

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

**Consolidated Financial Statements &
Supplemental Information**

For the Year Ended June 30, 2024

TABLE OF CONTENTS

Independent Auditor's Report	1
Consolidated Statement of Financial Position	4
Consolidated Statement of Activities and Changes in Net Assets	5
Consolidated Statement of Functional Expenses.	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8
Supplemental Consolidating Statement of Financial Position . .	24
Supplemental Consolidating Statement of Activities and Changes in Net Assets	25

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
USA Bobsled/Skeleton, Inc.
& Subsidiary
Colorado Springs, Colorado

Opinion

We have audited the accompanying financial statements of USA Bobsled/Skeleton, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of USA Bobsled/Skeleton, Inc. as of June 30, 2024, 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 USA Bobsled/Skeleton, Inc. 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 USA Bobsled/Skeleton, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 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 USA Bobsled/Skeleton, Inc.'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 USA Bobsled/Skeleton, Inc.'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 USA Bobsled/Skeleton, Inc.'s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 9, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited 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.

Waugh & Goodwin, LLP

Colorado Springs, Colorado
November 5, 2024

USA BOBSLED/SKELETON, INC. & SUBSIDIARY
Consolidated Statement of Financial Position
June 30, 2024
(With Comparative Amounts for 2023)

	<u>ASSETS</u>	
	<u>2024</u>	<u>2023</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,886,890	\$ 2,218,889
Short-term investments	257,616	
Accounts receivable	33,017	52,897
Due from the USA Bobsled & Skeleton Foundation	62,914	
Pledges receivable		30,000
Grants receivable	478,647	478,647
Deposits		500
Prepaid insurance	<u>52,794</u>	<u>61,529</u>
Total current assets	2,771,878	2,842,462
PROPERTY AND EQUIPMENT:		
Property and equipment	3,203,407	4,187,298
Less accumulated depreciation	<u>(1,986,932)</u>	<u>(2,674,312)</u>
Property and equipment, net	1,216,475	1,512,986
LONG-TERM INVESTMENTS	303,266	11,091
OTHER ASSETS:		
Long-term pledges receivable		60,000
Beneficial interest in Trust	<u>1,441,394</u>	<u>1,339,541</u>
TOTAL ASSETS	<u>\$ 5,733,013</u>	<u>\$ 5,766,080</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 114,113	\$ 60,926
Refundable advances	441,561	518,318
Deferred revenue	<u>126,020</u>	<u>101,759</u>
Total current liabilities	681,694	681,003
NET ASSETS:		
Without donor restrictions	3,554,967	3,637,532
With donor restrictions	<u>1,496,352</u>	<u>1,447,545</u>
Total net assets	<u>5,051,319</u>	<u>5,085,077</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,733,013</u>	<u>\$ 5,766,080</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, 2024
(With Comparative Totals for 2023)

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	2024 <u>Totals</u>	2023 <u>Totals</u>
REVENUE AND SUPPORT:				
USOPC grants	\$ 1,881,665	\$	\$ 1,881,665	\$ 1,878,137
Corporate sponsorship	514,378		514,378	475,012
Grants	475,000		475,000	
Contributions	66,634	197,250	263,884	446,753
Contributions - VIK	211,898		211,898	210,417
Change in beneficial interest in Trust		101,852	101,852	54,149
Special event	90,961		90,961	
IBSF distributions	78,087		78,087	80,146
Trust distributions	71,081		71,081	64,906
Miscellaneous income	56,766		56,766	53,107
Unrealized gain on investments	42,550		42,550	1,175
USOPC media agreement	37,500		37,500	50,000
Interest income, net of expense	21,902		21,902	544
Member dues	17,828		17,828	16,374
Royalty revenue	2,227		2,227	1,232
Employee retention tax credits				478,647
Loss on disposal of equipment	(75,051)		(75,051)	(79,262)
Satisfied program restrictions	<u>250,295</u>	<u>(250,295)</u>	<u></u>	<u></u>
Total revenue and support	3,743,721	48,807	3,792,528	3,731,337
EXPENSES:				
Program services:				
Men's bobsled	566,587		566,587	541,689
Women's bobsled	559,120		559,120	524,791
Athlete expense	531,972		531,972	553,358
Development	442,240		442,240	314,214
Skeleton	351,355		351,355	415,947
Para program	157,747		157,747	70,198
Membership expense	89,817		89,817	89,406
Recruiting	<u>12,766</u>	<u></u>	<u>12,766</u>	<u>3,092</u>
Total program services	2,711,604		2,711,604	2,512,695
Supporting services:				
General & administrative	715,741		715,741	523,186
Marketing & public relations	<u>156,726</u>	<u></u>	<u>156,726</u>	<u>238,817</u>
Total supporting services	<u>872,467</u>	<u></u>	<u>872,467</u>	<u>762,003</u>
Total expenses	<u>3,584,071</u>	<u></u>	<u>3,584,071</u>	<u>3,274,698</u>
CHANGE IN NET ASSETS	159,650	48,807	208,457	456,639
NET ASSETS, beginning of year	3,637,532	1,447,545	5,085,077	4,628,438
TRANSFER OF NET ASSETS, USA Bobsled & Skeleton Foundation	<u>(242,215)</u>	<u></u>	<u>(242,215)</u>	<u></u>
NET ASSETS, end of year	<u>\$ 3,554,967</u>	<u>\$ 1,496,352</u>	<u>\$ 5,051,319</u>	<u>\$ 5,085,077</u>

