

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

Financial Statements

For the Year Ended December 31, 2018

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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, 2018, and the related statements of activities and changes in net assets, functional expenses, 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, 2018, 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.

Emphasis of Matter

As described in Note A to the financial statements, in 2018, United States Association of Blind Athletes, Inc. adopted Accounting Standards Update (ASU) 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the United States Association of Blind Athletes, Inc.'s 2017 financial statements, and our report dated May 4, 2018, 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, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Waugh & Goodwin, LLP

Colorado Springs, Colorado
May 7, 2019

UNITED STATES ASSOCIATION OF BLIND ATHLETES, INC.

Statement of Financial Position

December 31, 2018

(With Comparative Amounts for 2017)

	<u>ASSETS</u>	
	<u>2018</u>	<u>2017</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 486,754	\$ 422,788
Accounts receivable	9,863	139
Prepaid expenses	2,517	4,529
Other assets	<u>1,000</u>	<u> </u>
Total current assets	500,134	427,456
RESTRICTED CASH	120,000	
LONG-TERM INVESTMENTS	410,946	403,804
PROPERTY AND EQUIPMENT:		
Athlete housing	340,719	340,719
Furniture and equipment	11,998	11,998
Athletic equipment	51,070	51,070
Teraflex floor	33,288	33,288
Less accumulated depreciation	<u>(96,946)</u>	<u>(77,798)</u>
Property and equipment - net	<u>340,129</u>	<u>359,277</u>
TOTAL ASSETS	<u>\$ 1,371,209</u>	<u>\$ 1,190,537</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 9,543	\$ 39,409
Payable to athletes	92,273	172,611
Accrued payroll liabilities	<u>7,161</u>	<u>4,359</u>
Total liabilities	108,977	216,379
NET ASSETS:		
Without donor restrictions	1,184,880	969,806
With donor restrictions	<u>77,352</u>	<u>4,352</u>
Total net assets	<u>1,262,232</u>	<u>974,158</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,371,209</u>	<u>\$ 1,190,537</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, 2018
(With Comparative Totals for 2017)

	Without Donor Restrictions	With Donor Restrictions	2018 Totals	2017 Totals
REVENUE:				
Grants	\$ 513,749	\$ 75,000	\$ 588,749	\$ 351,955
USOC grants, including paralympic support	282,500		282,500	208,000
Contributions & bequests	187,902		187,902	303,569
Athlete registrations	62,587		62,587	57,613
Corporate sponsorship	60,498		60,498	67,833
In-kind contributions	46,425		46,425	46,072
Membership dues	33,055		33,055	22,435
Fundraising event contributions and sponsorships	29,394		29,394	29,466
Merchandise sales, net of cost of goods sold of \$17,717 and \$18,065	6,165		6,165	1,481
Interest & dividends	3,701		3,701	2,922
Paralympic outreach				100,961
Other income				2
Realized & unrealized gains (losses) on investments	(7,483)		(7,483)	52,560
Satisfied program restrictions	2,000	(2,000)		
Total revenue	1,220,493	73,000	1,293,493	1,244,869
EXPENSES:				
Program services:				
Development	320,093		320,093	362,600
Athlete events	291,030		291,030	297,524
Membership	173,099		173,099	149,864
Coaches/referees	30,837		30,837	29,117
Total program services	815,059		815,059	839,105
Supporting services:				
General & administrative	135,013		135,013	144,139
Fundraising	55,347		55,347	109,758
Total supporting services	190,360		190,360	253,897
Total expenses	1,005,419		1,005,419	1,093,002
CHANGE IN NET ASSETS	215,074	73,000	288,074	151,867
NET ASSETS, beginning of year	969,806	4,352	974,158	822,291
NET ASSETS, end of year	\$ 1,184,880	\$ 77,352	\$ 1,262,232	\$ 974,158

See Notes to Financial Statements

UNITED STATES ASSOCIATION OF BLIND ATHLETES, INC.
Schedule of Program Services
For the Year Ended December 31, 2018

	Program Services				Supporting Services		
	Development	Athlete Events	Membership	Coaches/Referees	Total Program Services	General & Administrative	Fundraising
	\$	\$	\$	\$	\$	\$	\$
Accounting							
Awards		4,278	2,901		7,179		
Bank charges							
Consultants/volunteers		20,530	300		20,830	3,401	
Database management		1,899	8,179		10,078		
Depreciation	19,148				19,148		
Dues			3,585		3,585		
Equipment rental	2,789	11,250			14,039		
Insurance	2,706		19,743		22,449		
Meals & lodging	19,611	33,419	10,630	2,087	65,747	261	
Merchandise							
Miscellaneous	100	225	1,080		1,405		
Officials				26,270	26,270		
Payroll taxes	5,525	6,018	5,287		16,830		4,044
Postage	1,450	2,017	1,324		4,791		
Printing & copying			6,722		6,722		
Promotions & advertising						397	50
Registration & entry fees	67,019	10,792	6,367	1,033	85,211	886	3,260
Rent							
Retirement plan						8,230	
Salaries	75,000	78,672	76,171		229,843		
Seminars	13,255		1,225		14,480		
Stipends	8,146				8,146		
Supplies & equipment	18,990	92,778	11,122		122,890	(49)	778
Telephone	828	383	981		2,192		
Travel	72,640	20,874	17,482	1,447	112,443	24	21
Uniforms	2,914	7,895			10,809		
Utilities	9,972				9,972		
	320,093	291,030	173,099	30,837	815,059	152,730	55,347
Less: cost of goods sold							
amounts included with							
revenues in the statement							
of activities						(17,717)	
Total expenses reported							
in the statement of							
activities							
	\$ 320,093	\$ 291,030	\$ 173,099	\$ 30,837	\$ 815,059	\$ 135,013	\$ 55,347
							\$ 1,005,419

See Notes to Financial Statements

UNITED STATES ASSOCIATION OF BLIND ATHLETES, INC.

