Consolidated Financial Statements and Report of Independent Certified Public Accountants

USA Softball, Inc. and Subsidiary

December 31, 2025 and 2024

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
USA Softball, Inc.

Opinion

We have audited the consolidated financial statements of USA Softball, Inc. (a nonprofit organization) and subsidiary ("USA Softball"), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, 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 financial position of USA Softball as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of USA Softball 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 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 Softball's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 US 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 US 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 Softball's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about USA Softball's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on 2024 summarized comparative information
We have previously audited USA Softball's 2024 consolidated financial statements (not presented herein), and we expressed an unmodified opinion on those audited consolidated financial statements in our report dated October 10, 2025. In our opinion, the accompanying summarized comparative information as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Grant Thornton LLP

Oklahoma City, Oklahoma
July 21, 2026

USA Softball, Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31,

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	$ 4,274,516	$ 5,579,739
Restricted cash	25,000	50,000
Accounts receivable	679,752	438,481
Sponsorship receivable	1,591,350	1,545,000
Inventory	430,315	750,508
Marketable securities	1,150,000	-
Prepaid expenses, deposits and other current assets	604,491	723,927
Total current assets	8,755,424	9,087,655
Sponsorship receivable, less current portion	23,262,021	24,853,371
Property and equipment, and leasehold improvements, net	1,673,788	1,698,210
Beneficial interest in assets held by others	289,456	269,601
Total assets	$ 33,980,689	$ 35,908,837
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 895,607	$ 359,711
Accrued expenses	153,857	122,799
Deferred revenue	1,106,009	1,360,853
Sponsorship payable	662,947	639,772
Commission payable	530,914	530,914
Total current liabilities	3,349,334	3,014,049
Sponsorship payable, less current portion	10,634,277	11,297,224
Commission payable, less current portion	3,986,933	4,517,847
Total liabilities	17,970,544	18,829,120
Net assets		
Without donor restrictions	15,968,542	17,052,215
With donor restrictions	41,603	27,502
Total net assets	16,010,145	17,079,717
Total liabilities and net assets	$ 33,980,689	$ 35,908,837

The accompanying notes are an integral part of these consolidated financial statements.

USA Softball, Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF ACTIVITIES

Year ended December 31, 2025 (with summarized comparative information for the year ended December 31, 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues, gains and other support				
Program support				
Registrations and assessments	$ 5,760,631	$ -	$ 5,760,631	$ 5,994,315
Sponsorships and royalty revenue	1,997,964	-	1,997,964	17,299,499
Complex operations	2,733,313	-	2,733,313	2,294,844
National council meeting revenue	74,946	-	74,946	117,871
Umpire merchandise sales	651,798	-	651,798	709,798
Concession and other merchandise sales	2,308,253	-	2,308,253	2,322,190
Contribution revenue	578,507	47,826	626,333	122,178
Investment return, net	156,853	-	156,853	181,247
Change in value of beneficial interest in assets held by others	19,855	-	19,855	19,282
Other (loss) income	7,405	-	7,405	9,822
Net assets released from restrictions	33,725	(33,725)	-	-
Total revenues, gains and other support	14,323,250	14,101	14,337,351	29,071,046
Expenses				
Program expenses				
Program services	13,245,930	-	13,245,930	17,586,181
Umpire merchandise and related expenses	696,788	-	696,788	572,367
General and administrative	1,464,205	-	1,464,205	1,600,807
Total expenses	15,406,923	-	15,406,923	19,759,355
CHANGE IN NET ASSETS	(1,083,673)	14,101	(1,069,572)	9,311,691
Net assets at beginning of year	17,052,215	27,502	17,079,717	7,768,026
Net assets at end of year	$ 15,968,542	$ 41,603	$ 16,010,145	$ 17,079,717

The accompanying notes are an integral part of these consolidated financial statements.

USA Softball, Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Year ended December 31, 2025 (with summarized comparative information for the year ended December 31, 2024)

	2025				2024
	Program Expenses				
	Services	Merchandise	Administrative	Total	Total
Advertising and promotions	$ 200,134	$ -	$ -	$ 200,134	$ 268,511
Camps and clinics	432,270	-	-	432,270	379,060
Contract services	266,857	-	295,660	562,517	398,417
Cost of merchandise sold	722,948	378,587	-	1,101,535	1,151,209
Depreciation	276,668	27,227	46,942	350,837	280,081
Events	15,675	-	-	15,675	-
Grants	33,725	-	-	33,725	6,858
Insurance	1,860,469	-	117,622	1,978,091	2,280,709
Maintenance costs	824,588	-	91,805	916,393	611,649
Meetings	217,630	-	-	217,630	182,309
Membership, dues and subscriptions	1,052,110	-	-	1,052,110	846,478
National team tournament costs	1,522,520	-	-	1,522,520	1,054,998
Other	211,100	3,619	250,814	465,533	534,801
Personnel costs	2,544,104	194,065	623,441	3,361,610	3,155,601
Postage and freight	37,010	93,290	-	130,300	160,347
Publications and printing	71,868	-	-	71,868	49,149
Tournament fees and awards	2,357,031	-	-	2,357,031	2,215,473
Travel and accommodations	329,178	-	-	329,178	363,872
Naming rights commission	-	-	-	-	5,579,674
Utilities	270,045	-	37,921	307,966	240,159
Total expenses	$ 13,245,930	$ 696,788	$ 1,464,205	$ 15,406,923	$ 19,759,355

The accompanying notes are an integral part of these consolidated financial statements.

