

**USA BOBSLED/SKELETON, INC.  
& SUBSIDIARY**

**Consolidated Financial Statements &  
Supplemental Information**

**For the Year Ended June 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
USA Bobsled/Skeleton, Inc.  
& Subsidiary  
Colorado Springs, Colorado

We have audited the accompanying consolidated financial statements of USA Bobsled/Skeleton, Inc. & Subsidiary (nonprofit organizations), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 consolidated 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of USA Bobsled/Skeleton, Inc. & Subsidiary, as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited the USA Bobsled/Skeleton, Inc. & Subsidiary's June 30, 2020, consolidated financial statements, and our report dated December 28, 2020, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental statements are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated 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 consolidated financial statements or to the consolidated 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.

*Waugh & Goodwin, LLP*

Colorado Springs, Colorado  
November 17, 2021

USA BOBSLED/SKELETON, INC. & SUBSIDIARY  
Consolidated Statement of Financial Position  
June 31, 2021  
(With Comparative Amounts for 2020)

	<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents		\$ 1,502,026	\$ 1,126,901
Accounts receivable, net		2,756	23,626
Due from United States Olympic & Paralympic Committee			10,000
Prepaid insurance		56,253	50,376
Prepaid expenses		<u>17,271</u>	<u>40,286</u>
Total current assets		1,578,306	1,251,189
<b>PROPERTY AND EQUIPMENT:</b>			
Property and equipment		4,169,223	3,833,032
Less accumulated depreciation		<u>(2,457,800)</u>	<u>(2,104,609)</u>
Property and equipment, net		1,711,423	1,728,423
<b>LONG-TERM INVESTMENTS</b>		12,681	10,245
<b>OTHER ASSETS:</b>			
Beneficial interest in Trust		<u>1,601,542</u>	<u>1,306,269</u>
<b>TOTAL ASSETS</b>		<u>\$ 4,903,952</u>	<u>\$ 4,296,126</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable and accrued liabilities		\$ 161,421	\$ 243,124
Due to United States Olympic & Paralympic Committee		125,420	240,553
Refundable advances		76,844	
Deferred revenue		23,834	6,500
Short-term note payable		43,308	30,061
Current portion of long-term debt			<u>154,049</u>
Total current liabilities		430,827	674,287
<b>LONG-TERM LIABILITIES</b>			
Note payable long-term debt		<u>232,100</u>	<u>62,636</u>
Total liabilities		662,927	736,923
<b>NET ASSETS:</b>			
Without donor restrictions		2,616,929	2,189,491
With donor restrictions		<u>1,624,096</u>	<u>1,369,712</u>
Total net assets		<u>4,241,025</u>	<u>3,559,203</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<u>\$ 4,903,952</u>	<u>\$ 4,296,126</u>

See Notes to Consolidated Financial Statements

USA BOBSLED/SKELETON, INC. & SUBSIDIARY  
Consolidated Statement of Activities and Changes in Net Assets  
For the Year Ended June 30, 2021  
(With Comparative Totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Totals	2020 Totals
<b>REVENUE AND SUPPORT:</b>				
USOPC grants	\$ 16,208	\$ 2,031,856	\$ 2,048,064	\$ 1,816,202
Corporate sponsorship	499,602		499,602	450,120
Contributions - VIK	337,149		337,149	329,980
Change in beneficial interest in Trust		295,273	295,273	(126,756)
Contributions	293,458	313	293,771	293,911
PPP grant	216,685		216,685	
Trust distributions	77,184		77,184	126,611
Miscellaneous income	54,464		54,464	37,226
USOPC media agreement	50,000		50,000	62,500
IBSF distributions	29,021		29,021	81,006
Member dues	15,174		15,174	27,125
Unrealized gain (loss) on investments	2,811		2,811	(78)
Royalty revenue	444		444	1,408
Interest income, net of expense	43		43	7
Gain on disposal of equipment				938
Satisfied program restrictions	<u>2,073,058</u>	<u>(2,073,058)</u>		
Total revenue and support	3,665,301	254,384	3,919,685	3,100,200
<b>EXPENSES:</b>				
Program services:				
Athlete expense	648,114		648,114	495,736
Men's bobsled	483,769		483,769	532,314
Women's bobsled	461,630		461,630	365,494
Skeleton	419,413		419,413	443,456
Development	397,566		397,566	337,273
Membership expense	92,009		92,009	81,758
Para program	67,091		67,091	67,691
Recruiting	17,749		17,749	10,524
Lake Placid	53		53	82
Total program services	<u>2,587,394</u>		<u>2,587,394</u>	<u>2,334,328</u>
Supporting services:				
General & administrative	496,307		496,307	771,107
Marketing & public relations	154,162		154,162	187,940
Total supporting services	<u>650,469</u>		<u>650,469</u>	<u>959,047</u>
Total expenses	<u>3,237,863</u>		<u>3,237,863</u>	<u>3,293,375</u>
CHANGE IN NET ASSETS	427,438	254,384	681,822	(193,175)
NET ASSETS, beginning of year	<u>2,189,491</u>	<u>1,369,712</u>	<u>3,559,203</u>	<u>3,752,378</u>
NET ASSETS, end of year	<u>\$ 2,616,929</u>	<u>\$ 1,624,096</u>	<u>\$ 4,241,025</u>	<u>\$ 3,559,203</u>

