,062	-
Gifts, awards and donations	22,158	-	22,158	-
Professional services	879,674	155,237	1,034,911	6
Insurance	824,041	145,419	969,460	6
Consulting	1,713,605	302,401	2,016,006	13
Events	642,920	-	642,920	4
In-kind expenses	113,536	-	113,536	1
Equipment	232,484	-	232,484	1
Medical support	33,408	-	33,408	-
Apparel	285,546	-	285,546	2
Marketing, promotion and advertising	417,400	73,659	491,059	3
Depreciation	300,025	52,946	352,971	2
Grants and sponsorships	2,169,646	-	2,169,646	14
Cost of goods sold	236,669	-	236,669	1
Professional conventions	-	-	-	-
Game tickets	4,250	750	5,000	-
Flag app fulfillment	33,218	-	33,218	-
Other	17,722	3,128	20,850	-
Bad debt	63,750	11,250	75,000	-
	$ 14,204,554	$ 1,728,145	$ 15,932,699	100 %

USA Football, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Operating Activities		
Change in net assets	$ 1,210,105	$ (270,847)
Items not requiring (providing) cash		
Depreciation	340,609	352,971
Net realized and unrealized losses (gains) on investments	(1,438,176)	1,631,389
Bad debt expense	-	75,000
Operating lease expense	33,273	49,932
Forgiveness of Paycheck Protection Program loans	-	(1,469,012)
Changes in		
Accounts receivable	(212,857)	404,411
Grants receivable	37,900	(84,700)
Prepaid expenses	616	(82,820)
Inventory	(22,507)	317,410
Accounts payable and accrued expenses	(142,959)	342,960
Deferred revenue	(1,245,737)	(1,691,507)
Operating lease liability	(33,273)	(49,932)
Net cash used in operating activities	(1,473,006)	(474,745)
Investing Activities		
Purchase of property and equipment	-	(29,640)
Purchase of investments	-	(175,687)
Proceeds from sale of investments	452,299	-
Net cash provided by (used in) investing activities	452,299	(205,327)
Net Decrease in Cash and Cash Equivalents	(1,020,707)	(680,072)
Cash and Cash Equivalents, Beginning of Year	9,310,604	9,990,676
Cash and Cash Equivalents, End of Year	$ 8,289,897	$ 9,310,604

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

USA Football, Inc. (Organization) is a not-for-profit organization located in Indianapolis, Indiana, formed and operated exclusively for charitable and educational purposes. The Organization's primary goal is to lead development of the sport of football, inspire participation and promote a positive experience for youth, high school and other amateur players. The Organization's revenues and other support are derived principally from grants and contributions and events income. The Organization provides a variety of educational programs and innovative tools for coaches, officials, administrators, players and parents. Revenue for the Organization comes from several sources including programs, events and other developmental activities.

Heads Up Football, LLC (LLC) was created by the Organization during 2016. The LLC was formed to operate the Heads Up Football program.

The Organization also controls a dormant supporting organization, USA Football Foundation, Inc., which had no assets, revenues or net assets as of and for the years ended December 31, 2023 and 2022.

The Organization leads, convenes, collaborates and/or supports football stakeholders in these core areas:

- *Educate:* The Organization is a thought-leader for the sport of football at the grassroots level. The Organization works at the forefront of understanding youth sports participation and to advance football development, coaching, league administration, and related topics to serve families across the sport.
- *Consult:* The Organization provides league commissioners, coaches, players, parents, and game officials the resources, information, knowledge, and tools that each individual needs for a successful and positive youth football experience.
- *Promote:* The Organization strives to amplify the 21st-Centruy standards that the Organization delivers to youth football communities, including the fairness and whole-child benefits of participation, facilitating activations, promotions, and media campaigns to propel the Organization's child-first mission.
- *Advocate:* As the Organization is one of the sport's top stewards within the grassroot level, the Organization strives to serve as the leading voice for children's well-being through the sport of football.
- *High Performance:* The Organization promotes access to many entry levels into the sport. The Organization aspires to develop with not only the education of its participants, but the skills needed to perform in a high-level on the field and off.

