

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

**Consolidated Financial Statements &
Supplemental Information**

For the Year Ended June 30, 2023

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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, 2023, 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, 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 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 20, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, 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 9, 2023

USA BOBSLED/SKELETON, INC. & SUBSIDIARY
Consolidated Statement of Financial Position
June 30, 2023
(With Comparative Amounts for 2022)

<u>ASSETS</u>		
	<u>2023</u>	<u>2022</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,218,889	\$ 1,562,402
Accounts receivable	52,897	126,449
Pledges receivable	30,000	
Grants receivable	478,647	
Deposits	500	500
Prepaid insurance	61,529	67,409
Prepaid expenses		4,331
	<hr/>	<hr/>
Total current assets	2,842,462	1,761,091
PROPERTY AND EQUIPMENT:		
Property and equipment	4,187,298	4,601,001
Less accumulated depreciation	<u>(2,674,312)</u>	<u>(2,816,657)</u>
Property and equipment, net	1,512,986	1,784,344
LONG-TERM INVESTMENTS	11,091	10,291
OTHER ASSETS:		
Long-term pledges receivable	60,000	
Beneficial interest in Trust	<u>1,339,541</u>	<u>1,285,392</u>
TOTAL ASSETS	<u>\$ 5,766,080</u>	<u>\$ 4,841,118</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 60,926	\$ 176,306
Due to United States Olympic & Paralympic Committee		14,660
Refundable advances	518,318	10,904
Deferred revenue	<u>101,759</u>	<u>10,810</u>
Total current liabilities	681,003	212,680
NET ASSETS:		
Without donor restrictions	3,637,532	3,308,205
With donor restrictions	<u>1,447,545</u>	<u>1,320,233</u>
Total net assets	<u>5,085,077</u>	<u>4,628,438</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,766,080</u>	<u>\$ 4,841,118</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, 2023
(With Comparative Totals for 2022)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Totals</u>	<u>2022 Totals</u>
REVENUE AND SUPPORT:				
USOPC grants	\$ 1,878,137	\$	\$ 1,878,137	\$ 2,494,063
Employee retention tax credits	478,647		478,647	
Corporate sponsorship	475,012		475,012	712,213
Contributions	212,214	234,539	446,753	583,252
Contributions - VIK	210,417		210,417	347,950
IBSF distributions	80,146		80,146	167,773
Trust distributions	64,906		64,906	83,040
Change in beneficial interest in Trust		54,149	54,149	(316,150)
Miscellaneous income	53,107		53,107	53,669
USOPC media agreement	50,000		50,000	50,000
Member dues	16,374		16,374	16,965
Royalty revenue	1,232		1,232	2,243
Unrealized gain (loss) on investments	1,175		1,175	(2,015)
Interest income, net of expense	544		544	50
PPP grant				232,100
Loss on disposal of equipment	(79,262)		(79,262)	
Satisfied program restrictions	<u>161,376</u>	<u>(161,376)</u>		
Total revenue and support	3,604,025	127,312	3,731,337	4,425,153
EXPENSES:				
Program services:				
Athlete expense	553,358		553,358	721,219
Men's bobsled	541,689		541,689	840,062
Women's bobsled	524,791		524,791	693,181
Skeleton	415,947		415,947	612,855
Development	314,214		314,214	216,376
Membership expense	89,406		89,406	59,504
Para program	70,198		70,198	107,136
Recruiting	3,092		3,092	3,240
Lake Placid				<u>189</u>
Total program services	2,512,695		2,512,695	3,253,762
Supporting services:				
General & administrative	523,186		523,186	564,814
Marketing & public relations	<u>238,817</u>		<u>238,817</u>	<u>219,164</u>
Total supporting services	762,003		762,003	783,978
Total expenses	3,274,698		3,274,698	4,037,740
CHANGE IN NET ASSETS	329,327	127,312	456,639	387,413
NET ASSETS, beginning of year	3,308,205	1,320,233	4,628,438	4,241,025
NET ASSETS, end of year	\$ 3,637,532	\$ 1,447,545	\$ 5,085,077	\$ 4,628,438

