

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

**Consolidated Financial Statements &  
Supplemental Information**

**For the Year Ended June 30, 2019**

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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, 2019, 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, 2019, 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, 2018 consolidated financial statements, and our report dated November 2, 2018, 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, 2018, 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 financial statements as a whole. The supplemental statements are presented for purposes of additional analysis and are 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 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.

**Emphasis of Matter**

As described in Note A to the financial statements, during the year ended June 30, 2019, USA Bobsled/Skeleton, Inc. & Subsidiary adopted Accounting Standards Update (ASU) 2016-14, Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities. Our opinion is not modified with respect to this matter.

*Waugh & Goodwin, LLP*

Colorado Springs, Colorado  
January 22, 2020

USA BOBSLED/SKELETON, INC. & SUBSIDIARY  
Consolidated Statement of Financial Position  
June 30, 2019  
(With Comparative Amounts for 2018)

	<u>ASSETS</u>	
	<u>2019</u>	<u>2018</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 509,096	\$ 558,062
Accounts receivable, net	104,615	124,526
Due from United States Olympic Paralympic Committee	1,231	8,440
Prepaid insurance	72,696	73,696
Prepaid expenses	<u>36,332</u>	<u>53,771</u>
Total current assets	723,970	818,495
<b>PROPERTY AND EQUIPMENT:</b>		
Property and equipment	3,628,150	3,472,420
Less accumulated depreciation	<u>(1,764,247)</u>	<u>(1,424,686)</u>
Property and equipment, net	1,863,903	2,047,734
LONG-TERM INVESTMENTS	10,697	10,796
<b>OTHER ASSETS:</b>		
Beneficial interest in Trust	<u>1,433,025</u>	<u>1,435,593</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,031,595</u>	<u>\$ 4,312,618</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued liabilities	\$ 176,603	\$ 128,062
Due to United States Olympic Paralympic Committee	38,713	8,342
Deferred revenue	14,325	8,675
Short term note payable	<u>62,401</u>	<u>56,831</u>
Total liabilities	292,042	201,910
<b>NET ASSETS:</b>		
Without donor restrictions	2,294,849	2,664,936
With donor restrictions	<u>1,444,704</u>	<u>1,445,772</u>
Total net assets	<u>3,739,553</u>	<u>4,110,708</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 4,031,595</u>	<u>\$ 4,312,618</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, 2019  
(With Comparative Totals for 2018)

	Without Donor Restrictions	With Donor Restrictions	2019 Totals	2018 Totals
<b>REVENUE AND SUPPORT:</b>				
USOPC grants	\$ 1,987,900	\$ 1,500	\$ 1,989,400	\$ 2,400,628
Contributions	343,418		343,418	250,050
Corporate sponsorship	310,093		310,093	336,892
Contributions - VIK	237,947		237,947	326,276
IBSF distributions	86,710		86,710	138,126
Trust distributions	66,915		66,915	76,275
USOPC media agreement	62,500		62,500	50,000
Miscellaneous income	42,592		42,592	56,207
Member dues	29,390		29,390	25,135
Royalty revenue	1,748		1,748	6,042
Unrealized gain on investments	276		276	879
Interest income	58		58	129
Change in beneficial interest in Trust		(2,568)	(2,568)	16,497
Special event				356,241
Gain on disposal of equipment				12,776
<b>Total revenue and support</b>	<b>3,169,547</b>	<b>(1,068)</b>	<b>3,168,479</b>	<b>4,052,153</b>
<b>EXPENSES:</b>				
Program services:				
Athlete expense	709,089		709,089	544,610
Men's bobsled	684,977		684,977	886,047
Women's bobsled	483,003		483,003	681,165
Skeleton	402,795		402,795	565,642
Development	342,578		342,578	
Membership expense	91,497		91,497	87,444
Para program	53,079		53,079	37,131
Recruiting	7,746		7,746	13,230
Lake Placid	59		59	10,048
<b>Total program services</b>	<b>2,774,823</b>		<b>2,774,823</b>	<b>2,825,317</b>
Supporting services:				
General & administrative	639,821		639,821	705,905
Marketing & public relations	124,990		124,990	38,210
<b>Total supporting services</b>	<b>764,811</b>		<b>764,811</b>	<b>744,115</b>
<b>Total expenses</b>	<b>3,539,634</b>		<b>3,539,634</b>	<b>3,569,432</b>
<b>CHANGE IN NET ASSETS</b>	<b>(370,087)</b>	<b>(1,068)</b>	<b>(371,155)</b>	<b>482,721</b>
<b>NET ASSETS, beginning of year</b>	<b>2,664,936</b>	<b>1,445,772</b>	<b>4,110,708</b>	<b>3,627,987</b>
<b>NET ASSETS, end of year</b>	<b>\$ 2,294,849</b>	<b>\$ 1,444,704</b>	<b>\$ 3,739,553</b>	<b>\$ 4,110,708</b>

