

UNITED STATES LUGE ASSOCIATION, INC.

Financial Statements
(With Independent Auditors' Report)

For the Years Ended August 31, 2021 and 2020

UNITED STATES LUGE ASSOCIATION, INC.
For the Years Ended August 31, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
United States Luge Association, Inc.
Lake Placid, New York

Opinion

We have audited the accompanying financial statements of United States Luge Association, Inc. (a nonprofit organization, the "Organization"), which comprise the statement of financial position as of August 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United States Luge Association, Inc. as of August 31, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and

therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the United States Luge Association, Inc. financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 19, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McSoley McCoy & Co.

South Burlington, Vermont
January 5, 2022
VT Reg. No. 92-349

UNITED STATES LUGE ASSOCIATION, INC.

Statements of Financial Position

August 31, 2021 and 2020

	<u>2021</u>	<u>(Restated) 2020</u>
Assets		
Cash and cash equivalents	\$ 651,156	\$ 468,238
Restricted cash - athlete training fund	42,497	40,097
Accounts receivable	11,102	44,777
Prepaid expenses	70,105	23,807
Property and equipment, net	131,628	136,403
Beneficial interest in the assets of U.S. Luge Federation Foundation	<u>2,095,019</u>	<u>1,673,776</u>
Total assets	<u>\$ 3,001,507</u>	<u>\$ 2,387,098</u>
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$ 493,510	\$ 507,614
Line of credit	85,354	85,354
Paycheck Protection Program loan	-	184,790
Due to athletes	<u>42,497</u>	<u>40,097</u>
Total liabilities	<u>621,361</u>	<u>817,855</u>
Without donor restrictions	285,127	(104,533)
With donor restrictions	<u>2,095,019</u>	<u>1,673,776</u>
Total net assets	<u>2,380,146</u>	<u>1,569,243</u>
Total liabilities and net assets	<u>\$ 3,001,507</u>	<u>\$ 2,387,098</u>

See accompanying notes to the financial statements.

UNITED STATES LUGE ASSOCIATION, INC.

Statement of Activities

For the Year Ended August 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains and Other Support			
Support from United States Olympic Committee	\$ 1,352,315	\$ -	\$ 1,352,315
Corporate sponsor contributions	662,940	-	662,940
Change in value of beneficial interest	-	421,243	421,243
FIL grants, coaching fees and track fees	69,701	-	69,701
Trip revenue - development and candidate teams	20,249	-	20,249
Membership dues	17,014	-	17,014
Equipment and store sales	23,664	-	23,664
Promotional sponsorship	220,000	-	220,000
Event income	41,239	-	41,239
Program donations	77,751	29,730	107,481
In kind rent revenue	137,690	-	137,690
Paycheck Protection Program	184,790	-	184,790
Other	244,212	-	244,212
Net assets released from restriction	<u>29,730</u>	<u>(29,730)</u>	<u>-</u>
 Total revenues, gains and other support	 <u>3,081,295</u>	 <u>421,243</u>	 <u>3,502,538</u>
Expenses			
Program services:			
National team	1,250,474	-	1,250,474
Recruitment	87,458	-	87,458
Athlete development	153,493	-	153,493
Governance	-	-	-
Technical committee	400,174	-	400,174
Racing services	<u>18,536</u>	<u>-</u>	<u>18,536</u>
 Total program services	 <u>1,910,135</u>	 <u>-</u>	 <u>1,910,135</u>
Supporting services:			
General and administrative	434,626	-	434,626
Fundraising	<u>346,874</u>	<u>-</u>	<u>346,874</u>
 Total supporting services	 <u>781,500</u>	 <u>-</u>	 <u>781,500</u>
 Total expenses	 <u>2,691,635</u>	 <u>-</u>	 <u>2,691,635</u>
 Change in net assets	 389,660	 421,243	 810,903
Net assets - beginning of year, restated	<u>(104,533)</u>	<u>1,673,776</u>	<u>1,569,243</u>
Net assets - end of year	<u>\$ 285,127</u>	<u>\$ 2,095,019</u>	<u>\$ 2,380,146</u>

See accompanying notes to the financial statements.