See Notes to Consolidated Financial Statements

	General & Administrative	Marketing & Public Relations	2023 Totals	2022 Totals
	\$	\$	\$	\$
Athlete funding			26,895	29,950
Athlete incentives	11,067		56,039	100,366
Athlete support	10,453		16,234	56,706
Bad debts	5,820		10,453	1,090
Bank charges & merchant fees			5,820	6,121
Clothing				
Contract labor		63,563	138,551	148,627
Depreciation			396,764	369,556
Dues & subscriptions	8,644		8,644	7,274
Employee benefits	28,991	2,000	70,637	60,340
Entry fees			17,041	25,332
Equipment		350	129,184	261,192
Foundation Board	3,831		3,831	1,163
(Gain) loss on currency exchange	1,491		1,491	(12)
Goodwill gestures	617		617	32
Insurance	35,357		131,329	99,024
Interest expense	6		6	1,541
Legal & accounting	17,786		17,786	61,263
Marketing	726	65,525	66,251	63,458
Meals/lodging	62	62	359,050	530,119
Meetings	3,591		3,591	3,608
Membership expense			175	3,476
Naming rights		4,331	4,331	10,667
Office supplies	861		861	950
Other	9,912	3,356	51,245	60,179
Payroll taxes	20,641	6,833	80,900	80,248
Postage	1,667		1,667	1,741
Professional development	11,320		29,064	10,496
Publicity	343		343	551
Public relations		307	307	392
Recruiting			85,137	50,301
Rent-building	3,193		3,193	2,861
Salaries	322,968	89,214	1,110,135	1,103,615
Simple IRA expense	8,839	2,680	19,927	14,827
Sled shipping			147,555	381,109
State unemployment insurance	6,414		6,414	2,676
Telephone	8,009		8,009	8,776
Travel	577	596	265,221	478,125
	\$	\$	\$	\$
	523,186	238,817	3,274,698	4,037,740

See Notes to Consolidated Financial Statements

USA BOBSLED/SKELETON, INC. & SUBSIDIARY
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2023
(With Comparative Amounts for 2022)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 456,639	\$ 387,413
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	396,764	369,556
Unrealized (gain) loss on investments	(1,175)	2,015
Loss on disposal of equipment	79,262	
Forgiveness of PPP loan		(232,100)
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	73,552	(123,693)
Pledges receivable	(90,000)	
Grants receivable	(478,647)	
Deposit		(500)
Prepaid insurance	5,880	(11,156)
Prepaid expenses	4,331	12,940
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(115,380)	14,885
Due to United States Olympic & Paralympic Committee	(14,660)	(110,760)
Refundable advances	507,414	(65,940)
Deferred revenue	90,949	(13,024)
Total adjustments	<u>458,290</u>	<u>(157,777)</u>
Net cash provided by operating activities	914,929	229,636
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	<u>(204,668)</u>	<u>(442,477)</u>
Net cash used by investing activities	(204,668)	(442,477)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Long term investment	375	375
Payments on note payable		(43,308)
Beneficial interest in Trust	<u>(54,149)</u>	<u>316,150</u>
Net cash provided (used) by financing activities	<u>(53,774)</u>	<u>273,217</u>
NET INCREASE IN CASH	656,487	60,376
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,562,402</u>	<u>1,502,026</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,218,889</u>	<u>\$ 1,562,402</u>

See Notes to Consolidated Financial Statements

USA BOBSLED/SKELETON, INC. & SUBSIDIARY
Notes to Consolidated Financial Statements
For the Year Ended June 30, 2023

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, 2023, include the assets, liabilities, net assets, and financial activities of the Corporation and its subsidiary, U.S. Bobsled and Skeleton Foundation, LLC (Foundation), a single-member limited liability company formed in February, 2013.

Prior-Year Comparisons

The financial statements include certain prior year summarized comparative information in total but not by functional expense or net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended June 30, 2022, 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, 2023 and 2022, the Corporation paid interest costs of \$6 and \$1,541, respectively. The Corporation paid no income taxes either year.

Accounts Receivable

Accounts receivable recorded by the Corporation include amounts from contracts with customers. Receivables from contracts with customers at the beginning and end of the period were \$29,087 and \$3,844, respectively.

Accounts receivable are stated at the amount the Corporation expects to collect from balances outstanding at year-end. Based on management's assessment of the outstanding balances, it has concluded that an allowance for doubtful accounts was not necessary at June 30, 2023 and 2022.

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 \$75,846 as of June 30, 2023.

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 at June 30, 2023. Combined pledges receivable as of June 30, 2023 are \$90,000.

Notes to Consolidated Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property and Equipment

Property and equipment are recorded at cost as of the date of acquisition or fair value as of the date of receipt in the case of donations. Depreciation is recorded using the straight-line method over estimated useful lives of three to 10 years.