See Notes to Consolidated Financial Statements

USA BOBSLED/SKELETON, INC. & SUBSIDIARY
Consolidated Schedule of Functional Expenses
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)

	Men's Bobsled	Women's Bobsled	Athlete Expense	Development	Skeleton	Para Program	Membership Expense	Recruiting	Total Programs
Athlete funding	\$	\$	\$ 54,189	\$ 160,284	\$	\$	\$	\$	\$ 160,284
Athlete incentives									54,189
Athlete support									
Bad debts									
Bank charges & merchant fees	7,341	7,341	579	42,105	4,786	35,200			97,352
Contract labor	150,657	59,923	35,289	1,516	60,707				308,092
Depreciation									
Dues & subscriptions	8,200	8,200	10,400	5,577	3,333	24,999			35,710
Employee benefits	4,151	6,614		2,534	4,385	12,712			42,683
Entry fees	11,053	13,284	107,803	11,085	23,502		6,831		186,270
Equipment									
Foundation Board									
Loss on currency exchange									
Goodwill gestures							89,007		89,007
Insurance									
Interest expense									
Legal & accounting									
Marketing									
Meals/lodging	110,845	138,800	3,487	59,180	58,201	69,850		1,775	442,138
Meetings									
Membership expense							810		810
Naming rights									
Office supplies	2,817	3,310	26,328	52,540	1,928	1,950		712	89,585
Other	11,685	11,685	12,494	5,660	9,607				51,131
Payroll taxes									
Postage									
Professional development									
Publicity									
Public relations			98,320						98,320
Recruiting									
Rent-building									
Salaries	151,881	151,881	166,875	73,992	124,250				668,879
Simple IRA expense	1,306	1,306	685	812	2,200				6,309
Sled shipping	31,073	61,315			1,574				93,962
State unemployment insurance									
Technology	75,578	95,461	15,523	26,955	53,860	13,036		3,448	283,861
Telephone									
Travel									
	<u>\$ 566,587</u>	<u>\$ 559,120</u>	<u>\$ 531,972</u>	<u>\$ 442,240</u>	<u>\$ 351,355</u>	<u>\$ 157,747</u>	<u>\$ 89,817</u>	<u>\$ 12,766</u>	<u>\$ 2,711,604</u>

