



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

**Consolidated Financial Statements &
Supplemental Information**

For the Year Ended June 30, 2020

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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, 2020, 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, 2020, 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, 2019 consolidated financial statements, and our report dated January 22, 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, 2019, 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.

Emphasis of Matter

As described in Note A to the financial statements, during the year ended June 30, 2020, USA Bobsled/Skeleton, Inc. & Subsidiary adopted Accounting Standards Update (ASU) 2014-09, *(Topic 606): Revenue from Contracts with Customers*, and ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*.

As also described in Note A to the financial statements, during the year ended June 30, 2020, USA Bobsled/Skeleton, Inc. & Subsidiary adopted Accounting Standards Update ASU 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments-Overall (Subtopic 825-10)*, and ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*.

Our opinion is not modified with respect to these matters.

Waugh & Goodwin, LLP

Colorado Springs, Colorado
December 28, 2020

USA BOBSLED/SKELETON, INC. & SUBSIDIARY
Consolidated Statement of Financial Position
June 30, 2020
(With Comparative Amounts for 2019)

<u>ASSETS</u>		
	<u>2020</u>	<u>2019</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,126,901	\$ 509,096
Accounts receivable, net	23,626	104,615
Due from United States Olympic & Paralympic Committee	10,000	1,231
Prepaid insurance	50,376	72,696
Prepaid expenses	<u>40,286</u>	<u>36,332</u>
Total current assets	1,251,189	723,970
PROPERTY AND EQUIPMENT:		
Property and equipment	3,833,032	3,628,150
Less accumulated depreciation	<u>(2,104,609)</u>	<u>(1,764,247)</u>
Property and equipment, net	1,728,423	1,863,903
LONG-TERM INVESTMENTS	10,245	10,697
OTHER ASSETS:		
Beneficial interest in Trust	<u>1,306,269</u>	<u>1,433,025</u>
TOTAL ASSETS	<u>\$ 4,296,126</u>	<u>\$ 4,031,595</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 243,124	\$ 176,603
Due to United States Olympic & Paralympic Committee	240,553	38,713
Deferred revenue	6,500	1,500
Short term note payable	30,061	62,401
Current portion of long-term debt	<u>154,049</u>	<u> </u>
Total current liabilities	674,287	279,217
LONG-TERM LIABILITIES		
Note payable long term debt	<u>62,636</u>	<u> </u>
Total liabilities	736,923	279,217
NET ASSETS:		
Without donor restrictions	2,189,491	2,294,849
With donor restrictions	<u>1,369,712</u>	<u>1,457,529</u>
Total net assets	<u>3,559,203</u>	<u>3,752,378</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,296,126</u>	<u>\$ 4,031,595</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, 2020
(With Comparative Totals for 2019)

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>2020</u> <u>Totals</u>	<u>2019</u> <u>Totals</u>
REVENUE AND SUPPORT:				
USOPC grants	\$	\$ 1,816,202	\$ 1,816,202	\$ 1,989,400
Corporate sponsorship	450,120		450,120	317,343
Contributions - VIK	329,980		329,980	237,947
Contributions	281,911	12,000	293,911	348,918
Trust distributions	126,611		126,611	66,915
IBSF distributions	81,006		81,006	79,460
USOPC media agreement	62,500		62,500	62,500
Miscellaneous income	37,226		37,226	42,592
Member dues	27,125		27,125	29,390
Royalty revenue	1,408		1,408	1,748
Gain on disposal of equipment	938		938	
Interest income, net of expense	7		7	58
Unrealized gain (loss) on investments	(78)		(78)	276
Change in beneficial interest in Trust		(126,756)	(126,756)	(2,568)
Satisfied program restrictions	<u>1,789,263</u>	<u>(1,789,263)</u>		
Total revenue and support	3,188,017	(87,817)	3,100,200	3,173,979
EXPENSES:				
Program services:				
Men's bobsled	532,314		532,314	684,977
Athlete expense	495,736		495,736	709,089
Skeleton	443,456		443,456	402,795
Women's bobsled	365,494		365,494	483,003
Development	337,273		337,273	342,578
Membership expense	81,758		81,758	91,497
Para program	67,691		67,691	53,079
Recruiting	10,524		10,524	7,746
Lake Placid	<u>82</u>		<u>82</u>	<u>59</u>
Total program services	2,334,328		2,334,328	2,774,823
Supporting services:				
General & administrative	771,107		771,107	639,821
Marketing & public relations	<u>187,940</u>		<u>187,940</u>	<u>124,990</u>
Total supporting services	959,047		959,047	764,811
Total expenses	<u>3,293,375</u>		<u>3,293,375</u>	<u>3,539,634</u>
CHANGE IN NET ASSETS	(105,358)	(87,817)	(193,175)	(365,655)
NET ASSETS, beginning of year	<u>2,294,849</u>	<u>1,457,529</u>	<u>3,752,378</u>	<u>4,118,033</u>
NET ASSETS, end of year	<u>\$ 2,189,491</u>	<u>\$ 1,369,712</u>	<u>\$ 3,559,203</u>	<u>\$ 3,752,378</u>