See Notes to Consolidated Financial Statements

USA BOBSLED/SKELETON, INC. & SUBSIDIARY  
Consolidated Schedule of Functional Expenses  
For the Year Ended June 30, 2021  
(With Comparative Totals for 2020)

	Athlete Expense	Men's Bobsled	Women's Bobsled	Skeleton	Development	Membership Expense	Para Program	Recruiting	Lake Placid	Total Programs
Athlete funding	\$	\$	\$	\$	\$ 8,300	\$	\$	\$	\$	\$ 8,300
Athlete incentives	17,100									17,100
Athlete support										
Awards										
Bad debts										
Bank charges & merchant fees										
Contract labor	6,090	9,774	9,108	2,500	15,872		22,460			65,804
Cost of goods sold										
Depreciation	19,656	152,686	86,927	92,986						352,255
Donated services										
Dues & subscriptions										
Employee benefits	7,610	3,832	3,832	2,500						17,774
Entry fees		1,351	1,007	1,638	4,731		4,890			13,617
Equipment	71,748	12,729	14,279	65,564	39,892		13,128	1,739		219,079
Foundation Board										
(Gain) loss on currency exchange										
Goodwill gestures										
Insurance						91,497				91,497
Interest expense										
Legal & accounting										
Marketing										
Meals/lodging	3,586	57,496	64,138	49,994	94,137		23,450	324		293,125
Meetings										
Membership expense	1,389					512				1,901
Naming rights										
Office supplies							404			404
Other	53,674	2,044	2,104	219				15,137		73,178
Payroll taxes	14,050	9,913	9,913	10,775	13,053					57,704
Postage										
Publicity										
Public relations										
Professional development	508									508
Recruiting	231,919									231,919
Rent-building										
Salaries	187,417	128,911	129,578	140,774	179,614					766,294
Simple IRA expense	2,768	1,230	1,230	1,630	1,830					8,688
Sled shipping	21,201	45,980	82,392	13,830	18,500					181,903
State unemployment insurance										
Technology										
Telephone										
Travel	9,398	57,823	57,122	37,003	21,637		2,759	549	53	186,344
Value in kind - rent										
Value in kind - services										
	<u>\$ 648,114</u>	<u>\$ 483,769</u>	<u>\$ 461,630</u>	<u>\$ 419,413</u>	<u>\$ 397,566</u>	<u>\$ 92,009</u>	<u>\$ 67,091</u>	<u>\$ 17,749</u>	<u>\$ 53</u>	<u>\$ 2,587,394</u>

	<u>General &amp; Administrative</u>	<u>Marketing &amp; Public Relations</u>	<u>2021 Totals</u>	<u>2020 Totals</u>
Athlete funding	\$	\$	\$ 8,300	\$ 35,640
Athlete incentives			17,100	55,082
Athlete support				13,687
Awards				
Bad debts	(5,749)		(5,749)	(1,035)
Bank charges & merchant fees	5,659		5,659	5,155
Contract labor	4,500	53,206	123,510	91,494
Cost of goods sold				
Depreciation	936		353,191	347,721
Donated services				
Dues & subscriptions	6,873		6,873	10,081
Employee benefits	24,113	2,083	43,970	48,118
Entry fees			13,617	26,599
Equipment	529	540	220,148	174,601
Foundation Board				419
(Gain) loss on currency exchange				(3)
Goodwill gestures	644		644	417
Insurance	27,115		118,612	98,915
Interest expense	1,667		1,667	3,169
Legal & accounting	31,941		31,941	65,184
Marketing	2,171	11,922	14,093	65,596
Meals/lodging	866	432	294,423	249,408
Meetings	244		244	12,515
Membership expense			1,901	1,821
Naming rights		10,667	10,667	10,667
Office supplies	688		1,092	581
Other	374	3,959	77,511	43,310
Payroll taxes	25,542	4,854	88,100	91,980
Postage	2,741		2,741	987
Publicity	315		315	1,313
Public relations		1,285	1,285	792
Professional development			508	2,229
Recruiting			231,919	60,485
Rent-building	6,991		6,991	7,407
Salaries	326,805	63,535	1,156,634	1,302,764
Simple IRA expense	4,111	1,679	14,478	18,481
Sled shipping			181,903	80,498
State unemployment insurance	10,349		10,349	11,177
Technology				17,556
Telephone	8,462		8,462	7,635
Travel	1,102		187,446	243,885
Value in kind - rent	7,318		7,318	8,294
Value in kind - services				78,750
	<u>\$ 496,307</u>	<u>\$ 154,162</u>	<u>\$ 3,237,863</u>	<u>\$ 3,293,375</u>