Deferred Revenue

Deferred revenue, a contract liability, recognized by the Corporation represents amounts from contracts with customers. This revenue is deferred as of year-end because the performance obligations relating to this revenue have not yet been completed by the entities. Deferred revenue from contracts with customers at the beginning and end of the period were \$10,810 and \$101,759, 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, 2023. As the Corporation satisfies the barriers and conditions set forth in the grant contract, revenue will be recognized accordingly. Refundable advances are \$518,318 at June 30, 2023.

Contributions

Contributions are recorded when received as without donor restrictions, with donor restrictions - temporary in nature, or with donor restrictions - perpetual in nature, depending on the existence or nature of any donor restrictions. When a donor restriction is met, net assets with donor restrictions - temporary in nature are reclassified to net assets without donor restrictions and reported in the statement of activities as satisfaction of program restrictions. Contributions whose restrictions are met in the same reporting period are recorded as unrestricted support. USOPC grants and International Bobsleigh & Skeleton Federation (IBSF) distributions are considered contributions.

Notes to Consolidated Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributions - continued

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. 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

During the year ended June 30, 2022, the Corporation 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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Housing	\$ 65,027	\$ 92,534
Apparel	64,530	88,044
Equipment and supplies	28,215	78,703
Vehicle rentals	28,145	42,720
Equipment transportation	24,500	40,949
Services	<u>5,000</u>	<u>5,000</u>
	<u>\$ 210,417</u>	<u>\$ 347,950</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 J 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 9, 2023, the date that the financial statements were available to be issued.

B. AVAILABLE RESOURCES AND LIQUIDITY

The Corporation has grant funding commitments to meet most expenses. The Corporation seeks sponsorships, donations, and other contributions to cover other general expenditures.

The Corporation regularly monitors liquidity necessary to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Corporation has cash and cash equivalents as a current source of liquidity at its disposal.

Notes to Consolidated Financial Statements

B. AVAILABLE RESOURCES AND LIQUIDITY - Continued

The Corporation's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,218,889	\$ 1,562,402
Accounts receivable	52,897	126,449
Pledges receivable	90,000	
Grants receivable	<u>478,647</u>	<u> </u>
	2,840,433	1,688,851
Less assets with donor restrictions:		
Donor restrictions - temporary	<u>97,825</u>	<u>24,662</u>
Financial assets available within one year	<u>\$ 2,742,608</u>	<u>\$ 1,664,189</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:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation has the ability to access at the measurement date.

Notes to Consolidated Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following tables present assets that are measured at fair value on a recurring basis at June 30, 2023 and 2022:

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	<u> </u>	<u>11,091</u>	<u> </u>	<u>11,091</u>
	<u>\$ 1,339,541</u>	<u>\$ 11,091</u>	<u>\$</u>	<u>\$ 1,350,632</u>

Assets at Fair Value as of June 30, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in trust	\$ 1,285,392	\$	\$	\$ 1,285,392
Adirondack Foundation pooled funds	<u> </u>	<u>10,291</u>	<u> </u>	<u>10,291</u>
	<u>\$ 1,285,392</u>	<u>\$ 10,291</u>	<u>\$</u>	<u>\$ 1,295,683</u>

Some investments are exposed to various risks that may cause their reported fair values to fluctuate from period to period and could materially affect the recorded 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.

Notes to Consolidated Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Sleds	\$ 3,387,404	\$ 3,747,357
Furniture and equipment	375,314	402,544
Runners	318,525	351,495
Leasehold improvements	74,848	68,398
Restricted assets	25,000	25,000
Trailer	6,207	6,207
Less accumulated depreciation	<u>(2,674,312)</u>	<u>(2,816,657)</u>
Property and equipment, net	<u>\$ 1,512,986</u>	<u>\$ 1,784,344</u>

Depreciation expense amounted to \$396,764 and \$369,556 for the years ended June 30, 2023 and 2022, respectively.

E. BENEFICIAL INTEREST IN TRUST

The United States Bobsled and Skeleton Corporation Trust (the Trust) was established by the Corporation to administer unrestricted funds distributed by the 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, 2023 and 2022, the Trust had total assets of \$1,339,541 and \$1,285,392, respectively. This amount is included in net assets with donor restrictions - perpetual in nature.

The Trust is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It has also been determined not to be a private foundation.

