



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

**Consolidated Financial Statements &  
Supplemental Information**

**For the Year Ended June 30, 2017**

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INDEPENDENT AUDITOR'S REPORT

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, 2017, 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, 2017, 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, 2016 consolidated financial statements, and our report dated November 7, 2016, 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, 2016, 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 10, 2017

USA BOBSLED/SKELETON, INC. & SUBSIDIARY  
Consolidated Statement of Financial Position  
June 30, 2017  
(With Comparative Amounts for 2016)

<u>ASSETS</u>		
	<u>2017</u>	<u>2016</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 831,844	\$ 708,783
Accounts receivable, net	53,467	135,071
Due from United States Olympic Committee	925	25,000
Prepaid insurance	23,340	22,718
Prepaid expenses	<u>72,264</u>	<u>72,093</u>
Total current assets	981,840	963,665
<b>PROPERTY AND EQUIPMENT:</b>		
Property and equipment	2,820,642	2,432,096
Less accumulated depreciation	<u>(1,120,419)</u>	<u>(1,042,451)</u>
Property and equipment, net	1,700,223	1,389,645
<b>LONG-TERM INVESTMENTS</b>	10,292	9,248
<b>OTHER ASSETS:</b>		
Beneficial interest in Trust	<u>1,419,096</u>	<u>1,327,444</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,111,451</u>	<u>\$ 3,690,002</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued liabilities	\$ 258,813	\$ 226,437
Due to United States Olympic Committee	33,847	45,571
Deferred revenue	190,804	166,330
Current portion of long-term debt	<u>          </u>	<u>34,845</u>
Total liabilities	483,464	473,183
<b>NET ASSETS:</b>		
Unrestricted	2,198,712	1,879,196
Permanently restricted	<u>1,429,275</u>	<u>1,337,623</u>
Total net assets	<u>3,627,987</u>	<u>3,216,819</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 4,111,451</u>	<u>\$ 3,690,002</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, 2017  
(With Comparative Totals for 2016)

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>2017 Totals</u>	<u>2016 Totals</u>
<b>REVENUE AND SUPPORT:</b>				
USOC grants	\$ 2,287,033	\$	\$ 2,287,033	\$ 1,849,531
Corporate sponsorship	429,416		429,416	413,093
Contributions - VIK	270,245		270,245	354,328
Contributions	257,634		257,634	266,304
IBSF distributions	178,955		178,955	124,977
Change in beneficial interest in Trust		91,652	91,652	(88,731)
Member dues	78,855		78,855	35,315
Trust distributions	69,645		69,645	68,488
Gain (loss) on disposal of equipment	54,414		54,414	(5,702)
USOC media agreement	50,000		50,000	50,000
Miscellaneous income	42,857		42,857	40,755
Unrealized gain (loss) on investments	1,425		1,425	(740)
Royalty revenue	757		757	908
Interest income	143		143	62
<b>Total revenue and support</b>	<u>3,721,379</u>	<u>91,652</u>	<u>3,813,031</u>	<u>3,108,588</u>
<b>EXPENSES:</b>				
<b>Program services:</b>				
Men's bobsled	859,307		859,307	718,749
Women's bobsled	623,919		623,919	542,245
Athlete expense	574,408		574,408	519,667
Skeleton	543,244		543,244	493,105
Membership expense	91,413		91,413	65,464
Recruiting	9,880		9,880	13,822
Para program	7,748		7,748	5,810
Lake Placid	7,346		7,346	10,191
<b>Total program services</b>	<u>2,717,265</u>		<u>2,717,265</u>	<u>2,369,053</u>
<b>Supporting services:</b>				
General & administrative	640,764		640,764	670,978
Marketing & public relations	43,834		43,834	61,713
<b>Total supporting services</b>	<u>684,598</u>		<u>684,598</u>	<u>732,691</u>
<b>Total expenses</b>	<u>3,401,863</u>		<u>3,401,863</u>	<u>3,101,744</u>
<b>CHANGE IN NET ASSETS</b>	319,516	91,652	411,168	6,844
<b>NET ASSETS, beginning of year</b>	<u>1,879,196</u>	<u>1,337,623</u>	<u>3,216,819</u>	<u>3,209,975</u>
<b>NET ASSETS, end of year</b>	<u>\$ 2,198,712</u>	<u>\$ 1,429,275</u>	<u>\$ 3,627,987</u>	<u>\$ 3,216,819</u>

See Notes to Financial Statements

USA BOBSLED/SKELETON, INC. & SUBSIDIARY  
Consolidated Statement of Cash Flows  
For the Year Ended June 30, 2017  
(With Comparative Amounts for 2016)