UNITED STATES LUGE ASSOCIATION, INC.

Statement of Activities

For the Year Ended August 31, 2020

	(Restated) Without Donor Restrictions	(Restated) With Donor Restrictions	(Restated) Total
Revenues, Gains and Other Support			
Support from United States Olympic Committee	\$ 1,313,791	\$ -	\$ 1,313,791
Corporate sponsor contributions	674,420	-	674,420
Change in value of beneficial interest	-	180,109	180,109
FIL grants, coaching fees and track fees	149,684	-	149,684
Trip revenue - development and candidate teams	282,899	-	282,899
Membership dues	22,322	-	22,322
Equipment and store sales	28,020	-	28,020
Promotional sponsorship	312,732	-	312,732
Event income	130,952	-	130,952
Program donations	135,725	-	135,725
In kind rent revenue	91,793	-	91,793
Other	262,359	-	262,359
	<u>3,404,697</u>	<u>180,109</u>	<u>3,584,806</u>
Expenses			
Program services:			
National team	1,590,656	-	1,590,656
Recruitment	73,750	-	73,750
Athlete development fund	310,290	-	310,290
Governance	3,426	-	3,426
Technical committee	332,740	-	332,740
Racing services	21,599	-	21,599
	<u>2,332,461</u>	<u>-</u>	<u>2,332,461</u>
Supporting services:			
General and administrative	358,977	-	358,977
Fundraising	695,766	-	695,766
	<u>1,054,743</u>	<u>-</u>	<u>1,054,743</u>
Loss on disposal of asset	1,474	-	1,474
	<u>3,388,678</u>	<u>-</u>	<u>3,388,678</u>
Change in net assets	16,019	180,109	196,128
Net assets - beginning of year	<u>(120,552)</u>	<u>1,493,667</u>	<u>1,373,115</u>
Net assets - end of year	<u>\$ (104,533)</u>	<u>\$ 1,673,776</u>	<u>\$ 1,569,243</u>

See accompanying notes to the financial statements.

UNITED STATES LUGE ASSOCIATION, INC.

Statements of Functional Expenses - Program

For the Year Ended August 31, 2021

(With Summarized Financial Information for the Year Ended August 31, 2020)

	National		Athlete		Technical	Racing	2021	(Restated)
	Team	Recruitment	Development	Governance	Committee	Services	Total	2020
								Total
Payroll	\$ 334,597	\$ 41,865	\$ 89,578	\$ -	\$ 48,100	\$ 14,003	\$ 528,143	\$ 546,994
Payroll taxes	27,375	3,342	7,377	-	3,821	1,220	43,135	44,602
Retirement plan contributions	20,244	2,750	5,605	-	3,222	940	32,761	30,323
Health and dental insurance	39,935	3,927	10,763	-	1,870	1,347	57,842	39,383
Athlete initiative	4,872	-	-	-	-	-	4,872	17,853
Building operations	39,816	-	-	-	-	-	39,816	7,709
Competitive equipment and apparel	99,185	6,695	1,270	-	69,722	1,026	177,898	94,720
Depreciation	30,369	-	-	-	-	-	30,369	23,760
Foreign coaches and team consultants	173,257	-	1,500	-	-	-	174,757	165,704
Housing and meals	560	-	-	-	-	-	560	667
Independent contractors	-	-	-	-	23,993	-	23,993	8,399
Insurance	1,436	-	-	-	-	-	1,436	1,725
Miscellaneous	34,778	-	30	-	5,043	-	39,851	13,369
Officials	-	-	-	-	-	-	-	738
Postage	4,850	-	81	-	3,819	-	8,750	4,766
Team clothing and supplies -VIK	103,942	-	-	-	-	-	103,942	125,708
Team trip - Junior fall	9,342	-	-	-	-	-	9,342	282,151
Team trip - Junior winter	8,727	-	-	-	-	-	8,727	168,598
Team trip - Senior fall	41,073	-	-	-	-	-	41,073	182,633
Team trip - Senior winter	258,367	-	-	-	-	-	258,367	145,225
Technical support	-	-	-	-	240,000	-	240,000	240,000
Telephone	273	-	-	-	-	-	273	-
Training camps	16,298	-	34,225	-	-	-	50,523	117,663
Travel	-	-	-	-	239	-	239	58,029
Vehicle costs	1,178	-	3,064	-	345	-	4,587	4,926
Wheel clinics	-	28,879	-	-	-	-	28,879	6,816
Total	\$1,250,474	\$ 87,458	\$ 153,493	\$ -	\$ 400,174	\$ 18,536	\$1,910,135	\$ 2,332,461