Notes to Consolidated Financial Statements

E. BENEFICIAL INTEREST IN TRUST - Continued

At June 30, 2023 and 2022, the Trust's net assets consisted of the following:

	<u>2023</u>	<u>2022</u>
Exchange-traded and closed end funds	\$ 1,003,035	\$ 953,618
Mutual funds	322,512	317,985
Cash and cash equivalents	<u>13,994</u>	<u>13,789</u>
	<u>\$ 1,339,541</u>	<u>\$ 1,285,392</u>

F. ENDOWMENT FUNDS

In accordance with generally accepted accounting principles, net assets associated with endowment funds are classified between net assets with donor restriction - perpetual and temporary in nature and reported based on the existence of donor-imposed restrictions.

Interpretation of Relevant Law

The Corporation's Board of Directors has interpreted the Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restriction except for explicit donor-stipulations to the contrary. As a result of this interpretation, perpetually restricted assets include the original value of the gift and any required accumulations for inflation stipulated by the donor.

	<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Temporary</u>	<u>Perpetual</u>	
Endowment net assets, July 1, 2021	\$	\$ 10,179	\$ 10,179
Investment income Expenditures	_____	_____	_____
Endowment net assets, June 30, 2022	\$	\$ 10,179	\$ 10,179
Investment income Expenditures	_____	_____	_____
Endowment net assets, June 30, 2023	<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, 2023 and 2022, 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, 2023 and 2022, consist of the following:

	<u>2023</u>	<u>2022</u>
Time restrictions	\$ 90,000	\$
Holcomb memorial fund for athletes	7,325	7,325
Medical support	500	500
Parasport support	<u> </u>	<u>16,837</u>
	<u>\$ 97,825</u>	<u>\$ 24,662</u>

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

During the years ended June 30, 2023 and 2022, net assets were released from restrictions as follows:

	<u>2023</u>	<u>2022</u>
Parasport support	<u>\$ 161,376</u>	<u>\$ 107,132</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.

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 at June 30, 2022.

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 \$5,193 and \$2,861 for the years ended June 30, 2023 and 2022, respectively.

Notes to Consolidated Financial Statements

J. RELATED PARTY TRANSACTIONS

IBSF, the international bobsled and skeleton organization, distributed \$80,146 and \$167,773 to the Corporation during the years ended June 30, 2023 and 2022, respectively. Of these amounts, \$80,146 and \$153,407, 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, 2023 and 2022, consisted of the following project categories:

	<u>2023</u>	<u>2022</u>
NGB Funding	\$ 1,660,000	\$ 2,265,552
Special grants	218,137	141,362
Value in-kind	65,027	92,534
Athlete development	<u> </u>	<u>87,148</u>
	<u>\$ 1,943,164</u>	<u>\$ 2,586,596</u>

In addition to the above grants, the Corporation received \$50,000 from the USOPC for its media agreement for both years ended June 30, 2023 and 2022. The media agreement was effective through December 31, 2016. The funding is based on the total number of unique visitors to the digital platform. This funding has continued under the same terms upon the expiration of the agreement.

As discussed in Note I, the USOPC provides the Corporation with office facilities in Lake Placid for \$200 a month and office space in Colorado Springs for \$66 a month.

Rental expense under these leases for the years ended June 30, 2023 and 2022, amounted to \$3,193 and \$3,060, respectively.

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

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, 2023 and 2022, the Corporation made matching contributions for eligible employees of \$19,927 and \$14,827, respectively.

Notes to Consolidated Financial Statements

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, 2023, are either without merit or will not exceed insurance limits.

M. PAYCHECK PROTECTION PROGRAM AND OTHER GOVERNMENT GRANTS

On January 30, 2021, the Corporation was approved for a second PPP loan in the amount of \$232,100 from Community Bank. The Corporation received full forgiveness of the loan and as a result, the proceeds from the loan have been included in the statement of activities as PPP grant income during the year ended June 30, 2022.

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 \$5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States Government which extended the credit through September 30, 2021 and expanded the credit to allow it to be equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee was \$10,000 of qualified wages per quarter.

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

Notes to Consolidated Financial Statements

N. SUBSEQUENT EVENTS

In December 2021, the U.S. Bobsled and Skeleton Foundation formed a separate corporate entity registered in the state of Colorado. As of June 30, 2023, this entity has obtained tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. As Of October 2023, the U.S. Bobsled and Skeleton Foundation, LLC has officially dissolved and the Foundation assets transferred to the newly formed Foundation.

O. UNCERTAINTIES

An outbreak of a novel strain of coronavirus (COVID-19) has been recognized as a pandemic by the World Health Organization, and the COVID-19 outbreak has become increasingly widespread in the United States. The COVID-19 outbreak has had a notable impact on general economic conditions including, but not limited to, the uncertainty in global financial markets, temporary closures of many businesses, suspension or cancelation of events, "shelter in place" and other governmental regulations, and job losses. The extent to which the COVID-19 outbreak will affect the operations, collections, or financial results of the Corporation is uncertain.