See Notes to Consolidated Financial Statements

USA BOBSLED/SKELETON, INC. & SUBSIDIARY
Consolidated Schedule of Functional Expenses
For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

	Men's Bobsled	Athlete Expense	Skeleton	Women's Bobsled	Development	Membership Expense	Para Program	Recruiting	Lake Placid	Total Programs
Athlete funding	\$	\$	\$	\$	\$ 35,640	\$	\$	\$	\$	\$ 35,640
Athlete incentives		55,082								55,082
Athlete support		13,687								13,687
Awards										
Bad debts										
Bank charges & merchant fees										
Contract labor		26,753			6,200		19,890			52,843
Cost of goods sold										
Depreciation	168,955	20,418	79,663	76,678						345,714
Donated services										
Dues & subscriptions										
Employee benefits	4,042	6,421	4,040	4,042	865					19,410
Entry fees	2,629		5,625	1,891	8,344		6,210	1,900		26,599
Equipment	4,356	101,479	32,584	6,817	12,867		8,340	7,391		173,834
Event expense										
Foundation board										
(Gain) loss on currency exchange										
Goodwill gestures										
Insurance						80,148				80,148
Interest expense										
Legal & accounting										
Marketing										
Meals/lodging	70,475	22,496	55,748	39,625	33,864		22,845	781		245,834
Meetings										
Membership expense		211								1,821
Naming rights						1,610				
Office supplies										
Other	5,243	14,237	1,246	5,600						26,326
Payroll taxes	11,162	11,750	11,364	11,162	14,644					60,082
Postage										
Publicity										
Public relations										
Professional development		2,229								2,229
Recruiting		60,485								60,485
Rent-building					328					328
Salaries	145,909	156,401	148,397	145,909	191,570					788,186
Simple IRA expense	2,249	1,783	850	2,044	900					7,826
Sled shipping	39,098		16,479	23,743	1,178					80,498
State unemployment insurance										
Technology			17,556							17,556
Telephone										
Travel	78,196	2,304	69,904	47,983	30,873		10,406	452	82	240,200
Value in kind - rent										
Value in kind - services										
	<u>\$ 532,314</u>	<u>\$ 495,736</u>	<u>\$ 443,456</u>	<u>\$ 365,494</u>	<u>\$ 337,273</u>	<u>\$ 81,758</u>	<u>\$ 67,691</u>	<u>\$ 10,524</u>	<u>\$ 82</u>	<u>\$ 2,334,328</u>