USA Softball, Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31,

	2025	2024
Cash flows from operating activities:		
Change in net assets	$ (1,069,572)	$ 9,311,691
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	350,837	280,081
Change in value of beneficial interest in assets held by others	(19,855)	(19,282)
Net realized (gain) on investment	-	(48,604)
Net (gain) loss on sale or disposal of property and equipment	-	(5,163)
Changes in operating assets and liabilities:		
Accounts receivable	(241,271)	81,140
Inventory	320,193	27,978
Prepaid expenses, deposits and other current assets	119,436	(76,509)
Accounts payable	535,896	(250,102)
Accrued expenses	31,058	16,413
Sponsorship receivable	1,545,000	(26,398,371)
Sponsorship payable	(639,772)	11,936,996
Commission payable	(530,914)	5,048,761
Deferred revenue	(254,844)	112,193
Net cash provided by operating activities	146,192	17,222
Cash flows from investing activities:		
Purchase of property and equipment	(326,415)	(427,477)
Proceeds from sale of property and equipment	-	20,000
Purchases of short-term marketable securities	(1,150,000)	-
Proceeds from sale of short-term marketable securities	-	2,879,000
Net cash provided by (used in) investing activities	(1,476,415)	2,471,523
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(1,330,223)	2,488,745
Cash, cash equivalents and restricted cash at beginning of year	5,629,739	3,140,994
Cash, cash equivalents and restricted cash at end of year	$ 4,299,516	$ 5,629,739
Reconciliation of cash, cash equivalents and restricted cash		
Cash and cash equivalents	4,274,516	5,579,739
Restricted Cash	25,000	50,000
Total cash, cash equivalents and restricted cash at end of year	$ 4,299,516	$ 5,629,739
Supplemental disclosures of cash flow information:		
Income taxes paid	$ 24,259	$ 16,791

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

The primary purpose of USA Softball, Inc. (formerly Amateur Softball Association), and its subsidiary (collectively “USA Softball”) is to promote amateur softball throughout the United States of America as well as internationally. USA Softball is the softball authority in the United States of America and is the United States Olympic National Governing Body for softball. USA Softball is a member association. Members include local and state softball associations. USA Softball requires respective members to pay annual registrations to exhibit USA Softball's affiliation trademark. Registration fees are the primary support of USA Softball. USA Softball operates a premier softball complex, (the “Complex” or “Stadium”), in which various tournaments are played. Also, USA Softball has a Hall of Fame in which the public can come and view the historical background of softball.

Subsidiary

ASA Properties, Inc. (“ASAP”), an Oklahoma for-profit corporation, was formed in 1996 and is a wholly owned subsidiary of USA Softball, Inc. Its purpose is to provide a full-service umpire merchandise program through the national office in which umpires may order official USA Softball apparel and equipment.

The consolidated financial statements of USA Softball contain the accounts of USA Softball and its controlled subsidiary, ASAP. All significant inter-organizational transactions have been eliminated in consolidation.

Basis of Accounting

USA Softball's consolidated financial statement presentation follows the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”). The consolidated financial statements have been prepared on the accrual basis of accounting for nonprofit organizations in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Revenue Recognition for Exchange Transactions (Program Support)

USA Softball earns program (exchange) revenue from registrations and assessments, sponsorships and royalty revenue, Complex operations, National Council meeting, concession and merchandise sales and naming rights revenue. Revenue is recognized based on the following steps: (i) identification of contract with customer; (ii) determination of performance obligations; (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) USA Softball satisfies each performance obligation.

<u>Registrations and Assessments</u>

USA Softball provides multiple membership benefits to registered members during each membership period. Benefits provided by USA Softball include eligibility to participate in USA Softball sanctioned events, insurance coverage, copies of official rule books and other education materials, magazine subscription, and various discounts with third-party vendors. USA Softball recognizes membership revenue over time as the customer simultaneously receives and consumes the benefits of the membership throughout the membership period. The timing of revenue recognition is based on a time-measure of progress as USA Softball provides access to the benefits evenly over the course of the membership period. Shipping and handling are considered costs to fulfill the promise to transfer any physical materials associated with membership and not as a separate performance obligation.

