

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

**Consolidated Financial Statements &  
Supplemental Information**

**For the Year Ended June 30, 2016**

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INDEPENDENT AUDITORS' REPORT

Board of Directors  
USA Bobsled/Skeleton, Inc.  
& Subsidiary  
Colorado Springs, Colorado

We have audited the accompanying consolidated financial statements of USA Bobsled/Skeleton, Inc. & Subsidiary (nonprofit organizations), which comprise the consolidated statement of financial position as of June 30, 2016, and the related consolidated statements of activities and changes in net assets and 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 consolidated 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated 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 auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of USA Bobsled/Skeleton, Inc. & Subsidiary, as of June 30, 2016, 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 USA Bobsled/Skeleton, Inc. & Subsidiary's June 30, 2015 consolidated financial statements, and our report dated October 2, 2015, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited consolidated 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 supplemental statements and schedules 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 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.

*Wagner, Goodwin, LLP*  
Colorado Springs, Colorado  
November 7, 2016

USA BOBSLED/SKELETON, INC. & SUBSIDIARY  
Consolidated Statement of Financial Position  
June 30, 2016  
(With Comparative Amounts for 2015)

	<u>ASSETS</u>	
	<u>2016</u>	<u>2015</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 708,783	\$ 419,802
Accounts receivable, net	135,071	331,965
Due from United States Olympic Committee	25,000	26,575
Prepaid insurance	22,718	14,830
Prepaid expenses	<u>72,093</u>	<u>83,478</u>
Total current assets	963,665	876,650
PROPERTY AND EQUIPMENT:		
Property and equipment	2,432,096	2,321,570
Less accumulated depreciation	<u>(1,042,451)</u>	<u>(856,569)</u>
Property and equipment - net	1,389,645	1,465,001
LONG-TERM INVESTMENTS	9,248	9,988
OTHER ASSETS:		
Beneficial interest in Trust	<u>1,327,444</u>	<u>1,416,175</u>
TOTAL ASSETS	<u>\$ 3,690,002</u>	<u>\$ 3,767,814</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 226,437	\$ 396,261
Due to United States Olympic Committee	45,571	28,765
Deferred revenue	166,330	30,125
Current portion of long-term debt	<u>34,845</u>	<u>67,843</u>
Total current liabilities	473,183	522,994
LONG-TERM DEBT		<u>34,845</u>
Total liabilities	473,183	557,839
NET ASSETS:		
Unrestricted	1,879,196	1,768,621
Temporarily restricted		15,000
Permanently restricted	<u>1,337,623</u>	<u>1,426,354</u>
Total net assets	<u>3,216,819</u>	<u>3,209,975</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,690,002</u>	<u>\$ 3,767,814</u>

See Notes to Financial Statements

USA BOBSLED/SKELETON, INC. & SUBSIDIARY  
Consolidated Statement of Activities and Changes in Net Assets  
For the Year Ended June 30, 2016  
(With Comparative Totals for 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2016 Totals</u>	<u>2015 Totals</u>
<b>REVENUE AND SUPPORT:</b>					
USOC grants	\$ 1,849,531	\$	\$	\$ 1,849,531	\$ 1,894,828
Corporate sponsorship	413,093			413,093	469,412
Contributions - VIK	354,328			354,328	178,416
Contributions	266,304			266,304	316,196
IBSF distributions	124,977			124,977	134,917
Trust distributions	68,488			68,488	73,499
USOC media agreement	50,000			50,000	150,000
Miscellaneous income	40,755			40,755	36,697
Member dues	35,315			35,315	48,055
Royalty revenue	908			908	1,285
Interest income	62			62	178
Unrealized loss on investments	(740)			(740)	
Loss on disposal of equipment	(5,702)			(5,702)	
Change in beneficial interest in Trust			(88,731)	(88,731)	(46,779)
Satisfied program restrictions	<u>15,000</u>	<u>(15,000)</u>			
Total revenue and support	3,212,319	(15,000)	(88,731)	3,108,588	3,256,704
<b>EXPENSES:</b>					
Program services:				718,749	728,796
Men's bobsled	718,749			718,749	728,796
Women's bobsled	542,245			542,245	559,534
Athlete expense	519,667			519,667	401,332
Skeleton	493,105			493,105	425,409
Membership expense	65,464			65,464	87,218
Recruiting	13,822			13,822	6,423
Lake Placid	10,191			10,191	19,890
Para program	<u>5,810</u>			<u>5,810</u>	
Total program services	2,369,053			2,369,053	2,228,602
Supporting services:					
General & administrative	670,978			670,978	795,624
Marketing & public relations	<u>61,713</u>			<u>61,713</u>	<u>172,996</u>
Total supporting services	732,691			732,691	968,620
Total expenses	<u>3,101,744</u>			<u>3,101,744</u>	<u>3,197,222</u>
CHANGE IN NET ASSETS	110,575	(15,000)	(88,731)	6,844	59,482
NET ASSETS, beginning of year	<u>1,768,621</u>	<u>15,000</u>	<u>1,426,354</u>	<u>3,209,975</u>	<u>3,150,493</u>
NET ASSETS, end of year	<u>\$ 1,879,196</u>	<u>\$</u>	<u>\$ 1,337,623</u>	<u>\$ 3,216,819</u>	<u>\$ 3,209,975</u>