See Notes to Consolidated Financial Statements



USA BOBSLED/SKELETON, INC. & SUBSIDIARY  
Consolidated Statement of Cash Flows  
For the Year Ended June 30, 2021  
(With Comparative Amounts for 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 681,822	\$ (193,175)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	353,191	347,721
Unrealized (gain) loss on investments	(2,811)	78
Gain on disposal of assets		(938)
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable, net	20,870	80,989
Due from United States Olympic & Paralympic Committee	10,000	(8,769)
Prepaid insurance	(5,877)	(10,020)
Prepaid expenses	23,015	(3,954)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(81,703)	66,521
Due to United States Olympic & Paralympic Committee	(115,133)	201,840
Refundable advances	76,844	
Deferred revenue	17,334	5,000
	<u>295,730</u>	<u>678,468</u>
Total adjustments		
Net cash provided by operating activities	977,552	485,293
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(336,193)	(213,804)
Proceeds from sale of property and equipment		<u>2,500</u>
Net cash used by investing activities	(336,193)	(211,304)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Long term investment	375	375
Proceeds from note payable	232,100	216,685
Payments on note payable	(203,436)	
Beneficial interest in Trust	(295,273)	<u>126,756</u>
Net cash provided (used) by financing activities	<u>(266,234)</u>	<u>343,816</u>
NET INCREASE IN CASH	375,125	617,805
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,126,901</u>	<u>509,096</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,502,026</u>	<u>\$ 1,126,901</u>

See Notes to Consolidated Financial Statements

USA BOBSLED/SKELETON, INC. & SUBSIDIARY  
Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

United States Bobsled and Skeleton Federation, Inc. (the Corporation) was organized in the State of New York on November 18, 1977, to promote and improve amateur bobsledding, and develop interest and participation in amateur bobsledding throughout the United States. U.S. Bobsled and Skeleton Foundation, LLC, a single-member limited liability company, was created to support the activities of the Corporation.

During the year ended June 30, 2015, the Corporation legally changed their name from United States Bobsled and Skeleton Federation, Inc. to USA Bobsled/Skeleton, Inc.

Consolidation

The accompanying consolidated financial statements for the year ended June 30, 2021, include the assets, liabilities, net assets, and financial activities of the Corporation and its subsidiary, U.S. Bobsled and Skeleton Foundation, LLC (Foundation), a single-member limited liability company formed in February, 2013.

Prior-Year Comparisons

The financial statements include certain prior year summarized comparative information in total but not by functional expense or net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Certain amounts have been reclassified to conform to the current year presentation.

Cash and Cash Equivalents

Cash and cash equivalents consist of the Corporation and Foundation's checking and savings accounts. The Corporation

## Notes to Consolidated Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Cash and Cash Equivalents - continued

and Foundation maintain their cash and cash equivalents at commercial banks. In the unlikely event of a bank failure the Corporation and Foundation might only be able to recover the amounts insured.

#### Supplemental Cash Flow Disclosures

During the years ended June 30, 2021 and 2020, the Corporation paid interest costs of \$1,667 and \$3,169, respectively. The Corporation paid no income taxes either year.

The Corporation had noncash financing transactions for insurance premiums of \$40,308 and \$30,061 during the years ended June 30, 2021 and 2020, respectively.

#### Accounts Receivable

Accounts receivable recorded by the Corporation include amounts from contracts with customers. Receivables from contracts with customers at the beginning and end of the period were \$20,096 and \$2,756, respectively.

