

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

**Consolidated Financial Statements &
Supplemental Information**

For the Year Ended June 30, 2018

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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, 2018, and the related consolidated statements of activities and changes in net assets 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, 2018, 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, 2017 consolidated financial statements, and our report dated November 10, 2017, 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, 2017, 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 and schedules 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.

Waugh & Goodwin, LLP
Colorado Springs, Colorado
November 2, 2018

USA BOBSLED/SKELETON, INC. & SUBSIDIARY
Consolidated Statement of Financial Position
June 30, 2018
(With Comparative Amounts for 2017)

	<u>ASSETS</u>	
	<u>2018</u>	<u>2017</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 558,062	\$ 831,844
Accounts receivable, net	124,526	53,467
Due from United States Olympic Committee	8,440	925
Prepaid insurance	16,865	23,340
Prepaid expenses	<u>53,771</u>	<u>72,264</u>
Total current assets	761,664	981,840
PROPERTY AND EQUIPMENT:		
Property and equipment	3,472,420	2,820,642
Less accumulated depreciation	<u>(1,424,686)</u>	<u>(1,120,419)</u>
Property and equipment, net	2,047,734	1,700,223
LONG-TERM INVESTMENTS	10,796	10,292
OTHER ASSETS:		
Beneficial interest in Trust	<u>1,435,593</u>	<u>1,419,096</u>
TOTAL ASSETS	<u>\$ 4,255,787</u>	<u>\$ 4,111,451</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 128,062	\$ 258,813
Due to United States Olympic Committee	8,342	33,847
Deferred revenue	<u>8,675</u>	<u>190,804</u>
Total liabilities	145,079	483,464
NET ASSETS:		
Unrestricted	2,664,936	2,198,712
Permanently restricted	<u>1,445,772</u>	<u>1,429,275</u>
Total net assets	<u>4,110,708</u>	<u>3,627,987</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,255,787</u>	<u>\$ 4,111,451</u>

See Notes to Financial Statements

USA BOBSLED/SKELETON, INC. & SUBSIDIARY
Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2018
(With Comparative Totals for 2017)

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>2018 Totals</u>	<u>2017 Totals</u>
REVENUE AND SUPPORT:				
USOC grants	\$ 2,400,628	\$	\$ 2,400,628	\$ 2,287,033
Special event	356,241		356,241	
Corporate sponsorship	336,892		336,892	429,416
Contributions - VIK	326,276		326,276	270,245
Contributions	250,050		250,050	257,634
IBSF distributions	138,126		138,126	178,955
Trust distributions	76,275		76,275	69,645
Miscellaneous income	56,207		56,207	42,857
USOC media agreement	50,000		50,000	50,000
Member dues	25,135		25,135	78,855
Change in beneficial interest in Trust		16,497	16,497	91,652
Gain on disposal of equipment	12,776		12,776	54,414
Royalty revenue	6,042		6,042	757
Unrealized gain on investments	879		879	1,425
Interest income	129		129	143
Total revenue and support	4,035,656	16,497	4,052,153	3,813,031
EXPENSES:				
Program services:				
Men's bobsled	886,047		886,047	859,307
Women's bobsled	681,165		681,165	623,919
Skeleton	565,642		565,642	543,244
Athlete expense	544,610		544,610	574,408
Membership expense	87,444		87,444	91,413
Para program	37,131		37,131	7,748
Recruiting	13,230		13,230	9,880
Lake Placid	10,048		10,048	7,346
Total program services	2,825,317		2,825,317	2,717,265
Supporting services:				
General & administrative	705,905		705,905	640,764
Marketing & public relations	38,210		38,210	43,834
Total supporting services	744,115		744,115	684,598
Total expenses	3,569,432		3,569,432	3,401,863
CHANGE IN NET ASSETS	466,224	16,497	482,721	411,168
NET ASSETS, beginning of year	2,198,712	1,429,275	3,627,987	3,216,819
NET ASSETS, end of year	\$ 2,664,936	\$ 1,445,772	\$ 4,110,708	\$ 3,627,987

