

UNITED STATES AMATEUR CONFEDERATION OF ROLLER SKATING

Independent Auditor's Report

Financial Statements – August 31, 2016 and August 31, 2015

UNITED STATES AMATEUR CONFEDERATION OF ROLLER SKATING

Table of Contents

Independent Auditor's Report..... 1

Financial Statements:

 Statements of Financial Position2-3

 Consolidating Statements of Activities4-7

 Consolidating Statements of Cash Flows.....8-9

 Notes to Financial Statements.....10-21

 Supplemental Information.....24-29



Thomas, Kunc & Black, LLP

Independent Auditor's Report

To the Board of Directors of
United States Amateur Confederation of Roller Skating

We were engaged to audit the accompanying financial statements of the United States Confederation of Roller Skating (a Nebraska nonprofit corporation) which comprise the statements of financial position as of August 31, 2016 and 2015 and the related statements of activities, changes in net assets and cash flows for the periods then ended, and the related notes to the financial statements and supplemental information.

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 conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As discussed in Note J to the financial statements, the Confederation became aware of an individual's use of a credit card for personal expenses and other inappropriate financial activities and procedures.

The Confederation's financial records were maintained on a software platform that was unstable during the periods ended August 31, 2016 and 2015. The Confederation's accounting function maintains the records on the accrual basis of accounting; however, the Confederation is unable to provide supporting documentation verifying the accuracy of the balances in the financial statements. The number of accounts affected made it not practicable to quantify the financial effects of misstatements related to the Confederation's financial statements.

Disclaimer of Opinion

Because of the significance of the multiple uncertainties described in the Basis for Disclaimer of Opinion paragraph, we have not been able to form an opinion on the financial statements as a whole due to the interaction and possible effect of the uncertainties. Accordingly, we do not express an opinion on the financial statements referred to in the first paragraph.

Thomas, Kunc and Black, LLP

Lincoln, Nebraska
July 26, 2017

UNITED STATES AMATEUR CONFEDERATION OF ROLLER SKATING

Statements of Financial Position

August 31, 2016

ASSETS

| | <u>Confederation</u> | <u>Foundation</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|---|----------------------|---------------------|---------------------|---------------------|
| CURRENT ASSETS | | | | |
| Cash and Temporary Investments (Notes A and F) | \$ 240,053 | \$ 16,199 | \$ - | \$ 256,252 |
| Receivables (Notes A and B) | 220,702 | - | - | 220,702 |
| Due from Related Party (Note J) | - | 400,543 | (400,543) | - |
| Inventories (Note A) | 22,863 | - | - | 22,863 |
| Prepaid Expenses | 39,562 | - | - | 39,562 |
| Total Current Assets | <u>523,180</u> | <u>416,742</u> | <u>(400,543)</u> | <u>539,379</u> |
| PROPERTY AND EQUIPMENT, net (Notes A and C) | <u>372,912</u> | <u>-</u> | <u>-</u> | <u>372,912</u> |
| OTHER ASSETS | | | | |
| Marketable Securities (Notes A, F, and G) | 72,860 | 1,905,069 | - | 1,977,929 |
| Other Asset (Note D) | 35,299 | - | - | 35,299 |
| Total Other Assets | <u>108,159</u> | <u>1,905,069</u> | <u>-</u> | <u>2,013,228</u> |
| Total Assets | <u>\$ 1,004,251</u> | <u>\$ 2,321,811</u> | <u>\$ (400,543)</u> | <u>\$ 2,925,519</u> |

LIABILITIES AND NET ASSETS

| | | | | |
|---|---------------------|---------------------|---------------------|---------------------|
| CURRENT LIABILITIES | | | | |
| Accounts Payable | \$ 108,552 | \$ - | \$ (610) | \$ 107,942 |
| Line of Credit (Note I) | - | 399,933 | - | 399,933 |
| Accrued Liabilities | 7,789 | - | - | 7,789 |
| Due to Related Party (Note J) | 399,933 | - | (399,933) | - |
| Unearned Revenue (Note A) | 67,851 | - | - | 67,851 |
| Performance Bonds | 16,000 | - | - | 16,000 |
| Total Current Liabilities | <u>600,125</u> | <u>399,933</u> | <u>(400,543)</u> | <u>599,515</u> |
| NET ASSETS (Note A) | | | | |
| Unrestricted | 330,965 | 1,906,878 | - | 2,237,843 |
| Temporarily Restricted (Note H) | 12,935 | - | - | 12,935 |
| Permanently Restricted (Notes H and K) | 60,226 | 15,000 | - | 75,226 |
| Total Net Assets | <u>404,126</u> | <u>1,921,878</u> | <u>-</u> | <u>2,326,004</u> |
| Total Liabilities and Net Assets | <u>\$ 1,004,251</u> | <u>\$ 2,321,811</u> | <u>\$ (400,543)</u> | <u>\$ 2,925,519</u> |

See accompanying notes to financial statements and independent auditor's report.

UNITED STATES AMATEUR CONFEDERATION OF ROLLER SKATING

Statements of Financial Position

August 31, 2015

ASSETS

| | Confederation | Foundation | Eliminations | Consolidated |
|---|-------------------|---------------------|---------------------|---------------------|
| CURRENT ASSETS | | | | |
| Cash and Temporary Investments (Notes A and F) | \$ 138,118 | \$ 30,284 | \$ - | \$ 168,402 |
| Receivables (Notes A and B) | 164,712 | - | - | 164,712 |
| Due from Related Party (Note J) | - | 401,784 | (401,784) | - |
| Inventories (Note A) | 23,008 | - | - | 23,008 |
| Prepaid Expenses | 29,599 | - | - | 29,599 |
| Total Current Assets | 355,437 | 432,068 | (401,784) | 385,721 |
| PROPERTY AND EQUIPMENT, net (Notes A and C) | 396,773 | - | - | 396,773 |
| OTHER ASSETS | | | | |
| Marketable Securities (Notes A, F, and G) | 69,364 | 1,857,331 | - | 1,926,695 |
| Other Asset (Note D) | 40,101 | - | - | 40,101 |
| Total Other Assets | 109,465 | 1,857,331 | - | 1,966,796 |
| Total Assets | \$ 861,675 | \$ 2,289,399 | \$ (401,784) | \$ 2,749,290 |

LIABILITIES AND NET ASSETS

| | | | | |
|---|-------------------|---------------------|---------------------|---------------------|
| CURRENT LIABILITIES | | | | |
| Accounts Payable | \$ 127,577 | \$ - | \$ (610) | \$ 126,967 |
| Line of Credit (Note I) | - | 401,174 | - | 401,174 |
| Accrued Liabilities | 7,789 | - | - | 7,789 |
| Due to Related Party (Note J) | 401,174 | - | (401,174) | - |
| Unearned Revenue (Note A) | 199,058 | - | - | 199,058 |
| Performance Bonds | 16,000 | - | - | 16,000 |
| Total Current Liabilities | 751,598 | 401,174 | (401,784) | 750,988 |
| NET ASSETS (Note A) | | | | |
| Unrestricted | 42,963 | 1,873,225 | - | 1,916,188 |
| Temporarily Restricted (Note H) | 9,438 | - | - | 9,438 |
| Permanently Restricted (Notes H and K) | 57,676 | 15,000 | - | 72,676 |
| Total Net Assets | 110,077 | 1,888,225 | - | 1,998,302 |
| Total Liabilities and Net Assets | \$ 861,675 | \$ 2,289,399 | \$ (401,784) | \$ 2,749,290 |

See accompanying notes to financial statements and independent auditor's report.

