

UNITED STATES LUGE ASSOCIATION, INC.

Financial Statements
(With Independent Auditors' Report)

For the Years Ended August 31, 2023 and 2022

UNITED STATES LUGE ASSOCIATION, INC.
For the Years Ended August 31, 2023 and 2022

Table of Contents

	<u>Page(s)</u>
Independent Auditors' Report	
Statements of Financial Position	4
Statement of Activities - 2023	5
Statement of Activities - 2022	6
Statements of Functional Expenses	
Program Expenses	7
Supporting Expenses	8
Statements of Cash Flows	9
Notes to Financial Statements	10 - 19

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" or "Association"), which comprise the statement of financial position as of August 31, 2023, 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, 2023, 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 Auditors' 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 December 28, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2022, 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, 2024
VT Reg. No. 92-349

UNITED STATES LUGE ASSOCIATION, INC.

Statements of Financial Position

August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 59,407	\$ 239,907
Restricted cash - athlete training fund	58,809	55,950
Accounts receivable	28,543	37,448
Prepaid expenses	37,852	29,355
Materials and supplies	27,431	-
Property and equipment, net	65,520	106,244
Beneficial interest in the assets of U.S. Luge Federation Foundation	<u>1,691,957</u>	<u>1,834,538</u>
Total assets	<u>\$ 1,969,519</u>	<u>\$ 2,303,442</u>
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$ 485,445	\$ 410,256
Line of credit	85,354	85,354
Due to athletes	<u>58,809</u>	<u>55,950</u>
Total liabilities	<u>629,608</u>	<u>551,560</u>
Without donor restrictions	(352,046)	(88,008)
With donor restrictions	<u>1,691,957</u>	<u>1,839,890</u>
Total net assets	<u>1,339,911</u>	<u>1,751,882</u>
Total liabilities and net assets	<u>\$ 1,969,519</u>	<u>\$ 2,303,442</u>

See accompanying notes to the financial statements.

UNITED STATES LUGE ASSOCIATION, INC.

Statement of Activities

For the Year Ended August 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains and Other Support			
Support from United States Olympic Committee	\$ 1,187,375	\$ -	\$ 1,187,375
Corporate sponsor contributions	782,473	-	782,473
U.S. Luge Federation Foundation	200,000	-	200,000
Change in value of beneficial interest	-	(142,581)	(142,581)
FIL grants, coaching fees and track fees	209,502	-	209,502
Trip revenue - development and candidate teams	363,250	-	363,250
Membership dues	27,445	-	27,445
Equipment and store sales	6,122	-	6,122
Promotional sponsorship	188,776	-	188,776
Event income	197,066	-	197,066
Program donations	144,082	-	144,082
In kind rent revenue	137,690	-	137,690
In kind donations	350,000	-	350,000
Other	20,871	-	20,871
Net assets released from restriction	<u>5,352</u>	<u>(5,352)</u>	<u>-</u>
 Total revenues, gains and other support	 <u>3,820,004</u>	 <u>(147,933)</u>	 <u>3,672,071</u>
Expenses			
Program services:			
National team	1,861,455	-	1,861,455
Recruitment	69,821	-	69,821
Athlete development	461,225	-	461,225
Technical committee	421,836	-	421,836
Racing services	<u>791</u>	<u>-</u>	<u>791</u>
 Total program services	 <u>2,815,128</u>	 <u>-</u>	 <u>2,815,128</u>
Supporting services:			
General and administrative	510,799	-	510,799
Fundraising	<u>758,115</u>	<u>-</u>	<u>758,115</u>
 Total supporting services	 <u>1,268,914</u>	 <u>-</u>	 <u>1,268,914</u>
 Total expenses	 <u>4,084,042</u>	 <u>-</u>	 <u>4,084,042</u>
 Change in net assets	 (264,038)	 (147,933)	 (411,971)
Net assets - beginning of year	<u>(88,008)</u>	<u>1,839,890</u>	<u>1,751,882</u>
Net assets - end of year	<u>\$ (352,046)</u>	<u>\$ 1,691,957</u>	<u>\$ 1,339,911</u>

See accompanying notes to the financial statements.

