

**UNITED STATES ASSOCIATION OF
BLIND ATHLETES, INC.**

**Financial Statements &
Supplementary Information**

For the Year Ended December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United States Association of
Blind Athletes, Inc.
Colorado Springs, Colorado

We have audited the accompanying financial statements of United States Association of Blind Athletes, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and changes in net assets and of cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United States Association of Blind Athletes, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the United States Association of Blind Athletes, Inc.'s 2016 financial statements, and our report dated May 12, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, 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 financial statements as a whole. The schedules of program and supporting services are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 financial statements or to the 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

May 4, 2018

UNITED STATES ASSOCIATION OF BLIND ATHLETES, INC.

Statement of Financial Position

December 31, 2017

(With Comparative Amounts for 2016)

	<u>ASSETS</u>	
	<u>2017</u>	<u>2016</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 422,788	\$ 209,733
Accounts receivable	139	17,500
Prepaid expenses	<u>4,529</u>	<u>2,917</u>
Total current assets	427,456	230,150
LONG-TERM INVESTMENTS	403,804	338,746
PROPERTY AND EQUIPMENT:		
Athlete housing	340,719	340,719
Furniture and equipment	11,998	8,048
Athletic equipment	51,070	51,070
Teraflex floor	33,288	33,288
Less accumulated depreciation	<u>(77,798)</u>	<u>(58,716)</u>
Property and equipment - net	<u>359,277</u>	<u>374,409</u>
TOTAL ASSETS	<u>\$ 1,190,537</u>	<u>\$ 943,305</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 39,409	\$ 18,910
Payable to athletes	172,611	97,393
Accrued payroll liabilities	<u>4,359</u>	<u>4,711</u>
Total liabilities	216,379	121,014
NET ASSETS:		
Unrestricted	969,806	817,439
Temporarily restricted	<u>4,352</u>	<u>4,852</u>
Total net assets	<u>974,158</u>	<u>822,291</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,190,537</u>	<u>\$ 943,305</u>

See Notes to Financial Statements

UNITED STATES ASSOCIATION OF BLIND ATHLETES, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2017
(With Comparative Totals for 2016)

	Unrestricted	Temporarily Restricted	2017 Totals	2016 Totals
REVENUE:				
Grants	\$ 351,955	\$	\$ 351,955	\$ 125,433
Contributions & bequests	303,569		303,569	234,550
USOC grants	208,000		208,000	230,000
Paralympic outreach	100,961		100,961	108,417
Corporate sponsorship	67,833		67,833	58,760
Athlete registrations	57,613		57,613	33,421
Realized & unrealized gains (losses) on investments	52,560		52,560	16,131
In-kind contributions	46,072		46,072	49,270
Fundraising event contributions and sponsorships	29,466		29,466	78,614
Membership dues	22,435		22,435	21,230
Interest & dividends	2,922		2,922	2,127
Merchandise sales, net of cost of goods sold of \$18,065 and \$4,148	1,481		1,481	18,369
Other income	2		2	63,846
Satisfied program restrictions	500	(500)		
Total revenue	1,245,369	(500)	1,244,869	1,040,168
EXPENSES:				
Program services:				
Development	362,600		362,600	415,029
Athlete events	297,524		297,524	244,721
Membership	149,775		149,775	177,670
Coaches/referees	29,117		29,117	29,325
Total program services	839,016		839,016	866,745
Supporting services:				
General & administrative	144,228		144,228	132,380
Fundraising	109,758		109,758	62,680
Total supporting services	253,986		253,986	195,060
Total expenses	1,093,002		1,093,002	1,061,805
CHANGE IN NET ASSETS	152,367	(500)	151,867	(21,637)
NET ASSETS, beginning of year	817,439	4,852	822,291	843,928
NET ASSETS, end of year	\$ 969,806	\$ 4,352	\$ 974,158	\$ 822,291

See Notes to Financial Statements

UNITED STATES ASSOCIATION OF BLIND ATHLETES, INC.