See Notes to Consolidated Financial Statements

USA BOBSLED/SKELETON, INC. & SUBSIDIARY  
Consolidated Schedule of Functional Expenses  
For the Year Ended June 30, 2019  
(With Comparative Totals for 2018)

	Athlete Expense	Men's Bobsled	Women's Bobsled	Skeleton	Development	Membership Expense	Para Program	Recruiting	Lake Placid	Total Programs
Athlete funding	\$	\$	\$	\$	\$ 32,617	\$	\$	\$	\$	\$ 32,617
Athlete incentives	35,559									35,559
Athlete support	51,248									51,248
Awards	190									190
Bad debts										
Bank charges & merchant fees										
Contract labor	27,246				1,300		11,580	1,500		41,626
Cost of goods sold										
Depreciation	21,919	164,921	70,911	80,606						338,357
Dues & subscriptions										
Employee benefits	30,273	8,932	8,932	10,131	8,791					67,059
Entry fees		11,933	9,977	11,032	7,780		3,275			43,997
Equipment	76,464	12,715	9,674	10,949	16,649		643	1,182		128,276
Event expense										
Foundation board										
(Gain) loss on currency exchange										
Goodwill gestures										
Insurance						90,261				90,261
Interest expense	2,130									2,130
Legal & accounting										
Marketing										
Meals/lodging	22,877	116,961	73,284	61,070	15,757		19,124	1,525		310,598
Meetings										
Membership expense						1,236				1,236
Naming rights										
Office supplies										
Other	39,613	69	1,644	840						42,166
Payroll taxes	13,281	12,263	12,263	10,967	14,627					63,401
Postage										
Promotional items										
Publicity										
Public relations										
Professional development	3,493			1,006						4,499
Rent-building										
Recruiting	188,923									188,923
Salaries	172,915	160,304	160,304	143,353	191,197					828,073
Simple IRA expense	4,233	2,532	2,532	39						9,336
State unemployment insurance										
Sled shipping	(1,000)	66,285	40,824	2,104	38,234					146,447
Technology	2,240			483						2,723
Telephone										
Travel	17,485	128,062	92,658	70,215	15,626		18,457	3,539	59	346,101
Value in kind - rent										
	<u>\$ 709,089</u>	<u>\$ 684,977</u>	<u>\$ 483,003</u>	<u>\$ 402,795</u>	<u>\$ 342,578</u>	<u>\$ 91,497</u>	<u>\$ 53,079</u>	<u>\$ 7,746</u>	<u>\$ 59</u>	<u>\$ 2,774,823</u>