See Notes to Financial Statements

USA BOBSLED/SKELETON, INC. & SUBSIDIARY  
Consolidated Statement of Cash Flows  
For the Year Ended June 30, 2016  
(With Comparative Amounts for 2015)

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	\$ 6,844	\$ 59,482
Change in net assets		
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	239,382	224,553
Unrealized loss on investments	740	
Loss on disposal of assets	5,702	
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable, net	196,894	(190,464)
Due from United States Olympic Committee	1,575	73,425
Prepaid insurance	(7,888)	10,875
Prepaid expenses	11,385	(59,421)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(169,824)	184,615
Due to United States Olympic Committee	16,806	(53,317)
Agency funds		(1,258)
Deferred revenue	136,205	(5,425)
Total adjustments	<u>430,977</u>	<u>183,583</u>
Net cash provided by operating activities	437,821	243,065
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(260,526)	(262,308)
Proceeds from sale of property and equipment	90,798	
Purchase of long-term investments		<u>(9,988)</u>
Net cash used by investing activities	(169,728)	(272,296)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Beneficial interest in Trust	88,731	46,779
Repayment of long-term debt	(67,843)	(65,454)
Net cash used by financing activities	<u>20,888</u>	<u>(18,675)</u>
NET INCREASE (DECREASE) IN CASH	288,981	(47,906)
CASH AND CASH EQUIVALENTS, beginning of year	<u>419,802</u>	<u>467,708</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 708,783</u>	<u>\$ 419,802</u>

See Notes to Financial Statements

USA BOBSLED/SKELETON, INC. & SUBSIDIARY  
Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2016

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, 2016, 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.

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.

Accounts Receivable

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 of \$33,500 and \$133,500 is necessary at June 30, 2016 and 2015, respectively.

## 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 ten years.

#### 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. 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.

#### Supplemental Cash Flow Disclosures

During the years ended June 30, 2016 and 2015, the Corporation paid interest costs of \$3,413 and \$6,017, respectively. The Corporation paid no income taxes either year.

#### Membership Dues

Membership dues received by the Corporation are recognized as income in the appropriate membership year. Dues received, which pertain to the upcoming year, are reported as deferred revenue.

#### Contributions

Contributions are recorded when received as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. When a donor restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as

## Notes to Consolidated Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Contributions - continued

satisfaction of program restrictions. Contributions whose restrictions are met in the same reporting period are recorded as unrestricted support.

#### Donated Services

The Corporation 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. For the years ended June 30, 2016 and 2015, donated services recorded were for consulting and legal services and amounted to \$25,985 and \$68,823, respectively.

#### Financial Statement Presentation

Under Financial Accounting Standards Board's (FASB) ASC 958 *Not-for-Profit Entities*, the Corporation and Foundation are required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

#### 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.

#### 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 Corporation's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Certain reclassifications have been made to the prior-year amounts in order to conform to the current year format.

