

**NATIONAL INTERSCHOLASTIC CYCLING ASSOCIATION
AND CHAPTERS**

CONSOLIDATED FINANCIAL STATEMENTS

**YEAR ENDED DECEMBER 31, 2021 AND SIX MONTHS ENDED
DECEMBER 31, 2020 AND YEAR ENDED JUNE 30, 2020**



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**NATIONAL INTERSCHOLASTIC CYCLING ASSOCIATION AND CHAPTERS
CONSOLIDATED FINANCIAL STATEMENTS
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2021 AND SIX MONTHS ENDED DECEMBER 31, 2020 AND
YEAR ENDED JUNE 30, 2020**

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	3
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	4
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES	7
CONSOLIDATED STATEMENTS OF CASH FLOWS	10
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	11



INDEPENDENT AUDITORS' REPORT

Board of Directors
National Interscholastic Cycling Association and Chapters
Berkeley, California

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of National Interscholastic Cycling Association and Chapters (a California corporation), which comprise the consolidated statements of financial position as of December 31, 2021, 2020, and June 30, 2020, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years ended December 31, 2021 and June 30, 2020 and six month period ended December 31, 2020, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of National Interscholastic Cycling Association and Chapters as of December 31, 2021, 2020, and June 30, 2020, and the changes in their net assets and their cash flows for the years ended December 31, 2021 and June 30, 2020 and six month period ended December 31, 2020, 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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of National Interscholastic Cycling Association and Chapters 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 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 National Interscholastic Cycling Association and Chapters' ability to continue as a going concern for one year after the date the financial statements are available to be issued.

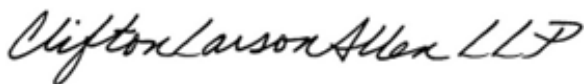
Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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



CliftonLarsonAllen LLP

Roseville, California
August 19, 2022

NATIONAL INTERSCHOLASTIC CYCLING ASSOCIATION AND CHAPTERS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021, 2020 AND JUNE 30, 2020

	12/31/2021	12/31/2020	6/30/2020
ASSETS			
ASSETS			
Cash and Cash Equivalents	\$ 5,526,369	\$ 4,950,941	\$ 4,167,456
Investments - Certificate of Deposit	50,684	50,679	50,654
Accounts Receivable	211,521	103,614	233,546
Prepaid Expenses	16,890	77	13,033
Inventory Supplies	115,708	140,094	154,632
Property, Equipment and Improvements, Net	274,617	202,182	210,567
Total Assets	\$ 6,195,789	\$ 5,447,587	\$ 4,829,888
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 458,682	\$ 251,962	\$ 180,667
Deferred Revenue	4,000	1,503	37,038
Economic Injury Disaster Loan	149,900	149,900	149,900
Paycheck Protection Program Loan - Refundable Advance	147,994	660,242	660,242
Total Liabilities	760,576	1,063,607	1,027,847
NET ASSETS			
Net Assets Without Donor Restrictions	5,328,932	4,318,054	3,540,319
Net Assets With Donor Restrictions	106,281	65,926	261,722
Total Net Assets	5,435,213	4,383,980	3,802,041
Total Liabilities and Net Assets	\$ 6,195,789	\$ 5,447,587	\$ 4,829,888

See accompanying Notes to Consolidated Financial Statements.

**NATIONAL INTERSCHOLASTIC CYCLING ASSOCIATION AND CHAPTERS
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, AND TRANSFERS			
Public Support:			
Donations	\$ 703,949	\$ -	\$ 703,949
Foundation Grants	507,500	318,853	826,353
Sponsorships	1,467,878	-	1,467,878
In-Kind Goods	234,093	-	234,093
Total Support	2,913,420	318,853	3,232,273
Revenue:			
Registrations and Program Fees	4,995,577	-	4,995,577
Inventory Supplies Sales, Net of COGS of \$136,636	64,753	-	64,753
Special Events, Net of Expenses of \$50,591	169,910	-	169,910
Paycheck Protection Program Loan Forgiveness	512,248	-	512,248
Interest	135	-	135
Miscellaneous	7,963	-	7,963
Total Revenue	5,750,586	-	5,750,586
Net Assets Released from Restrictions by Fulfillment of Purpose and/or Time Restrictions	278,498	(278,498)	-
Total Support, Revenue, and Transfers	8,942,504	40,355	8,982,859
EXPENSES AND LOSSES			
Program Services	6,313,558	-	6,313,558
Management and General	889,153	-	889,153
Fundraising	728,915	-	728,915
Total Expenses and Losses	7,931,626	-	7,931,626
CHANGE IN NET ASSETS	1,010,878	40,355	1,051,233
Net Assets - Beginning of Period	4,318,054	65,926	4,383,980
NET ASSETS - END OF PERIOD	\$ 5,328,932	\$ 106,281	\$ 5,435,213