	<u>General &amp; Administrative</u>	<u>Marketing &amp; Public Relations</u>	<u>2019 Totals</u>	<u>2018 Totals</u>
Athlete funding	\$	\$	\$ 32,617	\$ 80,360
Athlete incentives			35,559	48,699
Athlete support			51,248	190
Awards			190	576
Bad debts	7,740		7,740	
Bank charges & merchant fees	4,442		4,442	6,832
Contract labor		2,500	44,126	136,857
Cost of goods sold	(4,020)		(4,020)	4,020
Depreciation	1,204		339,561	309,269
Dues & subscriptions	8,046		8,046	6,449
Employee benefits	80,039	7,313	154,411	169,458
Entry fees			43,997	47,377
Equipment	2,410	694	131,380	179,180
Event expense	1,490		1,490	19,864
Foundation board	113		113	
(Gain) loss on currency exchange	4		4	348
Goodwill gestures	497		497	520
Insurance	23,441		113,702	113,095
Interest expense	2,666		4,796	1,403
Legal & accounting	20,573		20,573	42,431
Marketing	4,758	35,910	40,668	44,719
Meals/lodging	2,159	1,565	314,322	474,245
Meetings	15,355		15,355	17,621
Membership expense			1,236	1,034
Naming rights		9,667	9,667	10,667
Office supplies	1,801		1,801	910
Other	12,802		54,968	53,114
Payroll taxes	23,748	4,224	91,373	71,768
Postage	1,828		1,828	1,243
Promotional items				817
Publicity	1,437		1,437	1,715
Public relations		1,740	1,740	1,615
Professional development	401		4,900	5,582
Rent-building	8,170		8,170	7,923
Recruiting			188,923	83,132
Salaries	373,677	55,208	1,256,958	983,700
Simple IRA expense	10,721	750	20,807	19,269
State unemployment insurance	15,164		15,164	11,002
Sled shipping			146,447	159,849
Technology			2,723	10,095
Telephone	8,683		8,683	13,783
Travel	3,263	5,419	354,783	422,187
Value in kind - rent	7,209		7,209	6,704
	<u>\$ 639,821</u>	<u>\$ 124,990</u>	<u>\$ 3,539,634</u>	<u>\$ 3,569,432</u>

See Notes to Consolidated Financial Statements

USA BOBSLED/SKELETON, INC. & SUBSIDIARY  
Consolidated Statement of Cash Flows  
For the Year Ended June 30, 2019  
(With Comparative Amounts for 2018)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (371,155)	\$ 482,721
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	339,561	309,269
Unrealized gain on investments	(276)	(879)
Gain on disposal of assets		(12,776)
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable, net	19,911	(71,059)
Due from United States Olympic Paralympic Committee	7,209	(7,515)
Prepaid insurance	6,570	6,475
Prepaid expenses	17,439	18,493
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	48,541	(130,751)
Due to United States Olympic Paralympic Committee	30,371	(25,505)
Deferred revenue	5,650	(182,129)
Total adjustments	<u>474,976</u>	<u>(96,377)</u>
Net cash provided by operating activities	103,821	386,344
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(155,730)	(673,859)
Proceeds from sale of property and equipment		<u>29,855</u>
Net cash used by investing activities	(155,730)	(644,004)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Long term investment	375	375
Beneficial interest in Trust	<u>2,568</u>	<u>(16,497)</u>
Net cash provided (used) by financing activities	<u>2,943</u>	<u>(16,122)</u>
NET DECREASE IN CASH	(48,966)	(273,782)
CASH AND CASH EQUIVALENTS, beginning of year	<u>558,062</u>	<u>831,844</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 509,096</u>	<u>\$ 558,062</u>

See Notes to Consolidated Financial Statements

USA BOBSLED/SKELETON, INC. & SUBSIDIARY  
Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2019

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.

Accounting Standards Update

On August 18, 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Corporation has adjusted the presentation of the financial statements, accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the Corporation's financial statements:

- The temporarily restricted and permanently restricted net asset classes, have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements now include a presentation of expenses that describes both the functional nature of the expenses and their natural classification according to the actual usage of resources.
- The financial statements include a new disclosure about liquidity and availability of resources (Note B).

## Notes to Consolidated Financial Statements

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

#### Accounting Standards Update - continued

The changes have the following effect on net assets at June 30, 2018:

<u>Net Asset Class</u>	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted net assets	\$ 2,664,936	\$
Temporarily restricted net assets	1,445,772	
Net assets without donor restrictions		2,664,936
Net assets with donor restrictions		<u>1,445,772</u>
Total net assets	<u>\$ 4,110,708</u>	<u>\$ 4,110,708</u>

In addition, certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

#### Consolidation

The accompanying consolidated financial statements for the year ended June 30, 2019, 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.

#### Cash and Cash Equivalents

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

#### Accounts Receivable

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 \$3,500 is necessary at June 30, 2019 and 2018.