## Notes to Consolidated Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Date of Management's Review

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through November 7, 2016, the date that the financial statements were available to be issued.

### B. 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.
- 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 Consolidated Financial Statements

B. FAIR VALUE MEASUREMENTS - Continued

The following tables present assets that are measured at fair value on a recurring basis at June 30, 2016 and 2015:

Assets at Fair Value as of June 30, 2016

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Adirondack Foundation pooled funds	\$	\$ 9,248	\$	\$ 9,248
Beneficial interest in Trust	<u>1,327,444</u>			<u>1,327,444</u>
	<u>\$ 1,327,444</u>	<u>\$ 9,248</u>	<u>\$</u>	<u>\$ 1,336,692</u>

Assets at Fair Value as of June 30, 2015

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Adirondack Foundation pooled funds	\$	\$ 9,988	\$	\$ 9,988
Beneficial interest in Trust	<u>1,416,175</u>			<u>1,416,175</u>
	<u>\$ 1,416,175</u>	<u>\$ 9,988</u>	<u>\$</u>	<u>\$ 1,426,163</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 amount 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. 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.

Notes to Consolidated Financial Statements

C. 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, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Sleds	\$ 2,151,009	\$ 2,098,643
Runners	132,097	123,911
Furniture and equipment	80,737	67,809
Leasehold improvements	37,046	
Restricted assets	25,000	25,000
Trailer	<u>6,207</u>	<u>6,207</u>
	2,432,096	2,321,570
Less accumulated depreciation	<u>(1,042,451)</u>	<u>(856,569)</u>
Property and equipment - net	<u>\$ 1,389,645</u>	<u>\$ 1,465,001</u>

Depreciation expense amounted to \$239,382 and \$224,553 for the years ended June 30, 2016 and 2015, respectively.

D. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2015 consisted of donations restricted for future periods. These donations were released from restriction at June 30, 2016.

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 United States Olympic Committee (USOC), 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, 2016 and 2015, the Trust had total assets of \$1,327,444 and \$1,416,175, respectively. This amount is included in permanently restricted net assets.

The Trust is to be operated for the exclusive benefit of the Corporation. The trust declaration requires it to distribute 5% of the prior 3 year average balance of the Trust's net assets to or for the use of the Corporation. Income in excess of expenses and the amount distributed shall be reinvested and added to principal.

Notes to Consolidated Financial Statements

E. BENEFICIAL INTEREST IN TRUST - Continued

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.

At June 30, 2016 and 2015, the Trust's net assets consisted of the following:

	<u>2016</u>	<u>2015</u>
Exchange-traded and closed end funds	\$ 729,059	\$ 707,042
Mutual funds	243,337	190,345
Common stocks	182,941	220,712
Corporate bonds	60,286	104,435
Government securities	82,781	165,597
Money market funds	28,990	25,912
Accrued interest	1,422	1,743
Cash and cash equivalents	421	389
Unsettled purchases/sales	<u>(1,793)</u>	<u>          </u>
Total	<u>\$ 1,327,444</u>	<u>\$ 1,416,175</u>

F. ENDOWMENT FUNDS

In accordance with generally accepted accounting principles, net assets associated with endowment funds are classified between permanently and temporarily restricted net assets 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, permanently restricted assets include the original value of the gift and any required accumulations for inflation stipulated by the donor.

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.

Notes to Consolidated Financial Statements

F. ENDOWMENT FUNDS - Continued

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2014	\$	\$	\$
Contributions		10,179	10,179
Investment income	153		153
Expenditures	<u>(153)</u>		<u>(153)</u>
Endowment net assets, June 30, 2015		10,179	10,179
Contributions	366		366
Investment loss	<u>(366)</u>		<u>(366)</u>
Endowment net assets, June 30, 2016	<u>\$</u>	<u>\$ 10,179</u>	<u>\$ 10,179</u>

G. LINE OF CREDIT AGREEMENT

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 prime. The \$50,000 line of credit bears interest at a rate of 6.75% over "Wall Street Journal" prime. At June 30, 2016 and 2015, there were no outstanding borrowings under either line of credit agreement.