See accompanying Notes to Consolidated Financial Statements.

**NATIONAL INTERSCHOLASTIC CYCLING ASSOCIATION AND CHAPTERS
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
SIX MONTHS ENDED DECEMBER 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, AND TRANSFERS			
Public Support:			
Donations	\$ 456,825	\$ -	\$ 456,825
Foundation Grants	279,100	50,000	329,100
Sponsorships	811,748	-	811,748
In-Kind Goods	121,131	-	121,131
Total Support	1,668,804	50,000	1,718,804
Revenue:			
Registrations and Program Fees	1,777,181	-	1,777,181
Inventory Supplies Sales, Net of COGS of \$24,187	19,895	-	19,895
Special Events, Net of Expenses of \$2,748	74,900	-	74,900
Interest	89	-	89
Miscellaneous	7,050	-	7,050
Total Revenue	1,879,115	-	1,879,115
Net Assets Released from Restrictions by Fulfillment of Purpose and/or Time Restrictions	245,796	(245,796)	-
Total Support, Revenue, and Transfers	3,793,715	(195,796)	3,597,919
EXPENSES AND LOSSES			
Program Services	2,220,025	-	2,220,025
Management and General	405,684	-	405,684
Fundraising	390,271	-	390,271
Total Expenses and Losses	3,015,980	-	3,015,980
CHANGE IN NET ASSETS	777,735	(195,796)	581,939
Net Assets - Beginning of Year	3,540,319	261,722	3,802,041
NET ASSETS - END OF YEAR	\$ 4,318,054	\$ 65,926	\$ 4,383,980

See accompanying Notes to Consolidated Financial Statements.

**NATIONAL INTERSCHOLASTIC CYCLING ASSOCIATION AND CHAPTERS
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, AND TRANSFERS			
Public Support:			
Donations	\$ 619,604	\$ 10,000	\$ 629,604
Foundation Grants	472,000	352,000	824,000
Sponsorships	1,208,383	-	1,208,383
In-Kind Goods	243,599	-	243,599
Total Support	2,543,586	362,000	2,905,586
Revenue:			
Registrations and Program Fees	3,190,659	-	3,190,659
Inventory Supplies Sales, Net of COGS of \$95,233	68,182	-	68,182
Special Events, Net of Expenses of \$34,584	84,875	-	84,875
Interest	896	-	896
Total Revenue	3,344,612	-	3,344,612
Net Assets Released from Restrictions by Fulfillment of Purpose and/or Time Restrictions	339,702	(339,702)	-
Total Support, Revenue, and Transfers	6,227,900	22,298	6,250,198
EXPENSES AND LOSSES			
Program Services	4,593,347	-	4,593,347
Management and General	769,651	-	769,651
Fundraising	651,714	-	651,714
Total Expenses and Losses	6,014,712	-	6,014,712
CHANGE IN NET ASSETS	213,188	22,298	235,486
Net Assets - Beginning of Year	3,327,131	239,424	3,566,555
NET ASSETS - END OF YEAR	\$ 3,540,319	\$ 261,722	\$ 3,802,041

See accompanying Notes to Consolidated Financial Statements.

