

**Army West Point Athletic  
Association Inc.**

Financial Statements and  
Uniform Guidance Schedules  
Together With Independent Auditors' Reports

June 30, 2020 and 2019

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Together With Independent Auditors' Reports

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## Independent Auditors' Report

**Board of Directors**  
**Army West Point Athletic Association Inc.**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Army West Point Athletic Association Inc., which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Army West Point Athletic Association Inc. as of June 30, 2020 and 2019, 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.

**Other Matters**

***Reporting on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards on page 23, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2020 on our consideration of Army West Point Athletic Association Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Army West Point Athletic Association, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Army West Point Athletic Association, Inc.'s internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

Newburgh, New York  
December 22, 2020

**Army West Point Athletic Association Inc.**

Statements of Financial Position

	June 30,	
	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 13,075,731	\$ 12,420,070
Federal grant receivable	-	297,616
Contributions receivable	-	26,864
Sponsorships receivable	1,525,000	1,080,000
Other receivables	577,860	1,187,085
Prepaid expenses	249,800	469,402
Interest in net assets of West Point Association of Graduates	2,032,713	1,427,240
Property and equipment, net	6,224,449	967,106
Due from related party, Anderson Athletic Center funding	<u>6,189,475</u>	<u>4,753,574</u>
	<u>\$ 29,875,028</u>	<u>\$ 22,628,957</u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 2,165,884	\$ 1,801,329
Deferred revenue	6,210,595	8,549,392
Notes payable	4,474,748	-
Paycheck Protection Program loan	<u>2,795,400</u>	<u>-</u>
Total Liabilities	<u>15,646,627</u>	<u>10,350,721</u>
<b>NET ASSETS</b>		
Without donor restrictions	10,287,705	9,216,982
With donor restrictions	<u>3,940,696</u>	<u>3,061,254</u>
Total Net Assets	<u>14,228,401</u>	<u>12,278,236</u>
	<u>\$ 29,875,028</u>	<u>\$ 22,628,957</u>

See notes to financial statements

**Army West Point Athletic Association Inc.**

Statement of Activities  
Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE AND SUPPORT AND RECLASSIFICATIONS</b>			
Sponsorships	\$ 6,978,207	\$ -	\$ 6,978,207
Ticket sales	6,380,591	-	6,380,591
Contributions	5,836,587	813,600	6,650,187
Federal grant revenue	9,591,294	-	9,591,294
Sports camps/clinics	2,292,066	-	2,292,066
NCAA and conference distributions	201,938	-	201,938
Guarantee income	6,816,803	-	6,816,803
Media rights	3,520,509	-	3,520,509
Contributions from corporations	2,000,000	-	2,000,000
In-kind contributions	563,162	-	563,162
Miscellaneous income	2,029,721	-	2,029,721
Membership fee income	1,318,920	-	1,318,920
Change in interest in net assets of West Point Association of Graduates	82,176	622,461	704,637
Net assets released from restrictions	<u>556,619</u>	<u>(556,619)</u>	<u>-</u>
Total Revenue and Support and Reclassifications	<u>48,168,593</u>	<u>879,442</u>	<u>49,048,035</u>
<b>EXPENSES</b>			
Program services	41,808,895	-	41,808,895
Management and general	4,202,976	-	4,202,976
Fundraising	<u>1,085,999</u>	<u>-</u>	<u>1,085,999</u>
Total Expenses	<u>47,097,870</u>	<u>-</u>	<u>47,097,870</u>
Change in Net Assets	1,070,723	879,442	1,950,165
<b>NET ASSETS</b>			
Beginning of year	<u>9,216,982</u>	<u>3,061,254</u>	<u>12,278,236</u>
End of year	<u>\$ 10,287,705</u>	<u>\$ 3,940,696</u>	<u>\$ 14,228,401</u>

See notes to financial statements

**Army West Point Athletic Association Inc.**

Statement of Activities  
Year Ended June 30, 2019

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
<b>AND RECLASSIFICATIONS</b>			
Sponsorships	\$ 6,546,765	\$ -	\$ 6,546,765
Ticket sales	6,561,053	-	6,561,053
Contributions	5,389,466	932,726	6,322,192
Federal grant revenue	11,348,406	-	11,348,406
Sports camps/clinics	2,342,077	-	2,342,077
NCAA and conference distributions	559,881	-	559,881
Guarantee income	5,518,016	-	5,518,016
Media rights	3,148,977	-	3,148,977
In-kind contributions	859,010	-	859,010
Miscellaneous income	2,551,503	-	2,551,503
Membership fee income	1,074,782	-	1,074,782
Change in interest in net assets of			
West Point Association of Graduates	131,609	760,618	892,227
Net assets released from restrictions	<u>486,325</u>	<u>(486,325)</u>	<u>-</u>
Total Revenue and Support and Reclassifications	<u>46,517,870</u>	<u>1,207,019</u>	<u>47,724,889</u>
<b>EXPENSES</b>			
Program services	41,372,971	-	41,372,971
Management and general	3,170,091	-	3,170,091
Fundraising	<u>1,145,745</u>	<u>-</u>	<u>1,145,745</u>
Total Expenses	<u>45,688,807</u>	<u>-</u>	<u>45,688,807</u>
Change in Net Assets	829,063	1,207,019	2,036,082
<b>NET ASSETS</b>			
Beginning of year	<u>8,387,919</u>	<u>1,854,235</u>	<u>10,242,154</u>
End of year	<u>\$ 9,216,982</u>	<u>\$ 3,061,254</u>	<u>\$ 12,278,236</u>