Accounts receivable are stated at the amount the Corporation expects to collect from balances outstanding at year-end. Based on management's assessment of the outstanding balances, it has concluded that an allowance for doubtful accounts of \$0 and \$3,500 is necessary at June 30, 2021 and 2020, respectively. Unrecorded conditional grants receivable were \$96,628 as of June 30, 2021. The Corporation has grants from the United States Olympic Paralympic Committee (USOPC) that are for special purposes with specific expenditure requirements.

#### Property and Equipment

Property and equipment are recorded at cost as of the date of acquisition or fair value as of the date of receipt in the case of donations. Depreciation is recorded using the straight-line method over estimated useful lives of three to 10 years.

#### Deferred Revenue

Deferred revenue, a contract liability, recognized by the Corporation represents amounts from contracts with customers. This revenue is deferred as of year-end because

## Notes to Consolidated Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Deferred Revenue - continued

the performance obligations relating to this revenue have not yet been completed by the entities. Deferred revenue from contracts with customers at the beginning and end of the period were \$23,834 and \$6,500, respectively.

#### Refundable Advances

In accordance with FASB ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08), the Corporation classified conditional promises to give subject to donor-imposed conditions received in prior years as refundable advances at June 30, 2021. As the Corporation satisfies the barriers and conditions set forth in the grant contract, revenue will be recognized accordingly. Refundable advances are \$76,844 at June 30, 2021.

#### Contributions

Contributions are recorded when received as without donor restrictions, with donor restrictions - temporary in nature, or with donor restrictions - perpetual in nature, depending on the existence or nature of any donor restrictions. When a donor restriction is met, net assets with donor restrictions - temporary in nature are reclassified to net assets without donor restrictions and reported in the statement of activities as satisfaction of program restrictions. Contributions whose restrictions are met in the same reporting period are recorded as unrestricted support. USOPC grants and Internationale Bobsleigh & Skeleton Federation (IBSF) distributions are considered contributions. However, if the Corporation is only entitled to the gift if it has overcome a barrier (such as raising matching funds or achieving a particular outcome), contribution revenue is recognized when that barrier is overcome as an increase in net assets without restrictions, because the restriction on the gift is satisfied as the barrier is overcome; thus, there essentially is no separate restriction that needs to be tracked for those gifts. Contributions and grants with donor restrictions are reported as support and revenue without donor restrictions if the restriction is met in the same year that the gift is received.

## Notes to Consolidated Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Donated Services

The Corporation recognizes donated services that create or enhance non-financial assets or that require specialized skills and would typically need to be purchased if not provided by donation. For the years ended June 30, 2021 and 2020, donated services recorded were for consulting, legal, and CEO services and amounted to \$2,400 and \$135,350, respectively.

#### Revenue from Contracts with Customers

Member Dues - Revenue from contracts with members for annual dues is reported at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing membership to its members. Revenue is recognized as performance obligations are satisfied, which is ratably over the membership term.

Corporate Sponsorship - The Corporation recognizes revenue from contracts with both sponsors and suppliers of the Corporation. Performance obligations in such contracts are satisfied as services are rendered, and therefore, the Corporation will recognize revenue over time. The Corporation has concluded that the performance obligations within these contracts are substantially the same in each year and are satisfied ratably over the term of the agreement.

Therefore, sponsorship revenue from contracts with customers will be recognized on a straight-line basis over the term of the agreement.

Royalties - The Corporation receives royalties from sponsors. The revenue is variable based on the terms of the agreement and related sales. The revenue is recognized upon receipt of the royalty.

USOPC digital media - The Corporation also recognizes revenue from contracts with the USOPC. As previously mentioned, USOPC grants are considered contributions by the Corporation. The USOPC media agreement is considered revenue from contracts with customers. See Note K for more information regarding this revenue stream.

## Notes to Consolidated Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Tax Exempt Status

The Corporation is generally exempt from the payment of federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Corporation is, however, liable for income tax on unrelated trade or business income, which includes advertising income or any other business income that is not substantially related to its exempt purpose. The Foundation is a disregarded entity for tax purposes and as such, is included in the Corporation's tax return.

The Corporation's form 990, Return of Organization Exempt from Income Tax, is subject to examination by various taxing authorities, generally for three years after the date it was filed. Management of the Corporation believes that it does not have any uncertain tax positions that are material to the financial statements.

#### Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

#### Date of Management's Review

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through November 17, 2021, the date that the financial statements were available to be issued.

### B. AVAILABLE RESOURCES AND LIQUIDITY

The Corporation has grant funding commitments to meet most expenses. The Corporation seeks sponsorships, donations, and other contributions to cover other general expenditures.