Principles of Consolidation

The consolidated financial statements include the accounts of the Organization and its wholly-owned subsidiary, Heads Up Football, LLC, of which the Organization is the sole member and USA Football Foundation, Inc. (collectively, the Organization). All significant inter-organizational accounts have been eliminated.

Use of Estimates

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2023 and 2022, cash equivalents consisted primarily of money market accounts with brokers. For purposes of the consolidated statement of cash flows, cash equivalents included in investment accounts are not considered to be cash and cash equivalents.

At December 31, 2023, the Organization's cash accounts exceeded federally insured limits by approximately $8,140,000.

Accounts Receivable

Accounts receivable from certifications, events and other programs are stated at the amount of consideration from customers, of which the Organization has an unconditional right to receive. The Organization provides an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information and adjusted for current economic conditions and reasonable and supportable forecasts. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recognized when received. Based on management's evaluation, an allowance of $18,970 and $22,821 has been recorded for receivables deemed uncollectible as of December 31, 2023 and 2022, respectively. All accounts receivable are collectible within one year. The Organization does not charge interest on past due accounts.

Inventory

Inventories consists of merchandise and football equipment for use and for resale to certified coaches, organizations and other customers. Inventory is stated at the lower of cost or net realizable value. All inventory is held for resale.

Investments and Net Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions.

Transfers Between Fair Value Hierarchy Levels

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period ending date.

Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. Estimated useful lives ranges from 3 to 7 years.

Long-Lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds it fair value. No asset impairment was recognized during the years ended December 31, 2023 and 2022.

Deferred Revenue

Revenue from fees for sponsorships or event registrants is deferred and recognized over the periods to which the fees relate.

Paycheck Protection Program (PPP) Loan – Refundable Advance

The Organization received first and second round PPP loans established by the CARES Act and has elected to account for the funding as a conditional contribution by applying ASC Topic 958-605, *Not-for-Profit Entities - Revenue Recognition*. Revenue is recognized when conditions are met, which includes meeting FTE and salary reduction requirements and incurring eligible expenditures. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender, as a result of such audit, adjustments could be required to the recognition of revenue. The Organization recognized the full amount of the second round PPP loan of $1,469,012 as a federal grant in the year ended December 31, 2022.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for various reserve purposes. Net assets with donor restrictions are subject to donor- or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Certification, Membership dues, Sponsorships, Royalties, Events and Other Program Revenue

Certification, membership dues, sponsorships, royalties, events and other program revenue is recognized as the Organization satisfies performed obligations under its contracts. Revenue is reported at the estimated transaction price or amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing goods or services. The Organization determines the transaction price based on standard charges for goods and services provided, reduced by implicit and explicit price concessions. The Organization determines its estimates of implicit and explicit price concessions based upon contractual agreements, its discount policies and historical experience.

Contributions

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts - with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
Conditional gifts, with or without restriction	
Gifts that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, *i.e.* the donor-imposed barrier is met
Unconditional gifts, with or without restriction	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional. The Organization had two conditional promises at December 31, 2023. Note 9 describes the conditional promise from the NFL Foundation, a related party. The Organization had one additional conditional promise of $1,000,000 at December 31, 2023. Conditions on this gift include incurring eligible expenditures and meeting required provisions of the grant agreement.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income. The Organization files tax returns in the U.S. federal jurisdiction. The LLC is treated as a disregarded entity under the exemption of the Organization for tax purposes.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses presents the natural classification detail of expenses by function. Certain costs have been allocated among the program and management and general categories based on the actual direct expenditures and cost allocations based upon estimates by management.

Marketing, Promotion and Advertising

The Organization's policy is to expense advertising as the costs are incurred.

Subsequent Events

Subsequent events have been evaluated through June 7, 2024, which is the date the consolidated financial statements were available to be issued.

Note 2. Revenue From Contracts

Contract Revenue

Performance obligations are determined based on the nature of the goods or services provided by the Organization in accordance with the contract. Revenue for performance obligations satisfied over time is recognized ratably over the period based on time elapsed. The Organization believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligations.