## Notes to Consolidated Financial Statements

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

#### 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 ten years.

#### 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.

#### Supplemental Cash Flow Disclosures

During the years ended June 30, 2019 and 2018, the Corporation paid interest costs of \$4,796 and \$1,403, respectively. The Corporation paid no income taxes either year.

The Corporation had noncash financing transactions for insurance premiums of \$62,401 and \$62,514 during the years ended June 30, 2019 and 2018, respectively.

#### Membership Dues

Membership dues received by the Corporation are recognized as income in the appropriate membership year. Dues received, which pertain to the upcoming year, are reported as deferred revenue.

## Notes to Consolidated Financial Statements

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

#### Contributions

Contributions are recorded when received as without donor restrictions, with donor restrictions - temporary in nature, or with donor restrictions - permanent 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.

#### 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, 2019 and 2018, donated services recorded were for consulting and legal services and amounted to \$11,400 and \$29,827, respectively.

#### 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.

#### 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, 2018, from which the summarized information was derived.

## Notes to Consolidated Financial Statements

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

#### Date of Management's Review

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through January 22, 2020, 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.

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

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 509,096	\$ 558,062
Accounts receivable, net	<u>104,615</u>	<u>124,526</u>
Financial assets available within one year	<u>\$ 613,711</u>	<u>\$ 682,588</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

Notes to Consolidated Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

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.
- 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. Transfers between levels are recorded at the end of the reporting period.

The following tables present assets that are measured at fair value on a recurring basis at June 30, 2019 and 2018:

Assets at Fair Value as of June 30, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Adirondack Foundation pooled funds	\$	\$ 10,697	\$	\$ 10,697
Beneficial interest in trust	<u>1,433,025</u>			<u>1,433,025</u>
	<u>\$ 1,433,025</u>	<u>\$ 10,697</u>	<u>\$</u>	<u>\$ 1,443,722</u>

Assets at Fair Value as of June 30, 2018

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Adirondack Foundation pooled funds	\$	\$ 10,796	\$	\$ 10,796
Beneficial interest in trust	<u>1,435,593</u>			<u>1,435,593</u>
	<u>\$ 1,435,593</u>	<u>\$ 10,796</u>	<u>\$</u>	<u>\$ 1,446,389</u>

Some investments are exposed to various risks that may cause their reported fair values to fluctuate from period to period



## Notes to Consolidated Financial Statements

and could materially affect the recorded amount of investments in the Corporation's financial statements.

### C. FAIR VALUE MEASUREMENTS - Continued

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 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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Sleds	\$ 3,076,710	\$ 2,942,395
Furniture and equipment	225,142	219,121
Runners	229,651	218,598
Leasehold improvements	65,440	61,099
Restricted assets	25,000	25,000
Trailer	<u>6,207</u>	<u>6,207</u>
	3,628,150	3,472,420
Less accumulated depreciation	<u>(1,764,247)</u>	<u>(1,424,686)</u>
Property and equipment, net	<u>\$ 1,863,903</u>	<u>\$ 2,047,734</u>

Depreciation expense amounted to \$339,561 and \$309,269 for the years ended June 30, 2019 and 2018, 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 United States Olympic Paralympic Committee (USOPC), from the profits of the 1984 Olympic Summer Games in Los Angeles, to the National Governing Body of these Olympic Sports.

## Notes to Consolidated Financial Statements

### E. BENEFICIAL INTEREST IN TRUST - Continued

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, 2019 and 2018, the Trust had total assets of \$1,433,025 and \$1,435,593, respectively. This amount is included in net assets with donor restrictions - perpetual in nature.

The Trust is to be operated for the exclusive benefit of the Corporation. The trust declaration requires it to distribute 5% of the prior 3-year average balance of the Trust's net assets to or for the use of the Corporation. Income in excess of expenses and the amount distributed shall be reinvested and added to principal.

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.

At June 30, 2019 and 2018, the Trust's net assets consisted of the following:

	<u>2019</u>	<u>2018</u>
Exchange-traded and closed end funds	\$ 1,042,123	\$ 840,779
Mutual funds	371,282	255,216
Common stocks		204,291
Government securities		64,955
Corporate bonds		50,661
Money market funds	19,620	18,505
Accrued interest		750
Cash and cash equivalents		797
Unsettled purchases/sales		(361)
	<u>\$ 1,433,025</u>	<u>\$ 1,435,593</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.