NATIONAL INTERSCHOLASTIC CYCLING ASSOCIATION AND CHAPTERS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services	Management and General	Fundraising	Total
Salaries and Benefits	\$ 2,938,795	\$ 402,575	\$ 684,377	\$ 4,025,747
Accounting and Bank Fees	-	14,261	-	14,261
Consulting	121,082	12,262	19,925	153,269
Insurance	446,100	4,506	-	450,606
Credit Card/Transaction Fees	-	72,704	-	72,704
Legal	53,359	1,089	-	54,448
Office Expenses	22,780	37,967	2,531	63,278
Postage and Shipping	1,113	72	12	1,197
Program Expenses	2,072,841	156,020	-	2,228,861
Program Outreach	165,993	-	-	165,993
Rent and Utilities	70,466	9,034	10,841	90,341
Travel and Meetings	2,461	-	-	2,461
Miscellaneous	-	178,663	-	178,663
Depreciation	82,827	-	-	82,827
Scholarships	190,510	-	-	190,510
Inventory Supplies - Cost of Goods Sold	-	-	136,636	136,636
Direct Event Expenses	1,231	-	39,818	41,049
In-Kind - Promotional	144,000	-	-	144,000
Grants (Other Agencies)	-	-	22,002	22,002
Total Expenses by Function	<u>6,313,558</u>	<u>889,153</u>	<u>916,142</u>	<u>8,118,853</u>
Less: Expenses Included with Revenues on the Consolidated Statement of Activities:				
Merchandise Cost of Goods Sold	-	-	136,636	136,636
Direct Event Expenses	-	-	50,591	50,591
Total Expenses Included in the Expense Section on the Consolidated Statement of Activities	<u>\$ 6,313,558</u>	<u>\$ 889,153</u>	<u>\$ 728,915</u>	<u>\$ 7,931,626</u>

See accompanying Notes to Consolidated Financial Statements.

NATIONAL INTERSCHOLASTIC CYCLING ASSOCIATION AND CHAPTERS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
SIX MONTHS ENDED DECEMBER 31, 2020

	Program Services	Management and General	Fundraising	Total
Salaries and Benefits	\$ 1,242,769	\$ 213,046	\$ 319,569	\$ 1,775,384
Accounting and Bank Fees	-	345	-	345
Consulting	105,443	12,167	17,574	135,184
Insurance	206,391	4,212	-	210,603
Credit Card/Transaction Fees	-	77,997	-	77,997
Legal	245	5	-	250
Office Expenses	6,778	2,405	1,749	10,932
Postage and Shipping	271	17	3	291
Program Expenses	417,951	41,608	-	459,559
Program Outreach	46,218	-	-	46,218
Rent and Utilities	27,598	7,567	9,348	44,513
Travel and Meetings	1,598	-	178	1,776
Miscellaneous	-	46,315	-	46,315
Depreciation	34,818	-	-	34,818
Scholarships	15,527	-	-	15,527
Inventory Supplies - Cost of Goods Sold	-	-	24,187	24,187
Direct Event Expenses	82	-	2,666	2,748
In-Kind - Promotional	114,418	-	-	114,418
Grants (Other Agencies)	-	-	41,850	41,850
Total Expenses by Function	<u>2,220,107</u>	<u>405,684</u>	<u>417,124</u>	<u>3,042,915</u>
Less: Expenses Included with Revenues on the Consolidated Statements of Activities:				
Merchandise Cost of Goods Sold	-	-	24,187	24,187
Direct Event Expenses	82	-	2,666	2,748
Total Expenses Included in the Expense Section on the Consolidated Statement of Activities	<u>\$ 2,220,025</u>	<u>\$ 405,684</u>	<u>\$ 390,271</u>	<u>\$ 3,015,980</u>

See accompanying Notes to Consolidated Financial Statements.