The Corporation regularly monitors liquidity necessary to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Corporation has cash and cash equivalents as a current source of liquidity at its disposal.

## Notes to Consolidated Financial Statements

### B. AVAILABLE RESOURCES AND LIQUIDITY - Continued

The Corporation's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,502,026	\$ 1,126,901
Accounts receivable, net	2,756	23,626
Due from USOPC	<u>                    </u>	<u>10,000</u>
	1,504,782	1,160,527
Less assets with donor restrictions:		
Donor restrictions - temporary	<u>12,375</u>	<u>53,264</u>
Financial assets available within one year	<u>\$ 1,492,407</u>	<u>\$ 1,107,263</u>

As described in Note H to the financial statements, the Corporation has two lines of credit available to be used for general expenditures. As part of the Corporation'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. The primary investment objectives of the Corporation are to preserve and protect the Corporation's assets and to provide liquidity for operations.

### C. FAIR VALUE MEASUREMENTS

The Corporation applies Generally Accepted Accounting Principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation has the ability to access at the measurement date.

Notes to Consolidated Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following tables present assets that are measured at fair value on a recurring basis at June 30, 2021 and 2020:

Assets at Fair Value as of June 30, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in trust	\$ 1,601,542	\$	\$	\$ 1,601,542
Adirondack Foundation pooled funds		12,681		12,681
	<u>\$ 1,601,542</u>	<u>\$ 12,681</u>	<u>\$</u>	<u>\$ 1,614,223</u>

Assets at Fair Value as of June 30, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in trust	\$ 1,306,269	\$	\$	\$ 1,306,269
Adirondack Foundation pooled funds		10,245		10,245
	<u>\$ 1,306,269</u>	<u>\$ 10,245</u>	<u>\$</u>	<u>\$ 1,316,514</u>

Some investments are exposed to various risks that may cause their reported fair values to fluctuate from period to period and could materially affect the recorded amounts of investments in the Corporation's financial statements.

Investments in equity securities fluctuate in value in response to many factors, such as the activities and financial condition of individual companies, general business and industry market conditions and the state or perceived direction of the economy. The values of debt securities fluctuate in response to changing interest rates, credit worthiness of issuers, and overall economic policies that impact market conditions. The values of certain investments, such as hedge funds, can fluctuate in response to direct market conditions and other factors that may or



## Notes to Consolidated Financial Statements

### C. FAIR VALUE MEASUREMENTS - Continued

may not have a high correlation to overall market direction. Though the market values of investments are subject to fluctuation, management believes that the investment policy is prudent for the long-term welfare of the Corporation.

### D. PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost, if purchased, or at market value at the date received as a gift. Property and equipment consists of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Sleds	\$ 3,484,455	\$ 3,258,129
Furniture and equipment	281,783	221,929
Runners	303,381	256,327
Leasehold improvements	68,397	65,440
Restricted assets	25,000	25,000
Trailer	6,207	6,207
Less accumulated depreciation	<u>(2,457,800)</u>	<u>(2,104,609)</u>
Property and equipment, net	<u>\$ 1,711,423</u>	<u>\$ 1,728,423</u>

Depreciation expense amounted to \$353,191 and \$347,721 for the years ended June 30, 2021 and 2020, respectively.

### E. BENEFICIAL INTEREST IN TRUST

The United States Bobsled and Skeleton Corporation Trust (the Trust) was established by the Corporation to administer unrestricted funds distributed by the USOPC, from the profits of the 1984 Olympic Summer Games in Los Angeles, to the National Governing Body of these Olympic Sports.

In accordance with FASB ASC 958, Not-for-Profit Entities, the Corporation has recorded a beneficial interest in the net assets of the Trust. Changes in the net assets of the Trust are recorded in the accompanying statement of activities. As of June 30, 2021 and 2020, the Trust had total assets of \$1,601,542 and \$1,306,269, respectively. This amount is included in net assets with donor restrictions - perpetual in nature.

The Trust is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It has also been determined not to be a private foundation.

Notes to Consolidated Financial Statements

E. BENEFICIAL INTEREST IN TRUST - Continued

At June 30, 2021 and 2020, the Trust's net assets consisted of the following:

	<u>2021</u>	<u>2020</u>
Exchange-traded and closed end funds	\$ 1,205,204	\$ 941,119
Mutual funds	383,999	353,214
Cash and cash equivalents	<u>12,339</u>	<u>11,936</u>
	<u>\$ 1,601,542</u>	<u>\$ 1,306,269</u>

F. ENDOWMENT FUNDS

In accordance with generally accepted accounting principles, net assets associated with endowment funds are classified between net assets with donor restriction - perpetual and temporary in nature and reported based on the existence of donor-imposed restrictions.