USA Softball provides umpire and other officiating services for tournaments hosted in various cities throughout the United States. The services are transferred over time to the customer on each day of the tournament. The services are provided continuously over the contract period, so the services in the contract generally represent a single performance obligation comprising a series of distinct service periods. The contract's transaction price is allocated to the series of distinct services that constitute a single performance obligation and are recognized when, or as, the performance obligation is satisfied. The transaction price for these services consists entirely of variable consideration for which the customer compensates USA Softball for a set amount per registered team. Variable consideration earned is allocated based on activities performed daily by USA Softball to the distinct day in which those activities are performed. When USA Softball acts as the host and/or organizer of tournaments, USA Softball contracts with individual teams. The transaction price consists of fixed amount per team and is allocated to the series of distinct services that constitute a single performance obligation and recognized when, or as, the performance obligation is satisfied.

USA Softball works with softball programs throughout the United States to provide softball camps and clinics for both teams and individuals. This revenue is recognized over time (daily basis) as the services generally represent a single performance obligation comprising of a series of distinct service periods and related revenue is recognized as the performance is satisfied. The transaction price for these camps and clinics consists entirely of fixed consideration, with the exception of one camp in which USA Softball is reimbursed for its expenses to conduct the camp for underserved communities, and thus is entirely variable consideration.

<u>Sponsorships and Royalty Revenue</u>

USA Softball earns royalties on the license of trademarks to ball and bat manufacturers. Revenue from the licenses is recognized upon the making of the trademark available to the customer. For all but one contract, the transaction price consists partially or entirely of variable consideration where the customer compensates USA Softball based on the number of units with the USA Softball mark sold, with some contracts having minimum annual guarantees. The transaction price for one bat and ball contract consists of fixed annual consideration for unlimited use of the trademarks within the terms of the contract. USA Softball also earns royalties on the license of trademarks to various customers for use on clothing, apparel, and other sports related products. The transaction price for these contracts consists partially or entirely of variable consideration where the customer compensates USA Softball based on sales of the product, with some contracts having minimum annual guarantees. Revenue from the licenses is recognized upon the making of the trademark available to the customer.

USA Softball earns royalties on the license of marks and the exclusive right and license to the United States Olympic Committee to create and distribute content by hosting USA Softball's official website and digital platforms. Revenue from the license is recognized upon the making of the trademark and license available to the customer. The transaction price consists entirely of variable consideration where the customer compensates USA Softball based on the number of annual unique visitors.

USA Softball earns revenue through the sale of official sponsorships with various suppliers. These sponsorships include the license of marks and various opportunities to be recognized as an “Official Supplier” throughout the term of the contract. Sponsorship recognition occurs through a variety of media and in-person events. One contract includes a retail license in addition to the benefits noted above. The transaction price consists of fixed fees. Some contracts include an allotment of noncash consideration in the form of the customer's product either annually or over the contract term. The timing of revenue recognition is based on an output-measure of progress as USA Softball provides benefits over the course of the sponsorship period.

USA Softball earns revenues from other sponsorships that do not include the license of marks. Many of these sponsorship terms are limited to the duration of a specific event or tournament. The transaction price either consists of fixed fees or all variable consideration where the customer compensates USA Softball a set amount per team/individual registered for the event or tournament. The timing of revenue recognition is based on an output-measure of progress as USA Softball provides benefits over the course of the sponsorship period.

Sponsorship and royalty revenue recognized at a point in time for the years ended December 31, 2025 and 2024, was $1,380,988 and $16,605,647, respectively. Sponsorship and royalty revenue recognized over time for the years ended December 31, 2025 and 2024 was $616,976 and $693,852, respectively.

Complex Operations

USA Softball earns revenue through agreements with third parties by hosting tournaments at the Complex. Hosting services are transferred over time to the customer on each day of the tournament. The services are provided continuously over the contract period, so the services in the contract generally represent a single performance obligation comprising a series of distinct service periods. The contract's transaction price is allocated to the series of distinct services that constitute a single performance obligation and recognized when, or as, the performance obligation is satisfied. The transaction price consists entirely of variable consideration for which the customer compensates USA Softball based on a percentage of tournament receipts and/or reimbursable expenses incurred by USA Softball for the tournament. USA Softball recognizes all reimbursable expenses as revenue as the related services are provided, using the right-to-invoice practical expedient. Reimbursable expenses are recognized as expenses in the period in which the expense is incurred.

National Council Meeting

USA Softball conducts an annual council meeting, where members across the United States meet to evaluate the needs of USA Softball. An annual tradeshow occurs during the annual meeting. USA Softball receives revenue from member registrations, sponsorships, and booth space at the trade show. Revenue is recognized over the period of the meeting/tradeshow for registrations and booth space, and over the period of sponsorship.