See accompanying notes to the financial statements.

UNITED STATES LUGE ASSOCIATION, INC.
Statements of Functional Expenses - Supporting
For the Year Ended August 31, 2021
(With Summarized Financial Information for the Year Ended August 31, 2020)

	General and <u>Administrative</u>	<u>Fundraising</u>	2021 <u>Total</u>	(Restated) 2020 <u>Total</u>
Payroll	\$ 86,585	\$ 175,327	\$ 261,912	\$ 271,069
Payroll taxes	7,253	13,908	21,161	19,342
Retirement plan contributions	5,662	11,515	17,177	16,614
Health and dental insurance	15,570	17,337	32,907	41,235
Building operations	162,278	-	162,278	104,658
Consultants	-	15,900	15,900	15,900
Depreciation	9,447	-	9,447	5,828
Entertainment and gifts	148	301	449	971
Events	-	32,932	32,932	147,286
General marketing needs	-	87	87	1,634
Housing and meals	435	61	496	6,100
Insurance	84,834	-	84,834	73,920
Interest expense	3,678	-	3,678	4,683
Member services	1,142	-	1,142	1,202
Miscellaneous	17,965	4,482	22,447	16,996
Postage	1,092	127	1,219	983
Professional fees	10,250	-	10,250	10,100
Public relations	-	5,500	5,500	2,895
Small equipment	16,291	-	16,291	13,793
Sponsor store sales program	-	17,717	17,717	20,720
Supplier support	-	6,054	6,054	10,396
Supplies	5,183	-	5,183	4,422
Team clothing	-	13,265	13,265	11,655
Telephone	6,813	-	6,813	9,169
Television support	-	32,250	32,250	226,752
Travel	-	-	-	13,434
Vehicle costs	-	111	111	2,986
Total	<u>\$ 434,626</u>	<u>\$ 346,874</u>	<u>\$ 781,500</u>	<u>\$ 1,054,743</u>

See accompanying notes to the financial statements.

UNITED STATES LUGE ASSOCIATION, INC.

Statements of Cash Flows

For the Years Ended August 31, 2021 and 2020

	<u>2021</u>	<u>(Restated) 2020</u>
Cash flows provided by operating activities:		
Change in net assets	\$ 810,903	\$ 196,128
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	39,816	29,588
Paycheck Protection Program loan forgiveness	(184,790)	-
Loss on disposal of equipment	-	1,474
Net gain on beneficial interest in assets of U.S. Luge Federation Foundation	(421,243)	(180,109)
(Increase) decrease in accounts receivable	33,675	(36,326)
(Increase) decrease in prepaid expenses	(46,298)	86
Increase (decrease) in accounts payable and accrued liabilities	(14,104)	70,304
Increase in due to athletes	<u>2,400</u>	<u>14,387</u>
Net cash provided by operating activities	<u>220,359</u>	<u>95,532</u>
Cash flows from investing activities:		
Purchases of property and equipment	(35,041)	(108,044)
Increase in restricted cash	<u>(2,400)</u>	<u>(14,387)</u>
Net cash used in investing activities	<u>(37,441)</u>	<u>(122,431)</u>
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program	-	184,790
Principal payments on capital lease obligations	<u>-</u>	<u>(2,222)</u>
Net cash provided by financing activities	<u>-</u>	<u>182,568</u>
Net increase in cash and cash equivalents	182,918	155,669
Cash and cash equivalents, beginning of year	<u>468,238</u>	<u>312,569</u>
Cash and cash equivalents, end of year	<u>\$ 651,156</u>	<u>\$ 468,238</u>
Supplemental disclosure of cash flow information:		
Cash paid during the years for:		
Interest	<u>\$ 3,678</u>	<u>\$ 4,683</u>

See accompanying notes to the financial statements.