UNITED STATES AMATEUR CONFEDERATION OF ROLLER SKATING

Consolidating Statements of Activities

Period ended August 31, 2016

| | <u>Confederation</u> | <u>Foundation</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|--|----------------------|-------------------|---------------------|---------------------|
| CHANGES IN UNRESTRICTED NET ASSETS | | | | |
| Revenue and Support | | | | |
| Amateur Registrations | \$ 604,480 | \$ - | \$ - | \$ 604,480 |
| Competitive Assessment Fees | 47,900 | - | - | 47,900 |
| Club Membership Fees | 61,475 | - | - | 61,475 |
| Other Fees | 6,825 | - | - | 6,825 |
| Coaches Membership Fees | 73,743 | - | - | 73,743 |
| National Championships (Note L) | | | | |
| Artistic and Speed | 517,818 | - | - | 517,818 |
| Hockey | 35,932 | - | - | 35,932 |
| Derby | 46,231 | - | - | 46,231 |
| Practice Fees | 43,755 | - | - | 43,755 |
| World Championships | 102,929 | - | - | 102,929 |
| Clinics and Seminar Fees | 14,735 | - | - | 14,735 |
| Supplies and Publications | 3,826 | - | - | 3,826 |
| United States Olympic Committee | 69,288 | - | - | 69,288 |
| Rental Income, net of expenses of \$4,947 | (2,538) | - | - | (2,538) |
| Other | 16,114 | - | - | 16,114 |
| Investment Income | - | 85,636 | - | 85,636 |
| Realized and Unrealized Gains(Losses) on Investments | - | 5,688 | - | 5,688 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Revenue and Support | 1,642,513 | 91,324 | - | 1,733,837 |
| Net Assets Released from Restrictions | | | | |
| Scholarship | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Unrestricted Revenue and Support | 1,642,513 | 91,324 | - | 1,733,837 |
| Expenses | | | | |
| Program services (schedule) | | | | |
| National Championships (schedule) | | | | |
| Adult Artistic | 110,334 | - | - | 110,334 |
| Adult Speed | 98,889 | - | - | 98,889 |
| Hardball Hockey | 59,031 | - | - | 59,031 |
| Derby | 67,925 | - | - | 67,925 |
| Junior Olympic Artistic | 64,403 | - | - | 64,403 |
| Junior Speed | 21,480 | - | - | 21,480 |
| Bank Track | 30,577 | - | - | 30,577 |
| World Championships (schedule) | | | | |
| Senior Artistic | 12,535 | - | - | 12,535 |
| Senior Speed | 13,833 | - | - | 13,833 |
| Men's Hockey | 25,557 | - | - | 25,557 |
| Women's Hockey | 25,731 | - | - | 25,731 |
| Men's Rink Hockey | 5,763 | - | - | 5,763 |
| Women's Rink Hockey | 25,676 | - | - | 25,676 |
| Junior's Rink Hockey | 1,756 | - | - | 1,756 |
| Junior Inline Hockey | 495 | - | - | 495 |
| World Juniors Artistic | 7,268 | - | - | 7,268 |
| World Juniors Speed | 12,448 | - | - | 12,448 |
| Bank Track | - | - | - | - |
| World Games | - | - | - | - |
| PanAm Games | 38,746 | - | - | 38,746 |

See accompanying notes to financial statements and independent auditor's report.

UNITED STATES AMATEUR CONFEDERATION OF ROLLER SKATING

Consolidating Statements of Activities - Continued

Period ended August 31, 2016

| Expenses - Continued | <u>Confederation</u> | <u>Foundation</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|--|----------------------|---------------------|---------------------|---------------------|
| Sports Development (schedule) | | | | |
| International Training and Competitions | 5,959 | - | - | 5,959 |
| U.S. Clinics and Education | 36,344 | - | - | 36,344 |
| Grassroots Development | - | - | - | - |
| Judges and Coaches Conference | - | - | - | - |
| Printing Supplies and Publications | - | - | - | - |
| Athlete Insurance | 152,024 | - | - | 152,024 |
| Representation | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Program Services | 816,774 | - | - | 816,774 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Supporting Expenses | | | | |
| National Office Administration | 272,955 | - | - | 272,955 |
| Occupancy, Equipment and Supplies | 133,828 | - | - | 133,828 |
| Printing, Postage, Telephone, and Utilities | 45,341 | - | - | 45,341 |
| Board Of Directors and Committee Expenses | 20,058 | - | - | 20,058 |
| Professional Services | 41,919 | - | - | 41,919 |
| Marketing Trade Show | 1,631 | - | - | 1,631 |
| Other | 19,454 | 57,671 | - | 77,125 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Supporting Expenses | 535,186 | 57,671 | - | 592,857 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Expenses | 1,351,960 | 57,671 | - | 1,409,631 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Increase (Decrease) in Unrestricted Net Assets | 290,553 | 33,653 | - | 324,206 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| CHANGES IN TEMPORARILY RESTRICTED NET ASSETS | | | | |
| Revenue and Support | | | | |
| Investment Income, Net of Investment Expenses | 3,533 | - | - | 3,533 |
| Realized and Unrealized Gains/(Losses) on Investments | (37) | - | - | (37) |
| Net Assets Released from Restrictions | | | | |
| Scholarship | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Increase (Decrease) in Temporarily Restricted Net Assets | 3,496 | - | - | 3,496 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| CHANGES IN PERMANENTLY RESTRICTED NET ASSETS | | | | |
| Revenue and Support | | | | |
| Other | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| INCREASE (DECREASE) IN NET ASSETS | 294,049 | 33,653 | - | 327,702 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net Assets, Beginning of Period | 110,077 | 1,888,225 | - | 1,998,302 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net Assets, End of Period | <u>\$ 404,126</u> | <u>\$ 1,921,878</u> | <u>\$ -</u> | <u>\$ 2,326,004</u> |

See accompanying notes to financial statements and independent auditor's report.