Umpire Merchandise Sales and Concession and Other Merchandise Sales

USA Softball sells official umpire gear and other sports merchandise and memorabilia through their online storefront, the Stadium gift shop, and during events. Additionally, USA Softball sells training aids and publications. Revenue recognized from the sale of merchandise is recognized when the performance obligation is fulfilled, usually at the time of shipment or at the point of sale, at the net sales price (transaction price). Shipping and handling are considered costs to fulfill the promise to transfer the associated merchandise and not as a separate performance obligation. Customers generally have a right of return for merchandise purchased; however, management has determined that such amounts are not material.

USA Softball also sells memorabilia, programs, and souvenir items as well as concession items during tournaments and other events at the Stadium. Revenue recognized from the sale of merchandise and concessions occurs at the point of sale when the performance obligation is fulfilled. Merchandise and concession sales are recorded at the net sales price (transaction price).

Receivables and Credit Policy

Accounts receivable consists of amounts billed to customers for purchases of inventory and other contractual agreements. Accounts receivable are due within 30 to 60 days of the invoice date. Accounts receivable are stated at the amounts due from customers, net of an allowance for expected credit losses.

In instances where the timing of revenue recognition differs from the timing of the right to invoice, USA Softball has determined that a significant financing component generally does not exist. USA Softball has elected the practical expedient that permits the Company to not recognize a significant financing component if the time between transfer of a good or service and payment is one year or less.

USA Softball’s management considers various factors in estimating its expected credit losses, including the length of time from the initial billing of the customer, the payment history of the customer, the customer's financial status, and USA Softball's overall collection history. Amounts considered to be uncollectible are charged to operations when that determination is made. USA Softball recognized bad debt expense of $10,371 and $23,365 in 2025 and 2024, respectively, and there is no allowance for expected credit losses as of December 31, 2025 and 2024.

Deferred Revenue

USA Softball receives deposits from municipalities that will host future national tournaments. These deposits are advances of guaranteed fees to USA Softball. The revenue for these fees is recognized when the tournament is held. Additionally, USA Softball, as part of its sponsorship revenue program, receives monies in advance of the period that the monies are earned. USA Softball recognizes revenue from the sponsorships as earned under the terms of the contract. Expenses related to membership registration, are recorded in the period in which the related revenue is recognized.

Net Asset Classifications

Net assets, revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. USA Softball is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Without Donor Restriction

Net assets not subject to donor-imposed purpose or time restriction are available for use in general operations. Net assets without donor restriction may be designated for specific purposes by action of the Board of Directors. At December 31, 2025 and 2024, USA Softball’s Board of Directors has designated net assets for the following purposes:

Designated for Endowment

Amounts designated to function as an endowment to provide, on an ongoing basis, a supplemental revenue source for the National Teams. These funds are subject to the investment and spending policies for endowments as more fully described in Note 10.

Designated for Cash Reserve Policy

Amounts designated for cash reserve equal to 25% of budgeted annual expenditures, with withdraws from such funds requiring approval by the Board of Directors. These funds are invested in short-term investments and included within Cash and cash equivalents as of December 31, 2025 and Marketable Securities as of December 31, 2024 on the Statements of Financial Position.

With Donor Restriction

Net assets subject to donor-imposed restrictions are restricted based on donor-imposed purpose or time. When a restriction has been fulfilled or expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Contributions

Contributions, including unconditional promises to give and employee retention credits (ERCs) received in the form of cash from the government, are recognized as revenues in the period received by USA Softball. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions other than cash are recorded at their estimated fair value on the gift date. Contributed services received by USA Softball are recognized as contribution revenue when (1) they create or enhance a nonfinancial asset and/or (2) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Gifts of cash and other assets are recognized as restricted support if they are received with donor restrictions that limit the use of the donated assets. When donor-restricted gifts are received and the restriction is fulfilled or satisfied within the same year, the contribution is reported as contributions without donor restriction. ERCs in the amount of approximately $402,000, are recorded in contribution revenues in accordance with ASC 958-605.

Cash and Cash Equivalents

USA Softball considers all highly liquid investments with original maturities of three months or less to be cash equivalents. USA Softball maintains cash in bank depository accounts which, at times, may exceed federally insured limits. Additionally, USA Softball invests in a money market portfolio that comprises United States government and treasury securities including bills, bonds, notes and repurchase agreements. As the investment is highly liquid and the fund historically trades at or near a net asset value of $1, management considers the investment to be a cash and cash equivalent. USA Softball has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

Restricted Cash

Restricted cash represents funds which are contractually restricted. USA Softball’s Women’s College World Series (“WCWS”) Agreement with the National Collegiate Athletic Association (“NCAA”) requires that annually, $25,000 of certain excess receipts from the WCWS, be held in a restricted account to fund capital improvements at the Complex.