UNITED STATES LUGE ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended August 31, 2021 and 2020

1. Nature of Activities

United States Luge Association, Inc. (the “Association” or the “Organization”) was incorporated in the State of New York in October 1980 to act as the national governing body for the sport of luge as recognized by the United States Olympic Committee (“USOC”). The Association was established for the development of athletes and the promotion of amateur Luge competition at the national and international levels. The Association is the United States member of the Federation Internationale de Luge de Course, the international governing body for Luge. The Association’s primary sources of revenue are support from the USOC and from corporate sponsorships.

2. Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting.

(b) Financial Statement Presentation

The Association reports its financial statements in accordance with the recommendations of the American Institute of Certified Public Accountants in its industry guide Audits of Not-for-Profit Entities and utilizes accounting principles and reporting practices for certain nonprofit organizations.

The financial statements include certain prior-year summarized comparative information in total. 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 Association’s financial statements for the year ended August 31, 2020, from which the summarized information was derived.

(c) Net Assets

The Association is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. In addition, the Association is required to present a statement of functional expenses and cash flows.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor, or certain grantor, imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

UNITED STATES LUGE ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended August 31, 2021 and 2020

Summary of Significant Accounting Policies (continued)

(d) Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions. Such estimates and assumptions affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support, revenue and expenses during the reporting period. Actual results could differ from those estimates.

(e) Contributions

The Association records contributions received as with donor restrictions and without donor restrictions support depending on the existence or nature of any donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the donor stipulations have been met, with donor restricted net assets are reclassified to without donor restricted net assets and released from restrictions in the statements of activities. When a contribution is received and expended within the same year, it is recorded as without donor restriction.

(f) Cash and Cash Equivalents/Credit Risk and Restricted Cash

Cash and all highly liquid investments with original maturities of three months or less from the date of acquisition are considered cash and cash equivalents. The Association maintains bank account balances, which at times may exceed federally insured limits. Management believes the Association is not exposed to any significant credit risk on cash and cash equivalents.

Restricted cash balances of \$42,497 and \$40,097 at August 31, 2021 and 2020, respectively, are restricted for the use of athletes for training and living expenses. Restricted cash will be included within the statements of cash flows as these funds are not designated for long-term purposes.

(g) Federal Income Taxes

The Association is exempt from federal and state income taxes on income from activities related to their exempt purposes under IRC Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes under Section 501(a) of the Internal Revenue Code as organizations described in IRC Section 501(c)(3). The Association does not have unrelated business income for the year ended August 31, 2021.

UNITED STATES LUGE ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended August 31, 2021 and 2020

Summary of Significant Accounting Policies (continued)

The Association recognizes the nature of any uncertainty in their tax positions only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax-exempt entities, tax-exempt status itself is deemed to be an uncertainty, as events could potentially occur to jeopardize their tax-exempt status. Management believes the Association has no uncertain tax positions. The Association anticipates that it will not have a change in uncertain tax positions during the next twelve months that would have a material impact on the Association's financial statements. If necessary, the Association would accrue interest and penalties on uncertain tax positions as a component of the provision for income taxes. The Association is no longer subject to federal and state income tax examinations by tax authorities for years before the year ended August 31, 2018.

(h) Beneficial Interest in the Assets of U.S. Luge Federation Foundation and Fair Value of these Financial Instruments

The Association carries its investment in the beneficial interest in the assets of U.S. Luge Federation Foundation ("USLFF") at fair value in the statements of financial position as reported to the Association by the USLFF.