**NATIONAL INTERSCHOLASTIC CYCLING ASSOCIATION AND CHAPTERS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020**

	Program Services	Management and General	Fundraising	Total
Salaries and Benefits	\$ 2,144,038	\$ 367,549	\$ 551,324	\$ 3,062,911
Accounting and Bank Fees	-	806	-	806
Consulting	258,450	29,822	43,075	331,347
Insurance	295,417	6,029	-	301,446
Credit Card/Transaction Fees	-	115,603	-	115,603
Legal	2,450	50	-	2,500
Office Expenses	42,704	15,153	11,020	68,877
Postage and Shipping	2,477	160	26	2,663
Program Expenses	1,330,612	135,017	-	1,465,629
Program Outreach	124,568	-	-	124,568
Rent and Utilities	55,450	15,203	18,782	89,435
Travel and Meetings	13,380	-	1,486	14,866
Miscellaneous	-	84,259	-	84,259
Depreciation	62,398	-	-	62,398
Scholarships	83,775	-	-	83,775
Inventory Supplies - Cost of Goods Sold	-	-	95,234	95,234
Direct Event Expenses	1,038	-	33,546	34,584
In-Kind - Promotional	177,628	-	-	177,628
Grants (Other Agencies)	-	-	26,000	26,000
Total Expenses by Function	<u>4,594,385</u>	<u>769,651</u>	<u>780,493</u>	<u>6,144,529</u>
Less: Expenses Included with Revenues on the Consolidated Statements of Activities:				
Merchandise Cost of Goods Sold	-	-	95,233	95,233
Direct Event Expenses	<u>1,038</u>	<u>-</u>	<u>33,546</u>	<u>34,584</u>
Total Expenses Included in the Expense Section on the Consolidated Statement of Activities	<u>\$ 4,593,347</u>	<u>\$ 769,651</u>	<u>\$ 651,714</u>	<u>\$ 6,014,712</u>

See accompanying Notes to Consolidated Financial Statements.

NATIONAL INTERSCHOLASTIC CYCLING ASSOCIATION AND CHAPTERS
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021 AND SIX MONTHS ENDED DECEMBER 31, 2020 AND
YEAR ENDED JUNE 30, 2020

	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>6/30/2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in Net Assets	\$ 1,051,233	\$ 581,939	\$ 235,486
Adjustments to Reconcile Change in Net Assets to			
Net Cash Provided by Operating Activities:			
Depreciation	82,827	34,818	62,398
Loss on Disposal of Fixed Assets	1,375	-	1,237
Interest Income - Certificate of Deposit	(5)	(25)	(654)
Changes in Assets and Liabilities:			
Accounts Receivable	(107,907)	129,932	(131,648)
Prepaid Expenses	(16,813)	12,956	13,629
Inventory Supplies	24,386	14,538	(49,869)
Accounts Payable and Accrued Expenses	206,720	71,295	(40,209)
Paycheck Protection Program Loan - Refundable Advance	(512,248)	-	660,242
Deferred Revenue	2,497	(35,535)	(23,632)
Net Cash Provided by Operating Activities	<u>732,065</u>	<u>809,918</u>	<u>726,980</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of Property, Equipment and Improvements	(156,637)	(26,433)	(127,809)
Proceeds from Sale of Property, Equipment, and Improvements	-	-	4,450
Purchases of Investments - Certificate of Deposit	-	-	(50,000)
Net Cash Used by Investing Activities	<u>(156,637)</u>	<u>(26,433)</u>	<u>(173,359)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Economic Injury Disaster Loan	-	-	149,900
NET INCREASE IN CASH AND CASH EQUIVALENTS	575,428	783,485	703,521
Cash and Cash Equivalents - Beginning of Period/Year	<u>4,950,941</u>	<u>4,167,456</u>	<u>3,463,935</u>
CASH AND CASH EQUIVALENTS - END OF PERIOD/YEAR	<u><u>\$ 5,526,369</u></u>	<u><u>\$ 4,950,941</u></u>	<u><u>\$ 4,167,456</u></u>

See accompanying Notes to Consolidated Financial Statements.

**NATIONAL INTERSCHOLASTIC CYCLING ASSOCIATION AND CHAPTERS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021 AND SIX MONTHS ENDED DECEMBER 31, 2020 AND
YEAR ENDED JUNE 30, 2020**

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

National Interscholastic Cycling Association and Chapters (NICA or the Association; a California nonprofit public benefit corporation) was founded in 2009 to develop youth cycling programs for student-athletes across the United States. NICA provides leadership, education, coach licensing, services, and governance for its leagues to produce quality youth development programming – including health, fitness, sportsmanship, safe cycling and mountain bike skills to help build self-confidence and community. NICA supports student athletes in the development of strong mind, strong body, strong character, and strong communities through cycling so that every youth is empowered to be part of a thriving and engaged cycling community.