See notes to financial statements

**Army West Point Athletic Association Inc.**

Statement of Functional Expenses  
Year Ended June 30, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>PERSONNEL</b>				
Salaries and wages	\$ 14,822,094	\$ 638,129	\$ 503,266	\$ 15,963,489
Fringe benefits	<u>2,744,895</u>	<u>169,146</u>	<u>67,748</u>	<u>2,981,789</u>
Total Personnel Costs	17,566,989	807,275	571,014	18,945,278
Cadet-athletes meal expense	727,411	-	-	727,411
Travel	5,323,714	7,943	17,552	5,349,209
Utilities	103,549	-	267	103,816
Insurance	-	299,263	-	299,263
Repairs and maintenance	216,553	-	-	216,553
Coaching services	1,681,000	-	-	1,681,000
Telephone	197,995	2,161	19,367	219,523
Office supplies and postage	44,920	2,361	4,027	51,308
Athletic supplies	1,154,253	-	21,942	1,176,195
Professional fees	538,229	417,705	73,365	1,029,299
AAA support services	197,104	2,006,188	-	2,203,292
Rental	50,615	423,162	964	474,741
Furniture and equipment	826,895	2,226	9,103	838,224
Athletic hosting expense	369,208	12,870	312,094	694,172
Membership fees	151,579	13,646	1,250	166,475
Awards, trophies and banquets	173,260	724	2,776	176,760
Game guarantee expense	1,383,085	-	-	1,383,085
Summer camp expenses	508,530	-	-	508,530
Uniforms	2,675,167	315	2,768	2,678,250
Advertising	96,062	7,460	-	103,522
Training	242,995	5,040	3,325	251,360
Sports officials	453,956	-	-	453,956
Recruiting	1,365,762	-	-	1,365,762
Printing	270,987	163	10,266	281,416
Depreciation	529,258	-	-	529,258
Miscellaneous	130,323	57,394	33,973	221,690
Credit card and bank charges	338,246	14,403	-	352,649
Interest expense	-	118,758	-	118,758
Commissions	586,050	-	-	586,050
Outside services	3,104,986	3,919	1,946	3,110,851
Ticket system	246,731	-	-	246,731
Tuition fees	<u>553,483</u>	<u>-</u>	<u>-</u>	<u>553,483</u>
Total Expenses	<u>\$ 41,808,895</u>	<u>\$ 4,202,976</u>	<u>\$ 1,085,999</u>	<u>\$ 47,097,870</u>

See notes to financial statements



**Army West Point Athletic Association Inc.**

Statement of Functional Expenses  
Year Ended June 30, 2019

	Program Services	Management and General	Fundraising	Total
<b>PERSONNEL</b>				
Salaries and wages	\$ 15,153,864	\$ 521,061	\$ 528,007	\$ 16,202,932
Fringe benefits	<u>2,433,081</u>	<u>90,994</u>	<u>69,197</u>	<u>2,593,272</u>
Total Personnel Costs	17,586,945	612,055	597,204	18,796,204
Cadet-athletes meal expense	922,594	-	-	922,594
Travel	5,610,392	2,261	9,945	5,622,598
Utilities	5,678	-	198	5,876
Insurance	57,085	323,666	2,552	383,303
Repairs and maintenance	208,008	-	-	208,008
Coaching services	1,459,989	-	-	1,459,989
Telephone	186,174	2,626	10,943	199,743
Office supplies and postage	81,045	4,207	11,169	96,421
Athletic supplies	1,225,281	1,236	1,180	1,227,697
Professional fees	150,452	578,636	22,132	751,220
AAA support services	-	1,100,000	-	1,100,000
Rental	89,823	411,079	848	501,750
Furniture and equipment	793,895	3,098	3,855	800,848
Athletic hosting expense	219,956	6,442	424,146	650,544
Membership fees	258,968	13,373	10,706	283,047
Awards, trophies and banquets	785,214	659	4,873	790,746
Game guarantee expense	1,009,653	-	-	1,009,653
Special event entertainment	60,818	865	15	61,698
Uniforms	3,194,761	-	257	3,195,018
Advertising	245,304	7,691	-	252,995
Training	208,624	4,707	2,090	215,421
Sports officials	549,147	-	-	549,147
Recruiting	1,714,170	-	-	1,714,170
Printing	330,986	100	33,242	364,328
Depreciation	134,547	-	-	134,547
Miscellaneous	55,606	91,710	10,191	157,507
Credit card and bank charges	283,875	5,664	-	289,539
Commissions	607,962	-	-	607,962
Outside services	2,364,039	16	199	2,364,254
Ticket system	208,192	-	-	208,192
Tuition fees	<u>763,788</u>	<u>-</u>	<u>-</u>	<u>763,788</u>
Total Expenses	<u>\$ 41,372,971</u>	<u>\$ 3,170,091</u>	<u>\$ 1,145,745</u>	<u>\$ 45,688,807</u>