	General & Administrative	Marketing & Public Relations	2024 Totals	2023 Totals
	\$	\$	\$	\$
Athlete funding			160,284	26,895
Athlete incentives			54,189	56,039
Athlete support	7,346		7,346	16,234
Bad debts	1,526		1,526	10,453
Bank charges & merchant fees			4,562	5,820
Contract labor		28,662	126,014	138,551
Depreciation			308,092	396,764
Dues & subscriptions	10,963		10,963	8,644
Employee benefits	29,351		65,061	70,637
Entry fees			42,683	17,041
Equipment	768	636	187,674	129,184
Foundation Board				3,831
Loss on currency exchange				1,491
Goodwill gestures	1,030		1,030	617
Insurance	51,557		140,564	131,329
Interest expense	20		20	6
Legal & accounting	41,192		41,192	17,786
Marketing		122,492	122,492	66,251
Meals/lodging	310	29	442,477	359,050
Meetings	7,278		7,278	3,591
Membership expense			810	175
Naming rights	393		393	4,331
Office supplies	3,566		96,888	861
Other	32,458	3,737	83,589	51,245
Payroll taxes	731		731	80,900
Postage			10,125	1,667
Professional development	10,125		10,125	29,064
Publicity				343
Public relations		821	821	307
Recruiting			98,320	85,137
Rent-building	2,796		2,796	3,193
Salaries	488,503		1,157,382	1,110,135
Simple IRA expense	10,944		17,253	19,927
Sled shipping			93,962	147,555
State unemployment insurance	4,659		4,659	6,414
Technology			3,022	
Telephone	4,853		4,853	8,009
Travel	810	349	285,020	265,221
	<u>\$ 715,741</u>	<u>\$ 156,726</u>	<u>\$ 3,584,071</u>	<u>\$ 3,274,698</u>

See Notes to Consolidated Financial Statements

USA BOBSLED/SKELETON, INC. & SUBSIDIARY
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2024
(With Comparative Amounts for 2023)

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 208,457	\$ 456,639
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	308,092	396,764
Unrealized gain on investments	(42,550)	(1,175)
Loss on disposal of equipment	75,051	79,262
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	19,880	73,552
Due from USA Bobsled & Skeleton Foundation	(62,914)	
Pledges receivable	90,000	(90,000)
Grants receivable		(478,647)
Deposit	500	
Prepaid insurance	8,735	5,880
Prepaid expenses		4,331
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	53,187	(115,380)
Due to United States Olympic & Paralympic Committee		(14,660)
Refundable advances	(76,757)	507,414
Deferred revenue	<u>24,261</u>	<u>90,949</u>
Net cash provided by operating activities	605,942	914,929
CASH FLOWS FROM INVESTING ACTIVITIES:		
Short-term investments	(257,616)	
Long term investments	(249,625)	375
Transfer of net assets, USA Bobsled & Skeleton Foundation	(242,215)	
Acquisition of property and equipment	(94,873)	(204,668)
Proceeds from sale of property and equipment	<u>8,241</u>	<u> </u>
Net cash used by investing activities	(836,088)	(204,293)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Beneficial interest in Trust	<u>(101,853)</u>	<u>(54,149)</u>
Net cash used by financing activities	<u>(101,853)</u>	<u>(54,149)</u>
NET INCREASE (DECREASE) IN CASH	(331,999)	656,487
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,218,889</u>	<u>1,562,402</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,886,890</u>	<u>\$ 2,218,889</u>

See Notes to Consolidated Financial Statements

USA BOBSLED/SKELETON, INC. & SUBSIDIARY
Notes to Consolidated Financial Statements
For the Year Ended June 30, 2024

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, 2024, 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.

In October 2023, U.S. Bobsled and Skeleton Foundation, LLC was dissolved. A new Foundation was formed, the USA Bobsled & Skeleton Foundation, which is not a subsidiary of USA Bobsled/Skeleton, Inc. The financial statements for the year ended June 30, 2024 include the deconsolidation of the U.S. Bobsled and Skeleton Foundation, LLC and report the transfer of the remaining net assets to the new Foundation.

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, 2023, from which the summarized information was derived. Certain amounts have been reclassified to conform to the current year presentation.

Notes to Consolidated Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 2024 and 2023, the Corporation paid interest costs of \$20 and \$6, respectively. The Corporation paid no income taxes either year.

Accounts Receivable

During the year ended June 30, 2024, the Corporation and Foundation implemented Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13). This ASU was issued in June 2016 by the Financial Accounting Standards Board (FASB) and revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability.

On July 1, 2023, the Corporation and Foundation adopted the new accounting standard and all of the related amendments. There was no impact of the adoption of ASU 2016-13 on the accompanying consolidated financial statements. The Corporation and Foundation do not expect ASU 2016-13 to have a significant impact on its financial condition or results of operations on an ongoing basis.