The beneficial interest in the assets of the USLFF are reported at fair value based upon quoted market prices as of the date of the statement of financial position with realized and unrealized gains and losses included in the change in net assets in the accompanying statements of activities. For alternative investments, which include hedge funds, fair values are based on estimates reported by fund managers where quoted market prices do not exist.

(i) Property and Equipment

The Association capitalizes all significant betterments with a cost, or if donated, at estimated fair value, of at least \$1,000 and a useful life of at least one year. Depreciation is provided on property and equipment over their estimated useful lives. Estimated useful lives range from three to ten years.

(j) Sponsorships

Sponsorship agreements are exchange transactions and are recognized as revenue when received and not as a promise to give when the agreements are entered into.

(k) Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

UNITED STATES LUGE ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended August 31, 2021 and 2020

Summary of Significant Accounting Policies (continued)

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Payroll and related payroll benefit expenses are common to several functions and are allocated based on estimated hours worked.

(l) Long-Lived Assets

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Organization first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary.

(m) Subsequent Events

The Association evaluated subsequent events through January 5, 2022, the date the Association's financial statements were available to be used.

3. Property and Equipment

Property and equipment consist of the following at August 31:

	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 310,788	\$ 275,746
Vehicles	<u>109,014</u>	<u>109,014</u>
	419,802	384,760
Less: accumulated depreciation	<u>288,174</u>	<u>248,357</u>
Property and equipment, net	<u>\$ 131,628</u>	<u>\$ 136,403</u>

Total depreciation expense in 2021 and 2020 was \$39,816 and \$29,588, respectively.

4. Fair Value Measurements – Beneficial Interest in the Assets of USLFF

The Association has a beneficial interest in assets maintained at the USLFF whose objective is to raise and manage those funds for the future benefit of the Association. The total amount of the beneficial interest is presented on the Association's statements of financial position as net assets with donor restrictions.

UNITED STATES LUGE ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended August 31, 2021 and 2020

Fair Value Measurements – Beneficial Interest in the Assets of USLFF (continued)

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value of the beneficial interest. That framework provides a 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 unobservable inputs (level 3 measurements).

The standard describes three levels of inputs that may be used to measure fair value:

- Level 1 – Quoted prices in active markets for identical assets or liabilities as of the reporting date.
- Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Both observable and unobservable inputs may be used to determine the fair value of positions that the Association has classified within the NAV category. As a result, the unrealized gains and losses for assets and liabilities within the NAV category presented in the tables below may include changes in fair value that were attributable to both observable (e.g., changes in market interest rates) and unobservable (e.g., changes in unobservable long-date volatilities) inputs.

Recurring measurements

The following table presents the fair value measurements of the beneficial interest recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at August 31, 2021 and 2020:

	As of August 31, 2021			
	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Cash and cash equivalents	\$ 46,095	\$ 46,095	\$ -	\$ -
Mutual funds	355,936	355,936	-	-
International fixed income	270,878	270,878	-	-
Domestic equities	457,107	457,107	-	-
International equities	270,878	270,878	-	-
Non-traditional managers	<u>694,125</u>	<u>(A)</u>	<u>(A)</u>	<u>(A)</u>
Total	<u>\$ 2,095,019</u>	<u>\$ 1,400,894</u>	<u>\$ -</u>	<u>\$ -</u>

UNITED STATES LUGE ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended August 31, 2021 and 2020

Fair Value Measurements – Beneficial Interest in the Assets of USLFF (continued)

	As of August 31, 2020			
	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Cash and cash equivalents	\$ 1,639	\$ 1,639	\$ -	\$ -
Mutual funds	289,172	289,172	-	-
International fixed income	276,649	276,649	-	-
Domestic equities	397,876	397,876	-	-
International equities	215,685	215,685	-	-
Non-traditional managers	<u>492,755</u>	<u>(A)</u>	<u>(A)</u>	<u>(A)</u>
Total	<u>\$ 1,673,776</u>	<u>\$ 1,181,021</u>	<u>\$ -</u>	<u>\$ -</u>

(A): In accordance with Accounting Standards Update (ASU) 2015-07, the USLFF does not classify investments held at net asset value per share in the fair value hierarchy as listed above.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended August 31, 2021 and 2020.