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 411,168	\$ 6,844
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	247,603	239,382
Unrealized (gain) loss on investments	(1,425)	740
(Gain) loss on disposal of assets	(54,414)	5,702
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable, net	81,604	196,894
Due from United States Olympic Committee	24,075	1,575
Prepaid insurance	(622)	(7,888)
Prepaid expenses	171	11,385
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	32,376	(169,824)
Due to United States Olympic Committee	(11,724)	16,806
Deferred revenue	<u>24,474</u>	<u>136,205</u>
Total adjustments	<u>342,118</u>	<u>430,977</u>
Net cash provided by operating activities	753,286	437,821
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(573,728)	(260,526)
Proceeds from sale of property and equipment	<u>70,000</u>	<u>90,798</u>
Net cash used by investing activities	(503,728)	(169,728)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Beneficial interest in Trust	(91,652)	88,731
Repayment of long-term debt	<u>(34,845)</u>	<u>(67,843)</u>
Net cash provided (used) by financing activities	<u>(126,497)</u>	<u>20,888</u>
NET INCREASE IN CASH	123,061	288,981
CASH AND CASH EQUIVALENTS, beginning of year	<u>708,783</u>	<u>419,802</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 831,844</u>	<u>\$ 708,783</u>

See Notes to Financial Statements

USA BOBSLED/SKELETON, INC. & SUBSIDIARY  
Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2017

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, 2017, 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 and \$33,500 is necessary at June 30, 2017 and 2016, respectively.



## 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, 2017 and 2016, the Corporation paid interest costs of \$1,342 and \$3,413, 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, 2017 and 2016, donated services recorded were for consulting and legal services and amounted to \$19,120 and \$25,985, 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, 2016, 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 10, 2017, 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.

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, 2017 and 2016:

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>                    </u>	<u>                    </u>	<u>1,419,096</u>
	<u>\$ 1,419,096</u>	<u>\$ 10,292</u>	<u>\$</u>	<u>\$ 1,429,388</u>

Assets at Fair Value as of June 30, 2016

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Adirondack Foundation pooled funds	\$	\$ 9,248	\$	\$ 9,248
Beneficial interest in Trust	<u>1,327,444</u>	<u>                    </u>	<u>                    </u>	<u>1,327,444</u>
	<u>\$ 1,327,444</u>	<u>\$ 9,248</u>	<u>\$</u>	<u>\$ 1,336,692</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, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Sleds	\$ 2,315,696	\$ 2,151,009
Furniture and equipment	217,826	80,737
Runners	194,814	132,097
Leasehold improvements	61,099	37,046
Restricted assets	25,000	25,000
Trailer	<u>6,207</u>	<u>6,207</u>
	2,820,642	2,432,096
Less accumulated depreciation	<u>(1,120,419)</u>	<u>(1,042,451)</u>
Property and equipment, net	<u>\$ 1,700,223</u>	<u>\$ 1,389,645</u>

Depreciation expense amounted to \$247,603 and \$239,382 for the years ended June 30, 2017 and 2016, 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, 2017 and 2016, the Trust had total assets of \$1,419,096 and \$1,327,444, 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, 2017 and 2016, the Trust's net assets consisted of the following:

	<u>2017</u>	<u>2016</u>
Exchange-traded and closed end funds	\$ 762,725	\$ 729,059
Mutual funds	254,192	243,337
Common stocks	219,310	182,941
Government securities	92,067	82,781
Corporate bonds	67,310	60,286
Money market funds	21,380	28,990
Accrued interest	866	1,422
Cash and cash equivalents	457	421
Unsettled purchases/sales	789	(1,793)
Total	<u>\$ 1,419,096</u>	<u>\$ 1,327,444</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, 2015	\$	\$ 10,179	\$ 10,179
Contributions	366		366
Investment loss	<u>(366)</u>		<u>(366)</u>
Endowment net assets, June 30, 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	<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 prime. The \$50,000 line of credit bears interest at a rate of 6.75% over "Wall Street Journal" prime. At June 30, 2017 and 2016, 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 \$376 per month through December 31, 2016, and \$447 per month through December 31, 2017. In-kind revenue and expense of \$6,142 and \$5,859 has been recorded for the years ended June 30, 2017 and 2016, 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 this lease are as follows:

2018	\$	3,680
2019		1,000
2020		1,000
2021		1,000
2022		1,000
2023		500

## Notes to Consolidated Financial Statements

### G. LEASES - Continued

Total rent expense amounted to \$13,477 and \$12,531 for the years ended June 30, 2017 and 2016, respectively.