	General & Administrative	Marketing & Public Relations	2020 Totals	2019 Totals
Athlete funding	\$	\$	\$ 35,640	\$
Athlete incentives			55,082	68,176
Athlete support			13,687	51,248
Awards				190
Bad debts	(1,035)		(1,035)	7,740
Bank charges & merchant fees	5,155		5,155	4,442
Contract labor	630	38,021	91,494	44,126
Cost of goods sold				(4,020)
Depreciation	2,007		347,721	339,561
Donated services				3,493
Dues & subscriptions	10,081		10,081	8,046
Employee benefits	26,208	2,500	48,118	154,411
Entry fees			26,599	43,997
Equipment	382	385	174,601	131,380
Event expense				1,490
Foundation board	419		419	113
(Gain) loss on currency exchange	(3)		(3)	4
Goodwill gestures	417		417	497
Insurance	18,767		98,915	115,832
Interest expense	3,169		3,169	2,666
Legal & accounting	65,184		65,184	20,573
Marketing	8,749	56,847	65,596	40,668
Meals/lodging	3,306	268	249,408	314,322
Meetings	12,515		12,515	15,355
Membership expense			1,821	1,236
Naming rights		10,667	10,667	9,667
Office supplies	581		581	1,801
Other	16,984		43,310	54,968
Payroll taxes	26,989	4,909	91,980	91,373
Postage	987		987	1,828
Publicity	1,313		1,313	1,437
Public relations		792	792	1,740
Professional development			2,229	1,407
Recruiting			60,485	188,923
Rent-building	7,079		7,407	8,170
Salaries	444,132	70,446	1,302,764	1,256,958
Simple IRA expense	8,939	1,716	18,481	20,807
Sled shipping			80,498	146,447
State unemployment insurance	11,177		11,177	15,164
Technology			17,556	2,723
Telephone	7,635		7,635	8,683
Travel	2,296	1,389	243,885	354,783
Value in kind - rent	8,294		8,294	7,209
Value in kind - services	78,750		78,750	
	<u>\$ 771,107</u>	<u>\$ 187,940</u>	<u>\$ 3,293,375</u>	<u>\$ 3,539,634</u>

See Notes to Consolidated Financial Statements

USA BOBSLED/SKELETON, INC. & SUBSIDIARY
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2020
(With Comparative Amounts for 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (193,175)	\$ (365,655)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	347,721	339,561
Unrealized gain on investments	78	(276)
Gain on disposal of assets	(938)	
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable, net	80,989	19,911
Due from United States Olympic & Paralympic Committee	(8,769)	7,209
Prepaid insurance	(10,020)	6,570
Prepaid expenses	(3,954)	17,439
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	66,521	48,541
Due to United States Olympic & Paralympic Committee	201,840	30,371
Deferred revenue	5,000	150
Total adjustments	<u>678,468</u>	<u>469,476</u>
Net cash provided by operating activities	485,293	103,821
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(213,804)	(155,730)
Proceeds from sale of property and equipment	<u>2,500</u>	<u> </u>
Net cash used by investing activities	(211,304)	(155,730)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Long term investment	375	375
Proceeds from note payable	216,685	
Beneficial interest in Trust	<u>126,756</u>	<u>2,568</u>
Net cash provided by financing activities	<u>343,816</u>	<u>2,943</u>
NET INCREASE (DECREASE) IN CASH	617,805	(48,966)
CASH AND CASH EQUIVALENTS, beginning of year	<u>509,096</u>	<u>558,062</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,126,901</u>	<u>\$ 509,096</u>

See Notes to Consolidated Financial Statements

USA BOBSLED/SKELETON, INC. & SUBSIDIARY
Notes to Consolidated Financial Statements
For the Year Ended June 30, 2020

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 July 1, 2019, the Corporation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, (ASU 2014-09) and 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). These two ASUs were adopted together as of July 1, 2019, because they both establish standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions. Adopting one ASU without the other would leave the accounting for some ongoing grants and contracts unresolved. ASU 2014-09 was adopted retrospectively for all periods presented.

As a result, the Corporation recorded a cumulative adjustment to net assets as of July 1, 2018, to reflect the effect of the new revenue recognition guidance. Adoption resulted in changes to the Corporation's accounting policies for revenue recognition, trade and other receivables, and deferred revenue. The impact of adopting the new guidance was an increase in 2019 revenues of \$7,325 and an increase in total net assets of \$12,825. Following are the line items from the statement of financial position as of June 30, 2019 that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the balances reported under the new guidance.

Notes to Consolidated Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounting Standards Update - continued

Consolidated Statement of Financial Position	As Previously Reported	Revenue Recognition Adjustment	As Adjusted
Liabilities:			
Deferred revenue	\$ 14,325	\$ (12,825)	\$ 1,500
Net assets:			
Net assets with donor restrictions	1,444,704	12,825	1,457,529

The following are the line items from the statement of activities and statement of cash flows for the year ended June 30, 2019 that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the amounts reported under the new guidance.