Interpretation of Relevant Law

The Corporation's Board of Directors has interpreted the Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restriction except for explicit donor-stipulations to the contrary. As a result of this interpretation, perpetually restricted assets include the original value of the gift and any required accumulations for inflation stipulated by the donor.

	<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Temporary</u>	<u>Perpetual</u>	
Endowment net assets, July 1, 2019	\$	\$ 10,179	\$ 10,179
Investment income Expenditures	_____	_____	_____
Endowment net assets, June 30, 2020	\$	\$ 10,179	\$ 10,179
Investment income Expenditures	_____	_____	_____
Endowment net assets, June 30, 2021	<u>\$</u>	<u>\$ 10,179</u>	<u>\$ 10,179</u>

Notes to Consolidated Financial Statements

F. ENDOWMENT FUNDS - Continued

These funds are held and invested in a pooled fund at the Adirondack Foundation, an unrelated not-for-profit organization. Any deficits in the fund will be made up with general assets of the Corporation to maintain the donor contribution balance of the endowment fund.

G. SHORT-TERM NOTES PAYABLE

During the years ended June 30, 2021 and 2020, the Corporation signed short-term notes payable to finance premiums for its insurance policies. The note payable signed in June 2021, requires 10 monthly payments of \$3,473, including interest at 8.50%. The note matures in July 2022, and is secured by the insurance policies. The note payable signed in May 2020, required 10 monthly payments of \$3,146, including interest at 10.02%. The note matured on April 7, 2021, and was secured by the insurance policies. At June 30, 2021 and 2020, the balance of the notes payable is \$43,308 and \$30,061, respectively.

H. LINE OF CREDIT AGREEMENTS

The Corporation has a \$75,000 line of credit agreement and a \$50,000 line of credit agreement with two commercial banks.

The \$75,000 line of credit bears interest at a rate of .75% over Wall Street Journal prime. The \$50,000 line of credit bears interest at a rate of 6.75% over the bank's prime rate. At June 30, 2021 and 2020, there were no outstanding borrowings under either line of credit agreement.

I. NET ASSETS WITH DONOR RESTRICTION - TEMPORARY IN NATURE

Net assets with donor restrictions - temporary in nature at June 30, 2021 and 2020, consist of the following:

	<u>2021</u>	<u>2020</u>
Holcomb memorial fund for athletes	\$ 7,325	\$ 7,325
Parasport support	4,550	4,550
Medical support	500	500
USOPC grants		32,370
Athlete support		<u>8,519</u>
	<u>\$ 12,375</u>	<u>\$ 53,264</u>

Notes to Consolidated Financial Statements

I. NET ASSETS WITH DONOR RESTRICTION - TEMPORARY IN NATURE - Continued

Net assets are released from donor restriction by incurring expenses that satisfy the restricted purpose. During the years ended June 30, 2021 and 2020, net assets were released from restrictions as follows:

	<u>2021</u>	<u>2020</u>
USOPC grants	\$ 2,064,226	\$ 1,785,332
Athlete support	8,519	3,481
Parasport support	<u>313</u>	<u>450</u>
	<u>\$ 2,073,058</u>	<u>\$ 1,789,263</u>

J. LEASES

The Corporation currently occupies office space owned by the El Pomar Foundation. The Corporation does not pay rent for the office space, but it does reimburse El Pomar for its share of utilities and maintenance expenses at a rate of \$488 through December 31, 2021. During the year ended June 30, 2021, El Pomar waived 12 months of utilities and maintenance expenses which is included in in-kind revenue and expense. In-kind revenue and expense of \$12,685 and \$8,294 has been recorded for the years ended June 30, 2021 and 2020, respectively.

During the year ended June 30, 2016, the Corporation entered into an operating lease for garage storage space through December 31, 2022, for \$1,000 annually.

Additionally, the Corporation is on a month to month lease with the USOPC for \$200 a month for office space in Lake Placid. Future minimum payments for these leases are as follows:

2022	\$ 1,000
2023	500

Total rent expense amounted to \$6,991 and \$15,373 for the years ended June 30, 2021 and 2020, respectively.

## Notes to Consolidated Financial Statements

### K. RELATED PARTY TRANSACTIONS

IBSF, the international bobsled and skeleton organization, distributed \$29,021 and \$72,716 to the Corporation during the years ended June 30, 2021 and 2020, respectively. Of these amounts, \$27,014 and \$40,032, respectively, was for athlete incentives.

