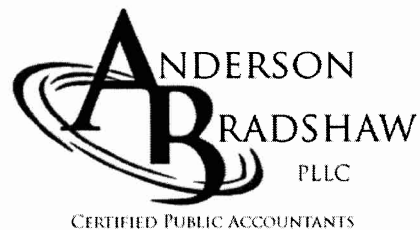


# **U.S. SPEEDSKATING**

## **Financial Statements**

**For the Years Ended May 31, 2018 and 2017**



# **U.S. SPEEDSKATING**

## **Financial Statements**

**For the Years Ended May 31, 2018 and 2017**

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CERTIFIED PUBLIC ACCOUNTANTS

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To The Board of Directors  
U.S. Speedskating  
Kearns, Utah

**Report on the Financial Statements**

We have audited the accompanying financial statements of U.S. Speedskating (a nonprofit Organization), which comprise the statements of financial position as of May 31, 2018 and 2017, and the related statements of activities, changes in net assets and cash flows for the years 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 from 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 auditor's 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 auditor considers 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 the Organization as of May 31, 2018 and 2017, the results of its activities, the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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s/Anderson Bradshaw PLLC  
Salt Lake City, Utah  
August 27, 2018

**U.S. Speedskating**  
**Statements of Financial Position**  
**May 31, 2018 and 2017**

**Assets**

Current assets:	5/31/2018	5/31/2017
Cash	\$ 519,897	\$ 65,511
Receivables, net of allowance for doubtful accounts of \$0 (Note 1)	217,294	113,372
Prepays and other current assets	16,264	64,566
Total current assets	753,455	243,449
Property and equipment:		
Timing System	90,010	88,892
Computers	81,336	81,336
Performance Pool Equipment	383,175	378,449
Other	102,995	94,247
Total property and equipment	657,516	642,924
Less accumulated depreciation	(533,769)	(497,141)
Net property and equipment	123,747	145,783
Restricted Cash (Note 8)		
Temporarily restricted cash	2,541	2,541
Permanently restricted cash	4,542	4,259
Total restricted cash	7,083	6,800
Total assets	\$ 884,285	\$ 396,032

See accompanying notes to financial statements.

**U.S. Speedskating**  
**Statements of Financial Position**  
**May 31, 2018 and 2017**

**Liabilities and Net Assets (Deficit)**

Current liabilities:	5/31/2018		5/31/2017
Accounts payable	\$ 426,151	\$	54,524
Accrued liabilities	203,568		177,433
Deferred revenue	81,793		167,566
Short-term loan	0		75,000
Total current liabilities	<u>711,512</u>		<u>474,523</u>
Long-term liabilities:			
Total liabilities	<u>0</u>		<u>0</u>
Net Assets:			
Unrestricted net assets	165,690		(85,291)
Temporarily restricted net assets	2,541		2,541
Permanently restricted net assets	4,542		4,259
Net assets (deficit)	<u>172,773</u>		<u>(78,491)</u>
Total liabilities and net assets (deficit)	<u>\$ 884,285</u>	\$	<u>396,032</u>

See accompanying notes to financial statements.

**U.S. Speedskating  
Statements of Activities  
Years ended May 31, 2018 and 2017**

<b>Revenues:</b>	5/31/2018	5/31/2017
USOC high performance grant	\$ 2,077,445	\$ 2,101,000
USOC Direct Athlete Support	233,100	220,100
UAF Athletic Facility Use	290,000	290,000
Other High Performance Revenue	57,525	46,335
Sports/membership-development events	199,705	190,408
Olympic Trials	235,496	0
Elite events	662,316	34,997
Sponsorship/Marketing/Media	908,048	714,970
Olympic Hospitality	249,158	0
Fundraising	197,324	139,149
USISA earnings	150,000	150,000
Other revenue	98,027	185,998
Total revenues	5,358,144	4,072,957
<b>Expenses:</b>		
High Performance	3,410,479	2,967,824
Sports/membership-development events	202,353	215,896
Olympic Trials	135,848	0
Elite events	445,248	112,080
Sponsorship/Marketing/Media	308,245	202,941
Olympic Hospitality	137,881	0
Fundraising	52,904	76,878
Other expense	415,994	339,537
Total expenses	5,108,952	3,915,156
Operating income	249,192	157,801
<b>Other income and expenses:</b>		
Interest income	1,124	485
Total other income and expenses	1,124	485
Change in net assets	\$ 250,316	\$ 158,286

See accompanying notes to financial statements.