Inventory

Inventory consists primarily of umpire equipment, clothing and souvenirs held for resale. Inventory is valued at the lower of cost or net realizable value, using the first-in, first-out (“FIFO”) cost method.

Property, Equipment and Leasehold Improvements

USA Softball generally capitalizes all property, equipment and leasehold improvements purchased at a cost equal to or exceeding $5,000. Contributed property and equipment are recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as support with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as support without donor restrictions. Improvements to the stadium and other facilities operated by USA Softball, that are paid by the City of Oklahoma City (the “City”), are not included in the consolidated financial statements as the stadium and related land are owned by the City. Construction costs and other improvements paid by USA Softball are capitalized as leasehold improvements and amortized over the lesser of their estimated useful lives or the remaining life of the lease.

USA Softball capitalizes the costs related to development of the Company’s website. The expenditures for the Company’s website are amortized over a five-year period on a straight-line basis. For the years ended December 31, 2025 and 2024, the Company capitalized $0 and $100,000, respectively, of software development costs related to development of their website. These capitalized costs are included within Furniture and office equipment in note 3.

Fair Value Measurements

U.S. GAAP defines fair value as 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 measurement date and establishes a three-level hierarchy for measuring fair value. The fair value hierarchy for valuation inputs gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - Unobservable inputs for determining the fair values of assets or liabilities that reflect USA Softball's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

Financial assets and liabilities carried at fair value on a recurring basis include marketable securities and beneficial interest in assets held by others. USA Softball has no assets or liabilities carried at fair value on a nonrecurring basis or liabilities carried at fair value on a recurring basis at December 31, 2025 or 2024.

Marketable Securities

USA Softball's marketable securities primarily consist of short-term debt securities. Investments in marketable securities are reported at fair value in the consolidated statements of financial position with gains and losses included in the consolidated statements of activities.

Beneficial Interest in Assets Held By Others

USA Softball follows the ASC guidance, which requires a not-for-profit organization that transfers assets to a community foundation and specifies itself as the beneficiary to recognize its beneficial interest in the assets transferred (see Note 9). USA Softball carries its beneficial interest in the assets held by the Oklahoma City Community Foundation, Inc. ("OCCF") at fair value. Changes in the fair value of the beneficial interest in assets held by others, net of any related fees, is included in change in value of beneficial interest in assets held by others in the consolidated statements of activities.

Collections

USA Softball does not recognize the cost or value of its collections as assets in the consolidated statements of financial position, nor does it recognize gifts of collection items as revenues in the consolidated statements of activities. USA Softball's collections were all acquired through contributions, and are made up of historical softball memorabilia and artifacts and are held for historical and educational purposes. Each of the items is cataloged, preserved and cared for, and activities verifying existence and condition are performed regularly. Purchases of collection items, if any in future periods, are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired, or as net assets with donor restrictions if the assets used to purchase the items are restricted by donors. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset class. USA Softball's collections are subject to a policy requiring proceeds from collection sales to be used to acquire other items for collections.

Functional Allocation of Expenses

Expenses, which apply to more than one functional category, have been allocated between program expenses, general and administrative, and fundraising based on evaluation of the related activities. Depreciation is allocated based on square footage and use of the associated assets, and personnel costs are based on time and effort of the individual employees in performing the various functions. The remaining expenses are not allocated as they are direct costs of a specific function. General and administrative expenses are those expenses not directly identified with a specific program or activity which provide for the overall support and direction of USA Softball.

Classification of Shipping and Handling Costs

All amounts billed to customers for shipping and handling are included in umpire merchandise sales and/or concession and other merchandise sales. Costs incurred related to shipping and handling are included in program services expense and/or umpire merchandise and related expense in the consolidated statements of activities.

Advertising Costs

The costs of advertising and promotion activities are expensed as they are incurred. Advertising expense for the years ended December 31, 2025 and 2024 was approximately $200,000 and $269,000, respectively.

Use of Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual amounts could differ from those estimates.

Concentrations

The following is a summary of customers that accounted for more than 10% or more of accounts receivable during the years ended December 31, 2025 and 2024, respectively:

	Accounts Receivable	
	2025	2024
Customer A	14%	20%

The following is a summary of vendors that accounted for more than 10% or more of inventory purchases during the years ended December 31, 2025 and 2024, respectively:

	Inventory Purchases	
	2025	2024
Vendor A	18%	-
Vendor B	26%	34%
Vendor C	36%	-
Vendor D	-	18%
Vendor E	-	17%

Leases

USA Softball determines if an arrangement contains a lease at inception based on whether there is an identified asset and whether USA Softball controls the use of the identified asset throughout the period of use. USA Softball classifies leases as either financing or operating. ROU assets are recognized at the lease commencement date and represent USA Softball's right to use an underlying asset for the lease term and lease liabilities represent USA Softball's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments over the remaining lease term. The present value of lease payments is discounted based on the risk-free rate for all classes of underlying assets. Leases with an initial term of 12 months or less are not recorded on the consolidated statements of financial position.