The Association receives a major portion of its revenue from registration and program fees, donations, and grants.

Effective July 1, 2020, the Association elected to change its fiscal year end from June 30 to December 31 for financial reporting. The change in fiscal year-end will not have a material effect on the Association's consolidated financial statements over a twelve-month period.

Principles of Consolidation

The accompanying consolidated financial statements include accounts of National Interscholastic Cycling Association and its chapter organizations, Northern California High School Cycling League and Southern California High School Cycling League. National Interscholastic Cycling Association is the sole member of Northern California and Southern California High School Cycling League. The Association solicits input via a representative on the Northern California and Southern California High School Cycling League board of directors.

Intercompany transactions and balances have been eliminated upon consolidation.

Financial Statement Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions.

Net Assets With Donor Restrictions - Net assets 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. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**NATIONAL INTERSCHOLASTIC CYCLING ASSOCIATION AND CHAPTERS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021 AND SIX MONTHS ENDED DECEMBER 31, 2020 AND
YEAR ENDED JUNE 30, 2020**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Financial Statement Presentation (Continued)

Expenses are reported as decreases in net assets. Gains and Losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor-stipulation or by law. When a restriction expires (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed), 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 by Fulfillment of Purpose and/or Time Restrictions.

Method of Accounting

The consolidated financial statements of the Association are prepared using the accrual basis of accounting, which reflects revenue when earned and expenses as incurred.

Cash and Cash Equivalents

Cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of changes in value due to changes in interest rates is negligible. These are generally investments with maturity dates within three months of the acquisition date.

Accounts Receivable

It is the practice of the Association to expense uncollectibles only after exhausting all efforts to collect the amounts due. There is no allowance for doubtful accounts and all amounts were collected subsequent to year-end. At December 31, 2021 and 2020, and June 30, 2020 and 2019, the Association held \$817, \$1,055, \$214,430, and \$101,229, respectively, the outstanding accounts receivable in relation to exchange transactions. .

Contributions

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Donor-restricted contributions are reported as increases in net assets with donor restrictions based on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Revenue Recognition

Revenue, other than unconditional contributions, bequests, and grants, is recognized in the period in which service is provided. This includes registration fees for races and workshops.

Registration and Program fees are determined by the location and type of event. The registration fees are paid upfront, and revenue is recognized at the time of the events. Event fees paid in advance are deferred to the period as to which they relate.

**NATIONAL INTERSCHOLASTIC CYCLING ASSOCIATION AND CHAPTERS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021 AND SIX MONTHS ENDED DECEMBER 31, 2020 AND
YEAR ENDED JUNE 30, 2020**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Revenue Recognition (Continued)

Inventory Supplies Sales are sold directly via the online store or at race events. Inventory Supplies Sales revenue is recognized at a point in time. Due to the nature and timing of the Inventory Supplies Sales, there was no deferred revenue for the year ended December 31, 2021, and six months ended December 31, 2020, and year ended June 30, 2020.

Special Events consist of charitable contributions, ticket sales and auction proceeds from numerous events, including Cyclefest. Special events revenue is recognized at the time of the contribution or event. The special events revenue is presented net of direct expenses on the statements of activities. See Special Events revenue at Note 6.

Property, Equipment, and Improvements

Property and equipment are carried at cost or at estimated fair market value at date of donation. Depreciation is calculated using the straight-line method over the useful life of the asset, usually 5-40 years depending upon the asset. Ongoing repair and maintenance expenses are recognized as current period expenses. The Association capitalizes all property and equipment with a cost in excess of \$1,500.

Equipment and Improvements	5 Years
Software	7 Years

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The Association allocated its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly. Indirect costs are allocated among program and support services on a basis proportionate to the direct staff time or other method which best measures the relative degree of benefit.

Income Taxes

Under applicable laws and regulations, the Association has been determined to be exempt from federal and California income taxes as an organization described in Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded in these financial statements.