UNITED STATES LUGE ASSOCIATION, INC.

Statement of Activities

For the Year Ended August 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains and Other Support			
Support from United States Olympic Committee	\$ 1,295,029	\$ -	\$ 1,295,029
Corporate sponsor contributions	730,223	-	730,223
U.S. Luge Federation Foundation	75,000	-	75,000
Change in value of beneficial interest	-	(260,481)	(260,481)
FIL grants, coaching fees and track fees	126,572	23,359	149,931
Trip revenue - development and candidate teams	178,308	-	178,308
Membership dues	23,877	-	23,877
Equipment and store sales	22,489	-	22,489
Promotional sponsorship	25,502	-	25,502
Event income	128,756	15,000	143,756
Program donations	74,971	46,123	121,094
In kind rent revenue	137,690	-	137,690
In kind donations	240,000	-	240,000
Other	18,248	-	18,248
Net assets released from restriction	<u>79,130</u>	<u>(79,130)</u>	<u>-</u>
 Total revenues, gains and other support	 <u>3,155,795</u>	 <u>(255,129)</u>	 <u>2,900,666</u>
Expenses			
Program services:			
National team	1,913,744	-	1,913,744
Recruitment	95,411	-	95,411
Athlete development	207,969	-	207,969
Governance	2,325	-	2,325
Technical committee	353,539	-	353,539
Racing services	<u>18,847</u>	<u>-</u>	<u>18,847</u>
 Total program services	 <u>2,591,835</u>	 <u>-</u>	 <u>2,591,835</u>
Supporting services:			
General and administrative	426,438	-	426,438
Fundraising	<u>510,657</u>	<u>-</u>	<u>510,657</u>
 Total supporting services	 <u>937,095</u>	 <u>-</u>	 <u>937,095</u>
 Total expenses	 <u>3,528,930</u>	 <u>-</u>	 <u>3,528,930</u>
 Change in net assets	 (373,135)	 (255,129)	 (628,264)
Net assets - beginning of year	<u>285,127</u>	<u>2,095,019</u>	<u>2,380,146</u>
Net assets - end of year	<u>\$ (88,008)</u>	<u>\$ 1,839,890</u>	<u>\$ 1,751,882</u>

See accompanying notes to the financial statements.

UNITED STATES LUGE ASSOCIATION, INC.
 Statements of Functional Expenses - Program
 For the Year Ended August 31, 2023
 (With Summarized Financial Information for the Year Ended August 31, 2022)

	National Team	Recruitment	Athlete Development	Technical Committee	Racing Services	2023 Total	2022 Total
Payroll	\$ 276,936	\$ 44,203	\$ 108,982	\$ 45,938	\$ -	\$ 476,059	\$ 576,203
Payroll taxes	23,593	3,800	8,757	3,943	-	40,093	49,524
Retirement plan contributions	11,784	2,783	4,998	2,997	-	22,562	23,153
Health and dental insurance	30,169	4,719	14,423	2,021	-	51,332	49,877
Athlete initiative	2,653	-	600	-	-	3,253	16,250
Building operations	19,628	-	-	-	-	19,628	32,581
Competitive equipment and apparel	253,660	963	3,941	16,401	791	275,756	139,013
Depreciation	33,611	-	-	-	-	33,611	33,524
Foreign coaches and team consultants	196,414	-	-	-	-	196,414	152,528
Housing and meals	-	-	-	-	-	-	2,892
Independent contractors	-	-	-	-	-	-	23,372
Insurance	1,546	-	-	-	-	1,546	1,614
Loss on asset disposal	-	-	-	-	-	-	1,424
Miscellaneous	3,286	-	-	152	-	3,438	9,406
Postage	230	-	-	384	-	614	7,708
Team clothing and supplies -VIK	103,578	-	-	-	-	103,578	64,665
Team trip - junior fall	180,417	-	-	-	-	180,417	187,559
Team trip - junior winter	117,425	-	-	-	-	117,425	175,677
Team trip - senior fall	381,264	-	-	-	-	381,264	426,088
Team trip - senior winter	204,015	-	-	-	-	204,015	244,085
Technical support	-	-	-	350,000	-	350,000	240,000
Telephone	15	-	-	-	-	15	619
Training camps	19,075	-	319,370	-	-	338,445	82,854
Travel	422	-	-	-	-	422	5,987
Vehicle costs	1,734	29	154	-	-	1,917	6,814
Wheel clinics	-	13,324	-	-	-	13,324	38,418
Total	<u>\$1,861,455</u>	<u>\$ 69,821</u>	<u>\$ 461,225</u>	<u>\$ 421,836</u>	<u>\$ 791</u>	<u>\$2,815,128</u>	<u>\$ 2,591,835</u>