USA Softball has determined it has one long-term lease consisting of the Stadium and associated leasehold improvements. USA Softball leases the Stadium from the City for a nominal annual rental payment of $1. Management has determined that recording a lease liability and corresponding right-of-use asset were not material to the financial statements.

Prior Year Information

The consolidated financial statements include certain prior year summarized comparative totals. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the consolidated financial statements of USA Softball for the year ended December 31, 2024, from which the summarized totals were derived.

NOTE 2 - REVENUE FROM EXCHANGE TRANSACTIONS

Total revenue recognized at a point in time and over time is as follows for the years ended December 31:

	2025	2024
Revenue recognized at a point in time	$ 4,492,683	$ 19,802,683
Revenue recognized over time	9,034,222	8,935,834
	$ 13,526,905	$ 28,738,517

Change in deferred revenue related to material right performance obligations for the years ended December 31, 2025 and 2024 were as follows:

	2025	2024
Balance, beginning of period	$ 1,360,853	$ 1,248,660
Deferral of revenue	1,106,009	1,360,853
Recognition of unearned revenue	(1,360,853)	(1,248,660)
Balance, end of period	$ 1,106,009	$ 1,360,853

USA Softball expects to recognize $1,106,009 in deferred revenue related to material right performance obligations in 2026.

NOTE 3 - PROPERTY, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS

Property, equipment, and leasehold improvements consist of the following at December 31:

	Useful Lives	2025	2024
Stadium leasehold improvements	5-40 years	$ 1,357,854	$ 1,059,602
Buildings, signs and grounds (leasehold improvements)	10-40 years	1,872,172	1,862,012
Hall of Fame interior	5-40 years	353,203	353,203
Furniture and office equipment	3-15 years	1,604,516	1,586,512
Statue and plaza	15 years	114,969	114,970
		5,302,714	4,976,299
Accumulated depreciation		(3,628,926)	(3,278,089)
		$ 1,673,788	$ 1,698,210

The stadium and associated improvements (leasehold improvements) are located on land leased under a long-term lease with the City for a nominal annual rental payment of $1. The City and the NCAA control the scheduling of major NCAA-sanctioned events and they receive the proceeds from such events, including ticket sales and primarily all signage revenues. As a result, this nominal lease does not meet the criteria specified by accounting standards for a gift in-kind; therefore, there is no recognition of fair value, if any, related to any lease value in excess of $1. USA Softball is required to perform all necessary routine maintenance to keep the stadium facilities in an operating condition expected of a first class softball facility. The term of the lease expires in 2049 with a renewal option for an additional term of 35 years.

NOTE 4 - INCOME TAXES

USA Softball is generally exempt from federal income taxes on its related income under the provisions of IRC section 501(a) as an organization described in section 501(c)(3). However, USA Softball is subject to income taxes under IRC section 511 on net income it produces not related to the exempt operations of USA Softball. There were no known material unrelated business income taxes incurred in fiscal year 2025 or 2024, and accordingly, no material provision for income taxes has been made in these consolidated financial statements for either period.

The FASB issued guidance that requires tax effects from uncertain tax positions to be recognized in the consolidated financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. Management has determined there are no material uncertain positions that require recognition in the consolidated financial statements. There are no interest or penalties recognized in the consolidated financial statements for the years ended December 31, 2025 and 2024.

USA Softball files information and unrelated business income returns in the federal and Oklahoma jurisdictions. ASAP has been organized as a taxable corporation and files income tax returns in the federal and Oklahoma jurisdictions.

NOTE 5 - EMPLOYEE BENEFITS

USA Softball offers a 401(k) profit sharing plan (the “Profit Sharing Plan”) covering substantially all full-time employees, including part-time employees working at least 1,000 hours. Employer contributions under the Profit Sharing Plan are not defined and may vary from year to year. Although employer contributions are not defined in the Profit-Sharing Plan, management utilized a contribution rate of 10% of compensation for the years ended December 31, 2025 and 2024. Benefits of the Profit Sharing Plan are limited to the plan assets. Profit sharing expense for the years ended December 31, 2025 and 2024 was approximately $140,000 and $174,000, respectively. Employee contributions are not required to participate in the plan.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

USA Softball is periodically involved in various legal actions arising in the normal course of business. After taking into consideration available insurance coverage and other relevant information, management is of the opinion that the outcomes will not have a significant effect on USA Softball's consolidated financial position or results of operations.