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

	<u>ASSETS</u>			
	<u>USABS</u>	<u>USBS Foundation</u>	<u>Eliminating Entries</u>	<u>Total</u>
CURRENT ASSETS:				
Cash and cash equivalents	\$ 2,039,475	\$ 179,414	\$	\$ 2,218,889
Accounts receivable	47,047	5,850		52,897
Pledges receivable		30,000		30,000
Grants receivable	478,647			478,647
Deposits	500			500
Due from USBS Foundation	39,670		(39,670)	
Prepaid expenses	61,529			61,529
Total current assets	2,666,868	215,264	(39,670)	2,842,462
PROPERTY & EQUIPMENT:				
Property and equipment	4,187,298			4,187,298
Less accumulated depreciation	(2,674,312)			(2,674,312)
Property & equipment, net	1,512,986			1,512,986
LONG-TERM INVESTMENTS	11,091			11,091
OTHER ASSETS:				
Long-term pledges receivable		60,000		60,000
Investment in USBS Foundation	235,594		(235,594)	
Beneficial interest in Trust	1,339,541			1,339,541
Total other assets	1,575,135	60,000	(235,594)	1,399,541
TOTAL ASSETS	\$ 5,766,080	\$ 275,264	\$ (275,264)	\$ 5,766,080

	<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES:				
Accounts payable and accrued liabilities	\$ 60,926	\$	\$	\$ 60,926
Due to USA Bobsled/Skeleton, Inc.		39,670	(39,670)	
Refundable advances	518,318			518,318
Deferred revenue	101,759			101,759
Total liabilities	681,003	39,670	(39,670)	681,003
NET ASSETS:				
Without donor restrictions	3,727,532	145,594	(235,594)	3,637,532
With donor restrictions	1,357,545	90,000		1,447,545
Total net assets	5,085,077	235,594	(235,594)	5,085,077
TOTAL LIABILITIES AND NET ASSETS	\$ 5,766,080	\$ 275,264	\$ (275,264)	\$ 5,766,080

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, 2023

	<u>USABS</u>	<u>USBS Foundation</u>	<u>Eliminating Entries</u>	<u>Total</u>
REVENUE AND SUPPORT:				
USOPC grants	\$ 1,878,137	\$	\$	\$ 1,878,137
Employee retention tax credits	478,647			478,647
Corporate sponsorship	475,012			475,012
Contributions	250,240	295,013	(98,500)	446,753
Contributions - VIK	210,417			210,417
IBSF distributions	80,146			80,146
Trust distribution	64,906			64,906
Change in beneficial interest in Trust	54,149			54,149
Miscellaneous income	53,107			53,107
USOPC marketing agreement	50,000			50,000
Member dues	16,374			16,374
Royalty revenue	1,232			1,232
Unrealized gain on investments	1,175			1,175
Interest income	544			544
Change in USBS Foundation	101,273		(101,273)	
Loss on disposal of equipment	(79,262)			(79,262)
	<u>3,636,097</u>	<u>295,013</u>	<u>(199,773)</u>	<u>3,731,337</u>
EXPENSES:				
Program services:				
Athlete expense	553,358			553,358
Men's bobsled	541,689	98,500	(98,500)	541,689
Women's bobsled	524,791			524,791
Skeleton	415,947			415,947
Development	314,214			314,214
Membership expense	89,406			89,406
Para program	70,198			70,198
Recruiting	3,092			3,092
	<u>2,512,695</u>	<u>98,500</u>	<u>(98,500)</u>	<u>2,512,695</u>
Supporting services:				
General & administrative	499,819	23,367		523,186
Marketing & public relations	166,944	71,873		238,817
	<u>666,763</u>	<u>95,240</u>		<u>762,003</u>
Total supporting services	<u>666,763</u>	<u>95,240</u>		<u>762,003</u>
Total expenses	<u>3,179,458</u>	<u>193,740</u>	<u>(98,500)</u>	<u>3,274,698</u>
CHANGE IN NET ASSETS	456,639	101,273	(101,273)	456,639
NET ASSETS, beginning of year	<u>4,628,438</u>	<u>134,321</u>	<u>(134,321)</u>	<u>4,628,438</u>
NET ASSETS, end of year	<u>\$ 5,085,077</u>	<u>\$ 235,594</u>	<u>\$ (235,594)</u>	<u>\$ 5,085,077</u>