Revenue for performance obligations satisfied at a point in time is generally recognized when goods or services are provided to customers at a single point in time and the Organization does not believe it is required to provide additional goods or services related to that contract.

Transaction Price and Recognition

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by discounts provided in accordance with the Organization's policy and implicit price concessions provided to customers. The Organization determines its estimates of explicit price concessions based on its historical collection experience within classes of customers.

From time to time, the Organization will receive overpayments of customer balances resulting in amounts owed back to either customers or third parties. These amounts are excluded from revenues and recorded as liabilities until they are refunded. As of December 31, 2023 and 2022, the Organization has no refund liabilities owed to customers or third parties.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change. For the years ended December 31, 2023 and 2022, no additional revenues were recognized due to changes in its estimates of implicit price concessions, discounts and contractual adjustments for performance obligations satisfied in prior years. Subsequent changes that are determined to be the result of adverse change in the customer's ability to pay are recorded as bad debt expense.

The Organization has contracts that are unsatisfied or partially satisfied as of December 31, 2023, 2022 and 2021 in the amounts of $52,187, $101,261, and $240,992, respectively, which the Organization expects to recognize in the following year.

The Organization has amounts due from customers totaling $606,653, $307,059, and $920,950 at December 31, 2023, 2022, and 2021, respectively. The Organization expects to receive these amounts over the next calendar year.

Disaggregation of Revenue

The composition of contract revenue for the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
Certifications	$ 1,651,583	$ 1,684,201
Sponsorships and royalties	1,746,464	1,229,293
Membership dues	394,108	-
Events and other programs	823,224	714,472
Other income	252,756	266,829
	$ 4,868,135	$ 3,894,795

The timing of recognition of contract revenue for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Timing of revenue and recognition		
Sales at a point in time	$ 2,822,444	$ 2,210,594
Services transferred over time	2,045,691	1,684,201
	$ 4,868,135	$ 3,894,795

Financing Component

The Organization has elected the practical expedient allowed under FASB ASC 606-10-36-16 and does not adjust the promised amount of consideration from customers and third parties for the effects of a significant financing component due to the Organization’s expectation that the period between the time the service is provided to a customer and the time the customer or a third-party payer pays for that service will be one year or less.

However, the Organization does in certain instances enter into payment agreements with customers that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

Note 3. Investments

The Organization's investments at fair value are as follows:

	2023	2022
Money market mutual funds	$ 261,964	$ 1,448,519
Mutual funds	647,562	1,635,307
Common stocks	11,393,705	8,380,608
Corporate bonds	2,133,014	2,542,828
Government securities	852,984	296,090
	$ 15,289,229	$ 14,303,352

Total investment return is comprised of the following:

	2023	2022
Interest income	$ 324,367	$ 200,476
Realized gains on investments	193,644	223,950
Unrealized gains (losses) on investments	1,244,532	(1,855,339)
Total investment return	$ 1,762,543	$ (1,430,913)

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated statements of financial position.

Note 4. Property and Equipment

Property and equipment at December 31 consists of:

	2023	2022
Office equipment	$ 33,055	$ 53,138
Office furniture	7,129	7,129
Digital assets	1,769,115	1,769,115
Leasehold improvements	36,326	36,326
	1,845,625	1,865,708
Accumulated depreciation	(1,546,374)	(1,225,848)
	$ 299,251	$ 639,860

Note 5. Line of Credit

The Organization has a $500,000 revolving bank line of credit which expires on November 30, 2024. The interest rate on the line of credit is the prime rate plus 1.75%. There were no borrowings against the line of credit as of December 31, 2023 and 2022.

The Organization has a loan management account wherein the maximum amount shall not exceed $5,000,000. The maximum amount cap remains subject to change in the bank's discretion and does not constitute a loan commitment by the bank. There were no borrowings against the loan management account as of December 31, 2023 and 2022.