See accompanying notes to the financial statements.

UNITED STATES LUGE ASSOCIATION, INC.
Statements of Functional Expenses - Supporting
For the Year Ended August 31, 2023
(With Summarized Financial Information for the Year Ended August 31, 2022)

	<u>General and Administrative</u>	<u>Fundraising</u>	<u>2023 Total</u>	<u>2022 Total</u>
Payroll	\$ 124,220	\$ 173,847	\$ 298,067	\$ 279,255
Payroll taxes	10,967	14,066	25,033	23,061
Retirement plan contributions	10,695	10,518	21,213	17,719
Health and dental insurance	16,844	17,397	34,241	23,749
Building operations	196,329	-	196,329	169,938
Consultants	-	15,900	15,900	15,900
Depreciation	10,218	-	10,218	10,936
Entertainment and gifts	193	720	913	4,951
Events	-	171,412	171,412	129,502
Housing and meals	733	662	1,395	4,415
Insurance	86,581	-	86,581	75,531
Interest expense	9,013	-	9,013	4,077
Marketing	-	1,734	1,734	120
Member services	626	-	626	1,477
Miscellaneous	3,144	7,261	10,405	7,447
Postage	469	1,223	1,692	1,803
Professional fees	17,019	-	17,019	10,750
Public relations	-	300	300	3,150
Small equipment	6,352	-	6,352	9,901
Sponsor store sales program	-	-	-	14,931
Supplier support	-	10,707	10,707	25,245
Supplies	3,385	-	3,385	4,296
Team clothing	-	36,322	36,322	18,403
Telephone	7,671	-	7,671	8,162
Television support	-	244,680	244,680	17,750
Travel	6,340	961	7,301	9,414
Ukraine support	-	49,489	49,489	40,771
Vehicle costs	-	916	916	4,441
Total	<u>\$ 510,799</u>	<u>\$ 758,115</u>	<u>\$ 1,268,914</u>	<u>\$ 937,095</u>

See accompanying notes to the financial statements.

UNITED STATES LUGE ASSOCIATION, INC.

Statements of Cash Flows

For the Years Ended August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows provided by operating activities:		
Change in net assets	\$ (411,971)	\$ (628,264)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	43,829	44,460
Loss on asset disposals	-	1,424
Donated equipment included in support	-	(2,500)
Net change in beneficial interest in assets of U.S. Luge Federation Foundation	142,581	260,481
(Increase) decrease in accounts receivable	8,905	(26,346)
(Increase) decrease in prepaid expenses	(8,497)	40,750
(Increase) decrease in materials and supplies	(27,431)	-
(Increase) decrease in accounts payable and accrued liabilities	75,189	(83,254)
Increase in due to athletes	<u>2,859</u>	<u>13,453</u>
Net cash used in operating activities	(174,536)	(379,796)
Cash flows from investing activities:		
Purchases of property and equipment	<u>(3,105)</u>	<u>(18,000)</u>
Net decrease in cash and cash equivalents and restricted cash	(177,641)	(397,796)
Cash and cash equivalents and restricted cash, beginning of year	<u>295,857</u>	<u>693,653</u>
Cash and cash equivalents and restricted cash, end of year	<u>\$ 118,216</u>	<u>\$ 295,857</u>
Cash consists of:		
Cash and cash equivalents	\$ 59,407	\$ 239,907
Restricted cash - athlete training fund	<u>58,809</u>	<u>55,950</u>
	<u>\$ 118,216</u>	<u>\$ 295,857</u>
Supplemental disclosure of cash flow information:		
Cash paid during the years for:		
Interest	<u>\$ 9,013</u>	<u>\$ 4,077</u>