See notes to financial statements

**Army West Point Athletic Association Inc.**

Statements of Cash Flows

	Year Ended June 30,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,950,165	\$ 2,036,082
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	529,258	134,547
Undistributed portion of change in interest in net assets of West Point Association of Graduates	(506,309)	(795,727)
Net changes in operating assets and liabilities		
Federal grant receivable	297,616	671,183
Contributions receivable	26,864	2,288
Sponsorships receivable	(445,000)	(50,000)
Other receivables	609,225	(931,133)
Prepaid expenses	219,602	(205,240)
Accounts payable and accrued expenses	364,555	455,927
Deferred revenue	(2,338,797)	616,784
Net Cash from Operating Activities	707,179	1,934,711
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(5,786,601)	(770,341)
Annual distribution from endowment held by West Point Association of Graduates	(99,164)	(96,500)
Advances to related party	(1,435,901)	(1,606,256)
Net Cash from Investing Activities	(7,321,666)	(2,473,097)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from notes payable	5,547,567	-
Proceeds from Paycheck Protection Program loan	2,795,400	-
Principal payments on notes payable	(1,072,819)	-
Net Cash from Financing Activities	7,270,148	-
 Net Change in Cash and Cash Equivalents	655,661	(538,386)
 <b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	12,420,070	12,958,456
End of year	\$ 13,075,731	\$ 12,420,070
 <b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	\$ 118,758	\$ -

See notes to financial statements

## **Army West Point Athletic Association Inc.**

Notes to Financial Statements  
June 30, 2020 and 2019

### **1. Organization and Taxation**

Army West Point Athletic Association Inc. (the "Association") is a New York not-for-profit corporation organized on October 14, 2015 to provide an extraordinary Division I athletic experience at the United States Military Academy ("USMA"). This intercollegiate athletic program supports the USMA mission to build leaders of character committed to the values of Duty, Honor, Country. The experiences obtained by participation in USMA's intercollegiate athletic program prepare and motivate Cadets for a lifetime of public service through physical education, fitness training and testing and Division I athletic competition.

Under a cooperative agreement (see Note 14), the Association provides services and resources to achieve Division I athletic excellence. The Association and USMA will be substantially involved in facilitating the intercollegiate athletic program's goals and objectives.

The Internal Revenue Service has determined that the Association is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal and state income taxes has been recognized in the accompanying financial statements.

### **2. Summary of Significant Accounting Policies**

#### ***Basis of Presentation and Use of Estimates***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

#### ***Financial Statement Presentation***

Net assets, revenue, and gains and losses are classified based on the presence or absence of donor-imposed restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as net assets without donor restrictions and net assets with donor restrictions.

*Without donor restrictions* – consist of resources available for the general support of the Association's operations. Net assets without donor restrictions may be used at the discretion of the Association's management and Board of Directors ("the Board").

*With donor restrictions* – some donor imposed restrictions represent amounts restricted by donors for specific activities of the Association or to be used at some future date. The Association records contributions as with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions.

## **Army West Point Athletic Association Inc.**

Notes to Financial Statements  
June 30, 2020 and 2019

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Financial Statement Presentation (continued)***

When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are classified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

The Association does not have any net assets to be maintained in perpetuity.

#### ***Adoption of New Accounting Policies***

- (i) Effective July 1, 2019, the Association adopted Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The new revenue recognition guidance does not apply to how contributions and pledges are recognized, as they are specifically scoped out of the new guidance.

The core principle of the new guidance is that an entity should recognize revenue from the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to receive for those promised goods or services to customers. The guidance includes a five-step framework to determine the timing and amount of revenue to recognize related to contracts with customers. This guidance also requires new or expanded disclosures related to judgments made by entities when following this framework.