UNITED STATES AMATEUR CONFEDERATION OF ROLLER SKATING

Consolidating Statements of Activities

Period ended August 31, 2015

| | <u>Confederation</u> | <u>Foundation</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|--|----------------------|-------------------|---------------------|---------------------|
| CHANGES IN UNRESTRICTED NET ASSETS | | | | |
| Revenue and Support | | | | |
| Amateur Registrations | \$ 407,186 | \$ - | \$ - | \$ 407,186 |
| Competitive Assessment Fees | 34,840 | - | - | 34,840 |
| Club Membership Fees | 42,826 | - | - | 42,826 |
| Other Fees | 5,629 | - | - | 5,629 |
| Coaches Membership Fees | 45,518 | - | - | 45,518 |
| National Championships (Note L) | | | | |
| Artistic and Speed | 553,021 | - | - | 553,021 |
| Hockey | 66,986 | - | - | 66,986 |
| Derby | 4,590 | - | - | 4,590 |
| Practice Fees | 29,786 | - | - | 29,786 |
| World Championships | 50,981 | - | - | 50,981 |
| Clinics and Seminar Fees | 11,140 | - | - | 11,140 |
| Supplies and Publications | 3,434 | - | - | 3,434 |
| United States Olympic Committee | 88,480 | - | - | 88,480 |
| Rental Income, net of expenses of \$3,117 | 3,306 | - | - | 3,306 |
| Other | 4,965 | 1,270 | - | 6,235 |
| Investment Income | - | 37,860 | (8,860) | 29,000 |
| Realized and Unrealized Gains(Losses) on Investments | - | (61,749) | - | (61,749) |
| | <u>1,352,688</u> | <u>(22,619)</u> | <u>(8,860)</u> | <u>1,321,209</u> |
| Total Revenue and Support | | | | |
| Net Assets Released from Restrictions | | | | |
| Scholarship | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Unrestricted Revenue and Support | | | | |
| | <u>1,352,688</u> | <u>(22,619)</u> | <u>(8,860)</u> | <u>1,321,209</u> |
| Expenses | | | | |
| Program services (schedule) | | | | |
| National Championships (schedule) | | | | |
| Adult Artistic | 122,528 | - | - | 122,528 |
| Adult Speed | 102,615 | - | - | 102,615 |
| Hardball Hockey | 57,897 | - | - | 57,897 |
| Derby | 42,878 | - | - | 42,878 |
| Junior Olympic Artistic | 68,364 | - | - | 68,364 |
| Junior Speed | 18,911 | - | - | 18,911 |
| Bank Track | 31,060 | - | - | 31,060 |
| World Championships (schedule) | | | | |
| Senior Artistic | - | - | - | - |
| Senior Speed | - | - | - | - |
| Men's Hockey | 18,299 | - | - | 18,299 |
| Women's Hockey | 16,750 | - | - | 16,750 |
| Men's Rink Hockey | 3,035 | - | - | 3,035 |
| Women's Rink Hockey | 23,112 | - | - | 23,112 |
| Junior's Rink Hockey | - | - | - | - |
| Junior Inline Hockey | - | - | - | - |
| World Juniors Artistic | - | - | - | - |
| World Juniors Speed | - | - | - | - |
| Bank Track | - | - | - | - |
| World Games | - | - | - | - |
| PanAm Games | 45,109 | - | - | 45,109 |

See accompanying notes to financial statements and independent auditor's report.

UNITED STATES AMATEUR CONFEDERATION OF ROLLER SKATING.

Consolidating Statements of Activities - Continued

Period ended August 31, 2015

| Expenses - Continued | Confederation | Foundation | Eliminations | Consolidated |
|--|-------------------|---------------------|----------------|---------------------|
| Sports Development (schedule) | | | | |
| International Training and Competitions | 4,232 | - | - | 4,232 |
| U.S. Clinics and Education | 22,256 | - | - | 22,256 |
| Grassroots Development | - | - | - | - |
| Judges and Coaches Conference | - | - | - | - |
| Printing Supplies and Publications | - | - | - | - |
| Athlete Insurance | 84,944 | - | - | 84,944 |
| Representation | 4,309 | - | - | 4,309 |
| Total Program Services | <u>666,299</u> | <u>-</u> | <u>-</u> | <u>666,299</u> |
| Supporting Expenses | | | | |
| National Office Administration | 227,360 | - | - | 227,360 |
| Occupancy, Equipment and Supplies | 101,583 | - | - | 101,583 |
| Printing, Postage, Telephone, and Utilities | 43,591 | - | - | 43,591 |
| Board Of Directors and Committee Expenses | 7,282 | - | - | 7,282 |
| Professional Services | 5,610 | - | - | 5,610 |
| Marketing Trade Show | 2,232 | - | - | 2,232 |
| Other | 7,512 | 33,696 | (8,860) | 32,348 |
| Total Supporting Expenses | <u>395,170</u> | <u>33,696</u> | <u>(8,860)</u> | <u>420,006</u> |
| Total Expenses | <u>1,061,469</u> | <u>33,696</u> | <u>(8,860)</u> | <u>1,086,305</u> |
| Increase (Decrease) in Unrestricted Net Assets | <u>291,219</u> | <u>(56,315)</u> | <u>-</u> | <u>234,904</u> |
| CHANGES IN TEMPORARILY RESTRICTED NET ASSETS | | | | |
| Revenue and Support | | | | |
| Investment Income, Net of Investment Expenses | 60 | 119 | - | 179 |
| Realized and Unrealized Gains/(Losses) on Investments | (1,976) | (119) | - | (2,095) |
| Net Assets Released from Restrictions | | | | |
| Scholarship | - | - | - | - |
| Increase (Decrease) in Temporarily Restricted Net Assets | <u>(1,916)</u> | <u>-</u> | <u>-</u> | <u>(1,916)</u> |
| CHANGES IN PERMANENTLY RESTRICTED NET ASSETS | | | | |
| Revenue and Support | | | | |
| Other | 1,215 | - | - | 1,215 |
| INCREASE (DECREASE) IN NET ASSETS | 290,518 | (56,315) | - | 234,203 |
| Net Assets, Beginning of Period | <u>(180,441)</u> | <u>1,944,540</u> | <u>-</u> | <u>1,764,099</u> |
| Net Assets, End of Period | <u>\$ 110,077</u> | <u>\$ 1,888,225</u> | <u>\$ -</u> | <u>\$ 1,998,302</u> |

See accompanying notes to financial statements and independent auditor's report.