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Accounts receivable are presented net of an allowance for credit losses, when applicable, which is an estimate of amounts that may not be collectible. When uncollectible accounts are identified, management provides for probable uncollectible amounts through an allowance so that the net amount reflects the amount that management expects to collect. In developing that allowance, management determines statistics for the probability of loss.

Notes to Consolidated Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounts Receivable - continued

The statistics used are based on the Corporation's and Foundation's historical collection experience, adjusted for management's expectations about current and future economic conditions. Based on management's assessment of the outstanding balances, it has concluded that an allowance for doubtful accounts was not necessary at June 30, 2024 and 2023.

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 \$3,844 and \$5,000, respectively.

The Corporation receives grants from the Department of Veterans Affairs and the United States Olympic Paralympic Committee (USOPC) that are for special purposes with specific expenditure requirements. Unrecorded conditional grants receivable were \$92,721 as of June 30, 2024.

Pledges Receivable

Pledges receivable recorded by the Foundation consist of unconditional promises to give that are expected to be collected in current and future periods. Pledges are recorded at their estimated net realizable values.

The Foundation has analyzed amortizing the long-term portion of the pledges receivable by recording a pledge discount computed using the risk-adjusted interest rates. However, this has been determined to be immaterial by the Foundation. Combined pledges receivable as of June 30, 2023, were \$90,000. During the year ended June 30, 2024, with the deconsolidation of the Foundation, these pledges have been transferred to the USA Bobsled & Skeleton Foundation. The Foundation had not received any pledges payments prior to October 2023.

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 10 years.

Notes to Consolidated Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 \$101,759 and \$301,020, respectively.

Refundable Advances

In accordance with FASB 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), the Corporation classified conditional promises to give subject to donor-imposed conditions received in prior years as refundable advances at June 30, 2024. As the Corporation satisfies the barriers and conditions set forth in the grant contract, revenue will be recognized accordingly. Refundable advances are \$441,561 and \$518,318 at June 30, 2024 and 2023, 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, International Bobsleigh & Skeleton Federation (IBSF) distributions, and other grants are considered contributions.

However, if the Corporation is only entitled to the gift if it has overcome a barrier (such as raising matching funds or achieving a particular outcome), contribution revenue is recognized when that barrier is overcome as an increase in net assets without restrictions, because the restriction on the gift is satisfied as the barrier is overcome; thus, there essentially is no separate restriction that needs to be tracked for those gifts.

Notes to Consolidated Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributions - continued

Contributions and grants with donor restrictions are reported as support and revenue without donor restrictions if the restriction is met in the same year that the gift is received.

In-kind Contributions

The Corporation has adopted Accounting Standards Update (ASU) 2020-07, Not-For-Profit Entities (Topic 958): *Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*.

The Corporation may record various types of in-kind contributions when received. Contributed services are recognized if the services received create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received.

The Corporation received the following gifts-in-kind during the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Apparel	\$ 75,000	\$ 64,530
Equipment and supplies	69,065	28,215
Housing	67,833	65,027
Vehicle rentals		28,145
Equipment transportation		24,500
	<u>\$ 211,898</u>	<u>\$ 210,417</u>

The Corporation's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Corporation.

Notes to Consolidated Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

In-kind Contributions - continued

If an asset is provided that does not allow the Corporation to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

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 the Corporation. 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 K for more information regarding this revenue stream.

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.

Notes to Consolidated Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Tax Exempt Status - continued

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 November 5, 2024, 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.

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>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,886,890	\$ 2,218,889
Short-term investments	257,616	
Accounts receivable	33,017	52,897
Grants receivable	478,647	478,647
Pledges receivable	<u> </u>	<u>90,000</u>
	2,656,170	2,840,433
Less assets with donor restrictions:		
Donor restrictions - temporary	<u>(44,779)</u>	<u>(97,825)</u>
Financial assets available within one year	<u>\$ 2,611,391</u>	<u>\$ 2,742,608</u>

As described in Note G 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:

Notes to Consolidated Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

- 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. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
- Level 3 inputs are unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

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.