### H. RELATED PARTY TRANSACTIONS

Internationale Bobsleigh & Skeleton Federation (IBSF), the international bobsled and skeleton organization, distributed \$178,955 and \$124,977 to the Corporation during the years ended June 30, 2017 and 2016, respectively. Of this amount, \$86,900 and \$48,290, 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, 2017 and 2016, consisted of the following project categories:

	<u>2017</u>	<u>2016</u>
NGB funding	\$ 1,940,000	\$ 1,656,000
Technology grant	146,138	64,565
Medical support	74,308	5,255
VIK	73,257	70,911
Training	40,000	
International relations grant	7,240	10,000
Consultant	6,090	
Challenge grant		25,000
Bobsled runners		13,300
Athlete management platform		4,500
	<u>\$ 2,287,033</u>	<u>\$ 1,849,531</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, 2017 and 2016. The media agreement is effective through December 31, 2016, and 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, 2017 and 2016, 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, 2017 and 2016, the Corporation made matching contributions for eligible employees of \$18,135 and \$18,043, 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:

2018	\$	18,925
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, 2017

ASSETS

	<u>USABS</u>	<u>USBS Foundation</u>	<u>Eliminating Entries</u>	<u>Total</u>
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$ 699,880	\$ 131,964	\$	\$ 831,844
Accounts receivable, net	53,467			53,467
Due from United States Olympic Committee	925			925
Due from USBS Foundation	3,137		(3,137)	
Prepaid insurance	23,340			23,340
Prepaid expenses	66,264	6,000		72,264
Total current assets	847,013	137,964	(3,137)	981,840
<b>PROPERTY &amp; EQUIPMENT:</b>				
Property and equipment	2,820,642			2,820,642
Less accumulated depreciation	(1,120,419)			(1,120,419)
Property & equipment, net	1,700,223			1,700,223
<b>LONG-TERM INVESTMENTS</b>	10,292			10,292
<b>OTHER ASSETS:</b>				
Investment in USBS Foundation	134,827		(134,827)	
Beneficial interest in Trust	1,419,096			1,419,096
Total other assets	1,553,923		(134,827)	1,419,096
<b>TOTAL ASSETS</b>	<u>\$ 4,111,451</u>	<u>\$ 137,964</u>	<u>\$ (137,964)</u>	<u>\$ 4,111,451</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES:</b>				
Accounts payable and accrued liabilities	\$ 258,813	\$	\$	\$ 258,813
Due to USA Bobsled/Skeleton, Inc.		3,137	(3,137)	
Due to United States Olympic Committee	33,847			33,847
Deferred revenue	190,804			190,804
Total liabilities	483,464	3,137	(3,137)	483,464
<b>NET ASSETS:</b>				
Unrestricted	2,198,712	134,827	(134,827)	2,198,712
Permanently restricted	1,429,275			1,429,275
Total net assets	3,627,987	134,827	(134,827)	3,627,987
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 4,111,451</u>	<u>\$ 137,964</u>	<u>\$ (137,964)</u>	<u>\$ 4,111,451</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, 2017

	<u>USABS</u>	<u>USBS Foundation</u>	<u>Eliminating Entries</u>	<u>Total</u>
<b>REVENUE AND SUPPORT:</b>				
USOC grants	\$ 2,287,033	\$	\$	\$ 2,287,033
Corporate sponsorship	429,416			429,416
Contributions - VIK	270,245			270,245
Contributions	253,077	129,537	(124,980)	257,634
IBSF distributions	178,955			178,955
Change in beneficial interest in Trust	91,652			91,652
Member dues	78,855			78,855
Trust distribution	69,645			69,645
Gain on disposal of equipment	54,414			54,414
USOC marketing agreement	50,000			50,000
Miscellaneous income	42,857			42,857
Unrealized gain on investments	1,425			1,425
Royalty revenue	757			757
Interest income	143			143
Change in USBS Foundation	<u>(18,581)</u>		<u>18,581</u>	
Total revenue and support	3,789,893	129,537	(106,399)	3,813,031
<b>EXPENSES:</b>				
Program services:				
Men's bobsled	859,307	80,662	(80,662)	859,307
Women's bobsled	623,919	3,335	(3,335)	623,919
Athlete expense	574,408			574,408
Skeleton	543,244	40,983	(40,983)	543,244
Membership expense	91,413			91,413
Recruiting	9,880			9,880
Para program	7,748			7,748
Lake Placid	<u>7,346</u>			<u>7,346</u>
Total program services	2,717,265	124,980	(124,980)	2,717,265
Supporting services:				
General & administrative	617,626	23,138		640,764
Marketing & public relations	<u>43,834</u>			<u>43,834</u>
Total supporting services	<u>661,460</u>	<u>23,138</u>		<u>684,598</u>
Total expenses	<u>3,378,725</u>	<u>148,118</u>	<u>(124,980)</u>	<u>3,401,863</u>
CHANGE IN NET ASSETS	411,168	(18,581)	18,581	411,168
NET ASSETS, beginning of year	<u>3,216,819</u>	<u>153,408</u>	<u>(153,408)</u>	<u>3,216,819</u>
NET ASSETS, end of year	<u>\$ 3,627,987</u>	<u>\$ 134,827</u>	<u>\$ (134,827)</u>	<u>\$ 3,627,987</u>