Consolidated Statement of Activities	As Previously Reported	Revenue Recognition Adjustment	As Adjusted
Contributions	\$ 343,418	\$ 5,500	\$ 348,918
Change in net assets	(371,155)	5,500	(365,655)
Net assets, beginning of the year	4,110,708	7,325	4,118,033
Net assets, end of the year	3,739,553	12,825	3,752,378

Consolidated Statement of Cash Flows	As Previously Reported	Revenue Recognition Adjustment	As Adjusted
Change in net assets	\$ (371,155)	\$ 5,500	\$ (365,655)
Increase in deferred revenue	5,650	(5,500)	150

On September 1, 2019, the Corporation also adopted ASU 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, and subsequently issued related ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments-Overall (Subtopic 825-10)*, and elected early adoption for ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*. These standards amend certain aspects of accounting and disclosure requirements for financial instruments, including the requirement that equity investments with readily determinable fair values are to be measured at fair value with any changes in fair value recognized in the statement of changes in net assets.

Notes to Consolidated Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounting Standards Update - continued

The standards were adopted using the modified retrospective method and there is no effect on net assets with the implementation of the three ASUs.

Consolidation

The accompanying consolidated financial statements for the year ended June 30, 2020, 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, 2019, from which the summarized information was derived.

Certain amounts have been restated 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 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, 2020 and 2019, the Corporation paid interest costs of \$3,169 and \$2,666, respectively. The Corporation paid no income taxes either year.

The Corporation had noncash financing transactions for insurance premiums of \$30,061 and \$62,401 during the years ended June 30, 2020 and 2019, respectively.

Notes to Consolidated Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 \$49,655 and \$20,096, 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 \$3,500 is necessary at June 30, 2020 and 2019.

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.

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 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 \$6,500 and \$1,500, respectively.

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 IBSF distributions are considered contributions.

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, 2020 and 2019, donated services recorded were for consulting, legal and CEO services and amounted to \$135,350 and \$11,400, 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 USA Bobsled/Skeleton, Inc. 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 L 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 December 28, 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.

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>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,126,901	\$ 509,096
Accounts receivable, net	23,626	104,615
Due from USOPC	<u>10,000</u>	<u>1,231</u>
	1,160,527	614,942
Less assets with donor restrictions:		
Donor restrictions - temporary	<u>53,264</u>	<u>14,325</u>
Financial assets available within one year	<u>\$ 1,107,263</u>	<u>\$ 600,617</u>

As described in Note I 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. 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, 2020 and 2019:

Assets at Fair Value as of June 30, 2020

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

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> </u>	<u> </u>	<u>1,433,025</u>
	<u>\$ 1,433,025</u>	<u>\$ 10,697</u>	<u>\$</u>	<u>\$ 1,443,722</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

Notes to Consolidated Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Sleds	\$ 3,258,129	\$ 3,076,710
Furniture and equipment	221,929	225,142
Runners	256,327	229,651
Leasehold improvements	65,440	65,440
Restricted assets	25,000	25,000
Trailer	<u>6,207</u>	<u>6,207</u>
	3,833,032	3,628,150
Less accumulated depreciation	<u>(2,104,609)</u>	<u>(1,764,247)</u>
Property and equipment, net	<u>\$ 1,728,423</u>	<u>\$ 1,863,903</u>

Depreciation expense amounted to \$347,721 and \$339,561 for the years ended June 30, 2020 and 2019, 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.

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, 2020 and 2019, the Trust had total assets of \$1,306,269 and \$1,433,025, 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, 2020 and 2019, the Trust's net assets consisted of the following:

	<u>2020</u>	<u>2019</u>
Exchange-traded and closed end funds	\$ 941,119	\$ 1,042,123
Mutual funds	353,214	371,282
Cash and cash equivalents	<u>11,936</u>	<u>19,620</u>
	<u>\$ 1,306,269</u>	<u>\$ 1,433,025</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, 2018		\$ 10,179	\$ 10,179
Investment income	276		276
Expenditures	<u>(276)</u>		<u>(276)</u>
Endowment net assets, June 30, 2019	\$	\$ 10,179	\$ 10,179
Investment income			
Expenditures			
Endowment net assets, June 30, 2020	<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, 2020 and 2019, the Corporation signed short-term notes payable to finance premiums for its insurance policies. The note payable signed in May 2020, requires ten monthly payments of \$3,146, including interest at 10.02%. The note matures April 7, 2021, and is secured by the insurance policies. The note payable signed in May 2019, required eleven monthly payments of \$5,952, including interest at 9.72%. The note matured May 7, 2020, and was secured by the insurance policies. At June 30, 2020 and 2019, the balance of the notes payable was \$30,061 and \$62,401.