Analysis of various provisions of this standard resulted in no significant changes in the way the Association recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The new guidance requires the Association to not recognize revenue until it is probable of collection. Based on the Association’s strong collection experience, management has concluded that all revenue recognized is probable of collection.

As permitted by the guidance, the Association has applied a portfolio approach to evaluating a customer’s ability to pay, rather than evaluating each customer’s ability to pay separately. Costs to obtain a contract are generally immaterial but the Association has elected the practical expedient to expense these costs as incurred if the amortization period of the capitalized costs would be one year or less. The Association has applied the practical expedient to exclude disclosure of remaining performance obligations as the Association’s contracts typically have a term of one year or less.

## **Army West Point Athletic Association Inc.**

Notes to Financial Statements  
June 30, 2020 and 2019

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Adoption of New Accounting Policies (continued)***

- (ii) Effective July 1, 2019, the Association adopted Accounting Standards Update 2018-08, *Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*. This guidance provides a framework for evaluating whether grants and contributions should be accounted for as exchange transactions or as non-exchange transactions. Analysis of various provisions of this standard resulted in no significant changes in the way the Association recognizes contributions, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

#### ***Revenue Recognition***

Direct public support and donations are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions are recorded as net assets with donor restrictions and revenue and support if they are received with donor imposed stipulations that limit their use. Donor restrictions expire by either the passage of stipulated time or the accomplishment of the stated purpose.

Sponsorship revenue is recognized in the period to which the sponsorship relates. Sponsorships are given for certain sports as a form of advertisement for the sponsor.

Ticket sales revenue relates to the various athletic sports events held throughout the year. Ticket sales revenue is recognized at the time the athletic sporting event takes place.

Sports camp/clinic revenue is derived from various sports camps and clinics offered to the community. Sports camps take place throughout the summer months. Clinics are offered throughout the year. Sports camp/clinic revenue is recognized in the period in which the camp and/or clinic takes place.

Guarantee income represents payments received from other universities in exchange for athletic competition. Revenue is recognized and payment is received only after the athletic competition is completed.

Media rights revenue is recognized in the period to which the rights relate. Rights are sold for the sole right to broadcast the season's home football games and the annual Army/Navy football game.

National Collegiate Athletic Association ("NCAA") and conference distributions are recognized as revenue in the period received.

Federal grant revenue represents funding received from the Department of Defense, in connection with a cooperative agreement between the Association and the United States Army. (See Note 13). Federal grant revenue is recognized as it is expensed.

## **Army West Point Athletic Association Inc.**

Notes to Financial Statements  
June 30, 2020 and 2019

### **2. Summary of Significant Accounting Policies (*continued*)**

#### ***Revenue Recognition (continued)***

Membership fees were implemented in 2019. The per seat membership fee (associated with renewing Army West Point football season tickets) is amortized over the duration of the football season. In the event season ticket holders renew their tickets in advance of the season, the advanced ticket sales and membership fees are recorded as deferred revenue and then released as income after the games are played.

Miscellaneous revenue includes game program and novelty sales, athletic hosting fees, and concession sales and are recognized as revenue at the time of sale.

#### ***Deferred Revenue***

Deferred revenue is comprised mainly of advance ticket sales for football, advance payments for summer camps, and other prepayments for events that have not yet taken place.

#### ***In-Kind Contributions***

Donated goods and services that require specialized skills that would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

In-kind contributions consists of donated legal services and office space from USMA to the Association for the administrative building where the Association operates.

#### ***Cash and Cash Equivalents***

The Association considers all highly liquid investments with a maturity of three months or less, at the time of purchase to be cash equivalents.

#### ***Federal Grant, Contributions and Other Receivables***

Federal grant, contributions and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction in accounts receivable. As of June 30, 2020 and 2019, no allowance for doubtful accounts has been deemed necessary.

## **Army West Point Athletic Association Inc.**

Notes to Financial Statements  
June 30, 2020 and 2019

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Federal Grant, Contributions and Other Receivables (continued)***

Other receivables include amounts related to payments from the NCAA, miscellaneous administrative payments from the USMA, summer camp receivables and receivables from employee contract buyouts.

#### ***Interest in the Net Assets of the West Point Association of Graduates***

U.S. GAAP includes guidance for transactions in which one entity raises, holds and invests assets for a specified beneficiary or for a group of affiliates of which the specified beneficiary is a member and is financially interrelated to the not-for-profit organization it supports. The West Point Association of Graduates ("WPAOG") is a related party under the USMA tasked with raising money and distributing the amounts to the Association and other related USMA organizations. In February 2017, a memorandum of agreement was entered into by the Association and WPAOG to create an environment of cooperation and support to enhance fundraising in support of USMA athletics. The determination of when the distributions are used by the Association is made by its Board and management. On an annual basis, WPAOG makes an unconditional promise to grant funds to the Association based upon the endowment's spending policies and other governing documents. However, if the Association does not have a current need for these funds, they choose to leave the funds invested with WPAOG's endowments. The Association has an ongoing economic interest in the net assets of WPAOG through the annual distributions granted to the Association from WPAOG's endowment funds. The Association recognizes periodic changes in such interest in the statements of activities as appropriate. The value of the interest in the net assets of WPAOG is included in net assets with donor restrictions. Annual distributions are recorded as contributions in the statement of activities.