UNITED STATES AMATEUR CONFEDERATION OF ROLLER SKATING

Consolidating Statements of Cash Flows

Period ended August 31, 2016

| | <u>Confederation</u> | <u>Foundation</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|--|----------------------|-------------------|---------------------|---------------------|
| Cash Flows from Operating Activities | | | | |
| Cash Received from Customers | \$ 1,460,263 | \$ 71,163 | \$ - | \$ 1,531,426 |
| Cash Paid to Suppliers and Employees | (1,334,492) | (43,198) | - | (1,377,690) |
| Interest Received | - | 14,473 | (14,473) | - |
| Interest Paid | (14,608) | (14,473) | 14,473 | (14,608) |
| Net Cash provided (used) by Operating Activities | <u>111,163</u> | <u>27,965</u> | <u>-</u> | <u>139,128</u> |
| Cash Flows from Investing Activities | | | | |
| Proceeds from Sale of Marketable Securities | 735 | 388,857 | - | 389,592 |
| Purchase of Marketable Securities | - | (430,907) | - | (430,907) |
| Purchase of Property and Equipment | (8,722) | - | - | (8,722) |
| Net Cash provided (used) by Investing Activities | <u>(7,987)</u> | <u>(42,050)</u> | <u>-</u> | <u>(50,037)</u> |
| Cash Flows from Financing Activities | | | | |
| Change in loan to Related Party | (67) | 67 | - | - |
| Proceeds (Payments) from Line of Credit | - | (1,241) | - | (1,241) |
| Interest Accrued/(Receivable) | (1,174) | 1,174 | - | - |
| Net Cash provided (used) by Financing Activities | <u>(1,241)</u> | <u>-</u> | <u>-</u> | <u>(1,241)</u> |
| Decrease in Cash and Temporary Investments | 101,935 | (14,085) | - | 87,850 |
| Cash and Temporary Investments at Beginning of Period | <u>138,118</u> | <u>30,284</u> | <u>-</u> | <u>168,402</u> |
| Cash and Temporary Investments at End of Period | <u>\$ 240,053</u> | <u>\$ 16,199</u> | <u>\$ -</u> | <u>\$ 256,252</u> |
| Reconciliation of Increase (Decrease) in Net Assets to Net Cash provided (used) by Operating Activities | | | | |
| Increase (Decrease) in Net Assets | <u>\$ 294,049</u> | <u>\$ 33,653</u> | <u>\$ -</u> | <u>\$ 327,702</u> |
| Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash used by Operating Activities | | | | |
| Depreciation | 37,385 | - | - | 37,385 |
| Realized and Unrealized (Gains)/Losses on Investments | 37 | (5,688) | - | (5,651) |
| Reinvested Interest and Dividends | (4,268) | - | - | (4,268) |
| (Increase) Decrease in Assets | | | | |
| Receivables | (55,990) | - | - | (55,990) |
| Inventories | 145 | - | - | 145 |
| Prepaid Expenses | (9,963) | - | - | (9,963) |
| Increase (Decrease) In Liabilities | | | | |
| Accounts Payable | (19,025) | - | - | (19,025) |
| Accrued Liabilities | - | - | - | - |
| Unearned Revenue | (131,207) | - | - | (131,207) |
| Performance Bonds | - | - | - | - |
| Total Adjustments to increase (decrease) in Net Assets | <u>(182,886)</u> | <u>(5,688)</u> | <u>-</u> | <u>(188,574)</u> |
| Net cash provided (used) by Operating Activities | <u>\$ 111,163</u> | <u>\$ 27,965</u> | <u>\$ -</u> | <u>\$ 139,128</u> |

See accompanying notes to financial statements and independent auditor's report.

UNITED STATES AMATEUR CONFEDERATION OF ROLLER SKATING

Consolidating Statements of Cash Flows

Period ended August 31, 2015

| | <u>Confederation</u> | <u>Foundation</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|---|----------------------|--------------------|---------------------|---------------------|
| Cash Flows from Operating Activities | | | | |
| Cash Received from Customers | \$ 1,367,687 | \$ 1,270 | \$ - | \$ 1,368,957 |
| Cash Paid to Suppliers and Employees | (1,009,307) | (26,010) | - | (1,035,317) |
| Interest Received | - | 42,618 | (13,500) | 29,118 |
| Interest Paid | (16,076) | (7,686) | 13,500 | (10,262) |
| Net Cash provided (used) by Operating Activities | <u>342,304</u> | <u>10,192</u> | <u>-</u> | <u>352,496</u> |
| Cash Flows from Investing Activities | | | | |
| Proceeds from Sale of Marketable Securities | 136 | 190,432 | - | 190,568 |
| Purchase of Marketable Securities | (17,501) | (185,221) | - | (202,722) |
| Purchase of Property and Equipment | - | - | - | - |
| Net Cash provided (used) by Investing Activities | <u>(17,365)</u> | <u>5,211</u> | <u>-</u> | <u>(12,154)</u> |
| Cash Flows from Financing Activities | | | | |
| Change in loan to Related Party | (5,813) | 5,813 | - | - |
| Proceeds (Payments) from Line of Credit | (200,000) | (4,690) | - | (204,690) |
| Interest Accrued/(Receivable) | 1,174 | (1,174) | - | - |
| Net Cash provided (used) by Financing Activities | <u>(204,639)</u> | <u>(51)</u> | <u>-</u> | <u>(204,690)</u> |
| Decrease in Cash and Temporary Investments | 120,300 | 15,352 | - | 135,652 |
| Cash and Temporary Investments at Beginning of Period | <u>17,818</u> | <u>14,932</u> | <u>-</u> | <u>32,750</u> |
| Cash and Temporary Investments at End of Period | <u>\$ 138,118</u> | <u>\$ 30,284</u> | <u>\$ -</u> | <u>\$ 168,402</u> |
| Reconciliation of Increase (Decrease) in Net Assets to Net Cash provided (used) by Operating Activities | | | | |
| Increase (Decrease) in Net Assets | <u>\$ 290,518</u> | <u>\$ (56,315)</u> | <u>\$ -</u> | <u>\$ 234,203</u> |
| Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash used by Operating Activities | | | | |
| Depreciation | 34,936 | - | - | 34,936 |
| Realized and Unrealized (Gains)/Losses on Investments | 1,976 | 61,868 | - | 63,844 |
| Reinvested Interest and Dividends | (465) | - | - | (465) |
| (Increase) Decrease in Assets | | | | |
| Receivables | (29,226) | 4,639 | - | (24,587) |
| Inventories | (1,602) | - | - | (1,602) |
| Prepaid Expenses | (27,739) | - | - | (27,739) |
| Increase (Decrease) In Liabilities | | | | |
| Accounts Payable | 34,013 | - | - | 34,013 |
| Accrued Liabilities | - | - | - | - |
| Unearned Revenue | 39,893 | - | - | 39,893 |
| Performance Bonds | - | - | - | - |
| Total Adjustments to increase (decrease) in Net Assets | <u>51,786</u> | <u>66,507</u> | <u>-</u> | <u>118,293</u> |
| Net cash provided (used) by Operating Activities | <u>\$ 342,304</u> | <u>\$ 10,192</u> | <u>\$ -</u> | <u>\$ 352,496</u> |

See accompanying notes to financial statements and independent auditor's report.