H. LONG-TERM DEBT

Long-term debt consists of the following at June 30, 2016:

Note payable to a commercial bank, Requiring monthly payments of \$5,868, including interest at 3.59%, due December 2016, secured by equipment.	\$ 34,845
Less current portion	<u>(34,845)</u>
Long-term portion	<u>\$ 0</u>

Future maturities of long-term debt for the years ended June 30 are as follows:

2017	\$ 34,845
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Notes to Consolidated Financial Statements

I. LEASES

The Corporation currently occupies office space owned by the El Pomar Foundation. The Corporation does not pay rent for the office space, but it does reimburse El Pomar for its share of utilities and maintenance expenses at a rate of \$370 per month through December 31, 2015, and \$376 per month through December 31, 2016. In-kind revenue and expense of \$5,859 and \$5,788 has been recorded for the years ended June 30, 2016 and 2015, respectively. Future minimum payments for this lease are as follows:

2016 \$ 2,254

Total rent expense amounted to \$12,531 and \$12,422 for the years ended June 30, 2016 and 2015, respectively.

J. RELATED PARTY TRANSACTIONS

Internationale Bobsleigh & Skeleton Federation (IBSF), the international bobsled and skeleton organization, distributed \$124,977 and \$134,917 to the Corporation during the years ended June 30, 2016 and 2015, respectively. Of this amount, \$48,290 and \$96,272, respectively, was for athlete incentives.

The United States Olympic Committee (USOC) provides grants to the Corporation for sports development, international competition, and team preparation. Grants provided during the years ended June 30, 2016 and 2015, consisted of the following project categories:

	<u>2016</u>	<u>2015</u>
NGB funding	\$ 1,656,000	\$ 1,746,000
VIK	70,911	64,253
Technology grant	64,565	50,000
Challenge grant	25,000	25,000
Bobsled runners	13,300	
International relations grant	10,000	9,575
Medical support	5,255	
Athlete management platform	<u>4,500</u>	
	<u>\$ 1,849,531</u>	<u>\$ 1,894,828</u>

In addition to the above grants, the Corporation received \$50,000 and 150,000 from the USOC for its media agreement during the years ended June 30, 2016 and 2015, respectively. The media agreement is effective through December 31, 2016, and funding is based on the total number of unique visitors to the digital platform.

## Notes to Consolidated Financial Statements

### J. RELATED PARTY TRANSACTIONS - Continued

The USOC provides the Corporation with office facilities in Lake Placid for \$200 a month. Rental expense for each of the years ended June 30, 2016 and 2015, amounted to \$2,400.

The Corporation is economically dependent on grants from the USOC 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, 2016 and 2015, the Corporation made matching contributions for eligible employees of \$18,043 and \$15,014, respectively.

### L. COMMITMENTS AND CONTINGENT LIABILITIES

The Corporation has a multi-year employment contract with one key employee. In the event this employee is terminated for cause (as defined in the contract), the Corporation is not obligated to pay any severance compensation. In the event this employee is terminated without cause and without prior notice, then the Corporation is obligated to pay severance in the amount of twelve months salary in regular installments on the Corporation's normal payroll dates commencing on the date of termination.

USA BOBSLED/SKELETON, INC.  
U.S. BOBSLED AND SKELETON FOUNDATION, LLC  
Supplemental Consolidating Statement of Financial Position  
June 30, 2016