#### ***Property and Equipment***

Property and equipment is stated at cost when purchased and at fair value when donated. Depreciation is provided on the straight-line method over the estimated useful lives of the assets which range from four to seven years. The Association capitalizes property and equipment with a cost in excess of \$4,000 and a useful life longer than one year.

#### ***Functional Allocation of Expenses***

The costs of providing programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programmatic and supporting services benefited. The expenses are allocated based on the basis of time and effort, purpose and function and square footage. Such allocations are determined by management.

#### ***Advertising***

Advertising costs are expensed as incurred and approximated \$104,000 and \$253,000 for the years ended June 30, 2020 and 2019.

## **Army West Point Athletic Association Inc.**

Notes to Financial Statements  
June 30, 2020 and 2019

### **2. Summary of Significant Accounting Policies (*continued*)**

#### ***Accounting for Uncertainty in Income Taxes***

The Association recognizes the effects of income tax positions only when they are more likely than not to be sustained. Management has determined that the Association had no uncertain tax positions that would require financial statement recognition and/or disclosure. The Association is subject to examination by applicable taxing jurisdictions for all periods.

#### ***Reclassifications***

Certain amounts in the 2019 financial statements have been re-classed to conform to the 2020 presentation. These reclassifications have had no effect on net assets.

#### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is December 22, 2020.

### **3. Concentrations of Credit Risk**

Financial instruments that potentially subject the Association to significant concentrations of credit risk consist principally of cash and cash equivalents and receivables. At times cash balances held at financial institutions may be in excess of federally insured limits. At June 30, 2020 and 2019, the Association had deposits exceeding federally insured limits approximating \$13,072,000 and \$12,415,000. The Association has not experienced any losses on its cash deposits. The Association believes that no significant concentration of credit risk exists with respect to its cash and cash equivalents or receivables. All receivables are expected to be collected in the normal course of business.

The Association receives federal funding through a cooperative agreement with the USMA. For the year ended June 30, 2020 and 2019, the Association earned approximately 20% and 24% of its revenue from the cooperative agreement. At June 30, 2020 and 2019, the Association had approximately 55% and 42% of its accounts receivable due from one sponsor.



**Army West Point Athletic Association Inc.**

Notes to Financial Statements  
June 30, 2020 and 2019

**4. Availability of Financial Assets and Liquidity**

Financial assets available for general expenditures within one year as of June 30 are as follows:

	<u>2020</u>	<u>2019</u>
Total assets	\$29,875,028	\$22,628,957
Less:		
Prepaid expenses	249,800	469,402
Property and equipment, net	6,224,449	967,106
Due from related party, Anderson Athletic Center funding	6,189,475	4,753,574
Net assets with donor restrictions*	<u>3,940,696</u>	<u>3,061,254</u>
	<u>\$13,270,608</u>	<u>\$13,377,621</u>

\* Note this includes interest in net assets of WPAOG which amounted to \$2,032,713 and \$1,427,240 at June 30, 2020 and 2019.

The Association's working capital and cash flows have seasonal variations during the year attributable to cash receipts related to football, including; ticket sales, media rights, sponsorships and game guarantee payments. The Association's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$6 million). As part of its liquidity plan, excess cash is invested in short term investments. The Association can draw down its interest in the net assets of WPAOG that have not yet been distributed. Lastly, to help manage liquidity needs, during 2020 the Association maintains a line of credit with a bank of \$5,000,000 that is drawn upon as needed to manage cash flow. As of June 30, 2020 and 2019, there have been no drawdowns from this line of credit and the entire amount is available.

**5. Interest in the Net Assets of the West Point Association of Graduates**

The Association has endowments held by the WPAOG to be used as a source of contributions to the Association. Distributions can be made in accordance with the WPAOG's policy and at the Association's request. The investments managed by WPAOG are valued as Level 3 fair value, because the investments are not observable.