UNITED STATES AMATEUR CONFEDERATION OF ROLLER SKATING

Notes to Consolidating Financial Statements

August 31, 2016 and August 31, 2015

United States Amateur Confederation of Roller Skating (the Confederation) is a non-for-profit corporation formed for the purpose of fostering national and international amateur roller skating.

The United States Foundation for Amateur Roller Skating (the Foundation) is a not-for-profit corporation formed for the purpose of support and development, including educational programs and research, of the members of the Organization.

NOTE A – SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidating financial statements follows.

Method of Accounting. The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting.

Principles of Consolidation. The accompanying consolidating financial statements include the accounts of United States Amateur Confederation of Roller Skating and United States Foundation for Amateur Roller Skating, a controlled not-for-profit corporation (collectively referred to as the Organization). All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Temporary Investments. For purposes of the consolidating statements of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less to be cash and temporary investments.

Investments. Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities. Donated securities are recorded as contributions equal to the fair market value of the securities at the date of gift.

Fair Value Measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date. The Organization utilizes a framework to prioritize 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 unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- | | |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access. |
| Level 2 | Inputs to the valuation methodology include: <ul style="list-style-type: none">• quoted prices for similar assets or liabilities in inactive markets;• quoted prices for identical or similar assets or liabilities in inactive markets;• inputs other than quoted prices that are observable for the asset or liability;• inputs that are derived principally from or corroborated by observable market data by correlation or other means. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

See independent auditor's report.

UNITED STATES AMATEUR CONFEDERATION OF ROLLER SKATING

Notes to Consolidating Financial Statements (Continued)

August 31, 2016 and August 31, 2015

NOTE A – SUMMARY OF ACCOUNTING POLICIES – CONTINUED

Fair Value Measurements – Continued. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Transfers between levels shall occur at the actual date of the event or change in circumstances that caused the transfer. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Receivables. Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables.

Inventories. Inventories are stated at the lower of cost or market; cost is determined using the first-in, first-out method. Inventory consists mainly of training materials, supplies, and books.

Property and Equipment and Depreciation. Property and equipment is carried at cost, if purchased, and at fair market value at the date of contribution, if received by donation, less accumulated depreciation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives computed primarily on the straight-line method. The estimated lives by asset class are as follows:

| | |
|---|---------------|
| Office furniture, fixtures, and equipment | 5 to 7 years |
| Computer and video equipment | 3 to 5 years |
| Computer software | 3 to 7 years |
| Building | 7 to 40 years |
| Vehicles | 5 years |

It is the Organization's policy to capitalize property and equipment over \$300. Lesser amounts are expensed.

Unearned Revenue. Payments received in the current year for amateur cards or club dues for the succeeding fiscal year are recorded as unearned revenue. Entry fees and other receipts for competitions to be held in the succeeding fiscal year are also recorded as unearned revenue.

Income Taxes. The Confederation and Foundation are exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, income earned in the performance of their exempt purposes is not subject to income tax. Any income earned through activities not related to their exempt purposes is subject to income tax at normal corporate rates.

Net Asset Classification. The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets. Net assets that are not subject to outside restrictions.

Temporarily restricted net assets. Net assets on which grantors or donors have placed restrictions regarding the use of the funds or the time period in which the funds can be used. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "net assets released from restrictions."

See independent auditor's report.

UNITED STATES AMATEUR CONFEDERATION OF ROLLER SKATING

Notes to Consolidating Financial Statements (Continued)

August 31, 2016 and August 31, 2015

NOTE A – SUMMARY OF ACCOUNTING POLICIES – CONTINUED

Permanently restricted net assets. Net assets whose funds must be held indefinitely.

Use of Estimates. The preparation of consolidating financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B – RECEIVABLES

Consolidated Receivables Consists of the Following:

| | August 31, 2016 | August 31, 2015 |
|--------------------------------------|--------------------|--------------------|
| Member Accounts | \$ 235,211 | \$ 168,549 |
| National Museum of Roller Skating | 33 | 10,705 |
| | 235,244 | 179,254 |
| Less Allowance for Doubtful Accounts | (14,542) | (14,542) |
| | <u>\$ 220,702</u> | <u>\$ 164,712</u> |

NOTE C – PROPERTY AND EQUIPMENT

Property and Equipment Consists of the Following:

| | August 31, 2016 | | |
|---|---------------------|-----------------------------|-------------------|
| | Cost | Accumulated Depreciation | Book Value |
| Office Furniture, Fixtures, and Equipment | \$ 70,738 | \$ 70,455 | \$ 283 |
| Computer and Video Equipment | 314,475 | 254,246 | 60,229 |
| Computer Software | 114,552 | 76,838 | 37,714 |
| Land and Building | 582,225 | 307,539 | 274,686 |
| Vehicles | - | - | - |
| | <u>\$ 1,081,990</u> | <u>\$ 709,078</u> | <u>\$ 372,912</u> |
| | August 31, 2015 | | |
| | Cost | Accumulated Depreciation | Book Value |
| Office Furniture, Fixtures, and Equipment | \$ 70,738 | \$ 70,305 | \$ 433 |
| Computer and Video Equipment | 324,395 | 254,850 | 69,545 |
| Computer Software | 114,552 | 76,838 | 37,714 |
| Land and Building | 582,225 | 293,144 | 289,081 |
| Vehicles | 43,700 | 43,700 | - |
| | <u>\$ 1,135,610</u> | <u>\$ 738,837</u> | <u>\$ 396,773</u> |

The consolidating financial statements include depreciation expenses related to property and equipment of \$37,385 (2016) and \$27,791 (2015).

See independent auditor's report.

UNITED STATES AMATEUR CONFEDERATION OF ROLLER SKATING

Notes to Consolidating Financial Statements (Continued)

August 31, 2016 and August 31, 2015

NOTE D – OTHER ASSET

Other asset consists of a rental house with a cost basis of \$104,040, net of accumulated depreciation of \$68,741 (August 31, 2016) and \$63,939 (August 31, 2015).