Notes to Consolidated Financial Statements

F. ENDOWMENT FUNDS - Continued

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, 2017		\$ 10,179	\$ 10,179
Investment income	879		879
Expenditures	<u>(879)</u>	<u>                    </u>	<u>(879)</u>
Endowment net assets, June 30, 2018	\$	\$ 10,179	\$ 10,179
Investment income	276		276
Expenditures	<u>(276)</u>	<u>                    </u>	<u>(276)</u>
Endowment net assets, June 30, 2019	<u>\$</u>	<u>\$ 10,179</u>	<u>\$ 10,179</u>

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, 2019 and 2018, the Corporation signed short-term notes payable to finance premiums for its insurance policies. The note payable signed in May 2019, requires eleven monthly payments of \$5,952, including interest at 9.72%. The note matures May 7, 2020 and is secured by the insurance policies. The note signed in May 2018, required eleven monthly payments of \$5,877, including interest at 6.75%. The note matured May 7, 2019 and was secured by the insurance policies. At June 30, 2019 and 2018, the balance of the notes payable was \$62,401 and \$56,831.

## Notes to Consolidated Financial Statements

### H. LINE OF CREDIT AGREEMENT

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, 2019 and 2018, there were no outstanding borrowings under either line of credit agreement.

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

During the year ended June 30, 2019, the Corporation received a grant of \$1,500 restricted for administrative support. No amounts were released from restriction during the fiscal year.

### 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 \$447 per month through December 31, 2017, and \$473 per month through December 31, 2018, and \$488 through December 31, 2021. In-kind revenue and expense of \$7,209 and \$6,704 has been recorded for the years ended June 30, 2019 and 2018, 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:

2020	\$	6,855
2021		3,927
2022		1,000
2023		500

Total rent expense amounted to \$15,379 and \$14,627 for the years ended June 30, 2019 and 2018, respectively.

Notes to Consolidated Financial Statements

K. RELATED PARTY TRANSACTIONS

Internationale Bobsleigh & Skeleton Federation (IBSF), the international bobsled and skeleton organization, distributed \$72,716 and \$97,081 to the Corporation during the years ended June 30, 2019 and 2018, respectively. Of this amount, \$28,309 and \$44,642, respectively, was for athlete incentives.

The United States Olympic Paralympic Committee (USOPC) provides grants to the Corporation for sports development, international competition, and team preparation. Grants provided during the years ended June 30, 2019 and 2018, consisted of the following project categories:

	<u>2019</u>	<u>2018</u>
NGB Funding	\$ 1,890,000	\$ 2,166,659
Value in-kind	68,989	70,847
Athlete development	20,000	
Olympic hopeful	8,911	
Administrative support	1,500	
Technology grant		138,875
Early ice time		10,000
Consultant		8,910
Medical support		4,337
Uniforms		1,000
	<u>\$ 1,989,400</u>	<u>\$ 2,400,628</u>

In addition to the above grants, the Corporation received \$62,500 and \$50,000, respectively from the USOPC for its media agreement for the years ended June 30, 2019 and 2018. 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, 2019 and 2018, amounted to \$2,400.

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

Notes to Consolidated Financial Statements

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, 2019 and 2018, the Corporation made matching contributions for eligible employees of \$20,807 and \$19,269, respectively.

M. COMMITMENTS AND CONTINGENT LIABILITIES

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 twelve months salary in regular installments on the Corporation's normal payroll dates commencing on the date of termination.

Subsequent to year end, a key employee was terminated, and the Corporation is obligated to pay severance for 12 months unless the former employee secures employment, in which case the severance amount will be reduced or eliminated.