See Notes to Financial Statements

USA BOBSLED/SKELETON, INC. & SUBSIDIARY
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2018
(With Comparative Amounts for 2017)

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 482,721	\$ 411,168
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	309,269	247,603
Unrealized gain on investments	(879)	(1,425)
Gain on disposal of assets	(12,776)	(54,414)
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable, net	(71,059)	81,604
Due from United States Olympic Committee	(7,515)	24,075
Prepaid insurance	6,475	(622)
Prepaid expenses	18,493	171
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(130,751)	32,376
Due to United States Olympic Committee	(25,505)	(11,724)
Deferred revenue	<u>(182,129)</u>	<u>24,474</u>
Total adjustments	<u>(96,377)</u>	<u>342,118</u>
Net cash provided by operating activities	386,344	753,286
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(673,484)	(573,728)
Proceeds from sale of property and equipment	<u>29,855</u>	<u>70,000</u>
Net cash used by investing activities	(643,629)	(503,728)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Beneficial interest in Trust	(16,497)	(91,652)
Repayment of long-term debt	<u> </u>	<u>(34,845)</u>
Net cash used by financing activities	<u>(16,497)</u>	<u>(126,497)</u>
NET INCREASE (DECREASE) IN CASH	(273,782)	123,061
CASH AND CASH EQUIVALENTS, beginning of year	<u>831,844</u>	<u>708,783</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 558,062</u>	<u>\$ 831,844</u>

See Notes to Financial Statements

USA BOBSLED/SKELETON, INC. & SUBSIDIARY
Notes to Consolidated Financial Statements
For the Year Ended June 30, 2018

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, 2018, 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, 2018 and 2017.

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, 2018 and 2017, the Corporation paid interest costs of \$1,403 and \$1,342, respectively. The Corporation paid no income taxes either year.

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.

Financial Statement Presentation

Under Financial Accounting Standards Board's (FASB) ASC 958 *Not-for-Profit Entities*, the Corporation and Foundation are required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Notes to Consolidated Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributions

Contributions are recorded when received as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. When a donor restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets 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, 2018 and 2017, donated services recorded were for consulting and legal services and amounted to \$29,827 and \$19,120, 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, 2017, 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 November 2, 2018, the date that the financial statements were available to be issued.

B. 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.
- 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.

Notes to Consolidated Financial Statements

B. FAIR VALUE MEASUREMENTS - Continued

The following tables present assets that are measured at fair value on a recurring basis at June 30, 2018 and 2017:

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>

Assets at Fair Value as of June 30, 2017

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Adirondack Foundation pooled funds	\$	\$ 10,292	\$	\$ 10,292
Beneficial interest in Trust	<u>1,419,096</u>			<u>1,419,096</u>
	<u>\$ 1,419,096</u>	<u>\$ 10,292</u>	<u>\$</u>	<u>\$ 1,429,388</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 amount 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 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.

Notes to Consolidated Financial Statements

C. 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, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Sleds	\$ 2,942,395	\$ 2,315,696
Furniture and equipment	219,121	217,826
Runners	218,598	194,814
Leasehold improvements	61,099	61,099
Restricted assets	25,000	25,000
Trailer	<u>6,207</u>	<u>6,207</u>
	3,472,420	2,820,642
Less accumulated depreciation	<u>(1,424,686)</u>	<u>(1,120,419)</u>
Property and equipment, net	<u>\$ 2,047,734</u>	<u>\$ 1,700,223</u>

Depreciation expense amounted to \$309,269 and \$247,603 for the years ended June 30, 2018 and 2017, respectively.

D. 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 Committee (USOC), 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, 2018 and 2017, the Trust had total assets of \$1,435,593 and \$1,419,096, respectively. This amount is included in permanently restricted net assets.

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.