The following tables present assets that are measured at fair value on a recurring basis at June 30, 2024 and 2023:

Assets at Fair Value as of June 30, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in trust	\$ 1,441,394	\$	\$	\$ 1,441,394
Certificate of deposit		257,616		257,616
Foundation for the Carolinas pooled funds		291,122		291,122
Adirondack Foundation pooled funds		12,144		12,144
	<u>\$ 1,441,394</u>	<u>\$ 560,882</u>	<u>\$</u>	<u>\$ 2,002,276</u>

Assets at Fair Value as of June 30, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in trust	\$ 1,339,541	\$	\$	\$ 1,339,541
Adirondack Foundation pooled funds		11,091		11,091
	<u>\$ 1,339,541</u>	<u>\$ 11,091</u>	<u>\$</u>	<u>\$ 1,350,632</u>

Notes to Consolidated Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

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 amounts 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.

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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Sleds	\$ 2,345,432	\$ 3,387,404
Furniture and equipment	380,739	375,314
Runners	377,388	318,525
Leasehold improvements	74,848	74,848
Restricted assets	25,000	25,000
Trailer		6,207
Less accumulated depreciation	<u>(1,986,932)</u>	<u>(2,674,312)</u>
Property and equipment, net	<u>\$ 1,216,475</u>	<u>\$ 1,512,986</u>

Depreciation expense amounted to \$308,092 and \$396,764 for the years ended June 30, 2024 and 2023, respectively.

Notes to Consolidated Financial Statements

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 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, 2024 and 2023, the Trust had total assets of \$1,441,394 and \$1,339,541, 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.

At June 30, 2024 and 2023, the Trust's net assets consisted of the following:

	<u>2024</u>	<u>2023</u>
Exchange-traded and closed end funds	\$ 1,076,662	\$ 1,003,035
Mutual funds	350,767	322,512
Cash and cash equivalents	<u>13,965</u>	<u>13,994</u>
	<u>\$ 1,441,394</u>	<u>\$ 1,339,541</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 is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net

Notes to Consolidated Financial Statements

F. ENDOWMENT FUNDS - Continued

assets with donor restrictions because those net assets are time restricted until the board of directors appropriates such amounts for expenditures. The net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of directors of the Corporation has interpreted SPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Corporation classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Additionally, in accordance with SPMIFA, the Corporation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Corporation, and (7) the Corporation's investment policies.

	<u>With Donor Restrictions</u>		
	<u>Temporary</u>	<u>Perpetual</u>	<u>Total</u>
Endowment net assets, July 1, 2022	\$	\$ 10,179	\$ 10,179
Investment income			
Expenditures	_____	_____	_____
Endowment net assets, June 30, 2023	\$	\$ 10,179	\$ 10,179
Investment income			
Expenditures	_____	_____	_____
Endowment net assets, June 30, 2024	<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. LINE OF CREDIT AGREEMENTS

The Corporation has a \$75,000 line of credit agreement and a \$50,000 line of credit agreement with two commercial banks.

The \$75,000 line of credit bears interest at a rate of .75% over Wall Street Journal prime. The \$50,000 line of credit bears interest at a rate of 6.75% over the bank's prime rate. At June 30, 2024 and 2023, there were no outstanding borrowings under either line of credit agreement.

H. NET ASSETS WITH DONOR RESTRICTION - TEMPORARY IN NATURE

Net assets with donor restrictions - temporary in nature at June 30, 2024 and 2023, consist of the following:

	<u>2024</u>	<u>2023</u>
Parasport support	\$ 36,954	\$
Holcomb memorial fund for athletes	7,325	7,325
Medical support	500	500
Time restrictions	<u> </u>	<u>90,000</u>
	<u>\$ 44,779</u>	<u>\$ 97,825</u>

Net assets are released from donor restriction by incurring expenses that satisfy the restricted purpose.

During the years ended June 30, 2024 and 2023, net assets were released from restrictions as follows:

	<u>2024</u>	<u>2023</u>
Parasport support	\$ 160,295	\$ 161,376
Time restrictions	<u>90,000</u>	<u> </u>
	<u>\$ 250,295</u>	<u>\$ 161,376</u>

Notes to Consolidated Financial Statements

I. LEASES

The Corporation has operating leases for office and garage storage spaces used throughout the year. The determination of whether an arrangement is a lease is made at the lease's inception.