NATIONAL INTERSCHOLASTIC CYCLING ASSOCIATION AND CHAPTERS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021 AND SIX MONTHS ENDED DECEMBER 31, 2020 AND
YEAR ENDED JUNE 30, 2020

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Income Taxes (Continued)

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Association to report information regarding its exposure to various tax positions taken by the Association.

The Association has determined whether any tax positions have met the recognition threshold and have measured the exposure to those tax positions. Management believes that the Association has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Any interest or penalties assessed to the Association are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Investments

The Association's investments in certificates of deposit are stated at cost, which replicates fair value in the consolidated statements of financial position, with all gains and losses included in the change in net assets in the statements of activities and consist of interest and dividend income, realized and unrealized capital gains and losses, less investment management fees. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the consolidated statements of financial position date.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Association determines the fair values of its assets and liabilities based on the fair value hierarchy, which includes three levels of inputs that may be used to measure fair value.

Level 1 – quoted prices in active markets for identical assets or liabilities that the Association has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – significant other observable inputs other than Level 1 inputs, 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.

Level 3 – unobservable inputs for the assets or liabilities. Unobservable inputs reflect the Association's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Association's own data.

**NATIONAL INTERSCHOLASTIC CYCLING ASSOCIATION AND CHAPTERS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021 AND SIX MONTHS ENDED DECEMBER 31, 2020 AND
YEAR ENDED JUNE 30, 2020**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Fair Value Measurements (Continued)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment is based on the lowest level of input that is significant to the fair value measurement. The Association's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

Inventory Supplies

Inventory supplies consist of clothing and bike equipment. The items are recorded on a first-in, first-out basis and are valued at the lower of cost or net realizable value. At December 31, 2021 and 2020, and June 30, 2020, the Association held inventory supplies in the amount of \$115,708, \$140,094 and \$154,632, respectively.

Services of Volunteers

Many individuals volunteer their time and perform a variety of tasks that assist the Association with specific programs and various assignments. Since such services generally do not meet the requirements for recognition as contributed services they are not recorded.

Deferred Revenue

The Association collects fees for camps and other programs to be held in a future period. At December 31, 2021 and 2020, and June 30, 2020 and 2019, the Association held \$4,000, \$1,503, \$37,038, and \$60,670, respectively, in deferred revenue to be earned in the subsequent years and periods.

In-Kind Contributions

Contributed goods are recorded at fair value at the date of donation. The Association records in-kind contributions of donated clothing and recognized at the estimated fair value as of the date of donation and included in expenses on the statements of functional expenses. Donated goods of approximately \$234,093, \$121,131 and \$243,599 were recognized for the year ended December 31, 2021, and six months ended December 31, 2020, and year ended June 30, 2020.

Subsequent Events

Subsequent events have been evaluated through August 19, 2022, which is the date the consolidated financial statements were available to be issued.

NATIONAL INTERSCHOLASTIC CYCLING ASSOCIATION AND CHAPTERS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021 AND SIX MONTHS ENDED DECEMBER 31, 2020 AND
YEAR ENDED JUNE 30, 2020

NOTE 2 LIQUIDITY AND AVAILABILITY

The Association strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposits.

The following table reflects the Association's financial assets as of December 31, 2021 and 2020, and June 30, 2020, reduced by amounts that are not available to meet general expenditures within one year of the consolidated statement of financial position date because of restrictions. Amounts not available to meet general expenditures within one year may also include net assets with donor restrictions. There were \$106,281, \$65,926, and \$261,722 of net assets with donor restrictions at December 31, 2021 and 2020, and June 30, 2020, respectively.

	December 31, 2021	December 31, 2020	June 30, 2020
Cash and Cash Equivalents	\$ 5,526,369	\$ 4,950,941	\$ 4,167,456
Investments	50,684	50,679	50,654
Accounts Receivable	211,521	103,614	233,546
Total Financial Assets	<u>5,788,574</u>	<u>5,105,234</u>	<u>4,451,656</u>
Less: Amounts Not Available to be Used Within One Year	<u>106,281</u>	<u>65,926</u>	<u>261,722</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 5,682,293</u>	<u>\$ 5,039,308</u>	<u>\$ 4,189,934</u>