Notes to Consolidated Financial Statements

D. BENEFICIAL INTEREST IN TRUST - Continued

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, 2018 and 2017, the Trust's net assets consisted of the following:

	<u>2018</u>	<u>2017</u>
Exchange-traded and closed end funds	\$ 840,779	\$ 762,725
Mutual funds	255,216	254,192
Common stocks	204,291	219,310
Government securities	64,955	92,067
Corporate bonds	50,661	67,310
Money market funds	18,505	21,380
Accrued interest	750	866
Cash and cash equivalents	797	457
Unsettled purchases/sales	(361)	789
Total	<u>\$ 1,435,593</u>	<u>\$ 1,419,096</u>

E. ENDOWMENT FUNDS

In accordance with generally accepted accounting principles, net assets associated with endowment funds are classified between permanently and temporarily restricted net assets 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, permanently restricted assets include the original value of the gift and any required accumulations for inflation stipulated by the donor.

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.

Notes to Consolidated Financial Statements

E. ENDOWMENT FUNDS - Continued

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2016	\$	\$ 10,179	\$ 10,179
Investment income	1,425		1,425
Expenditures	<u>(1,425)</u>		<u>(1,425)</u>
Endowment net assets, June 30, 2017		10,179	10,179
Investment income	879		879
Expenditures	<u>(879)</u>		<u>(879)</u>
Endowment net assets, June 30, 2018	<u>\$</u>	<u>\$ 10,179</u>	<u>\$ 10,179</u>

F. 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, 2018 and 2017, there were no outstanding borrowings under either line of credit agreement.

G. 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. In-kind revenue and expense of \$6,704 and \$6,142 has been recorded for the years ended June 30, 2018 and 2017, 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. Future minimum payments for these leases are as follows:

2019	\$	3,838
2020		1,000
2021		1,000
2022		1,000
2023		500

Notes to Consolidated Financial Statements

G. LEASES - Continued

Total rent expense amounted to \$14,627 and \$13,477 for the years ended June 30, 2018 and 2017, respectively.

H. RELATED PARTY TRANSACTIONS

Internationale Bobsleigh & Skeleton Federation (IBSF), the international bobsled and skeleton organization, distributed \$97,081 and \$178,955 to the Corporation during the years ended June 30, 2018 and 2017, respectively. Of this amount, \$44,642 and \$86,900, respectively, was for athlete incentives.

The United States Olympic Committee (USOC) provides grants to the Corporation for sports development, international competition, and team preparation. Grants provided during the years ended June 30, 2018 and 2017, consisted of the following project categories:

	<u>2018</u>	<u>2017</u>
NGB funding	\$ 2,166,659	\$ 1,940,000
Technology grant	138,875	146,138
VIK	70,847	73,257
Early ice time	10,000	
Consultant	8,910	6,090
Medical support	4,337	74,308
Uniforms	1,000	
Training		40,000
International relations grant	<u> </u>	<u>7,240</u>
	<u>\$ 2,400,628</u>	<u>\$ 2,287,033</u>

In addition to the above grants, the Corporation received \$50,000 from the USOC for its media agreement for each of the years ended June 30, 2018 and 2017. The media agreement was effective through December 31, 2016. This agreement has continued under the same terms. 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.

The USOC provides the Corporation with office facilities in Lake Placid for \$200 a month. Rental expense for each of the years ended June 30, 2018 and 2017, 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

I. 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, 2018 and 2017, the Corporation made matching contributions for eligible employees of \$19,269 and \$18,135, respectively.

J. COMMITMENTS AND CONTINGENT LIABILITIES

The Corporation has a multi-year employment contract with one key employee. In the event this employee is terminated for cause (as defined in the contract), the Corporation is not obligated to pay any severance compensation. In the event this employee is terminated without cause and without prior notice, then the Corporation is obligated to pay severance in the amount of twelve 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:

2019	\$	19,775
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, 2018

ASSETS

	<u>USABS</u>	<u>USBS Foundation</u>	<u>Eliminating Entries</u>	<u>Total</u>
CURRENT ASSETS:				
Cash and cash equivalents	\$ 267,865	\$ 290,197	\$	\$ 558,062
Accounts receivable, net	124,526			124,526
Due from United States Olympic Committee	8,440			8,440
Due from USBS Foundation	26,615		(26,615)	
Prepaid insurance	16,865			16,865
Prepaid expenses	<u>52,281</u>	<u>1,490</u>		<u>53,771</u>
Total current assets	496,592	291,687	(26,615)	761,664
PROPERTY & EQUIPMENT:				
Property and equipment	3,472,420			3,472,420
Less accumulated depreciation	<u>(1,424,686)</u>			<u>(1,424,686)</u>
Property & equipment, net	2,047,734			2,047,734
LONG-TERM INVESTMENTS	10,796			10,796
OTHER ASSETS:				
Investment in USBS Foundation	262,524		(262,524)	
Beneficial interest in Trust	<u>1,435,593</u>			<u>1,435,593</u>
Total other assets	<u>1,698,117</u>		<u>(262,524)</u>	<u>1,435,593</u>
TOTAL ASSETS	<u>\$ 4,253,239</u>	<u>\$ 291,687</u>	<u>\$ (289,139)</u>	<u>\$ 4,255,787</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:				
Accounts payable and accrued liabilities	\$ 125,514	\$ 2,548	\$	\$ 128,062
Due to USA Bobsled/Skeleton, Inc.		26,615	(26,615)	
Due to United States Olympic Committee	8,342			8,342
Deferred revenue	<u>8,675</u>			<u>8,675</u>
Total liabilities	142,531	29,163	(26,615)	145,079
NET ASSETS:				
Unrestricted	2,664,936	262,524	(262,524)	2,664,936
Permanently restricted	<u>1,445,772</u>			<u>1,445,772</u>
Total net assets	<u>4,110,708</u>	<u>262,524</u>	<u>(262,524)</u>	<u>4,110,708</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,253,239</u>	<u>\$ 291,687</u>	<u>\$ (289,139)</u>	<u>\$ 4,255,787</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, 2018

	<u>USABS</u>	<u>USBS Foundation</u>	<u>Eliminating Entries</u>	<u>Total</u>
REVENUE AND SUPPORT:				
USOC grants	\$ 2,400,628	\$	\$	\$ 2,400,628
Special event	193,276	162,965		356,241
Corporate sponsorship	336,892			336,892
Contributions - VIK	326,276			326,276
Contributions	260,999	150,620	(161,569)	250,050
IBSF distributions	138,126			138,126
Trust distribution	76,275			76,275
Miscellaneous income	56,207			56,207
USOC marketing agreement	50,000			50,000
Member dues	25,135			25,135
Change in beneficial interest in Trust	16,497			16,497
Gain on disposal of equipment	12,776			12,776
Royalty revenue	6,042			6,042
Unrealized gain on investments	879			879
Interest income	129			129
Change in USBS Foundation	<u>127,697</u>		<u>(127,697)</u>	
Total revenue and support	4,027,834	313,585	(289,266)	4,052,153
EXPENSES:				
Program services:				
Men's bobsled	886,047	81,082	(81,082)	886,047
Women's bobsled	681,165	38,491	(38,491)	681,165
Skeleton	565,642	41,996	(41,996)	565,642
Athlete expense	544,610			544,610
Membership expense	87,444			87,444
Para program	37,131			37,131
Recruiting	13,230			13,230
Lake Placid	<u>10,048</u>			<u>10,048</u>
Total program services	2,825,317	161,569	(161,569)	2,825,317
Supporting services:				
General & administrative	681,586	24,319		705,905
Marketing & public relations	<u>38,210</u>			<u>38,210</u>
Total supporting services	<u>719,796</u>	<u>24,319</u>		<u>744,115</u>
Total expenses	<u>3,545,113</u>	<u>185,888</u>	<u>(161,569)</u>	<u>3,569,432</u>
CHANGE IN NET ASSETS	482,721	127,697	(127,697)	482,721
NET ASSETS, beginning of year	<u>3,627,987</u>	<u>134,827</u>	<u>(134,827)</u>	<u>3,627,987</u>
NET ASSETS, end of year	<u>\$ 4,110,708</u>	<u>\$ 262,524</u>	<u>\$ (262,524)</u>	<u>\$ 4,110,708</u>

USA BOBSLED/SKELETON, INC. & SUBSIDIARY
Consolidated Schedule of Program Services
For the Year Ended June 30, 2018
(With Comparative Totals for 2017)