During the year ended June 30, 2023, the Corporation adopted Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Under ASU 2016-02, the Corporation has made an accounting policy election to apply the short-term lease recognition exemption for all applicable classes of underlying assets. Leases with a term of 12-months or less that do not include an option to purchase the underlying asset, are not recorded on the balance sheet as right-of-use assets or lease liabilities. The Corporation has elected to expense the cost of the short-term leases on the straight-line basis in the accompanying statement of activities.

Beginning September 1, 2021, the Corporation has leased office facilities from the USOPC pursuant to a lease that initially expired August 31, 2022, with automatic annual renewals unless either party informs the other in writing no less than 60 days prior to the end of the then current lease term year. This lease renewed during the year ended June 30, 2023. The monthly rent is \$66. This lease was not renewed during the year ended June 30, 2024.

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. This lease was not renewed as of the expiration date. The right-of-use asset and lease liability for the final six months of the term was trivial and therefore no amounts for right-of-use asset and lease liability were recorded.

Additionally, the Corporation is on a month-to-month lease with the USOPC in the amount of \$200 per month for office space in Lake Placid.

Total rent expense amounted to \$2,796 and \$5,193 for the years ended June 30, 2024 and 2023, respectively.

Notes to Consolidated Financial Statements

J. RELATED PARTY TRANSACTIONS

IBSF, the international bobsled and skeleton organization, distributed \$78,087 and \$80,146 to the Corporation during the years ended June 30, 2024 and 2023, respectively. Of these amounts, \$78,087 and \$80,146, respectively, was for athlete incentives, prizes, and bonuses.

The USOPC provides grants to the Corporation for sports development, international competition, and team preparation. Grants provided during the years ended June 30, 2024 and 2023, consisted of the following project categories:

	<u>2024</u>	<u>2023</u>
NGB Funding	\$ 1,689,604	\$ 1,660,000
Special grants	192,061	218,137
Value in-kind	<u>57,489</u>	<u>65,027</u>
	<u>\$ 1,939,154</u>	<u>\$ 1,943,164</u>

In addition to the above grants, the Corporation received \$50,000 from the USOPC for under a media agreement during the year ended June 30, 2023. The funding was based on the total number of unique visitors to the digital platform. This agreement was in place through December 2023.

In December 2023, the Corporation entered into a new digital engagement platform agreement with the USOPC. This contract became effective January 1, 2024, and continues through December 31, 2024. This agreement grants the USOPC the exclusive right and license to host and manage the Corporations website, as well as various other exclusive media rights. The media fee granted by this contract is \$25,000 annually.

As discussed in Note I, the USOPC provides the Corporation with office facilities in Lake Placid for \$200 a month.

Rental expense under these leases for the years ended June 30, 2024 and 2023, amounted to \$2,796 and \$3,193, respectively.

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

Notes to Consolidated Financial Statements

K. 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, 2024 and 2023, the Corporation made matching contributions for eligible employees of \$17,253 and \$19,927, respectively.

L. COMMITMENT AND CONTINGENCIES

Occasionally, in the normal conduct of business, the Corporation may be named defendant in a lawsuit or other form of legal action. In the opinion of management, any pending or threatened claims against the Corporation, as of June 30, 2024, are either without merit or will not exceed insurance limits.

M. EMPLOYEE RETENTION CREDITS

The 2021 Coronavirus Aid, Relief, and Economic Security (CARES) act included a provision that created the employee retention credit, a refundable tax credit against certain employment taxes of up to \$7,000 per employee for eligible employers and certain calendar quarters in 2020 and 2021.

During the year ended June 30, 2023, the Corporation determined it was eligible for the Employee Retention Credit and submitted amended payroll tax returns to claim these credits. The Corporation had determined that as of June 30, 2023, the criteria for recognition of this conditional grant had been met. Due to this determination, the Corporation had recorded \$478,647 in relation to the employee retention credit in the accompanying consolidated statement of activities and changes in net assets during the year ended June 30, 2023.

Due to delays in processing these claims by the Internal Revenue Service, these funds had not yet been received as of June 30, 2024. These amounts are reported as grants receivable in the accompanying statement of financial position.

N. UNCERTAINTIES

With the rising cost of inflation and potential recession, it is uncertain what effect these factors may have on operations of the Corporation in the coming year.