NOTE E – FOUNDATION ASSETS

In prior years, the Confederation's Board of Directors had designated investments such that only the earnings from those assets could be used for sports development. In February 1995, the Confederation authorized a transfer of \$1,426,717 of its investments to the United States Foundation for Amateur Roller Skating (the Foundation), a separate not-for-profit corporation. The transfer was made on June 30, 1995. All of the investment income and up to five percent of the investments may be distributed annually for athlete scholarships by the Foundation's Board of Trustees at its sole discretion. Additional investments may be distributed annually by a three-fourth's vote of the Board of Trustees.

The foundation is a controlled not-for-profit corporation of the Confederation in that its Board of Trustees are elected by the Confederation. The Foundation's activities are included in these consolidating financial statements.

NOTE F – CASH, TEMPORARY INVESTMENTS AND MARKETABLE SECURITIES

Cash, Temporary Investments, and Marketable Securities consist of:

| | August 31, 2016 | | | | | |
|--------------------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| | Confederation | | Foundation | | Consolidated | |
| | Cost | Market | Cost | Market | Cost | Market |
| Cash and Temporary Investments | \$ 240,053 | \$ 240,053 | \$ 16,199 | \$ 16,199 | \$ 256,252 | \$ 256,252 |
| Mutual Funds | 71,966 | 72,860 | 989,520 | 913,768 | 1,061,486 | 986,628 |
| Common Stock | - | - | 524,011 | 733,605 | 524,011 | 733,605 |
| Exchange Traded Funds | - | - | 144,505 | 168,087 | 144,505 | 168,087 |
| Limited Partnership | - | - | 85,000 | 89,609 | 85,000 | 89,609 |
| | 71,966 | 72,860 | 1,743,036 | 1,905,069 | 1,815,002 | 1,977,929 |
| | <u>\$ 312,019</u> | <u>\$ 312,913</u> | <u>\$ 1,759,235</u> | <u>\$ 1,921,268</u> | <u>\$ 2,071,254</u> | <u>\$ 2,234,181</u> |
| Unrealized Gain | | <u>\$ 894</u> | | <u>\$ 162,033</u> | | <u>\$ 162,927</u> |
| | August 31, 2015 | | | | | |
| | Confederation | | Foundation | | Consolidated | |
| | Cost | Market | Cost | Market | Cost | Market |
| Cash and Temporary Investments | \$ 138,118 | \$ 138,118 | \$ 30,284 | \$ 30,284 | \$ 168,402 | \$ 168,402 |
| Mutual Funds | 68,527 | 69,364 | 1,032,603 | 995,940 | 1,101,130 | 1,065,304 |
| Common Stock | - | - | 506,094 | 667,952 | 506,094 | 667,952 |
| Exchange Traded Funds | - | - | 79,226 | 97,391 | 79,226 | 97,391 |
| Limited Partnership | - | - | 85,000 | 96,048 | 85,000 | 96,048 |
| | 68,527 | 69,364 | 1,702,923 | 1,857,331 | 1,771,450 | 1,926,695 |
| | <u>\$ 206,645</u> | <u>\$ 207,482</u> | <u>\$ 1,733,207</u> | <u>\$ 1,887,615</u> | <u>\$ 1,939,852</u> | <u>\$ 2,095,097</u> |
| Unrealized Gain | | <u>\$ 837</u> | | <u>\$ 154,408</u> | | <u>\$ 155,245</u> |

See independent auditor's report.

UNITED STATES AMATEUR CONFEDERATION OF ROLLER SKATING

Notes to Consolidating Financial Statements (Continued)

August 31, 2016 and August 31, 2015

NOTE G – FAIR MARKET VALUE

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in methodologies used during the periods ended August 31, 2016 and August 31, 2015.

Mutual Funds: Valued at the observable net asset value (NAV) of shares held by the Organization at year end.

Preferred Stock: Valued at the observable net asset value (NAV) of shares held by the Organization at year end.

Common Stock: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate Bonds: Valued based on yields currently available on comparable securities of issuers with similar credit ratings.

Government Agency Bonds: Valued using independent pricing models.

Government Securities: Valued using independent pricing models.

Exchange Traded Funds: Valued at the observable net asset value (NAV) of shares held by the Organization at year end.

Limited Partnership: Valued based on the value of the underlying assets.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth the balances of assets measured at fair value on a recurring basis as of August 31, 2016.

| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|-------------------------------|---------------------|---|--|---|
| Mutual Funds | | | | |
| Fixed Income | \$ 913,768 | \$ 913,768 | \$ - | \$ - |
| Balanced Fund (Confederation) | 72,860 | 72,860 | - | - |
| Common Stock | | | | |
| Large Cap Domestic | 733,705 | 733,705 | - | - |
| Exchange Traded Funds | | | | |
| Large Cap Domestic | 168,067 | 168,067 | - | - |
| Limited Partnership | 89,609 | - | - | 89,609 |
| | <u>\$ 1,978,009</u> | <u>\$ 1,888,400</u> | <u>-</u> | <u>89,609</u> |

See independent auditor's report.

UNITED STATES AMATEUR CONFEDERATION OF ROLLER SKATING

Notes to Consolidating Financial Statements (Continued)

August 31, 2016 and August 31, 2015

NOTE G – FAIR MARKET VALUE – CONTINUED

The following table sets forth the balances of assets measured at fair value on a recurring basis as of August 31, 2015.

| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|-------------------------------|---------------------|---|--|---|
| Mutual Funds | | | | |
| Fixed Income | \$ 995,940 | \$ 995,940 | \$ - | \$ - |
| Balanced Fund (Confederation) | 69,364 | 69,364 | - | - |
| Common Stock | | | | |
| Large Cap Domestic | 667,952 | 667,952 | - | - |
| Exchange Traded Funds | | | | |
| Large Cap Domestic | 97,391 | 97,391 | - | - |
| Limited Partnership | 96,048 | - | - | 96,048 |
| | <u>\$ 1,926,695</u> | <u>\$ 1,830,647</u> | <u>-</u> | <u>96,048</u> |

The following table sets forth a summary of changes in the fair value of the Organization's level 3 assets for the periods ended August 31, 2016 and August 31, 2015.

| | Limited Partnership | |
|--|------------------------|------------------|
| | 2016 | 2015 |
| Beginning Balance | \$ 96,048 | \$ 91,830 |
| Change in Unrealized Gains (Losses) Included In Earnings | (6,439) | 4,218 |
| Ending Balance | <u>\$ 89,609</u> | <u>\$ 96,048</u> |

See independent auditor's report.

UNITED STATES AMATEUR CONFEDERATION OF ROLLER SKATING

Notes to Consolidating Financial Statements (Continued)

August 31, 2016 and August 31, 2015

NOTE H – ENDOWMENTS

The Board of Directors of the Organization has interpreted the Nebraska Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts donated to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the Nebraska UPMIFA. In accordance with the Nebraska UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation or deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

An endowment fund, established in 2000 with a bequest of \$15,000, requires the principal gift to be preserved in perpetuity with the income to be used as a scholarship for the National Champion in Junior World Class Figure Skating.