H. NOTES PAYABLE

The Paycheck Protection Program loan obtained by the Corporation may be forgivable if certain criteria related to expenditures for payroll and related costs, mortgage interest, lease and utility costs are met. In addition, criteria related to employee retention affects the amount eligible for forgiveness. The application for forgiveness has not been submitted so the amounts below represent the entire amount of the loan.

Notes payable at June 30, 2020, of \$216,685 consists of the Paycheck Protection Program loan due to Community Bank in monthly installments to be determined. The stated interest rate is 1%. Payments are deferred until March 1, 2021. The loan has an estimated maturity date of May 1, 2022.

Future minimum payments for the years ending June 30 are as follows:

2021	\$ 154,049
2022	62,636

I. 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.

Notes to Consolidated Financial Statements

I. LINE OF CREDIT AGREEMENT - Continued

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, 2020 and 2019, there were no outstanding borrowings under either line of credit agreement.

J. NET ASSETS WITH DONOR RESTRICTION - TEMPORARY IN NATURE

Net assets with donor restrictions - temporary in nature at June 30, 2020 and 2019, consist of the following:

	<u>2020</u>	<u>2019</u>
USOPC grants	\$ 32,370	\$ 1,500
Athlete support	8,519	
Holcomb memorial fund for athletes	7,325	7,325
Parasport support	4,550	5,000
Medical support	500	500
	<u>\$ 53,264</u>	<u>\$ 14,325</u>

Net assets are released from donor restriction by incurring expenses that satisfy the restricted purpose. During the years ended June 30, 2020 and 2019, net assets were released from restrictions as follows:

	<u>2020</u>	<u>2019</u>
USOPC grants	\$ 1,785,332	\$
Athlete support	3,481	
Parasport support	450	
	<u>\$ 1,789,263</u>	<u>\$</u>

K. 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, \$473 per month through December 31, 2018, and \$488 through December 31, 2021. During the year ended June 30, 2020, El Pomar waived two months of utilities and maintenance expenses which is included in in-kind revenue and expense. In-kind revenue and expense of \$8,294 and \$7,209 has been recorded for the years ended June 30, 2020 and 2019, respectively.

Notes to Consolidated Financial Statements

K. LEASES - Continued

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:

2021	\$	3,927
2022		1,000
2023		500

Total rent expense amounted to \$15,373 and \$15,379 for the years ended June 30, 2020 and 2019, respectively.

L. RELATED PARTY TRANSACTIONS

Internationale Bobsleigh & Skeleton Federation (IBSF), the international bobsled and skeleton organization, distributed \$76,659 and \$72,716 to the Corporation during the years ended June 30, 2020 and 2019, respectively. Of this amount, \$40,032 and \$28,309, 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, 2020 and 2019, consisted of the following project categories:

	<u>2020</u>	<u>2019</u>
NGB Funding	\$ 1,704,447	\$ 1,890,000
Value in-kind	61,531	68,989
Administrative support	20,000	1,500
Athlete development	18,000	20,000
Olympic hopeful	12,224	8,911
	<u>\$ 1,816,202</u>	<u>\$ 1,989,400</u>

In addition to the above grants, the Corporation received \$62,500 each year from the USOPC for its media agreement for the years ended June 30, 2020 and 2019. 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.

Notes to Consolidated Financial Statements

L. RELATED PARTY TRANSACTIONS - Continued

As discussed in Note K, 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, 2020 and 2019, amounted to \$2,400.

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

M. 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, 2020 and 2019, the Corporation made matching contributions for eligible employees of \$17,581 and \$20,807, respectively.

N. COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES

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.

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

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

During the year ended June 30, 2020, the outbreak of COVID-19 (coronavirus) has been recognized as a pandemic by the World Health Organization, and the outbreak has become increasingly widespread in the United States. The COVID-19 outbreak has had a notable impact on general economic conditions, including but not limited to the decline 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, 2020