Traditional investments

Where quoted market prices are available for identical securities in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include cash and cash equivalents, domestic and international equity and bond mutual funds, exchange traded funds and U.S. treasury notes.

Alternative investments

These alternative investments consist of hedge equity funds, limited partnerships, real estate funds, private equity funds, bond fund trusts, and funds of funds. As a group, the alternative investments invest in a variety of securities including, but not limited to, foreign and domestic publicly traded equity and debt securities, foreign and domestic fixed income investments, domestic commercial and residential real estate, options, warrants, derivatives and contracts. To the extent possible, fair value is based on the last sale price for securities listed on national exchanges. For securities not listed on national exchanges, fair value is determined at the last bid or asking price depending on the long or short position of the security. Investments for which quotations are not available are valued at an estimated fair value by the fund managers using various models, comparisons and assumptions.

Consideration is given to several factors, including the type of investment, risks, marketability, restrictions on disposition, quotations from other market participants and values of similar investments.

UNITED STATES LUGE ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended August 31, 2021 and 2020

Fair Value Measurements – Beneficial Interest in the Assets of USLFF (continued)

The Association has adopted Accounting Standards Update (ASU) 2009-12, which provides a practical expedient for certain investments to use net value per share to measure fair value. Accordingly, the Association uses the NAV as a practical expedient for fair value for each of its alternative investments.

Alternative investments held at August 31, 2021 and 2020, respectively, consist of the following:

	Fair Value	Redemption Frequency	Redemption Notice Period
Hedge equity funds (a)	\$ 115,366	Annually	45 - 100 days
Limited partnerships (b)	215,684	Quarterly	10 - 60 days
Real estate fund (c)	58,315	Upon dissolution of fund	N/A
Private equity funds (d)	18,019	Upon dissolution of fund	N/A
Funds of funds (e)	<u>286,741</u>	Upon dissolution of fund	N/A
Total	<u>\$ 694,125</u>		

	Fair Value	Redemption Frequency	Redemption Notice Period
Hedge equity funds (a)	\$ 128,730	Annually	45 - 100 days
Limited partnerships (b)	181,803	Quarterly	10 - 60 days
Real estate fund (c)	35,467	Upon dissolution of fund	N/A
Private equity funds (d)	7,863	Upon dissolution of fund	N/A
Funds of funds (e)	<u>138,892</u>	Upon dissolution of fund	N/A
Total	<u>\$ 492,755</u>		

- (a) This class includes investments in four hedge funds that take both long and short positions. All investments in this class can be redeemed in the next year.
- (b) This class includes four limited partnerships that invest primarily in foreign and domestic common stocks and commodities.
- (c) This class includes three real estate funds that invest primarily in U.S. commercial and residential real estate. These investments can never be redeemed with the funds. Distributions from the funds will be made upon dissolution of the funds. It is estimated the underlying assets of the fund will be liquidated in 2021.
- (d) This class includes two private equity funds that invest primarily in domestic and foreign limited partnerships. These investments can never be redeemed with the funds. Distributions from each fund will be made upon dissolution of the fund by 2023.

UNITED STATES LUGE ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended August 31, 2021 and 2020

Fair Value Measurements – Beneficial Interest in the Assets of USLFF (continued)

- (e) This class includes three fund of funds that invest in foreign and domestic venture capital limited partnerships. These investments can never be redeemed with the fund. Distributions from the fund will be made upon dissolution of the fund.

5. Retirement Plan

The Association has a defined contribution employee benefit plan that covers substantially all employees. Contributions to the plan are equal to 6.05% of eligible compensation. The Association's contributions to the plan for the years ended August 31, 2021 and 2020 were \$49,938 and \$46,937, respectively.

6. Donated Services, Equipment and Building

No amounts have been reflected in the financial statements for donated services. The Association generally pays for services requiring specific expertise. However, a number of individuals donate their time and perform a variety of tasks that assist the Association with its program, administrative and fundraising activities.