USA BOBSLED/SKELETON, INC.
U.S. BOBSLED AND SKELETON FOUNDATION, LLC
Supplemental Consolidating Statement of Financial Position
June 30, 2023

ASSETS

	<u>USABS</u>	<u>USBS Foundation</u>	<u>Total</u>
CURRENT ASSETS:			
Cash and cash equivalents	\$ 1,886,890	\$	\$ 1,886,890
Short-term investments	257,616		257,616
Accounts receivable	33,017		33,017
Due from the USA Bobsled & Skeleton Foundation	62,914		62,914
Pledges receivable			
Grants receivable	478,647		478,647
Prepaid expenses	<u>52,794</u>		<u>52,794</u>
Total current assets	2,771,878		2,771,878
PROPERTY & EQUIPMENT:			
Property and equipment	3,203,407		3,203,407
Less accumulated depreciation	<u>(1,986,932)</u>		<u>(1,986,932)</u>
Property & equipment, net	1,216,475		1,216,475
LONG-TERM INVESTMENTS	303,266		303,266
OTHER ASSETS:			
Beneficial interest in Trust	<u>1,441,394</u>		<u>1,441,394</u>
Total other assets	<u>1,441,394</u>		<u>1,441,394</u>
TOTAL ASSETS	<u>\$ 5,733,013</u>	<u>\$</u>	<u>\$ 5,733,013</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:			
Accounts payable and accrued liabilities	\$ 114,113	\$	\$ 114,113
Refundable advances	441,561		441,561
Deferred revenue	<u>126,020</u>		<u>126,020</u>
Total liabilities	681,694		681,694
NET ASSETS:			
Without donor restrictions	3,554,967		3,554,967
With donor restrictions	<u>1,496,352</u>		<u>1,496,352</u>
Total net assets	<u>5,051,319</u>		<u>5,051,319</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,733,013</u>	<u>\$</u>	<u>\$ 5,733,013</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, 2024

	<u>USABS</u>	<u>USBS Foundation</u>	<u>Eliminating Entries</u>	<u>Total</u>
REVENUE AND SUPPORT:				
USOPC grants	\$ 1,881,665	\$	\$	\$ 1,881,665
Corporate sponsorship	514,378			514,378
Grants	475,000			475,000
Contributions	236,078	27,806		263,884
Contributions - VIK	211,898			211,898
Change in beneficial interest in Trust	101,852			101,852
Special event	90,961			90,961
IBSF distributions	78,087			78,087
Trust distribution	71,081			71,081
Miscellaneous income	56,766			56,766
Unrealized gain on investments	42,550			42,550
USOPC marketing agreement	37,500			37,500
Interest income	21,902			21,902
Member dues	17,828			17,828
Royalty revenue	2,227			2,227
Change in USBS Foundation	6,621		(6,621)	
Loss on disposal of equipment	(75,051)			(75,051)
	<u>3,771,343</u>	<u>27,806</u>	<u>(6,621)</u>	<u>3,792,528</u>
Total revenue and support				
EXPENSES:				
Program services:				
Men's bobsled	566,587			566,587
Women's bobsled	559,120			559,120
Athlete expense	531,972			531,972
Development	442,240			442,240
Skeleton	351,355			351,355
Para program	157,747			157,747
Membership expense	89,817			89,817
Recruiting	12,766			12,766
	<u>2,711,604</u>			<u>2,711,604</u>
Total program services				
Supporting services:				
General & administrative	711,888	3,853		715,741
Marketing & public relations	139,394	17,332		156,726
	<u>851,282</u>	<u>21,185</u>		<u>872,467</u>
Total supporting services				
Total expenses	<u>3,562,886</u>	<u>21,185</u>		<u>3,584,071</u>
CHANGE IN NET ASSETS	208,457	6,621	(6,621)	208,457
NET ASSETS, beginning of year	5,085,077	235,594	(235,594)	5,085,077
TRANSFER OF NET ASSETS, USA Bobsled & Skeleton Foundation		<u>(242,215)</u>		<u>(242,215)</u>
NET ASSETS, end of year	<u>\$ 5,293,534</u>	<u>\$</u>	<u>\$ (242,215)</u>	<u>\$ 5,051,319</u>