Statement of Cash Flows

December 31, 2017

(With Comparative Amounts for 2016)

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 151,867	\$ (21,637)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	19,082	9,713
Net realized and unrealized (gains) losses on investments	(52,560)	(16,131)
Changes in assets and liabilities:		
Decrease in accounts receivable	17,361	242,000
(Increase) decrease in prepaid expenses	(1,612)	4,594
Increase (decrease) in accounts payable	20,499	(24,927)
Increase in payable to athletes	75,218	1,925
Increase (decrease) in payroll liabilities	(352)	1,665
Total adjustments	<u>77,636</u>	<u>218,839</u>
Net cash provided by operating activities	229,503	197,202
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(3,950)	(348,767)
Change in USOE investments, net	<u>(12,498)</u>	<u>47,969</u>
Net cash used by investing activities	<u>(16,448)</u>	<u>(300,798)</u>
NET INCREASE (DECREASE) IN CASH	213,055	(103,596)
CASH AND CASH EQUIVALENTS, beginning of year	<u>209,733</u>	<u>313,329</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 422,788</u>	<u>\$ 209,733</u>

See Notes to Financial Statements

UNITED STATES ASSOCIATION OF BLIND ATHLETES, INC.

Notes to Financial Statements

For the Year Ended December 31, 2017

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The United States Association of Blind Athletes, Inc. (Association) is the high-performance management organization for blind athletes, making it responsible for the promotion and development of athletic competitions in the United States.

Cash and Cash Equivalents

Cash and cash equivalents consist of the Association's checking and savings accounts.

Depreciation

Assets are recorded at cost and depreciated using the straight-line method over estimated useful lives of five to 10 years for furniture and equipment, and 30 years for buildings. Depreciation expense amounted to \$19,082 and \$9,713 for the years ended December 31, 2017 and 2016, respectively.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Contributions

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as satisfied program restrictions.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Donated Services

The Association recognizes donated services that create or enhance non-financial assets or that require specialized skills and would typically need to be purchased if not provided by donation.

Income Tax

The Association qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income tax. Accordingly, no income tax provision has been recorded.

The Association'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 filed. Management of the Association believes that it does not have any uncertain tax positions that are material to the financial statements.

Prior-year Comparisons

The financial statements include certain prior-year summarized comparative information in total but not by net asset. 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 December 31, 2016, from which the summarized information was derived.

Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through May 4, 2018, the date that the financial statements were available to be issued.

Notes to Financial Statements

B. INVESTMENTS

The Association 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 Association has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

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

The following tables present assets that are measured at fair value on a recurring basis at December 31, 2017 and 2016:

Assets at Fair Value as of December 31, 2017

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
USOE investment	\$ <u> </u>	\$ <u>403,804</u>	\$ <u> </u>	\$ <u>403,804</u>

Assets at Fair Value as of December 31, 2016

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
USOE investment	\$ <u> </u>	\$ <u>338,746</u>	\$ <u> </u>	\$ <u>338,746</u>

Notes to Financial Statements

B. INVESTMENTS - Continued

The USOE Investment consists of units in a pooled portfolio managed by the United States Olympic Endowment (USOE). At December 31, 2017, the USOE portfolio consisted of the following types of securities:

Alternative investments	37.08%
Domestic equities	31.73
International equities	20.79
Domestic bonds	6.94
International bonds	3.01
Cash and equivalents	<u>0.45</u>
	<u>100.00%</u>

C. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Copeland Scholarship Fund	<u>\$ 4,352</u>	<u>\$ 4,852</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2017 and 2016, the following amounts were released from temporarily restricted net assets:

	<u>2017</u>	<u>2016</u>
Resident program (Note F)	\$	\$ 412,559
WellPoint grant		89,601
Copeland Scholarship Fund	<u>500</u>	<u>1,000</u>
	<u>\$ 500</u>	<u>\$ 503,160</u>

D. RELATED PARTY TRANSACTIONS

The United States Olympic Committee (USOC) provided grants to the Association as follows:

	<u>2017</u>	<u>2016</u>
High Performance grants	\$ 183,000	\$ 230,000
Special grant	<u>25,000</u>	<u></u>
	<u>\$ 208,000</u>	<u>\$ 230,000</u>

Notes to Financial Statements

D. RELATED PARTY TRANSACTIONS - Continued

The Association is economically dependent on the funding it receives from the USOC to maintain its goalball high performance program at the current level.

E. IN-KIND CONTRIBUTIONS

In 2011, the Association moved into the USOC Sport Building at a discounted rental rate. In-kind revenue and rent expense of \$28,290 has been recorded for the years ended December 31, 2017 and 2016, in order to properly reflect the value of this contribution in the financial statements.

In addition, the Association receives in-kind donations from several sponsors. These donations, which include printing, promotions, meals, lodging, and the use of interns, have been recorded as revenue and expenses in the accompanying financial statements. During the years ended December 31, 2017 and 2016, \$17,782 and \$19,480, respectively, were recorded for donated goalball coaching and referee services.