NOTE 3 PROPERTY, EQUIPMENT, AND IMPROVEMENTS

Property, equipment, and improvements consisted of the following at December 31, 2021 and 2020, and June 30, 2020:

	December 31, 2021	December 31, 2020	June 30, 2020
Property - Software	\$ 200,000	\$ 200,000	\$ 200,000
Equipment and Improvements	597,835	443,698	417,265
Total	<u>797,835</u>	<u>643,698</u>	<u>617,265</u>
Less: Accumulated Depreciation	<u>523,218</u>	<u>441,516</u>	<u>406,698</u>
Total Property, Equipment and Improvements, Net	<u>\$ 274,617</u>	<u>\$ 202,182</u>	<u>\$ 210,567</u>

NATIONAL INTERSCHOLASTIC CYCLING ASSOCIATION AND CHAPTERS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021 AND SIX MONTHS ENDED DECEMBER 31, 2020 AND
YEAR ENDED JUNE 30, 2020

NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent donations, grants, and gifts to the Association, which have been restricted by time and/or purpose, and consisted of the following at December 31, 2021 and 2020, and June 30, 2020:

	December 31, 2021	December 31, 2020	June 30, 2020
Arkansas General	\$ -	\$ 10,254	\$ 158,371
Blue Cross Blue Shield Kansas	23,700	-	-
GRIT Program	-	-	95,390
GRIT Program - OutRide	25,286	-	-
Idaho Scholarships	-	-	525
New Jersey Programs	57,295	55,672	7,436
Total	<u>\$ 106,281</u>	<u>\$ 65,926</u>	<u>\$ 261,722</u>

NOTE 5 NET ASSETS RELEASED FROM RESTRICTION

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31, 2021 and six months ended December 31, 2020, and year ended June 30, 2020:

	December 31, 2021	December 31, 2020	June 30, 2020
Arkansas General	\$ 10,254	\$ 148,117	\$ 19,629
Arkansas Programs	5,400	-	47,142
Blue Cross Blue Shield Kansas	43,400	-	-
GRIT Program	13,567	95,390	203,920
Idaho Seattle Foundation	-	525	1,475
Indiana Programs	2,500	-	-
Nebraska Programs	87,500	-	-
New Jersey Programs	48,377	1,764	21,564
New York Gutfleish	-	-	10,000
PA DCNR	67,500	-	-
Teen Trail Corp	-	-	35,972
Total	<u>\$ 278,498</u>	<u>\$ 245,796</u>	<u>\$ 339,702</u>

NATIONAL INTERSCHOLASTIC CYCLING ASSOCIATION AND CHAPTERS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021 AND SIX MONTHS ENDED DECEMBER 31, 2020 AND
YEAR ENDED JUNE 30, 2020

NOTE 6 SPECIAL EVENTS

During the year ended December 31, 2021 and six months ended December 31, 2020, and year ended June 30, 2020, the Association held special events, including Cyclefest, resulting in net income as follows:

	December 31, 2021	December 31, 2020	June 30, 2020
Charitable Contributions	\$ 113,062	\$ 4,100	\$ 27,000
Ticket Sales and Auction Proceeds	107,439	73,548	92,459
Less: Direct Expenses	50,591	2,748	34,584
Total Event Net Income	<u>\$ 169,910</u>	<u>\$ 74,900</u>	<u>\$ 84,875</u>

NOTE 7 RELATED PARTY TRANSACTIONS

During the year ended December 31, 2021 and six months ended December 31, 2020, and year ended June 30, 2020, the Association made the following payments to related parties:

- A Southern California staff member served on the Southern California board of directors. The member's compensation was \$76,200, \$38,600 and approximately \$76,504, during the year ended December 31, 2021 and six months ended December 31, 2020, and year ended June 30, 2020, respectively.
- A Pennsylvania staff member served on the Association's board of directors. The member's compensation was \$53,740, \$39,004 and \$57,833, during the year ended December 31, 2021 and six months ended December 31, 2020, and year ended June 30, 2020, respectively.