Note 6. Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31 are restricted for the following purposes or periods:

	2023	2022
Subject to expenditure for specified purpose		
Sport development	$ 413,917	$ 413,917
Helmet and equipment replacement grant	83,650	54,679
	497,567	468,596
Endowments		
Subject to endowment spending policy and appropriation		
Accumulated earnings for operations	3,959,330	3,394,267
Not subject to spending policy or appropriation		
Endowment investments	3,000,000	3,000,000
	6,959,330	6,394,267
	$ 7,456,897	$ 6,862,863

Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2023	2022
Satisfaction of purpose restrictions		
Helmet and equipment replacement grant	$ 58,712	$ 98,321
High performance	-	8,540
	$ 58,712	$ 106,861

Note 7. Endowment

The Organization's endowment consists of a donor-restricted fund established to fund operating expenses. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization's governing body is subject to the State of Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. The governing body of the Organization has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment fund, the Organization considers the fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. Additionally, in accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Organization and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Organization
7. Investment policies of the Organization

The composition of net assets by type of endowment fund at December 31, 2023 and 2022 was:

	With Donor Restrictions	
	2023	**2022**
Donor-restricted endowment funds	$ 6,959,330	$ 6,394,267

Changes in endowment net assets for the years ended December 31, 2023 and 2022 were:

	With Donor Restrictions	
	2023	**2022**
Endowment net assets, beginning of year	$ 6,394,267	$ 6,834,076
Investment return, net	565,063	(439,809)
Endowment net assets, end of year	$ 6,959,330	$ 6,394,267

From time to time, the fair value of assets associated with the donor-restricted endowment fund may fall below the level the Organization is required to retain as a fund of perpetual duration pursuant to donor stipulation or SPMIFA. At December 31, 2023 and 2022, there were no such deficiencies. The Organization is in the process of implementing a formal investment policy for the endowed investments.

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Organization has a policy (the spending policy) of appropriating for expenditure each year 4% of the January 1 fair value of the endowment of the year in which expenditure is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment. This is consistent with the Organization's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return. The Organization is precluded from spending from underwater funds as directed by the donor. In an effort to allow the endowment to continue to grow, the Organization elected not to take an appropriation in 2023 or 2022.

Note 8. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2023 and 2022, comprise the following:

	2023	2022
Cash and cash equivalents	$ 8,289,897	$ 9,310,604
Accounts receivable, net	848,874	636,017
Grants receivable	236,300	274,200
Investments	15,289,229	14,303,352
	24,664,300	24,524,173
Donor-imposed restrictions		
Restricted funds	497,567	468,596
Endowments	6,959,330	6,394,267
	7,456,897	6,862,863
Financial assets available to meet cash needs for general expenditures within one year	$ 17,207,403	$ 17,661,310

The Organization's endowment funds consist of a donor-restricted endowment. Income from donor-restricted endowments is available for general use upon appropriation by the Board of Directors.

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization has established an operating reserve policy with the objective to build and maintain an adequate level of net assets without donor restriction to support the Organization's day-to-day operations in the event of unforeseen shortfalls, create a resource for development of new products and programs and to adjust operations in the case of possible impairment due to significant loss of funding or disaster recovery. The operating reserve consists of three components: 1) the operating reserve fund, 2) the R&D reserve fund and 3) the disaster recovery reserve fund.

The purpose of the operating reserve fund is to support day-to-day operations in the event of unforeseen shortfalls. The minimum target balance for this fund is 25% or three months of annual budgeted expenditures. Once this fund is over 33% or four months of annual budgeted expenditures, the funding percentages will adjust to decrease the amount going into this reserve and to increase the funding to the R&D reserve fund and the disaster recovery reserve fund. The balance of this fund at December 31, 2023 and 2022 was $6,468,533.

The purpose of the R&D reserve fund is to create a resource for developing new products and programs, including launching those programs into the market place. The balance of this fund at December 31, 2023 and 2022 was $785,544 and $554,518, respectively.