F. RESIDENT ATHLETE PROGRAM

The United States Association of Blind Athletes is developing a Goalball Center of Excellence in Ft. Wayne, Indiana. The Association purchased, through the support of grants and donations, two homes that will allow United States Association of Blind Athletes, Inc. to offer a limited number of elite and pre-elite Goalball athletes a full-time residency program that will support high performance goalball training, while integrating college education or employment opportunities. The Association will partner with Turnstone, a non-profit organization in Ft. Wayne, whose mission is to provide therapeutic, educational, wellness and recreation programs which empower people with disabilities. Through the Association's funding efforts and its relationship with Turnstone, it plans to develop a long-term United States Association of Blind Athletes Goalball Center of Excellence which invests in sustaining a training program for future Paralympic goalball athletes.

Notes to Financial Statements

G. LEASES

Beginning September 1, 2016, the Association entered into a lease arrangement with the USOC for 1,000 square feet of office space and 768 square feet of common space.

The lease rate is \$6.50 per square foot per year with annual increases not to exceed the regional consumer price index. Also, an allocated cost of \$3.25 per square foot per year for a percentage of common space. The USOC will waive the common space obligation, but it will recognize the expense obligation as a grant to the Association.

The Association also agrees to pay the following operating expenses:

- IT services - \$96 per employee per month
- Copier - by usage at \$0.02 per black and white copy, \$0.09 per color copy
- Other incremental services to be billed at cost

Effective February 6, 2017, the Association entered into a memorandum of understanding with Turnstone Center for Children and Adults with Disabilities, Inc. (Turnstone) and Turnstone Fieldhouse, LLC for priority access to the gymnasium, designated training space, and adjacent storage area. The initial period is five years with an annual payment of \$1.00. The agreement includes an option of renewal for two additional terms of five years.

In this memorandum of understanding, the Association also entered into a land lease with Turnstone Properties, LLC (an Indiana limited liability company and wholly owned subsidiary of Turnstone). The term of the initial lease is five years for an annual rental amount of \$1.00. The Land Lease provides for two additional five-year terms to be exercised by providing Turnstone with written notice at least 180 days prior to the expiration of the initial land lease term.

Future minimum lease payments are as follows for years ending December 31:

2018	\$ 8,998
2019	8,998
2020	8,998

UNITED STATES ASSOCIATION OF BLIND ATHLETES, INC.

Schedule of Program Services

For the Year Ended December 31, 2017

	Development	Athlete Events	Membership	Coaches/ Referees	Total
Awards	\$ 162	\$ 3,357	\$ 1,815	\$	\$ 5,334
Consultants/volunteers		2,850	657		3,507
Database management			2,237		2,237
Depreciation	19,082				19,082
Dues			925		925
Equipment rental			1,000		1,000
Facilities - utilities	1,804				1,804
Insurance	1,626				20,880
Meals & lodging	34,009	24,287	19,254		66,594
Miscellaneous	418	100	6,852	1,446	521
Officials			3		16,120
Payroll taxes	3,882	5,945	5,307		15,134
Postage	277	2,195	2,252		4,724
Printing & recording			1,709		1,709
Registration & entry fees	50,042	5,913	8,007		63,962
Repairs & maintenance	3,832				3,832
Salaries	48,465	77,181	70,217		195,863
Stipends	52,340				52,340
Supplies	19,461	157,954	20,570		197,985
Telephone	1,505		3,881		5,386
Travel	120,118	8,995	5,089	11,551	145,753
Uniforms	5,577	8,747			14,324
	<u>\$ 362,600</u>	<u>\$ 297,524</u>	<u>\$ 149,775</u>	<u>\$ 29,117</u>	<u>\$ 839,016</u>

UNITED STATES ASSOCIATION OF BLIND ATHLETES, INC.

Schedule of Supporting Services
For the Year Ended December 31, 2017

	General & Administrative	Fundraising	Total
Accounting	\$ 10,140	\$	\$ 10,140
Awards	27		27
Bank charges	3,713		3,713
Contract labor		100	100
Insurance	16,308		16,308
Meals & lodging	39	4,644	4,683
Miscellaneous	5		5
Payroll taxes	1,661	6,431	8,092
Postage	733	7,500	8,233
Printing & copying	596	39,258	39,854
Registration & entry fees	87	16,107	16,194
Rent	33,202		33,202
Retirement plan	5,554		5,554
Salaries	69,780	35,718	105,498
Supplies	118		118
Telephone	2,205		2,205
Travel	60		60
	<u>\$ 144,228</u>	<u>\$ 109,758</u>	<u>\$ 253,986</u>