The following is a reconciliation of the activity in the endowment for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Beginning of year	\$ 1,427,240	\$ 535,013
Increase in interest in net assets of WPAOG	704,637	988,727
Funds distributed as contributions	<u>(99,164)</u>	<u>(96,500)</u>
End of year	<u>\$ 2,032,713</u>	<u>\$ 1,427,240</u>

## Army West Point Athletic Association Inc.

Notes to Financial Statements  
June 30, 2020 and 2019

### 6. Property and Equipment

Property and equipment consists of the following at June 30:

	<u>2020</u>	<u>2019</u>
Furniture, fixtures and equipment	\$ 1,398,871	\$ 858,965
Facility improvements	<u>5,516,810</u>	<u>270,115</u>
	6,915,681	1,129,080
Accumulated depreciation	<u>(691,232)</u>	<u>(161,974)</u>
	<u>\$ 6,224,449</u>	<u>\$ 967,106</u>

### 7. Due from Related Party, Anderson Athletic Center Funding

On September 19, 2017, the Association entered into a funding commitment (the "Commitment") with WPAOG. The Commitment will provide capital for renovation and construction of an athletic building, the Anderson Athletic Center. As of June 30, 2020 and 2019, total advances made under this Commitment amounted to \$6,189,475 and \$4,753,574. The funding is considered an interest free commitment, and is expected to be repaid in full by WPAOG as contributions for this athletic building are secured.

### 8. Deferred Revenue

Deferred revenue is comprised of the following at June 30:

	<u>2020</u>	<u>2019</u>
Football ticket sales	\$ 5,624,435	\$ 5,615,692
Summer camp	-	2,070,568
Media rights	425,000	812,754
Other	<u>161,160</u>	<u>50,378</u>
	<u>\$ 6,210,595</u>	<u>\$ 8,549,392</u>

### 9. Borrowings Under Line of Credit

In May 2019, the Association obtained a line of credit providing for borrowings of up to \$5,000,000. Interest is calculated at the banks' prime rate (3.25% and 5.50% at June 30, 2020 and 2019). The line of credit agreement contains various affirmative and negative covenants including a covenant to maintain a minimum operating cash flow to fixed charge ratio of 1.10 to 1.00 to be tested quarterly for the preceding twelve month period. There was no outstanding balance as of June 30, 2020 and 2019.

## Army West Point Athletic Association Inc.

### Notes to Financial Statements June 30, 2020 and 2019

#### 10. Notes Payable

On September 6, 2019 the Association entered into two separate equipment financing agreements. The first agreement was for \$3,507,691 and provides for monthly payments of principal and interest in the amount of \$42,561 through its maturity in November 2027. Interest is charged at 3.880% per annum. The principal balance outstanding as of June 30, 2020 is \$3,287,026.

The second agreement was for \$1,330,341 and provides for monthly payments of principal and interest in the amount of \$24,362 through its maturity in November 2024. Interest is charged at 3.77% per annum. The principal balance outstanding as of June 30, 2020 is \$1,187,722.

The master security agreement contains various affirmative and negative covenants including a covenant to maintain a minimum operating cash flow to fixed charge ratio of 1.10 to 1.00 to be tested quarterly for the preceding twelve month period and a covenant to maintain minimum unrestricted liquidity of not less than \$3,000,000 in aggregate amount; tested at the end of each fiscal year.

Future principal payments on the note payable are as follows as of June 31, 2020:

2021	\$ 641,975
2022	667,044
2023	693,093
2024	720,159
2025	576,129
Thereafter	<u>1,176,348</u>
	<u>\$ 4,474,748</u>

#### 11. Payroll Protection Program Loan

On April 10, 2020, the Association received loan proceeds in the amount of \$2,795,400 under the Paycheck Protection Program (the "PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), provides for loans to qualifying entities for amounts up to 2.5 times the 2019 average monthly payroll expenses of the qualifying entity. The PPP loan bears an interest rate of 1% per annum. All or a portion of the PPP loan principal and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act, over a period of either eight or twenty-four weeks (the "Covered Period"). The amount of loan forgiveness could be reduced if the borrower terminates employees or reduces salaries above a certain threshold during the Covered Period and does not qualify for certain safe harbors. Although, the Association believes this loan will be substantially or fully forgiven, there can be no guarantee that the United States Small Business Administration ("SBA") will approve the loan forgiveness. The unforgiven portion of the PPP Loan, if any, is payable within two years from the date of the PPP loan with a deferral

**Army West Point Athletic Association Inc.**

Notes to Financial Statements  
June 30, 2020 and 2019

**11. Payroll Protection Program Loan (continued)**

of payments of principal or interest until the amount of loan forgiveness is determined by the SBA. If the Association does not apply for forgiveness, payments begin approximately 16 months after the loan date. As of June 30, 2020, the PPP loan is recognized as a note payable on the statements of financial position. The Association will recognize the income from the forgiveness of the PPP loan when it receives the notification of forgiveness from SBA in accordance with Accounting Standards Codification 470 *Debt*.