**U.S. Speedskating**  
**Statements of Changes in Net Assets**  
**Years ended May 31, 2018 and 2017**

	<u>5/31/2018</u>	<u>5/31/2017</u>
Beginning Balance	\$ (78,491)	\$ (237,412)
Additions to permanently restricted assets	948	635
Change in net assets	250,316	158,286
Balance, May 31, 2018 and 2017	<u>\$ 172,773</u>	<u>\$ (78,491)</u>

See accompanying notes to financial statements.

**U.S. Speedskating**  
**Statements of Cash Flows**  
**Years ended May 31, 2018 and 2017**

<b>Reconciliation of change in net assets to net cash flows from operating activities:</b>	<u>5/31/2018</u>	<u>5/31/2017</u>
Change in net assets	\$ 250,316	\$ 158,286
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	36,629	35,798
Bad debt expense	45,000	5,250
Decrease (increase) in:		
Accounts receivable	(148,922)	(31,728)
Prepaid and other current assets	48,302	(20,722)
Increase (decrease) in:		
Accounts payable	371,627	(146,479)
Accrued liabilities	26,799	44,094
Deferred revenue	(85,773)	66,331
Net cash provided by operating activities	<u>543,978</u>	<u>110,830</u>
<b>Cash flows from investing activities:</b>		
Decrease of restricted funds	0	0
Purchases of property and equipment	(14,592)	(13,925)
Net cash used in investing activities	<u>(14,592)</u>	<u>(13,925)</u>
<b>Cash flows from financing activities:</b>		
Repayments of short-term loan	(75,000)	(150,000)
Proceeds from short-term loan	0	75,000
Net cash used in financing activities	<u>(75,000)</u>	<u>(75,000)</u>
Net increase (decrease) in cash	454,386	21,905
Cash and cash equivalents at beginning of year	65,511	43,606
Cash and cash equivalents at end of year	<u>\$ 519,897</u>	<u>\$ 65,511</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid during year for:		
Interest and monthly bank charges	<u>\$ 17,228</u>	<u>\$ 11,990</u>

See accompanying notes to financial statements.

**U.S. Speedskating**  
**Notes to Financial Statements**  
**Years Ended May 31, 2018 and 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

U.S. Speedskating (the Organization) is a Missouri nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. Its purpose is to act as the national governing body for the sport of speedskating on ice in the United States, to advance amateur athletic competition within the United States, and to act for persons in the United States who are interested in the sport of speedskating. The Organization is a member of the United States Olympic Committee (“USOC”), from whom it received the majority of its public support.

**Basis of Presentation**

The Organization presents its financial statements in accordance with Accounting Standards Codification (ASC) 958, “*Not-For-Profit Entities*”. ASC 958 requires information regarding financial position and activities to be reported in three classes of net assets; unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

A description of these categories follows:

Unrestricted Net Assets: Includes the net assets that are free of donor-imposed restrictions and are neither permanently restricted nor temporarily restricted.

Temporarily Restricted Net Assets: Includes the net assets from contributions or other inflows where the use is limited by donor-imposed restrictions that either expire by the passage of time or can be fulfilled or removed by actions of the Organization.

Permanently Restricted Net Assets: Includes the net assets from contributions or other inflows where the use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or removed by actions of the Organization.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported on the statement of activity as net assets released from restrictions.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers unrestricted investment instruments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents at May 31, 2018 and May 31, 2017 consist of unrestricted cash.

**Use of Accounting Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates that may change in the near term include fair value of long-lived assets and related impairment, if any.

**U.S. Speedskating  
Notes to Financial Statements  
Years Ended May 31, 2018 and 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Revenue Recognition**

Support and revenue are recorded on the accrual basis. Amounts pledged to the Organization are recorded as income and a receivable at the time the pledge is made. Sales and winnings income are recorded upon shipment or when a qualified event is won by a qualified athlete. Payments received in advance of when deemed earned are deferred until earned.

**Non-Profit Status**

The Organization has received a determination letter from the Internal Revenue Service dated September 1966, stating that it is exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code. Tax years ended May 31, 2014 through May 31, 2018 remain subject to examination by major tax jurisdictions.

