

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

**Financial Statements &
Supporting Schedules**

For the Year Ended December 31, 2011

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of United States Association of Blind Athletes, Inc. as of December 31, 2011, and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year summarized comparative information has been derived from the Association's December 31, 2010 financial statements and, in our report dated April 19, 2011, we expressed an unqualified opinion on those financial statements.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of program services and of supporting services for the year ended December 31, 2011 are presented for purposes of additional analysis and are not a required part of the basic 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 basic 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 basic financial statements taken as a whole.

Wang & Goodwin, LLP

March 22, 2012

UNITED STATES ASSOCIATION OF BLIND ATHLETES, INC.

Statement of Financial Position

December 31, 2011

(With Comparative Amounts for 2010)

	<u>ASSETS</u>	
	<u>2011</u>	<u>2010</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 293,187	\$ 237,026
Short-term investments		88,377
Prepaid expenses	<u>2,307</u>	<u>4,937</u>
Total current assets	295,494	330,340
LONG-TERM INVESTMENTS	243,261	159,115
FURNITURE AND EQUIPMENT:		
Furniture and equipment	5,117	5,117
Athletic equipment	46,075	46,075
Less accumulated depreciation	<u>(37,256)</u>	<u>(35,693)</u>
Furniture and equipment - net	<u>13,936</u>	<u>15,499</u>
TOTAL ASSETS	<u>\$ 552,691</u>	<u>\$ 504,954</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 22,167	\$ 19,456
Payable to athletes	53,505	42,507
Deferred revenue	<u>230,800</u>	<u>175,000</u>
Total liabilities	306,472	236,963
NET ASSETS:		
Unrestricted	235,867	257,139
Temporarily restricted	<u>10,352</u>	<u>10,852</u>
Total net assets	<u>246,219</u>	<u>267,991</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 552,691</u>	<u>\$ 504,954</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, 2011
(With Comparative Totals for 2010)

	Unrestricted	Temporarily Restricted	2011 Totals	2010 Totals
REVENUE:				
USOC grants	\$ 377,058	\$	\$ 377,058	\$ 274,993
Athlete registrations	209,595		209,595	39,652
Grants	154,500		154,500	78,650
Contributions & bequests	119,041		119,041	75,064
Corporate sponsorship	31,720		31,720	61,438
In-kind contributions	29,708		29,708	44,716
Fundraising events	29,355		29,355	41,781
Membership dues	15,095		15,095	15,695
Interest & dividends	6,947		6,947	5,148
Merchandise sales	4,539		4,539	8,331
Less cost of goods sold	(2,798)		(2,798)	(7,060)
Other income				8,087
Realized & unrealized gains (losses) on investments	(15,629)		(15,629)	22,715
Satisfied program restrictions	500	(500)		
Total revenue	959,631	(500)	959,131	669,210
EXPENSES:				
Program services:				
Athlete events	566,785		566,785	224,221
Development	147,798		147,798	128,784
Membership	132,501		132,501	130,420
Coaches/referees	24,754		24,754	40,802
Total program services	871,838		871,838	524,227
Supporting services:				
General & administrative	70,826		70,826	63,786
Fundraising	38,239		38,239	46,631
Total supporting services	109,065		109,065	110,417
Total expenses	980,903		980,903	634,644
CHANGE IN NET ASSETS	(21,272)	(500)	(21,772)	34,566
NET ASSETS, beginning of year	257,139	10,852	267,991	233,425
NET ASSETS, end of year	\$ 235,867	\$ 10,352	\$ 246,219	\$ 267,991

See Notes to Financial Statements

UNITED STATES ASSOCIATION OF BLIND ATHLETES, INC.

Statement of Cash Flows

December 31, 2011

(With Comparative Amounts for 2010)

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (21,772)	\$ 34,566
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,563	130
Net unrealized and realized (gains) losses on investments	15,629	(22,715)
Changes in assets and liabilities:		
Decrease in prepaid expenses	2,630	3,481
Increase in accounts payable	2,711	(12,728)
Increase in payable to athletes	10,998	(353)
Decrease in payroll liabilities		(1,130)
Increase in deferred revenue	<u>55,800</u>	<u>150,000</u>
Total adjustments	<u>89,331</u>	<u>116,685</u>
Net cash provided by operating activities	67,559	151,251
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment		(15,629)
Change in investments, net	<u>(11,398)</u>	<u>(13,153)</u>
Net cash used by investing activities	<u>(11,398)</u>	<u>(28,782)</u>
NET INCREASE IN CASH	56,161	122,469
CASH AND CASH EQUIVALENTS, beginning of year	<u>237,026</u>	<u>114,557</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 293,187</u>	<u>\$ 237,026</u>

See Notes to Financial Statements

UNITED STATES ASSOCIATION OF BLIND ATHLETES, INC.

Notes to Financial Statements

For the Year Ended December 31, 2011

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The United States Association of Blind Athletes, Inc. (Association) is the national governing body 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 years. Depreciation expense amounted to \$1,563 and \$130 for the years ended December 31, 2011 and 2010, 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. During the years ended December 31, 2011 and 2010, \$18,635 and \$31,106 respectively, were recorded for donated goalball coaching and referee services, accounting services, and printing services.

Income Taxes

The Association is an organization which is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986.

The Financial Accounting Standards Board (FASB) issued FASB ASC 740, "Income Taxes", which clarifies the accounting and recognition for income tax positions taken or expected to be taken in the Corporation's income tax returns.

The Association's income tax filings are subject to audit by various taxing authorities. The Corporation's open audit periods are 2008 to 2011. The Corporation believes that its operations have been conducted in accordance with its tax-exempt status.