ASSETS

	<u>USABS</u>	<u>USBS Foundation</u>	<u>Eliminating Entries</u>	<u>Total</u>
CURRENT ASSETS:				
Cash and cash equivalents	\$ 552,507	\$ 156,276	\$	\$ 708,783
Accounts receivable, net	135,071			135,071
Due from United States Olympic Committee	25,000			25,000
Due from USBS Foundation	2,868		(2,868)	
Prepaid insurance	22,718			22,718
Prepaid expenses	<u>72,093</u>			<u>72,093</u>
Total current assets	810,257	156,276	(2,868)	963,665
PROPERTY & EQUIPMENT:				
Property and equipment	2,432,096			2,432,096
Less accumulated depreciation	<u>(1,042,451)</u>			<u>(1,042,451)</u>
Property & equipment - net	1,389,645			1,389,645
LONG-TERM INVESTMENTS	9,248			9,248
OTHER ASSETS:				
Investment in USBS Foundation	153,408		(153,408)	
Beneficial interest in Trust	<u>1,327,444</u>			<u>1,327,444</u>
Total other assets	<u>1,480,852</u>		<u>(153,408)</u>	<u>1,327,444</u>
TOTAL ASSETS	<u>\$ 3,690,002</u>	<u>\$ 156,276</u>	<u>\$ (156,276)</u>	<u>\$ 3,690,002</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:				
Accounts payable and accrued liabilities	\$ 226,437	\$	\$	\$ 226,437
Due to USA Bobsled/Skeleton, Inc.		2,868	(2,868)	
Due to United States Olympic Committee	45,571			45,571
Deferred revenue	166,330			166,330
Current portion of long-term debt	<u>34,845</u>			<u>34,845</u>
Total liabilities	473,183	2,868	(2,868)	473,183
NET ASSETS:				
Unrestricted	1,879,196	153,408	(153,408)	1,879,196
Permanently restricted	<u>1,337,623</u>			<u>1,337,623</u>
Total net assets	<u>3,216,819</u>	<u>153,408</u>	<u>(153,408)</u>	<u>3,216,819</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,690,002</u>	<u>\$ 156,276</u>	<u>\$ (156,276)</u>	<u>\$ 3,690,002</u>

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, 2016

	<u>USABS</u>	<u>USBS Foundation</u>	<u>Eliminating Entries</u>	<u>Total</u>
REVENUE AND SUPPORT:				
USOC grants	\$ 1,849,531	\$	\$	\$ 1,849,531
Corporate sponsorship	413,093			413,093
Contributions - VIK	354,328			354,328
Contributions	230,217	161,250	(125,163)	266,304
IBSF distributions	124,977			124,977
Trust distribution	68,488			68,488
USOC marketing agreement	50,000			50,000
Miscellaneous income	40,755			40,755
Member dues	35,315			35,315
Royalty revenue	908			908
Interest income	62			62
Unrealized loss on investments	(740)			(740)
Loss on disposal of equipment	(5,702)			(5,702)
Change in beneficial interest in Trust	(88,731)			(88,731)
Change in USBS Foundation	31,418		(31,418)	
Total revenue and support	<u>3,103,919</u>	<u>161,250</u>	<u>(156,581)</u>	<u>3,108,588</u>
EXPENSES:				
Program services:				
Men's bobsled	718,749	61,462	(61,462)	718,749
Women's bobsled	542,245	26,150	(26,150)	542,245
Athlete expense	519,667			519,667
Skeleton	493,105	37,551	(37,551)	493,105
Membership expense	65,464			65,464
Recruiting	13,822			13,822
Lake Placid	10,191			10,191
Para program	5,810			5,810
Total program services	<u>2,369,053</u>	<u>125,163</u>	<u>(125,163)</u>	<u>2,369,053</u>
Supporting services:				
General & administrative	666,309	4,669		670,978
Marketing & public relations	61,713			61,713
Total supporting services	<u>728,022</u>	<u>4,669</u>		<u>732,691</u>
Total expenses	<u>3,097,075</u>	<u>129,832</u>	<u>(125,163)</u>	<u>3,101,744</u>
CHANGE IN NET ASSETS	6,844	31,418	(31,418)	6,844
NET ASSETS, beginning of year	<u>3,209,975</u>	<u>121,990</u>	<u>(121,990)</u>	<u>3,209,975</u>
NET ASSETS, end of year	<u>\$ 3,216,819</u>	<u>\$ 153,408</u>	<u>\$ (153,408)</u>	<u>\$ 3,216,819</u>

USA BOBSLED/SKELETON, INC. & SUBSIDIARY  
 Consolidated Schedule of Program Services  
 For the Year Ended June 30, 2016  
 (With Comparative Totals for 2015)