**Receivables**

Receivables represent reimbursable amounts due from sponsors. The total accounts receivable consist of \$217,294 and \$113,372 net trade receivables as of 5/31/18 and 5/31/17 respectively. The receivables are charged to bad debt expense when an amount is determined to be potentially uncollectible based on periodic review of accounts by management. The Organization charged \$45,000 and \$5,250 to bad debt expense during the years ended May 31, 2018 and May 31, 2017 respectively.

**Property and Equipment**

Property and equipment is recorded at cost when purchased and depreciated using the straight-line method of depreciation over the estimated useful lives of the assets, as shown below. Donated equipment is recorded at fair value, which is generally determined by a donation agreement. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period. Maintenance and repairs, including the replacement of minor items, are expensed as incurred. The Organization does not have a formal capitalization policy.

The useful lives of property and equipment for purposes of computing depreciation are:

Timing system	3 years
Performance pool equipment	5 years
Computers	3 years
Other	3-20 years

**Recently Issued Accounting Pronouncements**

The Organization has reviewed all recently issued accounting pronouncements for the year ended May 31, 2018, and has determined that none of the recently issued accounting pronouncements will have a material effect on the fair presentation of these financial statements.

**U.S. Speedskating**  
**Notes to Financial Statements**  
**Years Ended May 31, 2018 and 2017**

**NOTE 2 – CASH DEPOSITS**

Custodial credit risk is the risk that, in the event of bank failure, the Organization's deposits may not be returned. At May 31, 2018 and 2017, the carrying amount of the Organization's deposits were \$519,897 and \$65,511 respectively and the bank balances were \$580,182 and \$95,145 respectively. Of the bank balance, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC).

**NOTE 3 – RISK MANAGEMENT**

The Organization is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. Various insurance policies have been purchased to cover the risks described above. The insurance policies require minimal deductible amounts which the Organization pays in the event of any loss. The Organization also has purchased a workers' compensation policy.

**NOTE 4 - CONCENTRATIONS**

A significant portion of the Organization's revenue is received from one relationship. During the years ended May 31, 2018 and May 31, 2017, approximately 49% and 64%, respectively, of the Organization's revenues were provided by one entity. As of 5/31/17, accounts receivable from three entities accounted for 47%, 23% and 18% of total accounts receivable. As of 5/31/18, accounts receivable from two entities accounted for 69% and 30% of total accounts receivable.

**NOTE 5 – RETIREMENT PLAN**

The Organization has a SIMPLE IRA plan. Contributions paid for the years ended May 31, 2018 and May 31, 2017 were \$36,442 and \$28,736 respectively. All employees of the Organization who work 1,080 hours per year and are 21 years of age or older are eligible for the plan. To be eligible for matching contributions, the employees must be full time and be making contributions of their own to the plan.

**NOTE 6 – SHORT-TERM NOTE PAYABLE**

The Organization received a short-term advance from the U.S.I.S.A. Charitable Fund in the amount of \$0 and \$75,000 during the years ended 5/31/18 and 5/31/17 respectively. The unpaid principal balance bore interest at a fixed rate of zero percent (0.0%) per annum. The entire amount of the advance was paid in full by the maturity date of November 30, 2017.

**U.S. Speedskating**  
**Notes to Financial Statements**  
**Years Ended May 31, 2018 and 2017**

**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

The Organization is renting space from the Utah Athletic Foundation, Inc. at the location of the Utah Olympic Oval on a month-to-month basis. Monthly rent is \$2,050. Rent expense was \$24,600 for the years ended May 31, 2018 and May 31, 2017 respectively.

On December 20, 2013, the Organization entered into a partnership agreement with Pettit National Ice Center Inc. (“PNIC”) to help grow and promote the sport of speedskating. The partnership agreement expired on April 30, 2018

As part of the partnership agreement, the Organization contributed annually to a high performance development, talent I.D/recruitment program and regional high performance development program based at the PNIC and supported by a partnership between the PNIC, the Organization and USOC known as the Academy for Skating Excellence (ASE). In support of the ASE, the Organization shall allocate on a yearly basis and make available to the PNIC the following payments:

- For the 2013/2014 season, \$110,000 payable in four quarterly installments beginning on July 15 (this amount has been paid in full).
- For the 2014/2015 season, \$90,000 payable in four quarterly installments beginning on August 20 (this amount has been paid in full).
- For the 2015/2016 season, \$75,000 payable in four quarterly installments beginning on August 20. The Organization committed to maintain the 2015/16 season at \$90,000 under the same payment terms with no obligation to alter future payments under the agreement. Later, the PNIC agreed to reduce the current payment to \$80,000 due to positive cost management which was paid in full.
- For the 2016/2017 season, \$60,000 payable in four quarterly installments beginning on August 20 (this amount has been paid in full).
- For the 2017/2018 season, \$50,000 payable in four quarterly installments beginning on August 20 (this amount has been paid in full).