USA BOBSLED/SKELETON, INC. & SUBSIDIARY  
Consolidated Schedule of Program Services  
For the Year Ended June 30, 2017  
(With Comparative Totals for 2016)

	Men's Bobsled	Women's Bobsled	Athlete Expense	Skeleton	Membership Expense	Recruiting	Para Program	Lake Placid	2017 Totals	2016 Totals
Air travel	\$ 102,778	\$ 61,742	\$ 29,251	\$ 55,242	\$	\$ 1,135	\$ 1,836	\$ 3,745	\$ 255,729	\$ 222,428
Athlete incentives			125,300						125,300	61,032
Athlete support			26,184						26,184	20,348
Contract labor	30,942	66,383	13,845	31,667					142,837	143,992
Depreciation	113,915	75,085	1,826	55,801					246,627	238,406
Employee benefits	10,370	10,370	23,101	34,682					78,523	62,717
Entry fees	8,926	6,065		10,447		1,284			26,722	8,977
Equipment	21,265	11,258	118,969	35,432		105	274		187,303	210,980
FICA	13,886	12,846	7,626	9,756					44,114	45,441
Ground travel	83,369	50,648	2,617	52,235			2,860	608	192,854	103,417
Insurance					87,393				87,393	63,662
Meals/lodging	212,963	122,686	32,415	112,265		372	2,778	1,350	484,829	303,413
Membership expense					4,020				4,020	1,802
Other	39	2,058	14,519	7,041		6,467		1,643	31,767	43,293
Recruiting			74,914						74,914	118,295
Salaries	181,598	168,001	99,546	127,606					576,751	593,751
Simple IRA expense	4,648	1,588	1,500	364					8,100	7,021
Sled shipping	74,608	35,189	(5)	10,706					120,498	113,320
Technology			2,800						2,800	6,758
	<u>\$ 859,307</u>	<u>\$ 623,919</u>	<u>\$ 574,408</u>	<u>\$ 543,244</u>	<u>\$ 91,413</u>	<u>\$ 9,880</u>	<u>\$ 7,748</u>	<u>\$ 7,346</u>	<u>\$ 2,717,265</u>	<u>\$ 2,369,053</u>

USA BOBSLED/SKELETON, INC. & SUBSIDIARY  
Consolidated Schedule of Supporting Services  
For the Year Ended June 30, 2017  
(With Comparative Totals for 2016)

	General & Administrative	Marketing & Public Relations	2017 Totals	2016 Totals
Administrative expense	\$ 4,005	\$	\$ 4,005	\$
Air travel	1,800		1,800	2,567
Bad debt recovery	(1,236)		(1,236)	(897)
Bank charges	1,174		1,174	418
Contract labor	50		50	
Depreciation	976		976	976
Dues & subscriptions	7,282		7,282	7,668
Employee benefits	71,420		71,420	62,344
Equipment expense	255		255	3,346
Event expense	11,362		11,362	
FICA	22,270		22,270	26,854
Foundation board				734
(Gain) loss on currency exchange	(14)		(14)	(5)
Goodwill gestures	865		865	60
Ground travel	415		415	2,541
Hospitality				1,000
Insurance	23,598		23,598	30,900
Interest expense	1,342		1,342	3,413
Legal & accounting	27,578		27,578	28,138
Marketing-fulfillment		21,026	21,026	13,049
Marketing-misc				179
Marketing-solicitation		10,865	10,865	34,521
Meals/lodging	1,435		1,435	5,397
Meetings	22,681		22,681	21,415
Merchant fees	4,969		4,969	3,975
Naming rights		9,667	9,667	10,667
Office supplies	1,936		1,936	2,370
Other	9,672		9,672	20,570
Postage	624		624	1,469
Publicity	1,931		1,931	2,270
Public relations		2,276	2,276	2,297
Professional development	11,725		11,725	
Rent-building	7,335		7,335	6,672
Salaries	360,627		360,627	400,524
Simple IRA expense	10,035		10,035	11,022
State unemployment insurance	14,691		14,691	8,955
Telephone	13,819		13,819	11,423
Value in kind - rent	6,142		6,142	5,859
	<u>\$ 640,764</u>	<u>\$ 43,834</u>	<u>\$ 684,598</u>	<u>\$ 732,691</u>