See accompanying notes to the financial statements.

UNITED STATES LUGE ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended August 31, 2023 and 2022

1. Nature of Activities

United States Luge Association, Inc. (the “Organization” or the “Association”) 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 & Paralympic Committee (“USOPC”). 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 USOPC 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, 2022, 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 statements 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, 2023 and 2022

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 \$58,809 and \$55,950 at August 31, 2023 and 2022, 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, 2023.

UNITED STATES LUGE ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended August 31, 2023 and 2022

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, 2020.

(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 statements 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) Accounts Receivable

Accounts receivable consist primarily of amounts due for travel and related expenses. Due to the nature of accounts receivable, no allowance for doubtful accounts is maintained. Balances that are still outstanding after management has used reasonable collection efforts are written off to bad debt. As of August 31, 2023, 2022, and September 1, 2021 accounts receivable totaled \$28,543, \$37,448, and \$11,102, respectively.

(j) Property and Equipment

The Association capitalizes all significant betterments with a cost, or estimated fair value, of at least \$2,500 and a useful life of at least one year. Prior to 2023 the Association capitalized sleds; however, effective September 1, 2022, the Association updated their capitalization policy to exclude sleds from property and equipment, therefore, sleds will now be expensed as incurred. Depreciation is provided on property and equipment over their estimated useful lives. Estimated useful lives range from three to ten years.

UNITED STATES LUGE ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended August 31, 2023 and 2022

Summary of Significant Accounting Policies (continued)

(k) 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.

(l) 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.

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.

(m) 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.

(n) Materials and Supplies

Materials and supplies consist primarily of sled components which are to be used in the development and enhancement of sleds for the next season. Amounts are recorded at cost.

(o) Subsequent Events

The Association evaluated subsequent events through January 5, 2024, the date the Association's financial statements were available to be used.

UNITED STATES LUGE ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended August 31, 2023 and 2022

3. Property and Equipment

Property and equipment consist of the following at August 31:

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 297,333	\$ 325,373
Vehicles	<u>109,014</u>	<u>109,014</u>
	406,347	434,387
Less: accumulated depreciation	<u>340,827</u>	<u>328,143</u>
Property and equipment, net	<u>\$ 65,520</u>	<u>\$ 106,244</u>

Total depreciation expense in 2023 and 2022 was \$43,829 and \$44,460, 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.

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 following three levels of inputs are 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 net asset value (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.

UNITED STATES LUGE ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended August 31, 2023 and 2022

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

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, 2023 and 2022:

	As of August 31, 2023			
	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Cash and cash equivalents	\$ 22,286	\$ 22,286	\$ -	\$ -
Mutual funds	333,928	333,928	-	-
Domestic bonds	18,700	18,700	-	-
International fixed income	90,831	90,831	-	-
Domestic equities	463,503	463,503	-	-
International equities	233,755	233,755	-	-
Non-traditional managers	<u>528,954</u>	<u>(A)</u>	<u>(A)</u>	<u>(A)</u>
Total	<u>\$ 1,691,957</u>	<u>\$ 1,163,003</u>	<u>\$ -</u>	<u>\$ -</u>
	As of August 31, 2022			
	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Cash and cash equivalents	\$ 21,640	\$ 21,640	\$ -	\$ -
Mutual funds	311,085	311,085	-	-
Domestic bonds	22,527	22,527	-	-
International fixed income	118,343	118,343	-	-
Domestic equities	463,009	463,009	-	-
International equities	233,232	233,232	-	-
Non-traditional managers	<u>664,702</u>	<u>(A)</u>	<u>(A)</u>	<u>(A)</u>
Total	<u>\$ 1,834,538</u>	<u>\$ 1,169,836</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, 2023 and 2022.