	<u>ASSETS</u>			
	<u>USABS</u>	<u>USBS Foundation</u>	<u>Eliminating Entries</u>	<u>Total</u>
CURRENT ASSETS:				
Cash and cash equivalents	\$ 986,074	\$ 140,827	\$	\$ 1,126,901
Accounts receivable, net	23,626			23,626
Due from United States Olympic & Paralympic Committee	10,000			10,000
Due from USA Bobsled/Skeleton, Inc.		1,250	(1,250)	
Prepaid insurance	50,376			50,376
Prepaid expenses	40,286			40,286
Total current assets	1,110,362	142,077	(1,250)	1,251,189
PROPERTY & EQUIPMENT:				
Property and equipment	3,833,032			3,833,032
Less accumulated depreciation	(2,104,609)			(2,104,609)
Property & equipment, net	1,728,423			1,728,423
LONG-TERM INVESTMENTS	10,245			10,245
OTHER ASSETS:				
Note receivable USA Bobsled/Skeleton, Inc.		50,000	(50,000)	
Investment in USBS Foundation	192,077		(192,077)	
Beneficial interest in Trust	1,306,269			1,306,269
Total other assets	1,498,346	50,000	(242,077)	1,306,269
TOTAL ASSETS	\$ 4,347,376	\$ 192,077	\$ (243,327)	\$ 4,296,126

	<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES:				
Accounts payable and accrued liabilities	\$ 243,124	\$	\$	\$ 243,124
Due to USBS Foundation	1,250		(1,250)	
Due to United States Olympic & Paralympic Committee	240,553			240,553
Deferred revenue	6,500			6,500
Short term note payable	30,061			30,061
Current portion of long-term debt	154,049			154,049
Total current liabilities	675,537		(1,250)	674,287
LONG-TERM LIABILITIES				
Note payable USBS Foundation	50,000		(50,000)	
Note payable Community Bank	62,636			62,636
Total liabilities	788,173		(51,250)	736,923
NET ASSETS:				
Without donor restrictions	2,189,491	192,077	(192,077)	2,189,491
With donor restrictions	1,369,712			1,369,712
Total net assets	3,559,203	192,077	(192,077)	3,559,203
TOTAL LIABILITIES AND NET ASSETS	\$ 4,347,376	\$ 192,077	\$ (243,327)	\$ 4,296,126

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, 2020

	<u>USABS</u>	<u>USBS Foundation</u>	<u>Eliminating Entries</u>	<u>Total</u>
REVENUE AND SUPPORT:				
USOPC grants	\$ 1,816,202	\$	\$	\$ 1,816,202
Corporate sponsorship	450,120			450,120
Contributions - VIK	329,980			329,980
Contributions	292,661	126,250	(125,000)	293,911
Trust distribution	126,611			126,611
IBSF distributions	81,006			81,006
USOPC marketing agreement	62,500			62,500
Miscellaneous income	37,226			37,226
Member dues	27,125			27,125
Royalty revenue	1,408			1,408
Gain on disposal of equipment	938			938
Interest income	7			7
Unrealized loss on investments	(78)			(78)
Change in beneficial interest in Trust	(126,756)			(126,756)
Change in USBS Foundation	(37,030)		37,030	
Total revenue and support	<u>3,061,920</u>	<u>126,250</u>	<u>(87,970)</u>	<u>3,100,200</u>
EXPENSES:				
Program services:				
Men's bobsled	532,314	40,000	(40,000)	532,314
Athlete expense	495,736			495,736
Skeleton	443,456	33,000	(33,000)	443,456
Women's bobsled	365,494	27,000	(27,000)	365,494
Development	337,273	25,000	(25,000)	337,273
Membership expense	81,758			81,758
Para program	67,691			67,691
Recruiting	10,524			10,524
Lake Placid	82			82
Total program services	<u>2,334,328</u>	<u>125,000</u>	<u>(125,000)</u>	<u>2,334,328</u>
Supporting services:				
General & administrative	770,827	280		771,107
Marketing & public relations	149,940	38,000		187,940
Total supporting services	<u>920,767</u>	<u>38,280</u>		<u>959,047</u>
Total expenses	<u>3,255,095</u>	<u>163,280</u>	<u>(125,000)</u>	<u>3,293,375</u>
CHANGE IN NET ASSETS	(193,175)	(37,030)	37,030	(193,175)
NET ASSETS, beginning of year	<u>3,752,378</u>	<u>229,107</u>	<u>(229,107)</u>	<u>3,752,378</u>
NET ASSETS, end of year	<u>\$ 3,559,203</u>	<u>\$ 192,077</u>	<u>\$ (192,077)</u>	<u>\$ 3,559,203</u>