In March 2017, the Organization entered into an agreement with Salt Lake County, the State of Utah, Kearns Recreational Center and the Utah Olympic Legacy Foundation to build a new, state-of-the-art training center for the purpose of housing the Organizations’s strength and conditioning, medical, nutrition and other high performance activities along with locker rooms for the athletes. The total cost of the project is expected to be \$12,400,000 and is scheduled to be completed in or around November of 2018. In conjunction therewith, the Organization’s financial commitment to the project is \$1,000,000. The Organization is responsible for the furniture, fixtures and equipment for their attributed portion of the new building and expects to get a predominant portion of such through value in kind contributions and sponsorships. The Organization has paid \$800,000 as of 5/31/18. The USOC provided a one-time grant of \$500,000 to the Organization and the Organization paid \$300,000 of its own resources. This amount has been recorded in the High Performance category. The Organization anticipates paying the final \$200,000 commitment in the ensuing fiscal year.

**U.S. Speedskating  
Notes to Financial Statements  
Years Ended May 31, 2018 and 2017**

**NOTE 8 – TEMPORARILY AND PERMANENTLY RESTRICTED FUNDS**

The Organization has funds available with certain donor-imposed restrictions. The balances are as follows:

Temporarily restricted	<u>05/31/18</u>	<u>05/31/17</u>
Gold Council Fund	\$ 2,541	\$ 2,541
Less funds used by former Olympians	0	0
Total Temporarily Restricted	<u>\$ 2,541</u>	<u>\$ 2,541</u>
Permanently restricted	<u>05/31/18</u>	<u>05/31/17</u>
George Howie Award Fund and Athlete Fund	\$ 4,259	\$ 3,624
Adjustment	283	635
Total George Howie and Athlete Fund	<u>4,542</u>	<u>4,259</u>
Total permanently restricted	<u>\$ 4,542</u>	<u>\$ 4,259</u>

**NOTE 9 – GOING CONCERN CONSIDERATIONS**

Management has evaluated the Organization’s ability to continue as a going concern. During the year ended 5/31/14 and since, the Organization continues to implement good business policies and procedures including the following change strategies which created a more effective and efficient operational and business environment, net surpluses ranging from \$80,000 to \$250,000, and opportunities for the future.

New Bylaws created, for the first time, a Board of Directors lead, staff-driven organization. The Board of Directors now consists of a small group of highly experienced endemic and independent sport/business leaders who put in place new, professional staff leadership.

Staff has developed both short term (1 year) and long term (5 year) strategic plans, implemented a detailed monthly forecasting process, established athletic/business accountability by department and implemented internal controls to ensure the safekeeping of Organizational assets.

A first-ever private donor development plan has been established to augment existing revenue streams. New “sponsor” events have been created (Olympic Trials; Apolo Ohno Invitational) to enhance sponsor opportunities.

These changes coupled with continued support from the United States Olympic Committee and the Organization’s charitable foundation (U.S.I.S.A. Charitable Fund) ensure the Organization continuing as a going concern.

**U.S. Speedskating  
Notes to Financial Statements  
Years Ended May 31, 2018 and 2017**

**NOTE 10 – STATEMENT OF FUNCTIONAL EXPENSES**

Below is the Organization’s Statement of Functional Expenses for the years ended May 31, 2018 and 2017 as required by ASC 958 “*Not-for-Profit Entities*”.