NOTE 7 - LIQUIDITY AND FUNDS AVAILABLE

Financial assets available to meet cash needs for general expenditures within one year are summarized as follows at December 31:

	2025	2024
Financial assets at year end:		
Cash and cash equivalents	$ 4,274,516	$ 5,579,739
Restricted cash	25,000	50,000
Accounts receivable	679,752	438,481
Sponsorship receivable	1,591,350	1,545,000
Inventory	430,315	750,508
Marketable securities	1,150,000	-
Beneficial interest in assets held by others	289,456	269,601
Total financial assets	8,440,389	8,633,329
Less amounts not available to be used within one year		
Cash restricted for capital improvements of the Complex	25,000	50,000
Sponsorship payable	662,947	639,772
Commission payable	530,914	530,914
Sponsorship receivable restricted for sponsorship fulfilment	35,805	34,762
Board designated assets not available for expenditure within one year	3,672,881	3,515,967
Financial assets not available to be used within one year	4,927,547	4,771,415
Financial assets available to meet general expenditures within one year	$ 3,512,842	$ 3,861,914

As part of USA Softball's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 8 - NET ASSET COMPOSITION

Net assets consist of the following at December 31:

	2025	2024
Net assets with donor restrictions		
Purpose or time restrictions		
Special programs	$ 41,603	$ 27,502
Total purpose or time restrictions	41,603	27,502
Total net assets with donor restrictions	$ 41,603	$ 27,502
Net assets without donor restrictions		
Designated for National Teams endowment	$ 289,456	$ 269,601
Designated for Cash Reserve Policy	3,383,425	3,246,366
Undesignated	12,295,661	13,536,248
Total net assets without donor restrictions	$ 15,968,542	$ 17,052,215

NOTE 9 - BOARD DESIGNATED NET ASSETS

In 2022, USA Softball established a ‘Cash Reserve Policy’ that would establish a minimum cash balance based on a percentage of the current year budget. Expenditures from the cash reserve require approval from USA Softball’s Board of Directors. The cash reserve can be invested in short-term debt securities or certificates of deposit and are reported at fair value, in the consolidated statements of financial position as described in Note 2. At December 31, 2025 and 2024, the value of the invested cash reserve was $3,383,425 and $3,246,366, respectively.

In 2018, USA Softball transferred $200,000 to the OCCF, to create four funds, and specified itself as the beneficiary of the funds. USA Softball's Board of Directors has specified that these funds are to be held at OCCF, to function as a board designated endowment to support each of the four USA Softball National Teams. Annually, distributions from the funds are paid to USA Softball according to OCCF's spending policy. OCCF maintains variance power over these funds.

Variance power assures donors that if the charitable purpose of their contribution becomes impractical or impossible, the distributions will be directed to similar purposes in the community. OCCF also maintains legal ownership of the funds.

In 2025 and 2024, USA Softball received no distributions from and made no transfers to these funds. At December 31, 2025 and 2024, the fair value of the funds held at OCCF was $289,456 and $269,601, respectively.

In addition to the funds discussed above, OCCF maintains other funds that have been contributed by various donors to OCCF for the benefit of USA Softball. These funds are not included as assets of USA Softball, as USA Softball has been designated as the recipient of all earnings of the donated funds, and are subject to the investment and distribution policies of OCCF. At December 31, 2025 and 2024, the fair value of the funds originally donated by third parties was approximately $38,000 and $35,500, respectively.

NOTE 10 - ENDOWMENT DISCLOSURES

In 2018, USA Softball created an endowment, which consists of the beneficial interest in assets held by OCCF as discussed in Note 9. This endowment was created through funds designated by the Board of Directors to function as an endowment. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of USA Softball has interpreted the State Prudent Management of Institutional Funds Act ("OK UPMIFA") as requiring the preservation of the original gift amount of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, USA Softball classifies as net assets with donor restrictions, which are perpetual in nature (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not perpetual is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by OK UPMIFA. In accordance with OK UPMIFA, USA Softball considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of USA Softball and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of USA Softball; and
- The investment policies of USA Softball.

Endowment net asset composition by type of fund as of December 31, 2025, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 289,456	$ -	$ 289,456
Total endowment funds	$ 289,456	$ -	$ 289,456

Endowment net asset composition by type of fund as of December 31, 2024, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 269,601	$ -	$ 269,601
Total endowment funds	$ 269,601	$ -	$ 269,601

Changes in endowment net assets for the year ended December 31, 2025, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 269,601	$ -	$ 269,601
Change in value of beneficial interest	19,855	-	19,855
Endowment net assets, end of year	$ 289,456	$ -	$ 289,456

Changes in endowment net assets for the year ended December 31, 2024, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 250,319	$ -	$ 250,319
Change in value of beneficial interest	19,282	-	19,282
Endowment net assets, end of year	$ 269,601	$ -	$ 269,601

Return objectives and risk parameters: USA Softball has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets consist of board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested with OCCF whose investment policies emphasize preservation of capital, protection against inflation and a continuing source of income.