**12. Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes at June 30:

	<u>2020</u>	<u>2019</u>
Baseball	\$ 118,025	\$ 58,719
Men's Basketball	66,748	46,833
Women's Basketball	104,236	75,303
Rifle	44,159	19,529
Football	136,341	55,600
Golf	133,766	91,683
Gymnastics	293,899	213,876
Hockey	136,405	276,196
Men's Lacrosse	271,505	193,005
Women's Lacrosse	148,314	103,423
Men's Soccer	266,702	144,228
Women's Soccer	143,160	136,035
Softball	19,293	1,093
Sprint Football	357,608	255,077
Swim/Dive	447,745	337,955
Men's Tennis	173,599	77,825
Women's Tennis	128,810	88,642
Track/Cross Country	244,524	380,786
Volleyball	25,046	20,146
Wrestling	270,563	194,554
Men's Rugby	238,862	183,501
Women's Rugby	12,859	4,559
Strength and Conditioning	1,696	1,696
ODIA awards	1,880	1,880
Rabble Rousers	32,468	9,768
Blaik memorial	114,640	83,573
Team Captain plaques	<u>7,843</u>	<u>5,769</u>
	<u>\$ 3,940,696</u>	<u>\$ 3,061,254</u>

## Army West Point Athletic Association Inc.

Notes to Financial Statements  
June 30, 2020 and 2019

### 13. Net Assets Released from Restrictions

Net assets were released from donor restrictions for the following purposes during the years ended June 30:

	2020	2019
Baseball	\$ 17,475	\$ 11,734
Men's Basketball	-	67,346
Rifle	-	1,031
Gymnastics	40,128	37,000
Hockey	263,199	46,734
Men's Lacrosse	-	12,573
Men's Soccer	4,150	99,503
Women's Soccer	1,875	12,937
Sprint Football	-	14,716
Swim/Dive	-	9,200
Men's Tennis	12,331	3,593
Womens Tennis	6,901	-
Track/Cross Country	197,104	-
Volleyball	-	83,054
Wrestling	13,456	37,831
Men's Rugby	-	49,073
	<u>\$ 556,619</u>	<u>\$ 486,325</u>

### 14. Cooperative Agreement

On November 25, 2015, the President of the United States of America signed into law The National Defense Authorization Act for Fiscal Year 2016 ("NDAA 2016"). Under Section 557, Support for Athletic Programs of the USMA, NDAA 2016 authorized the Secretary of the Army to enter into contracts and cooperative agreements with the Association for the purpose of supporting intercollegiate athletics at the USMA.

On February 3, 2017, The Department of the Army and the Association entered into a cooperative agreement ("CA") that allows the Association to provide supplies and services to support the intercollegiate athletics program at USMA. The result of the agreement will be a more agile athletics program that fully supports the mission of the USMA and ensure the Association remains compliant with auditing and accountability requirements, NCAA rules and regulations and, most importantly academy standards and mission. The revenue derived from the CA is recorded as federal grant revenue in the statements of activities.

## **Army West Point Athletic Association Inc.**

Notes to Financial Statements  
June 30, 2020 and 2019

### **14. Cooperative Agreement (*continued*)**

Army Athletic Association (“AAA”), a non-appropriated fund instrumentally operated by the United States Army Installation Command, supports the USMA intercollegiate athletic program. USMA's Superintendent and AAA's Military Deputy Athletic Director will maintain institutional control over objectives of the CA through the Athletic department's management team and USMA's administrative grants office. AAA provides IT support, facilities maintenance, and other administrative support services to AWPAA. Included in other expenses in the accompany statements of functional expenses is approximately \$2,203,000 and \$1,100,000 for these services for the years ended June 30, 2020 and 2019. In addition, during 2020 and 2019, AWPAA paid certain expenses on behalf of the AAA approximating \$950,000 and \$350,000 which were are reimbursed throughout the year as they were incurred.

### **15. Related Party Transactions not Disclosed Elsewhere**

A member of the Association's Board of Directors provided in-kind legal services totaling \$140,000 and \$336,000 for the years ended June 30, 2020 and 2019.

### **16. Employee Benefit Plan**

The Association maintains a voluntary tax deferred annuity plan to provide full-time employees the option to defer a portion of their salary. The Association matches up to 5% of the employee's deferral. Employer contributions amounted to \$443,941 and \$424,126 during the years ended June 30, 2020 and 2019.

### **17. Commitments and Contingencies**

#### ***General***

From time to time, various claims and suits generally incident to the conduct of normal business are pending or may arise against the Association. In the opinion of management of the Association, after taking into account insurance coverage, losses, if any, from the resolution of pending litigation should not have a material effect on the Association's financial position or results of operations.

#### ***Contract for Marketing and Sales***

On April 1, 2020 the Association entered into a three year sales services agreement (the “agreement”) with Legends Sales and Marketing, LLC. (“Legends”). The agreement states that Legends will provide consultation and other services in relation to development and sales campaigns for capital gifts, premium seating and corporate hospitality relating to Michie Stadium (the “Stadium”) renovations.