	Men's Bobsled	Women's Bobsled	Skeleton	Athlete Expense	Membership Expense	Para Program	Recruiting	Lake Placid	2018 Totals	2017 Totals
Air travel	\$ 105,962	\$ 81,156	\$ 64,769	\$ 19,934	\$	\$ 8,683	\$ 1,511	\$	\$ 282,015	\$ 255,729
Athlete incentives				80,360					80,360	125,300
Athlete support				48,699					48,699	26,184
Contract labor	17,206	70,560	32,652	4,280		12,159			136,857	142,837
Depreciation	149,990	70,675	65,817	21,811					308,293	246,627
Employee benefits	11,092	11,092	37,540	25,038					84,762	78,523
Entry fees	10,012	5,310	18,093			2,562	1,400	10,000	47,377	26,722
Equipment	34,631	25,360	28,742	87,539		480	1,726		178,478	187,303
Ground travel	51,110	39,528	35,209	1,533		5,263	778	48	133,469	192,854
Insurance					86,410				86,410	87,393
Meals/lodging	202,666	133,448	103,017	24,377		7,984	973		472,465	484,829
Membership expense					1,034				1,034	4,020
Other	1,985	5,594	2,628	29,831			6,838		46,876	31,767
Payroll taxes	14,361	13,192	10,916	8,134					46,603	44,114
Recruiting				83,132					83,132	74,914
Salaries	188,088	172,811	142,690	106,579					610,168	576,751
Simple IRA expense	3,983	1,673	324	2,395					8,375	8,100
Sled shipping	94,961	50,766	14,130	(12)			4		159,849	120,498
Technology			9,115	980					10,095	2,800
	<u>\$ 886,047</u>	<u>\$ 681,165</u>	<u>\$ 565,642</u>	<u>\$ 544,610</u>	<u>\$ 87,444</u>	<u>\$ 37,131</u>	<u>\$ 13,230</u>	<u>\$ 10,048</u>	<u>\$ 2,825,317</u>	<u>\$ 2,717,265</u>

USA BOBSLED/SKELETON, INC. & SUBSIDIARY
Consolidated Schedule of Supporting Services
For the Year Ended June 30, 2018
(With Comparative Totals for 2017)

	<u>General & Administrative</u>	<u>Marketing & Public Relations</u>	<u>2018 Totals</u>	<u>2017 Totals</u>
Administrative expense	\$	\$	\$	\$ 4,005
Air travel	4,080		4,080	1,800
Bad debts	576		576	(1,236)
Bank charges	1,663		1,663	1,174
Contract labor				50
Cost of goods sold	4,020		4,020	
Depreciation	976		976	976
Dues & subscriptions	6,449		6,449	7,282
Employee benefits	84,696		84,696	71,420
Equipment expense	702		702	255
Event expense	19,864		19,864	11,362
(Gain) loss on currency exchange	348		348	(14)
Goodwill gestures	520		520	865
Ground travel	2,623		2,623	415
Insurance	26,685		26,685	23,598
Interest expense	1,403		1,403	1,342
Legal & accounting	42,431		42,431	27,578
Marketing - fulfillment	18,791	25,863	44,654	21,026
Marketing - solicitation		65	65	10,865
Meals/lodging	1,780		1,780	1,435
Meetings	17,621		17,621	22,681
Merchant fees	5,169		5,169	4,969
Naming rights		10,667	10,667	9,667
Office supplies	910		910	1,936
Other	6,238		6,238	9,672
Payroll taxes	25,165		25,165	22,270
Postage	1,243		1,243	624
Promotional items	817		817	
Publicity	1,715		1,715	1,931
Public relations		1,615	1,615	2,276
Professional development	5,582		5,582	11,725
Rent-building	7,923		7,923	7,335
Salaries	373,532		373,532	360,627
Simple IRA expense	10,894		10,894	10,035
State unemployment insurance	11,002		11,002	14,691
Telephone	13,783		13,783	13,819
Value in kind - rent	6,704		6,704	6,142
	<u>\$ 705,905</u>	<u>\$ 38,210</u>	<u>\$ 744,115</u>	<u>\$ 684,598</u>