Spending policy and how the investment objectives relate to spending policy: OCCF's distribution policy to beneficiary organizations is 5% of the average market value of the endowment fund, which is calculated on a rolling quarter average of the previous twelve quarters. USA Softball has evaluated the investment and spending policies of OCCF to determine that they sufficiently protect the purchasing power of the endowment, and appropriates distributions received from OCCF to be available for use in specific programs.

NOTE 11 - FAIR VALUE MEASUREMENTS

The methods and assumptions used to estimate the fair value of assets in the consolidated financial statements, including a description of the methodologies used for classification within the fair value hierarchy, are as follows:

Beneficial Interest in Assets Held by Others

Beneficial interest in assets held by others are primarily pooled investment funds held and managed by OCCF, which USA Softball does not have the ability to redeem. Based on the methodology of determining fair value of beneficial interest in assets held by others and the non-redeemable nature of the assets, they are categorized as Level 3 within the fair value hierarchy.

Marketable Securities

As discussed in Note 1, USA Softball invests in short-term debt securities, primarily US Treasury notes. The fair value of these investments are generally determined based on quoted market prices or estimates of fair value provided by external investment managers. The marketable securities are included as Level 2 within the fair value hierarchy.

Assets measured at fair value on a recurring basis are classified within the fair value hierarchy as follows:

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Marketable securities	$ -	$ 1,150,000	$ -	$ 1,150,000
Beneficial interest in assets held by others	-	-	289,456	289,456
Total assets measured at fair value	$ -	$ 1,150,000	$ 289,456	$ 1,439,456

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Marketable securities	$ -	$ -	$ -	$ -
Beneficial interest in assets held by others	-	-	269,601	269,601
Total assets measured at fair value	$ -	$ -	$ 269,601	$ 269,601

NOTE 12 - COMPLEX NAMING RIGHTS

On March 1, 2024, USA Softball entered into a fifteen-year agreement with a major sponsor to sell the naming rights to the Complex ("Naming Rights Agreement"). In connection with the Naming Rights Agreement, USA Softball expects to receive $1,500,000 per year with annual escalations of 3%. The Naming Rights Agreement can be terminated after five to ten years with early termination fees, as defined in the agreement. At December 31, 2025 and 2024, the remaining due under the Naming Rights Agreement amounted to $24,853,371 and $26,398,371, respectively. At December 31, 2025 and 2024, the short-term portion of the remaining due amounted to $1,591,350 and $1,545,000, respectively, which is included in sponsorship receivable and the long-term portion amounted to $23,262,021 and $24,853,371, respectively, which is included in sponsorship receivable, less current portion in the consolidated statements of financial position.

USA Softball is entitled to a commission equal to 10% of the gross naming rights revenue, with the remaining 90% evenly divided between USA Softball and the City. USA Softball does not control the underlying naming rights to the Complex and served as the agent on behalf of the City to arrange for the sale of the naming rights. The sale of the naming rights represents a single performance obligation, which was satisfied at the execution of the Naming Rights Agreement. For the year ended December 31, 2025 and 2024, USA Softball recorded $0 and $15,344,104, respectively, of revenue within sponsorships and royalty revenue in the consolidated statements of activities. At December 31, 2025 and 2024, USA Softball recorded a corresponding payable of $11,297,224 and $11,936,996, respectively, due to the City in the consolidated statements of financial position. At December 31, 2025 and 2024, the short-term portion amounted to $662,947 and $639,772, respectively, which is included in sponsorship payable, and the long-term portion amounted to $10,634,277 and $11,297,224, respectively, which is included in sponsorship payable, less current portion.

USA Softball engaged a third party to market the Stadium naming rights for a 20% commission of the total gross revenue of a naming rights agreement. This commission is to be computed for each five-year period of the naming rights agreement and is to be paid in three equal installments during the first three years for each five-year period. In connection with this agreement, for the year ended December 31, 2025 and 2024, USA Softball recognized $0 and $5,579,647, respectively, in commission expense within program services in the consolidated statements of activities. At December 31, 2025 and 2024, USA Softball recorded a corresponding payable of $4,517,847 and $5,048,761, respectively, related to the amounts owed for subsequent years' commission. USA Softball paid the third party $530,914 and $530,914 for the year ended 2025 and 2024, respectively, in connection with this agreement. At December 31, 2025 and 2024, the short-term portion of the amounted to $530,914 and $530,914, respectively, which is included in commission payable, and the long-term portion amounted to $3,986,933 and $4,517,847, respectively, which is included in commission payable, less current portion.

NOTE 13 - SUBSEQUENT EVENTS

USA Softball is not aware of any subsequent events through July 21, 2026, which is the date the consolidated financial statements were available to be issued, requiring recording or disclosure in the consolidated financial statements for the year ended December 31, 2025.