Statement of Cash Flows

December 31, 2018

(With Comparative Amounts for 2017)

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 288,074	\$ 151,867
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	19,148	19,082
Net realized and unrealized (gains) losses on investments	7,483	(52,560)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(9,724)	17,361
(Increase) decrease in prepaid expenses	2,012	(1,612)
Increase in other assets	(1,000)	
Increase (decrease) in accounts payable	(29,866)	20,499
Increase (decrease) in payable to athletes	(80,338)	75,218
Increase (decrease) in payroll liabilities	<u>2,802</u>	<u>(352)</u>
Net cash provided by operating activities	<u>198,591</u>	<u>229,503</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment		(3,950)
Change in USOE investments, net	<u>(14,625)</u>	<u>(12,498)</u>
Net cash used by investing activities	<u>(14,625)</u>	<u>(16,448)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in restricted cash	<u>(120,000)</u>	
Net cash used by financing activities	<u>(120,000)</u>	
NET INCREASE IN CASH	63,966	213,055
CASH AND CASH EQUIVALENTS, beginning of year	<u>422,788</u>	<u>209,733</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 486,754</u>	<u>\$ 422,788</u>

See Notes to Financial Statements

UNITED STATES ASSOCIATION OF BLIND ATHLETES, INC.

Notes to Financial Statements

For the Year Ended December 31, 2018

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.

Accounting Standards Update

On August 18, 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Association has adjusted the presentation of its financial statements, accordingly, applying the changes retrospectively to the comparative period presented except for the presentation of the natural classification of expenses for the prior period, which is allowable under transition guidance. The new standards change the following aspects of the Association's financial statements:

- The temporarily restricted and permanently restricted net asset classes, if any existed, have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements now include a presentation of expenses that describes both the functional nature of the expenses and their natural classification according to the actual usage of resources.
- The financial statements include a new disclosure about availability of resources and liquidity (Note B).

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The changes have the following effect on net assets at December 31, 2017:

<u>Net Asset Class</u>	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted net assets	\$ 969,806	\$
Temporarily restricted net assets	4,352	
Net assets without donor restrictions		969,806
Net assets with donor restrictions		<u>4,352</u>
Total net assets	<u>\$ 974,158</u>	<u>\$ 974,158</u>

In addition, certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- Net assets without donor restrictions: net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association.
- Net assets with donor restrictions: net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other purposes specified by the donor. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds 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.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation - continued

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

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 \$19,148 and \$19,082 for the years ended December 31, 2018 and 2017, 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, net assets with donor restrictions are reclassified to net assets without donor restrictions 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, 2017, 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 7, 2019, the date that the financial statements were available to be issued.

B. AVAILABLE RESOURCES AND LIQUIDITY

The Association has \$496,617 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure consisting of cash of

Notes to Financial Statements

B. AVAILABLE RESOURCES AND LIQUIDITY - Continued

\$486,754 and accounts receivable of \$9,863. These financial assets are not subject to donor restrictions that would make them unavailable for general expenditure within one year of the statement of financial position date except for \$2,500 of reserved funds.

The Association also controls additional cash of \$120,000 that is donor-restricted or reserved for the resident athlete program (see Note G); these funds are not included in the amounts above. And, the Association has investments of \$410,946 and \$403,804 as of December 31, 2018 and 2017, respectively. Although the Association does not intend to liquidate its investments for general expenditures, the remaining funds are available, if necessary.

The Association strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market funds, and other short-term investments.

C. 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.

Notes to Financial Statements

C. INVESTMENTS - Continued

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 Association records transfers between funds at the end of the reporting period.

The following tables present assets that are measured at fair value on a recurring basis at December 31, 2018 and 2017:

Assets at Fair Value as of December 31, 2018

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
USOE investment	\$ <u> </u>	\$ <u>410,946</u>	\$ <u> </u>	\$ <u>410,946</u>

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>

The USOE Investment consists of units in a pooled portfolio managed by the United States Olympic Endowment (USOE). At December 31, 2018, 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>

D. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Resident program (Note G)	\$ 75,000	\$
Copeland Scholarship Fund	<u>2,352</u>	<u>4,352</u>
	<u>\$ 77,352</u>	<u>\$ 4,352</u>

Notes to Financial Statements

D. NET ASSETS WITH DONOR RESTRICTIONS - Continued

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2018 and 2017, the following amounts were released from net assets with donor restrictions:

	<u>2018</u>	<u>2017</u>
Copeland Scholarship Fund	<u>\$ 2,000</u>	<u>\$ 500</u>

E. RELATED PARTY TRANSACTIONS

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

	<u>2018</u>	<u>2017</u>
High Performance grants	\$ 253,000	\$ 183,000
Paralympic support grant	29,500	
Special grant		25,000
	<u>\$ 282,500</u>	<u>\$ 208,000</u>

In addition to the amounts listed above, the USOC also provided value-in-kind air travel of \$14,208 during the year ended December 31, 2018.

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

F. IN-KIND CONTRIBUTIONS

In 2011, the Association moved into the USOC Sport Building at a discounted rental rate. The USOC also provides value-in-kind support in the form of air travel (see Note E). In-kind revenue and expense of \$19,188 and \$28,290 has been recorded for the years ended December 31, 2018 and 2017, respectively, in order to properly reflect the value of this support 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, 2018 and 2017, \$27,237 and \$17,782, respectively, were recorded for donated goalball coaching and referee services.

Notes to Financial Statements

G. 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.

H. 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

Notes to Financial Statements

H. LEASES - Continued

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:

2019	\$ 8,998
2020	8,998