Prior-year Comparisons

The financial statements include certain prior-year summarized comparative information in total but not by net asset or functional expense 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 Association's financial statements for the year ended December 31, 2010, from which the summarized information was derived.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through March 22, 2012, the date that the financial statements were available to be issued.

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.

Notes to Financial Statements

B. INVESTMENTS - Continued

The following tables present assets that are measured at fair value on a recurring basis at December 31, 2011 and 2010:

Assets at Fair Value as of December 31, 2011

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
USOF investment	\$ _____	\$ _____	\$ 243,261	\$ 243,261
	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ 243,261</u>	<u>\$ 243,261</u>

Assets at Fair Value as of December 31, 2010

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income	\$ 58,530	\$ _____	\$ _____	\$ 58,530
Equities	95,647			95,647
Money market	1,585			1,585
Real estate			3,353	3,353
USOF investment			88,377	88,377
	<u>\$ 155,762</u>	<u>\$ _____</u>	<u>\$ 91,730</u>	<u>\$ 247,492</u>

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statement of financial position using significant unobservable (Level 3) inputs:

Balance, January 1, 2011	\$ 91,730
Additional investment	155,936
Total realized and unrealized losses	(7,283)
Interest and dividends	<u>2,878</u>
Balance, December 31, 2011	<u>\$ 243,261</u>

Total loss for the period included in the change in net assets attributable to the change in unrealized losses related to the investments still held at the reporting date. \$ (9,427)

C. DEFERRED REVENUE

Deferred revenue consists of the following at December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Paralympic military program	\$ 90,750	\$ _____
Paralympic veterans program	75,000	175,000
WellPoint grant	50,000	
Other	15,050	
	<u>\$ 230,800</u>	<u>\$ 175,000</u>

Notes to Financial Statements

D. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Copeland Scholarship Fund	\$ <u>10,352</u>	\$ <u>10,852</u>

During the year ended December 31, 2011, \$500 was released for scholarships.

E. RELATED PARTY TRANSACTIONS

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

	<u>2011</u>	<u>2010</u>
High Performance grants	\$ 124,000	\$ 124,000
Paralympic outreach	249,250	146,855
Value-in-kind	<u>3,808</u>	<u>4,138</u>
	<u>\$ 377,058</u>	<u>\$ 274,993</u>

The Association is economically dependent on the funding it receives from the USOC to maintain its goalball high performance and paralympic outreach programs.

F. IN-KIND CONTRIBUTIONS

The Colorado School for the Deaf and Blind provided the Association with office facilities at no cost. In-kind revenue and rent expense of \$9,073 has been recorded in order to properly reflect the value of this contribution in the financial statements.

X At September 1, 2011, the Association moved into the USOC Sport Building at a discounted rental rate. In-kind revenue and rent expense of \$2,000 has been recorded 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. Also included in the in-kind contributions are the donated services referred to in Note A of \$18,635 and \$31,106 for the years ended December 31, 2011 and 2010, respectively.

Notes to Financial Statements

G. PENSION PLAN

The Association has a 403(b) retirement savings plan covering eligible employees. Employees may voluntarily contribute to the plan, subject to statutory limitations. The Association matches 50% of the employees' contribution up to a maximum of 3% of compensation. Retirement plan expense for the years ending December 31, 2011 and 2010 amounted to \$3,007 and \$2,949, respectively.

UNITED STATES ASSOCIATION OF BLIND ATHLETES, INC.

Schedule of Program Services

For the Year Ended December 31, 2011

	Athlete Events	Development	Membership	Coaches/ Referees	Total
Advertising	\$ 2,500	\$	\$	\$	\$ 2,500
Awards	3,812	1,000	1,503		6,315
Consultants/volunteers	71,483	2,000	1,500	15,000	89,983
Database management			7,851		7,851
Depreciation		1,563			1,563
Dues & subscriptions			184		184
Equipment rental	20,133	2,787	261		23,181
Insurance	963	738	15,640		17,341
Interns	596		596		1,192
Meals & lodging	143,617	8,099	6,096	1,551	159,363
Miscellaneous	1,259	19	194		1,472
Payroll taxes	4,711	952	4,955		10,618
Postage	3,339		4,747		8,086
Printing & recording	17		4,013	424	4,454
Promotions	2,500				2,500
Registration & entry fees	54,420	31,187	2,673		88,280
Salaries	82,080	12,440	65,043		159,563
Supplies	63,748	472	7,708		71,928
Telephone	182	1,404	4,766		6,352
Travel	77,026	84,689	3,914	7,779	173,408
Uniforms	34,399	448	857		35,704
	<u>\$ 566,785</u>	<u>\$ 147,798</u>	<u>\$ 132,501</u>	<u>\$ 24,754</u>	<u>\$ 871,838</u>

UNITED STATES ASSOCIATION OF BLIND ATHLETES, INC.
 Schedule of Supporting Services
 For the Year Ended December 31, 2011

	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Accounting	\$ 9,540	\$	\$ 9,540
Awards		100	100
Bank charges	4,212		4,212
Dues		10	10
Insurance	9,460		9,460
Meals & lodging	141	3,396	3,537
Miscellaneous	10		10
Payroll taxes	2,019	2,134	4,153
Postage	3,179	2,591	5,770
Printing & recording		1,900	1,900
Registration & entry fees	75	172	247
Rent	12,381		12,381
Retirement plan	3,007		3,007
Salaries	26,396	27,895	54,291
Supplies	333	41	374
Travel	73		73
	<u>\$ 70,826</u>	<u>\$ 38,239</u>	<u>\$ 109,065</u>