An endowment fund was established for the international travel of USA Roller Sports athletes. Only earnings may be used to fund the travel of World Team athletes.

The Organization maintains an investment policy that protects restricted principal while supporting current budget needs without investing in funds that will jeopardize the Organization's exempt status or conflict with the Organization's mission statement.

See independent auditor's report.

UNITED STATES AMATEUR CONFEDERATION OF ROLLER SKATING

Notes to Consolidating Financial Statements (Continued)

August 31, 2016 and August 31, 2015

NOTE H – ENDOWMENTS – CONTINUED

Endowment Net Asset Composition by Type of Fund as of August 31, 2016.

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|----------------------------------|--------------|---------------------------|---------------------------|-----------|
| Donor-restricted Endowment Funds | \$ - | \$ 12,935 | \$ 75,226 | \$ 88,161 |

Changes in Endowment Net Assets for the period ended August 31, 2016.

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|--------------|---------------------------|---------------------------|-----------|
| Endowment Net Assets, Beginning of Period | \$ - | \$ 9,438 | \$ 72,676 | \$ 82,114 |
| Investment Return: | | | | |
| Investment Income | - | 4,269 | - | 4,269 |
| Investment Fee | - | (735) | - | (735) |
| Net Realized and Unrealized Gain/(Loss) | - | (37) | - | (37) |
| Total Investment Return | - | 3,497 | - | 3,497 |
| Contributions | - | - | 2,550 | 2,550 |
| Appropriation of Endowment Assets for Expenditure | - | - | - | - |
| Endowment Net Assets, End of Period | \$ - | \$ 12,935 | \$ 75,226 | \$ 88,161 |

Endowment Net Asset Composition by Type of Fund as of August 31, 2015.

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|----------------------------------|--------------|---------------------------|---------------------------|-----------|
| Donor-restricted Endowment Funds | \$ - | \$ 9,439 | \$ 72,676 | \$ 82,115 |

Changes in Endowment Net Assets for the period ended August 31, 2015.

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|--------------|---------------------------|---------------------------|-----------|
| Endowment Net Assets, Beginning of Period | \$ - | \$ 11,354 | \$ 71,461 | \$ 82,815 |
| Investment Return: | | | | |
| Investment Income | - | 465 | - | 465 |
| Investment Fee | - | (404) | - | (404) |
| Net Realized and Unrealized Gain/(Loss) | - | (1,976) | - | (1,976) |
| Total Investment Return | - | (1,915) | - | (1,915) |
| Contributions | - | - | 1,215 | 1,215 |
| Appropriation of Endowment Assets for Expenditure | - | - | - | - |
| Endowment Net Assets, End of Period | \$ - | \$ 9,439 | \$ 72,676 | \$ 82,115 |

See independent auditor's report.

UNITED STATES AMATEUR CONFEDERATION OF ROLLER SKATING

Notes to Consolidating Financial Statements (Continued)

August 31, 2016 and August 31, 2015

NOTE I – LINE OF CREDIT

The Confederation has an operating line-of-credit of \$200,000 with a bank to be drawn down as needed for operating cash flow. The interest rate was the prime rate plus 1%, and as of August 31, 2016 and 2015 the interest rate was 5.75%. The line of credit was renewed on June 1, 2016. The balance on the line of credit was \$0 (August 31, 2016) and \$0 (August 31, 2015).

The Foundation has an operating line-of-credit with United Bank of Switzerland to be drawn down as needed. The interest rate was 3.528% as of August 31, 2016 and 3.40% as of August 31, 2015. The Confederation had drawn down \$399,933 (August 31, 2016) and \$401,174 (August 31, 2015), See Note J for additional information. The Foundation paid off the operating line-of-credit with United Bank of Switzerland on May 24, 2017.

NOTE J –RELATED PARTY TRANSACTIONS

On December 19, 2013, the Foundation loaned the Confederation \$200,000 at an interest rate of 2.75%. The entire principal balance outstanding, together with any accrued and unpaid interest thereon, was payable in a single lump sum on December 19, 2014.

On December 19, 2014, a second revision to the promissory note was signed. The entire principal balance outstanding along with any accrued interest thereon, was payable in a single lump sum on December 31, 2015.

On July 1, 2015, the Foundation signed a third revision to the promissory note. The note was for the principal sum of \$400,000.00. The entire principal balance outstanding is payable on or before December 31, 2018, but on demand on or after December 31, 2016. Interest shall be paid monthly on the first day of each month. The interest rate shall be equal to the applicable rate charged to the Foundation by the United Bank of Switzerland on a loan from UBS. The balance is reported under Line of Credit for the Foundation.

The Organization is a member of the United States Olympic Committee (USOC). The Organization receives grants from the USOC to promote the sport of roller skating.

The Executive Director occupied the rental house owned by the Confederation through December 31, 2015. The Executive Director's 2016 and 2015 compensation package included the use of the rental house. Total rental income was \$2,409 (August 31, 2016) and \$6,423 (August 31, 2015).

The Confederation was notified of an individual's personal use of a company credit card for personal purposes by the bank during 2014 and 2015. The State of Nebraska's Attorney General began an investigation into the transactions during 2015. The Confederation determined the amounts related to personal use of the credit card and required the individual to repay the outstanding amount including interest. The employee's employment was terminated with the Confederation on November 30, 2015. After the employee was terminated, the Confederation became aware of additional transactions made by the individual that did not follow the Confederation's policy requiring proper documentation be submitted for all transactions. As a result of that discovery, the Confederation filed a police report. The Attorney General's investigation and police investigation have not been resolved as of July 26, 2017. The Confederation recorded the known receivables for the periods ended August 31, 2016 and 2015 in the financial statements, however, because of the uncertainties regarding the investigations, the Confederation has not made any additional adjustments to the financial records for these matters. During 2015, 2016 and 2017, the Confederation has developed additional governance procedures and internal controls in response to these transactions.

See independent auditor's report.

UNITED STATES AMATEUR CONFEDERATION OF ROLLER SKATING

Notes to Consolidating Financial Statements (Continued)

August 31, 2016 and August 31, 2015

NOTE K – DESCRIPTION OF PERMANENTLY RESTRICTED NET ASSETS

| | August 31, 2016 | August 31, 2015 |
|--|--------------------|--------------------|
| Permanently Restricted Net Assets Consist of the Following: | | |
| Wojnarowsky Memorial Scholarship Fund, restricted for permanent endowment | \$ 15,000 | \$ 15,000 |
| World Team Endowment fund, restricted for permanent endowment | 60,226 | 57,676 |
| Total Permanently Restricted Net Assets | <u>\$ 75,226</u> | <u>\$ 72,676</u> |

NOTE L – NATIONAL CHAMPIONSHIPS REVENUE

As the national governing body for amateur roller skating competition, the Organization annually conducts national championships for amateur skaters. The periods ended August 31, 2016 and August 31, 2015 include revenue from five national championships.