The USOPC provides grants to the Corporation for sports development, international competition, and team preparation. Grants provided during the years ended June 30, 2021 and 2020, consisted of the following project categories:

	<u>2021</u>	<u>2020</u>
NGB Funding	\$ 1,981,656	\$ 1,704,447
Athlete development	30,700	18,000
Administrative support	19,500	20,000
COVID-19 grant	16,208	
Value in-kind		61,531
Olympic hopeful		<u>12,224</u>
	<u>\$ 2,048,064</u>	<u>\$ 1,816,202</u>

In addition to the above grants, the Corporation received \$50,000 and \$62,500 from the USOPC for its media agreement for the years ended June 30, 2021 and 2020, respectively. The media agreement was effective through December 31, 2016. The funding is based on the total number of unique visitors to the digital platform. This funding has continued under the same terms upon the expiration of the agreement.

As discussed in Note J, the USOPC provides the Corporation with office facilities in Lake Placid for \$200 a month.

Rental expense for each of the years ended June 30, 2021 and 2020, amounted to \$2,400.

The Corporation is economically dependent on grants from the USOPC in order to sustain its operations at current levels.

### L. RETIREMENT PLAN

The Corporation has established a Simple IRA retirement program. Employees are eligible to participate after working for the Corporation for two years. During the years ended June 30, 2021 and 2020, the Corporation made matching contributions for eligible employees of \$14,478 and \$17,581, respectively.

Notes to Consolidated Financial Statements

M. COMMITMENT AND CONTINGENCIES

The Corporation has multi-year employment contracts with various employees. In the event these employees are terminated for cause (as defined in the contracts), the Corporation is not obligated to pay any severance compensation. In the event these employees are terminated without cause and without prior notice, then the Corporation is obligated to pay severance in the amount of three to 12 months salary in regular installments on the Corporation's normal payroll dates commencing on the date of termination.

In accordance with the Corporation's garage facility agreement, the Corporation has agreed to pay event sponsorship fees as follows:

2022	\$ 22,360
2023	11,410

N. PAYCHECK PROTECTION PROGRAM GRANTS

On May 1, 2020, the Corporation was approved for a \$216,685 loan from Community Bank through the Small Business Administration Paycheck Protection Program (PPP). A portion or all of the loan may be forgiven by the Small Business Administration if certain payroll criteria are met and funds are used for payroll, rent, mortgage interest, or utilities. Any portion of the loan that is not forgiven has a maturity date of five years and an interest rate of 1.0%. Loan payments are deferred for 10 months.

The Corporation received full forgiveness of the loan and as a result, the proceeds from the loan have been included in the statement of activities as PPP grant income.

On January 30, 2021, the Corporation was approved for a second PPP loan in the amount of \$232,100 from Community Bank. Prior to year-end, the Corporation met the criteria and has submitted an application for loan forgiveness. Based on subsequent loan forgiveness the funding is reported as a refundable advance.

O. UNCERTAINTIES

An outbreak of a novel strain of coronavirus (the COVID-19 outbreak) has been recognized as a pandemic by the World Health Organization, and the COVID-19 outbreak has become increasingly widespread in the United States. The COVID-19

## Notes to Consolidated Financial Statements

### O. UNCERTAINTIES - Continued

outbreak has had a notable impact on general economic conditions, including but not limited to the uncertainty in global financial markets, temporary closures of many businesses, suspension or cancelation of events, "shelter in place" and other governmental regulations, and job losses. The extent to which the COVID-19 outbreak will affect the operations, collections, or financial results of the Corporation is uncertain.

USA BOBSLED/SKELETON, INC.  
U.S. BOBSLED AND SKELETON FOUNDATION, LLC  
Supplemental Consolidating Statement of Financial Position  
June 30, 2021

	<u>ASSETS</u>			
	<u>USABS</u>	<u>USBS Foundation</u>	<u>Eliminating Entries</u>	<u>Total</u>
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$ 1,314,714	\$ 187,312	\$	\$ 1,502,026
Accounts receivable, net	2,756			2,756
Due from United States Olympic & Paralympic Committee				
Due from USA Bobsled/Skeleton, Inc.		5,915	(5,915)	
Due from USBS Foundation	127,401		(127,401)	
Prepaid insurance				
Prepaid expenses	<u>73,524</u>			<u>73,524</u>
Total current assets	1,518,395	193,227	(133,316)	1,578,306
<b>PROPERTY &amp; EQUIPMENT:</b>				
Property and equipment	4,169,223			4,169,223
Less accumulated depreciation	<u>(2,457,800)</u>			<u>(2,457,800)</u>
Property & equipment, net	1,711,423			1,711,423
LONG-TERM INVESTMENTS	12,681			12,681
<b>OTHER ASSETS:</b>				
Note receivable USA Bobsled/Skeleton, Inc.		50,000	(50,000)	
Investment in USBS Foundation	113,564		(113,564)	
Beneficial interest in Trust	<u>1,601,542</u>			<u>1,601,542</u>
Total other assets	<u>1,715,106</u>	<u>50,000</u>	<u>(163,564)</u>	<u>1,601,542</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,957,605</u>	<u>\$ 243,227</u>	<u>\$ (296,880)</u>	<u>\$ 4,903,952</u>