	<b><u>2017/18</u></b>			
	<b><u>Total</u></b>	<b><u>Program</u></b>	<b><u>Mngt/General</u></b>	<b><u>Fundraising</u></b>
Direct athlete funding	\$ 314,844	\$ 314,844	\$ -	\$ -
Competition support	628,023	628,023	-	-
Training	863,286	863,286	-	-
Outside services	464,708	405,637	57,821	1,250
Administrative expenses	1,711,826	1,164,294	390,464	157,068
Legal	13,020	4,464	8,556	-
Apparel program	118,639	103,057	7,279	8,303
Travel	789,977	641,495	62,099	86,383
Insurance	60,422	26,997	33,425	-
Gifts and awards	33,923	22,373	8,956	2,594
Other expenses	73,655	19,736	53,919	-
Depreciation	36,629	33,762	2,867	-
Total expenses	<u>\$ 5,108,952</u>	<u>\$ 4,227,968</u>	<u>\$ 625,386</u>	<u>\$ 255,598</u>
	<u>100.0%</u>	<u>82.8%</u>	<u>12.2%</u>	<u>5.0%</u>

	<b><u>2016/17</u></b>			
	<b><u>Total</u></b>	<b><u>Program</u></b>	<b><u>Mngt/General</u></b>	<b><u>Fundraising</u></b>
Direct Athlete Funding	\$ 238,751	\$ 238,751	\$ -	\$ -
Competition Support	202,611	202,611	-	-
Training	523,303	523,303	-	-
Outside services	453,491	393,361	53,718	6,412
Administrative expenses	1,486,279	1,114,724	341,896	29,659
Legal	56,626	17,802	38,824	-
Apparel program	141,377	104,074	8,381	28,922
Travel	648,256	619,923	16,965	11,368
Insurance	71,866	37,341	34,525	-
Gifts and awards	23,327	14,521	8,288	518
Other expenses	33,471	24,665	8,806	-
Depreciation	35,798	32,272	3,526	-
	<u>\$ 3,915,156</u>	<u>\$ 3,323,348</u>	<u>\$ 514,929</u>	<u>\$ 76,879</u>
	<u>100.0%</u>	<u>84.9%</u>	<u>13.1%</u>	<u>2.0%</u>

The Organization undertook a new fundraising program in 2018, the year of the Olympics. 15 donors made their way to Korea where, upon arrival, the Organization provided transportation, lodging, Olympic tickets and other hospitality activities. It was a very successful fundraising program. The Organization anticipates replicating this activity for future World Championships and Olympics.

**U.S. Speedskating  
Notes to Financial Statements  
Years Ended May 31, 2018 and 2017**

**NOTE 11 – SUBSEQUENT EVENTS**

ASC 855-16-50-4 establishes accounting and disclosure requirements for subsequent events. ASC 855 details the period after the balance sheet date during which we should evaluate events or transactions that occur for potential recognition or disclosure in the financial statements, the circumstances under which we should recognize events or transactions occurring after the balance sheet date in our financial statements and the required disclosures for such events. We have evaluated all subsequent events through August 27, 2018, the date these financial statements were available to be issued and no subsequent events occurred that required disclosure.

**NOTE 12- DIRECT ATHLETE SUPPORT – USOC FUNDING**

Beginning with the fiscal year ended 5/31/15, the Organization has included in income and in expense in exactly the same, offsetting amounts, funds dedicated to directly supporting elite athletes in the amount of \$233,100 and \$220,100 respectively for the years ended 5/31/18 and 5/31/17. This strategy of providing Direct Athlete Support, which is the name of the program, is an important strategy of the Organization and is supported by the USOC. The athletes and amounts paid to each athlete are based on a very detailed criteria established by the Organization and approved by the USOC.

**NOTE 13- UAF ATHLETIC FACILITY USE**

Beginning with the fiscal year ended 5/31/15, the Organization has included in income and in expense in exactly the same, offsetting amounts, the value of services and facility usage provided by the Utah Athletic Foundation (“UAF”) as determined by a 3-way agreement between the USOC, the Organization and the UAF. The value of such services and facility usage as determined by the 3-way agreement for the years ended 5/31/18 and 5/31/17 was \$290,000.

**NOTE 14 – HEALTH INSURANCE BENEFITS**

For many years, the Organization has also established criteria for elite athletes to receive Elite Athlete Health Insurance which is a program funded and operated by the USOC. It provides important health insurance benefits to athletes and allows them to not have to obtain health insurance in the individual marketplace. Because this program is self-funded by the USOC, the value of this benefit is not readily discernible. This benefit is available to the athletes only through the relationship between the Organization and the USOC.

**NOTE 15 – MEDICAL VALUE IN KIND**

Beginning with the fiscal year ended 5/31/16, the Organization has included in income and in expense in exactly the same offsetting amounts, the value of services provided by the Organization’s medical director on a volunteer basis which would need to be replaced if not available in this manner. The value of \$85,000 is an estimate of this value in kind service for the fiscal years ended 5/31/18 and 5/31/17.