	Men's Bobsled	Women's Bobsled	Athlete Expense	Skeleton	Membership Expense	Recruiting	Lake Placid Para Program	2016 Totals	2015 Totals
Air travel	\$ 78,180	\$ 48,992	\$ 35,475	\$ 47,739	\$	\$	\$ 2,042	\$ 222,428	\$ 180,279
Athlete incentives			61,032					61,032	96,272
Athlete support	46,417	69,251	20,348					20,348	30,945
Contract labor	106,348	68,912		28,324				143,992	67,543
Depreciation			14,126	49,020				238,406	224,553
Emerging elite funding									22,851
Employee benefits	9,580	9,580	14,079	29,478				62,717	56,924
Entry fees	4,264	3,367	(114)	1,460				8,977	15,738
Equipment	7,877	6,318	150,048	46,740				210,983	147,281
FICA	16,085	13,020	3,825	12,511				45,441	44,521
Ground travel	44,657	27,904	3,339	27,181			175	103,417	106,947
Insurance					63,662		16	63,662	84,842
Meals/lodging	125,525	88,473	14,789	71,003			3,607	303,413	394,409
Membership expense					1,802			1,802	2,376
Other	516	75	28,686	191		13,822		43,290	22,651
Recruiting			118,295					118,295	69,980
Salaries	210,265	170,201	49,720	163,565				593,751	583,441
Simple IRA expense	4,082	1,082	1,375	482				7,021	3,419
Sled shipping	64,953	35,070	24	13,273				113,320	73,403
Technology			4,620	2,138				6,758	227
	<u>\$ 718,749</u>	<u>\$ 542,245</u>	<u>\$ 519,667</u>	<u>\$ 493,105</u>	<u>\$ 65,464</u>	<u>\$ 13,822</u>	<u>\$ 10,191</u>	<u>\$ 2,369,053</u>	<u>\$ 2,228,602</u>

USA BOBSLED/SKELETON, INC. & SUBSIDIARY  
Consolidated Schedule of Supporting Services  
For the Year Ended June 30, 2016  
(With Comparative Totals for 2015)

	<u>General &amp; Administrative</u>	<u>Marketing &amp; Public Relations</u>	<u>2016 Totals</u>	<u>2015 Totals</u>
Air travel	\$ 2,567	\$	\$ 2,567	\$ 8,416
Bad debt recovery	(897)		(897)	132,452
Bank charges	418		418	1,453
Contract labor				31,464
Depreciation	976		976	0
Dues & subscriptions	7,668		7,668	5,035
Employee benefits	62,344		62,344	60,151
Equipment expense	3,346		3,346	3,634
FICA	26,854		26,854	25,445
Foundation board	734		734	4,798
(Gain) loss on currency exchange	(5)		(5)	160
Goodwill gestures	60		60	1,347
Ground travel	2,541		2,541	4,033
Hospitality		1,000	1,000	
Insurance	30,900		30,900	31,423
Interest expense	3,413		3,413	6,017
Legal & accounting	28,138		28,138	23,711
Marketing-fulfillment		13,049	13,049	17,390
Marketing-misc		179	179	2,397
Marketing-solicitation		34,521	34,521	51,739
Meals/lodging	5,397		5,397	5,737
Meetings	21,415		21,415	23,687
Merchant fees	3,975		3,975	1,711
Naming rights		10,667	10,667	
Office supplies	2,370		2,370	2,984
Other	20,570		20,570	19,059
Postage	1,469		1,469	1,613
Publicity	2,270		2,270	6,333
Public relations		2,297	2,297	1,470
Professional development				15,796
Rent-building	6,672		6,672	7,034
Salaries	400,524		400,524	428,934
Simple IRA expense	11,022		11,022	11,595
State unemployment insurance	8,955		8,955	11,819
Telephone	11,423		11,423	13,995
Value in kind - rent	5,859		5,859	5,788
	<u>\$ 670,978</u>	<u>\$ 61,713</u>	<u>\$ 732,691</u>	<u>\$ 968,620</u>