	<u>LIABILITIES AND NET ASSETS</u>			
<b>CURRENT LIABILITIES:</b>				
Accounts payable and accrued liabilities	\$ 159,159	\$ 2,262	\$	\$ 161,421
Due to USA Bobsled/Skeleton, Inc.		127,401	(127,401)	
Due to USBS Foundation	5,915		(5,915)	
Due to United States Olympic & Paralympic Committee	125,420			125,420
Refundable advances	76,844			76,844
Deferred revenue	23,834			23,834
Short term note payable	43,308			43,308
Note payable USBS Foundation	<u>50,000</u>		(50,000)	
Total current liabilities	484,480	129,663	(183,316)	430,827
<b>LONG-TERM LIABILITIES</b>				
Note payable Community Bank	<u>232,100</u>			<u>232,100</u>
Total liabilities	716,580	129,663	(183,316)	662,927
<b>NET ASSETS:</b>				
Without donor restrictions	2,616,929	113,564	(113,564)	2,616,929
With donor restrictions	<u>1,624,096</u>			<u>1,624,096</u>
Total net assets	<u>4,241,025</u>	<u>113,564</u>	<u>(113,564)</u>	<u>4,241,025</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 4,957,605</u>	<u>\$ 243,227</u>	<u>\$ (296,880)</u>	<u>\$ 4,903,952</u>



USA BOBSLED/SKELETON, INC.  
U.S. BOBSLED AND SKELETON FOUNDATION, LLC  
Supplemental Consolidating Statement of Activities and Changes in Net Assets  
For the Year Ended June 30, 2021

	<u>USABS</u>	<u>USBS Foundation</u>	<u>Eliminating Entries</u>	<u>Total</u>
<b>REVENUE AND SUPPORT:</b>				
USOPC grants	\$ 2,048,064	\$	\$	\$ 2,048,064
Corporate sponsorship	499,602			499,602
Contributions - VIK	337,149			337,149
Change in beneficial interest in Trust	295,273			295,273
Contributions	320,786	97,985	(125,000)	293,771
PPP grant	216,685			216,685
Trust distribution	77,184			77,184
Miscellaneous income	54,464			54,464
USOPC marketing agreement	50,000			50,000
IBSF distributions	29,021			29,021
Member dues	15,174			15,174
Unrealized gain on investments	2,811			2,811
Royalty revenue	444			444
Interest income	43			43
Change in USBS Foundation	<u>(78,513)</u>		<u>78,513</u>	
Total revenue and support	3,868,187	97,985	(46,487)	3,919,685
<b>EXPENSES:</b>				
Program services:				
Athlete expense	648,114			648,114
Men's bobsled	483,769	125,000	(125,000)	483,769
Women's bobsled	461,630			461,630
Skeleton	419,413			419,413
Development	397,566			397,566
Membership expense	92,009			92,009
Para program	67,091			67,091
Recruiting	17,749			17,749
Lake Placid	53			53
Total program services	<u>2,587,394</u>	<u>125,000</u>	<u>(125,000)</u>	<u>2,587,394</u>
Supporting services:				
General & administrative	494,015	2,292		496,307
Marketing & public relations	104,956	49,206		154,162
Total supporting services	<u>598,971</u>	<u>51,498</u>		<u>650,469</u>
Total expenses	<u>3,186,365</u>	<u>176,498</u>	<u>(125,000)</u>	<u>3,237,863</u>
CHANGE IN NET ASSETS	681,822	(78,513)	78,513	681,822
NET ASSETS, beginning of year	<u>3,559,203</u>	<u>192,077</u>	<u>(192,077)</u>	<u>3,559,203</u>
NET ASSETS, end of year	<u>\$ 4,241,025</u>	<u>\$ 113,564</u>	<u>\$ (113,564)</u>	<u>\$ 4,241,025</u>