**Army West Point Athletic Association Inc.**

Notes to Financial Statements  
June 30, 2020 and 2019

**17. Commitments and Contingencies (continued)**

***Contract for Marketing and Sales***

During the term of the agreement, the Association is required to pay Legends a management consulting fee of \$1,750,000 to be paid on a monthly basis as defined in the agreement.

In connection with the Stadium renovations, Legends has made a capital investment of \$2,000,000 to the Association which is recorded as contributions from corporations in the statement of activities.

The agreement entitles Legends to a feasibility study fee of \$50,000 to be offset by any commissions earned by Legends for capital gifts raised, sales of premium seating and corporate hospitality sales as defined in the agreement.

The agreement states that if for any reason the agreement is terminated, Legends is entitled to a termination payment equal to the positive amount of the difference between \$2,000,000 and management consulting fees paid by the Association as of the date of the termination.

**18. COVID-19**

The Association's operations have been affected by the recent and ongoing outbreak of the coronavirus disease ("COVID-19"), which was declared a pandemic by the World Health Organization in March 2020. Many countries around the world, including the United States, have significant governmental measures being implemented to control the spread of COVID-19, including temporary closures of businesses, severe restrictions on travel and the movement of people and other material limitation on the conduct of business. COVID-19 has forced the cancellation of various athletic competitions and summer camp events during 2020 and employees have been furloughed, given reduced work schedules or have a reduction in pay.

In response to COVID-19's effect on operations, the Association has taken several steps to strengthen its financial position to maintain financial liquidity and flexibility. In April 2020 the Association applied for and received a \$2,795,400 Paycheck Protection Program loan ("PPP Loan") from the Small Business Administration (see Note 11). Spending, hiring and travel freezes were enacted once the NCAA canceled athletic competitions and declared a moratorium on recruiting. The full duration and extent of the COVID-19 pandemic, related business and travel restrictions and changes to behavior intended to reduce its spread are uncertain as of the date these financial statements were available for issuance, as the pandemic continues to evolve globally. Therefore, the full extent of any adverse impact on the results of operations, financial position and cash flows in 2020 cannot be reasonably estimated at this time. As of the report date the Association has ceased to host spectators for scheduled contests in compliance with state and local restrictions put in place to reduce the spread of COVID-19. For tickets sold in advance, which were recorded as deferred revenue at June 30 2020, the Association has offered purchasers the option to receive a full refund, a credit towards future contests or donate the value of their purchase to support the mission of the Association.

\* \* \* \* \*

**Army West Point Athletic Association Inc.**

Uniform Guidance Reports and Schedules

June 30, 2020



**Army West Point Athletic Association Inc.**

Schedule of Expenditures of Federal Awards and  
Accompanying Notes  
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass - Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Defense Army Athletic Association - Passed through from Army Athletic Association U.S. Military Academy Athletic Programs at West Point	12.432	Not Applicable	\$ -	\$ 9,591,294
Total Expenditures of Federal Awards				<u>\$ 9,591,294</u>

**1. Basis of Presentation**

The schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Army West Point Athletic Association Inc. (the "Association") under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Army West Point Athletic Association Inc. it is not intended to and does not present the financial position, changes in net assets or cash flows of Army West Point Athletic Association Inc.

**2. Summary of Significant Accounting Policies**

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. Indirect Cost Rate**

The Association has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

**Independent Auditors' Report**

**Board of Directors**  
**Army West Point Athletic Association Inc.**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Army West Point Athletic Association Inc. (the "Association"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 22, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

Newburgh, New York  
December 22, 2020

**Report on Compliance for Each Major Federal Program and on Internal Control Over  
Compliance Required by the Uniform Guidance**

**Independent Auditors' Report**

**Board of Directors**  
**Army West Point Athletic Association Inc.**

**Report on Compliance for Each Major Federal Program**

We have audited Army West Point Athletic Association Inc.'s (the "Association") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Association's major federal programs for the year ended June 30, 2020. The Association's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Association's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Association's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

**Report on Internal Control Over Compliance**

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

Newburgh, New York  
December 22, 2020

**Army West Point Athletic Association Inc.**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified?  Yes  None reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No

Identification of major federal programs:

CFDA Number

Name of Federal Program or Cluster

12.432

U.S. Military Academy Athletic Programs at West Point

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee?  Yes  No

Section II - Financial Statement Findings

During our audit, we noted no material findings for the year ended June 30, 2020.

Section III - Federal Award Findings and Questioned Costs

During our audit, we noted no material instances of noncompliance and none of the costs reported in the federal financially assisted programs are questioned or recommended to be disallowed.

Section IV - Prior Year's Audit Findings

There were no prior year audit findings.