UNITED STATES LUGE ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended August 31, 2023 and 2022

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

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 funds, mutual funds, international fixed income, and non-traditional managers.

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.

The Association has adopted 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, 2023 and 2022, respectively, consist of the following:

	2023		
	Fair Value	Redemption Frequency	Redemption Notice Period
Limited partnerships (a)	\$ 180,531	Quarterly	10 - 60 days
Real estate fund (b)	70,421	Upon dissolution of fund	N/A
Private equity funds (c)	224,201	Upon dissolution of fund	N/A
Funds of funds (d)	<u>53,801</u>	Upon dissolution of fund	N/A
Total	<u>\$ 528,954</u>		

UNITED STATES LUGE ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended August 31, 2023 and 2022

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

	2022		
	Fair Value	Redemption Frequency	Redemption Notice Period
Limited partnerships (a)	\$ 234,534	Quarterly	10 - 60 days
Real estate fund (b)	53,337	Upon dissolution of fund	N/A
Private equity funds (c)	29,480	Upon dissolution of fund	N/A
Funds of funds (d)	<u>347,351</u>	Upon dissolution of fund	N/A
Total	<u>\$ 664,702</u>		

- (a) This class includes limited partnerships that invest primarily in foreign and domestic common stocks and commodities.
- (b) This class includes real estate funds in domestic and international 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.
- (c) This class includes private equity funds that invest 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.
- (d) This class includes one fund of funds that invests in foreign and domestic venture capital limited partnerships.

5. Retirement Plan

The Association has a defined contribution plan that covers substantially all employees. Contributions to the plan are equal to 6% of eligible compensation. The Association's contributions to the plan for the years ended August 31, 2023 and 2022 were \$43,775 and \$40,872, 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 each of the years ended August 31, 2023 and 2022.

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.

UNITED STATES LUGE ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended August 31, 2023 and 2022

7. Related Party and Concentration

The Association receives a substantial portion of its operating revenues from the USOPC. Any change with the USOPC could have a significant impact on the Association. Revenue for the years ended August 31, 2023 and 2022 from the USOPC amounted to \$1,187,375 and \$1,295,029, respectively. These amounts represent 32% and 45% of total revenues, gains and other support for the years ended August 31, 2023 and 2022, respectively. Management has indicated that they will continue to receive financial support provided by the USOPC.

USLFF was established by the Association in 1985 for the benefit and support of the Association. USLFF provided \$200,000 and \$75,000 of operating funds to the Association during the years ended August 31, 2023 and 2022, respectively. Management has indicated that they will continue to receive support from the USLFF.

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 2024 as of August 31, 2023 is \$2,599,945. 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 (except beneficial interest funds held with USLFF) with interest at 9.50% and 6.50% at August 31, 2023 and 2022, respectively. The outstanding borrowings on the revolving line of credit at August 31, 2023 and 2022 was \$85,354.

10. Net Assets with Donor Restrictions

Net assets with donor restrictions as of August 31, 2023 and 2022 totaled \$1,733,749 and \$1,839,890, respectively. The majority of this balance relates to the USLFF investment fund except for \$5,000 at August 31, 2022 relating to the Ukraine support that was not yet spent.

UNITED STATES LUGE ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended August 31, 2023 and 2022

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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 59,407	\$ 234,907
Accounts receivable	<u>28,543</u>	<u>37,448</u>
	<u>\$ 87,950</u>	<u>\$ 272,355</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.