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

2020	\$	20,625
2021		21,475
2022		22,360
2023		11,410

USA BOBSLED/SKELETON, INC.  
U.S. BOBSLED AND SKELETON FOUNDATION, LLC  
Supplemental Consolidating Statement of Financial Position  
June 30, 2019

<u>ASSETS</u>				
	USABS	USBS Foundation	Eliminating Entries	Total
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$ 279,989	\$ 229,107	\$	\$ 509,096
Accounts receivable, net	104,615			104,615
Due from United States Olympic Paralympic Committee	1,231			1,231
Due from USBS Foundation				
Prepaid insurance	72,696			72,696
Prepaid expenses	36,332			36,332
Total current assets	494,863	229,107		723,970
<b>PROPERTY &amp; EQUIPMENT:</b>				
Property and equipment	3,628,150			3,628,150
Less accumulated depreciation	(1,764,247)			(1,764,247)
Property & equipment, net	1,863,903			1,863,903
<b>LONG-TERM INVESTMENTS</b>	10,697			10,697
<b>OTHER ASSETS:</b>				
Investment in USBS Foundation	229,107		(229,107)	
Beneficial interest in Trust	1,433,025			1,433,025
Total other assets	1,662,132		(229,107)	1,433,025
<b>TOTAL ASSETS</b>	<b>\$ 4,031,595</b>	<b>\$ 229,107</b>	<b>\$ (229,107)</b>	<b>\$ 4,031,595</b>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES:</b>				
Accounts payable and accrued liabilities	\$ 176,603	\$	\$	\$ 176,603
Due to USA Bobsled/Skeleton, Inc.				
Due to United States Olympic Paralympic Committee	38,713			38,713
Deferred revenue	14,325			14,325
Short term note payable	62,401			62,401
Total liabilities	292,042			292,042
<b>NET ASSETS:</b>				
Without donor restrictions	2,294,849	229,107	(229,107)	2,294,849
With donor restrictions	1,444,704			1,444,704
Total net assets	3,739,553	229,107	(229,107)	3,739,553
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,031,595</b>	<b>\$ 229,107</b>	<b>\$ (229,107)</b>	<b>\$ 4,031,595</b>

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, 2019

	<u>USABS</u>	<u>USBS Foundation</u>	<u>Eliminating Entries</u>	<u>Total</u>
<b>REVENUE AND SUPPORT:</b>				
USOPC grants	\$ 1,989,400	\$	\$	\$ 1,989,400
Contributions	375,305	93,113	(125,000)	343,418
Corporate sponsorship	310,093			310,093
Contributions - VIK	237,947			237,947
IBSF distributions	86,710			86,710
Trust distribution	66,915			66,915
USOPC marketing agreement	62,500			62,500
Miscellaneous income	42,592			42,592
Member dues	29,390			29,390
Royalty revenue	1,748			1,748
Unrealized gain on investments	276			276
Interest income	58			58
Change in beneficial interest in Trust	(2,568)			(2,568)
Change in USBS Foundation	(33,417)		33,417	
<b>Total revenue and support</b>	<b>3,166,949</b>	<b>93,113</b>	<b>(91,583)</b>	<b>3,168,479</b>
<b>EXPENSES:</b>				
Program services:				
Men's bobsled	684,977	43,513	(43,513)	684,977
Women's bobsled	483,003	46,258	(46,258)	483,003
Skeleton	402,795	35,229	(35,229)	402,795
Athlete expense	709,089			709,089
Development	342,578			342,578
Membership expense	91,497			91,497
Para program	53,079			53,079
Recruiting	7,746			7,746
Lake Placid	59			59
<b>Total program services</b>	<b>2,774,823</b>	<b>125,000</b>	<b>(125,000)</b>	<b>2,774,823</b>
Supporting services:				
General & administrative	638,291	1,530		639,821
Marketing & public relations	124,990			124,990
<b>Total supporting services</b>	<b>763,281</b>	<b>1,530</b>		<b>764,811</b>
<b>Total expenses</b>	<b>3,538,104</b>	<b>126,530</b>	<b>(125,000)</b>	<b>3,539,634</b>
<b>CHANGE IN NET ASSETS</b>	<b>(371,155)</b>	<b>(33,417)</b>	<b>33,417</b>	<b>(371,155)</b>
<b>NET ASSETS, beginning of year</b>	<b>4,110,708</b>	<b>262,524</b>	<b>(262,524)</b>	<b>4,110,708</b>
<b>NET ASSETS, end of year</b>	<b>\$ 3,739,553</b>	<b>\$ 229,107</b>	<b>\$ (229,107)</b>	<b>\$ 3,739,553</b>