Note 9. Related Party Transactions

On June 11, 2019, the NFL, NFL Foundation and the Organization signed a two year, $19,000,000 collaborative agreement to support the Organization's youth and high school football programs wherein the second year installment of $9,500,000 was conditional upon completion of certain measurable metrics related to the first year installment. The funding supports the Organization's programs including Learn to Play, Football Development Model, Heads Up Football and NFL Flag from April 1, 2019 through March 31, 2021. This grant agreement was completed during 2021.

The Organization has received the $19,000,000 under this grant. Of the $9,500,000 received in 2019, the Organization recognized $6,493,497 in revenue during 2019 due to meeting required provisions of the grant agreement and the remaining $3,006,503 was reflected in deferred revenue. During 2020, an additional $3,004,889 was recognized by the Organization due to meeting required provisions of the grant agreement and the remaining $1,614 was reflected in deferred revenue. Of the $9,500,000 received in 2020, the Organization recognized $4,009,620 due to meeting required provisions of the grant agreement and the remaining $5,490,380 was reflected in deferred revenue. During 2021, an additional $2,335,569 was recognized by the Organization due to meeting required provisions of the grant agreement and the remaining $3,154,811 is reflected in deferred revenue. During 2022, $913,359 was recognized by the Organization due to meeting required provisions of the grant agreement and the remaining $2,241,452 is reflected as deferred revenue as the NFL Foundation agreed to rollover these funds and extend the time period through March 31, 2024. During 2023, $706,655 was recognized by the Organization due to meeting required provisions of the grant agreement and the remaining $1,534,797 is reflected as deferred revenue. The deferred amounts will be recognized into revenue as the Organization meets required grant provisions.

On August 5, 2021, the NFL, NFL Foundation and the Organization signed a three year, $28,500,000 collaborative agreement to support the Organizations' youth and high school football programs wherein the second and third year installments of $9,500,000 are conditional upon the completion of certain measurable metrics related to the previous year installment. The funding supports the Organization's programs including Learn to Play, Football Development Model, and Heads Up Football from April 1, 2021 through March 31, 2024.

The Organization has received $28,500,000 under this grant. Of the $9,500,000 received in 2021, the Organization recognized $5,263,975 in revenue during 2021 due to meeting required provisions of the grant agreement and the remaining $4,236,025 is reflected in deferred revenue. During 2022, the Organization recognized $3,869,830 in revenue due to meeting required provisions of the grant agreement and the remaining $366,195 is reflected in deferred revenue. Of the $9,500,000 received in 2022, the Organization recognized $6,268,626 in revenue in 2022 due to meeting required provisions of the grant agreement and the remaining $3,231,374 is reflected in deferred revenue. During 2023, the remaining $3,231,374 was recognized by the Organization due to meeting required provisions of the grant agreement. Of the $9,500,000 received in 2023, the Organization recognized $6,758,634 in revenue in 2023 due to meeting required provisions of the grant agreement and the remaining $2,741,366 is reflected in deferred revenue. The deferred amounts will be recognized into revenue as the Organization meets required grant provisions.

Annual allocations under the multi-year collaboration are subject to conditions that are approved over the term of the agreement, including allotments with cost reimbursement terms. The NFL, through the NFL Foundation and the NFL Youth Football Fund, have provided grants and other support to the Organization in the amount of $10,696,663 and $11,051,776 for the years ended December 31, 2023 and 2022, respectively. This support accounted for 62% and 64% of total revenues, gains and other support for the years ended December 31, 2023 and 2022, respectively. These grants supported the Organization's programs including Heads Up Football, youth and high school equipment grants, helmet reconditioning grants and general operations.

The Organization had a combined receivable balance from the NFL Foundation and NFL Youth Football Fund of $338,429 and $322,581 as of December 31, 2023 and 2022, respectively. These receivables are included within accounts receivable, net and grants receivable on the consolidated statements of financial position.

Note 10. Operating Leases

Accounting Policies

The Organization determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the consolidated statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

The Organization combines lease and nonlease components, such as common area and other maintenance costs, in calculating the ROU assets and lease liabilities for its office buildings. The Organization allocates the consideration to the lease and nonlease components using their relative standalone values. In addition, for certain equipment leases, the Organization applies a portfolio approach to effectively account for the operating lease ROU asset and liabilities.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. The Organization did not assess any of the renewal options in its leases to be reasonably certain, therefore, the renewal term is not included in the lease term. Lease expense is generally recognized on a straight-line basis over the lease term.