NOTE 8 OPERATING LEASE

In January 2013, the Association entered into a lease to rent offices in Berkeley, California. The term of the lease is from February 1, 2013, through February 1, 2018, and month-to-month thereafter. The base rent is \$3,000 per month for 2013, increasing to \$3,680 in the seventh year. In addition, the Association rents offices in Petaluma, California. The term of the lease is from March 21, 2019 through April 14, 2021, and month-to-month thereafter. The base rent was \$2,300, increasing to \$2,415 in the second year. Total rent expense under both of these leases for the year ended December 31, 2021 and six months ended December 31, 2020, and year ended June 30, 2020, was \$71,760, \$35,970 and \$71,980, respectively.

NATIONAL INTERSCHOLASTIC CYCLING ASSOCIATION AND CHAPTERS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021 AND SIX MONTHS ENDED DECEMBER 31, 2020 AND
YEAR ENDED JUNE 30, 2020

NOTE 9 RETIREMENT PLAN

The Association has available to qualified employees a 401K retirement plan. The plan provides for employer contributions of 3% of their compensation. Employer contributions to the plan during the year ended December 31, 2021 and six months ended December 31, 2020, and year ended June 30, 2020, totaled \$61,265, \$13,548 and \$29,935, respectively. Total employer contributions are included with salaries and benefits on the consolidated statements of functional expenses.

NOTE 10 CONTINGENCIES AND COMMITMENTS

The Association relies on a significant amount of funding received in the form of donations and grants from individuals and foundations. The current global financial markets may have an impact on the level of funding provided by these funding sources. While it is impracticable to determine the impact of these events, management is taking steps to address potential changes in funding levels and reduce the Association's exposure to impact from these events.

NOTE 11 EXCESS OF FDIC

As of June 30, 2019, the Association had exceeded the Federal Depository Insurance Corporation cash limit of \$250,000 on its depository accounts. At December 31, 2021, December 31, 2020 and June 30, 2020, the Association had approximately \$5,300,000, \$4,700,000 and \$3,900,000, respectively, on deposit in excess of federally insured limits.

NOTE 12 PAYCHECK PROTECTION PROGRAM – REFUNDABLE ADVANCE

On April 29, 2020, the Association received proceeds in the amount of \$660,242 to fund payroll, rent and utilities through the Paycheck Protection Program (the PPP Loan). The PPP Loan may be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreement and the CARES Act. As of December 14, 2021, the SBA processed the Association's PPP Loan forgiveness application and notified First Western Trust Bank the PPP Loan qualified for partial forgiveness. Loan proceeds were received by the bank from the SBA on this date.

The Association recognized \$512,248 of Paycheck Protection Program Loan Forgiveness revenue related to this agreement during the year ended December 31, 2021. The Association has not yet met the performance barriers for the remaining \$147,994. The Association is currently petitioning the forgiveness decision with the SBA to receive forgiveness. As of December 31, 2021, the unforgiven amount will be presented as a liability on the statement of financial position.

**NATIONAL INTERSCHOLASTIC CYCLING ASSOCIATION AND CHAPTERS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021 AND SIX MONTHS ENDED DECEMBER 31, 2020 AND
YEAR ENDED JUNE 30, 2020**

NOTE 12 PAYCHECK PROTECTION PROGRAM – REFUNDABLE ADVANCE (CONTINUED)

Lastly, the SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have any material adverse impact on the Association’s financial position.

NOTE 13 ECONOMIC INJURY DISASTER LOAN

On June 13, 2020, the Association received proceeds in the amount of \$149,900 from the SBA. The loan accrues interest at a fixed rate of 2.75%, a monthly minimum installment payment, including principal and interest, of \$641, maturing 30 years from the effective date of the loan (matures May 13, 2050). The first installment payment is due 12 months from the effective date of the loan, or June 13, 2021. On February 5, 2021, the SBA notified the Association that the loan installment payments have been deferred through March 31, 2022. As of the year ended December 31, 2021, six months ended December 31, 2020, and year ended June 30, 2020, the outstanding balance on the loan was \$149,900.

Minimum maturity due on the Economic Injury Disaster Loan is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 5,769
2023	7,692
2024	7,692
2025	7,692
2026	7,692
Thereafter	113,363
Total	<u><u>\$ 149,900</u></u>



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