In January 2020, New York State Olympic Regional Development Authority (ORDA) donated a building for the use of the Organization. The Organization has recognized the fair value of the contributed facility as both in-kind revenue and expense totaling \$137,690 for the year ended August 31, 2021.

In August 1991, the Association signed an agreement with ORDA, which provides for the lease of land from ORDA for a 50-year term for an annual rental of \$1.

7. Related Party

The Association receives a substantial portion of its operating revenues from the USOC. Any change with the USOC could have a significant impact on the Association. Revenue for the years ended August 31, 2021 and 2020 from the USOC amounted to \$1,352,315 and \$1,313,791, respectively. These amounts represent 39% and 37% of total revenues, gains and other support for the years ended August 31, 2021 and 2020, respectively.

United States Luge Federation Foundation, Inc. ("USLFF") was established by the Association in 1985 for the benefit and support of the Association. The Foundation provided \$0 of operating funds to the Association during the years ended August 31, 2021 and 2020, respectively.

UNITED STATES LUGE ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended August 31, 2021 and 2020

8. Sponsorship Agreements

The Association has entered into several sponsorship agreements that will provide the Association with financial and equipment support. The future amounts of the sponsorships have been treated as exchange transactions and have not been reflected in the accompanying financial statements. Total approximate amount to be received under these agreements in 2021 as of August 31, 2021 is \$638,000. Not included in this amount are various products and services that management currently does not have a value for.

9. Line of Credit

The Association has a revolving line of credit with a commercial bank that renews annually and permits the Association to borrow up to \$350,000. The loan is secured by substantially all assets of the Association with interest at 4.25% at August 31, 2021 and 2020. The outstanding borrowings on the revolving line of credit at August 31, 2021 and 2020 was \$85,354.

10. Net Assets with Donor Restrictions

Net assets with donor restrictions as of August 31, 2021 and 2020 total \$2,095,019 and \$1,673,776, respectively, and related to the U.S. Luge Federation Foundation investment fund, of which, the Association has a beneficial interest.

11. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following as of August 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 651,156	\$ 468,238
Accounts receivable	<u>11,102</u>	<u>44,777</u>
	<u>\$ 662,258</u>	<u>\$ 513,015</u>

The Association closely monitors liquidity required to meet its operating needs and other contractual commitments. The Association has multiple sources of liquidity at its disposal, including cash and receivables.

In addition to financial assets available to meet general expenditures over the next 12 months, the Association operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. The Association strives to maintain liquid cash reserves sufficient to cover 45 days of general expenditures. General expenditures include administrative, fundraising, and operating expenses.

UNITED STATES LUGE ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended August 31, 2021 and 2020

12. State of New York Grant

As part of the “I Love New York” initiative by the state of New York, the Association was granted funds totaling, \$1,000,000 spread over five years, totaling \$200,000 each year. The Association uses this to offset media exposure for the state through television income. Included in the \$220,000 of promotional sponsorship in the statement of activities is \$187,750 of funds received that the Association plans on using for media coverage in the February 2022 Olympics.

13. COVID-19 Relief Funding

In May 2020, the Association received a loan of \$184,790 under the Paycheck Protection Program (PPP) issued by the Small Business Administration under the CARES Act. This amount was forgiven in full during 2021.

14. Uncertainty

COVID-19 had an impact on the Organization’s operations during 2021. The virus continues to cause financial unrest as the economy slowly opens back up. The pandemic is ongoing, therefore the ultimate impact of this event on the Association’s operations and financial statements is unknown as of the date of the auditors’ report.

15. Restatement

During the 2021 audit, it was discovered that the Organization previously overstated net assets by \$1,475 for the 2020 year end. This resulted in a restatement of the accounts payable, revenue, and net assets for the year ended August 31, 2020. This resulted in a restatement as follows:

Net assets as of August 31, 2020, as previously reported	\$ 1,570,718
Restatement from unrecorded accounts payable	<u>(1,475)</u>
Net assets as of August 31, 2020 as restated	<u>\$ 1,569,243</u>