The Organization has elected not to record leases with an initial term of 12 months or less on the consolidate statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Nature of Operating Leases

The Organization had leases for office space and storage space that expired in 2023. These leases generally contained renewal options for periods ranging from 1 to 3 years. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

Quantitative Disclosures

The lease cost and other required information for the years ended December 31, 2023 and 2022 are:

	2023	2022
Operating lease cost	$ 33,382	$ 50,294
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	33,273	50,252
Right-of-use assets obtained in exchange for new operating lease liabilities	-	83,205
Weighted-average remaining operating lease term	-	0.75 years
Weighted-average discount rate	0.00%	0.71%

Note 11. Retirement Plan

The Organization sponsors a 401(k) savings plan (Plan) so that employees may contribute a portion of their income (pre-tax or post-tax) into a retirement fund. The Plan covers all of its eligible employees. The Organization matches up to 100% of each employee's contribution up to 6% of eligible compensation plus the Organization may make additional discretionary contributions. For the years ended December 31, 2023 and 2022, the discretionary contributions totaled 1.5% of eligible compensation. The contribution to this Plan for the years ended December 31, 2023 and 2022 was $228,014 and $203,513, respectively.

Note 12. Fair Value Measurements and Disclosures

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2023.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy.

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2023 and 2022:

		2023 Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market mutual funds	$ 261,964	$ 261,964	$ -	$ -
Mutual funds	647,562	647,562	-	-
Common stocks	11,393,705	11,393,705	-	-
Corporate bonds	2,133,014	2,133,014	-	-
Government securities	852,984	-	852,984	-
	$ 15,289,229	$ 14,436,245	$ 852,984	$ -

	2022			
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market mutual funds	$ 1,448,519	$ 1,448,519	$ -	$ -
Mutual funds	1,635,307	1,635,307	-	-
Common stocks	8,380,608	8,380,608	-	-
Corporate bonds	2,542,828	2,542,828	-	-
Government securities	296,090	-	296,090	-
	$ 14,303,352	$ 14,007,262	$ 296,090	$ -

Note 13. Contributed Nonfinancial Assets

For the years ended December 31, 2023 and 2022, contributed nonfinancial assets recognized within the consolidated statements of activities included:

	2023	2022
Donated apparel	$ 214,177	$ 113,537

The nonfinancial assets listed above were recognized within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

The Organization estimated fair value of donated apparel is based on the value that would be received for selling those items. Donated items are utilized in each of the Organization’s programs to promote positive experience for youth, high school and other amateur football players and are not monetized.

Note 14. Employee Retention Credit (ERC)

The Coronavirus Aid, Relief, and Economic Security Act (CARES), and subsequent legislation, provides a refundable employee retention tax credit to eligible employers who meet either a gross receipts test or a government mandate test. The tax credit is equal to a specified percentage of qualified wages paid to employees subject to certain limits. Laws and regulations concerning the employee retention credit are complex and subject to varying interpretation. These credits may be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization’s claim to the employee retention credit, and it is not possible to determine the impact this would have on the Organization. The Organization accounts for these employee retention credits in accordance with ASC 958-605. Under ASC 958-605, revenue is recognized once the conditions attached to the grant have been substantially met. During 2023, the Organization has recognized $585,844 associated with the ERC as income in the 2023 consolidated statement of activities after approval of ERC application received based on incurring qualifying wages.

Note 15. Litigation

The Organization is subject to lawsuits that arose primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of the lawsuits will not have a material adverse effect on the consolidated financial position, change in net assets and cash flows of the Organization.

Note 16. Concentrations

Grants and Contributions

Approximately 94% and 99% of all grants and contributions were received from one donor in 2023 and 2022, respectively.

Sponsorships

Approximately 87% and 84% of all sponsorships were received from two donors in 2023 and 2022, respectively.