Revenue consists of the following:

| | August 31, 2016 | August 31, 2015 |
|-------------------------------|--------------------|--------------------|
| Entry Fees | \$ 359,655 | \$ 321,915 |
| Practice Fees | 43,755 | 29,786 |
| Ticket Sales | 42,630 | 39,772 |
| Booths and Sponsorship | 176,350 | 246,576 |
| Program Sales and Advertising | 12,443 | 8,076 |
| Other | 8,903 | 8,258 |
| | <u>\$ 643,736</u> | <u>\$ 654,383</u> |

NOTE M – EXPENSE REIMBURSEMENTS

Expenses were incurred for training and education programs as well as the following world championships and international competitions:

Period ended August 31, 2016:

2016 FIRS Junior Men's World Inline Hockey Championships
 2016 FIRS Junior Women's World Inline Hockey Championships
 2016 FIRS Senior Men's World Inline Hockey Championships
 2016 FIRS Senior Women's World Inline Hockey Championships
 2016 National Rink Hockey Championships
 2016 World Rink Hockey Championships
 2016 National Roller Figure Skating Championships
 2016 World Roller Figure Skating Championships
 2016 National Indoor Speed Championships
 2016 National Outdoor Speed Championships
 2016 World Speed Skating Championships
 2016 National Roller Derby Championships
 2016 Americas Club Cup

See independent auditor's report.

UNITED STATES AMATEUR CONFEDERATION OF ROLLER SKATING

Notes to Consolidating Financial Statements (Continued)

August 31, 2016 and August 31, 2015

NOTE M – EXPENSE REIMBURSEMENTS - CONTINUED

Period ended August 31, 2015:

2015 FIRS Junior Men's World Inline Hockey Championships
2015 FIRS Junior Women's World Inline Hockey Championships
2015 FIRS Senior Men's World Inline Hockey Championships
2015 FIRS Senior Women's World Inline Hockey Championships
2015 Women's World Rink Hockey Championships
2015 National Rink Hockey Championships
2015 World Rink Hockey Championships
2015 National Roller Figure Skating Championships
2015 World Roller Figure Skating Championships
2015 National Indoor Speed Championships
2015 National Outdoor Speed Championships
2015 World Speed Skating Championships
2015 National Roller Derby Championships
2015 Americas Club Cup

NOTE N – OPERATING LEASE

The Confederation entered into a copier lease agreement on October 21, 2013. The lease called for 60 monthly payments of \$1,764. The Confederation signed a new copier lease agreement on September 20, 2016 with 60 monthly payments of \$1,496.

Future minimum non-cancelable lease payments for the years following August 31, 2016 are as follows:

Years ending August 31,

| <u>Year</u> | <u>Amount</u> |
|----------------|------------------|
| 2017 | 17,954 |
| 2018 | 17,954 |
| 2019 | 17,954 |
| 2020 | 17,954 |
| 2021 and after | 17,954 |
| | <u>\$ 89,770</u> |

The financial statements include rental expense of \$25,340 (2016) and \$16,976 (2015).

NOTE O – RETIREMENT PLAN

The Confederation maintains a 401(k) retirement plan. After completing one month of service, the Confederation contributes a match of \$1 for every dollar contributed by the employee, not to exceed \$2,000 per year. The financial statements include retirement contribution expense of \$11,995 and \$8,909 for the periods ended August 31, 2016 and August 31, 2015, respectively.

See independent auditor's report.

UNITED STATES AMATEUR CONFEDERATION OF ROLLER SKATING

Notes to Consolidating Financial Statements (Continued)

August 31, 2016 and August 31, 2015

NOTE P – INCOME TAXES

The Confederation and the Foundation are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Confederation has advertising income, which is subject to tax on unrelated business income. For the periods ended August 31, 2016 and 2015, the Confederation and the Foundation had no tax liability on unrelated business activity. The Confederation and the Foundation believe that they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the financial statements.

The Confederation's and the Foundation's federal Exempt Organization Business Income Tax Returns (Forms 990 and 990-T) for August 31, 2016, August 31, 2015, and December 31, 2014 are subject to examination by the IRS, generally for three years after they were filed.

NOTE Q – CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of checking accounts at financial institutions. The accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The Organization had no deposits that exceeded federally insured limits for the periods ended August 31, 2016 and August 31, 2015.

NOTE R – RECLASSIFICATION

Certain amounts related to the prior year have been reclassified to conform to the current year presentation with no effect on previously reported net income.

NOTE S – CHANGE IN ACCOUNTING PERIOD

The Confederation changed from a calendar year end as of January 1, 2015 to a fiscal year end of August. The period ended August 31, 2016 is for a twelve month period and the period ended August 31, 2015 is an eight month period.

NOTE T – SUBSEQUENT EVENTS

Subsequent events have been evaluated through the audit report date, the date the financial statements were available to be issued.

The Foundation paid off the line of credit as of May 24, 2017.

See independent auditor's report.

(This page left blank intentionally)

SUPPLEMENTAL INFORMATION

(This page left blank intentionally)



Thomas, Kunc & Black, LLP

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON SUPPLEMENTAL INFORMATION

The Board of Directors
United States Amateur Confederation of Roller Skating

We have audited the consolidating financial statements of United States Amateur Confederation of Roller Skating as of and for the periods ended August 31, 2016 and August 31, 2015, and our reports thereon dated July 26, 2017 and July 11, 2016 respectively, which expressed a disclaimer of opinion on those consolidating financial statements, appears on page 1. The schedules of National Championship Expenses, World Championship Expenses, Sports Development Expenses, and Program Services Expenses are presented for purposes of additional analysis and are not a required part of the consolidating financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the consolidating financial statements.

Lincoln, Nebraska
July 26, 2017

Thomas, Kunc and Black, LLP

UNITED STATES AMATEUR CONFEDERATION OF ROLLER SKATING

Schedules of World Championship Expenses

Periods ended August 31, 2016 and August 31, 2015

| | 2016 | | | | | | | | | | | |
|------------------------|-----------------|--------------|--------------|----------------|----------------------|----------------------|--------------|--------------|------------------------|---------------------|------------|------------|
| | Senior Artistic | Senior Speed | Men's Hockey | Women's Hockey | Junior's Rink Hockey | Junior Inline Hockey | Roller Derby | World Slalom | World Juniors Artistic | World Juniors Speed | Bank Track | Total |
| Personnel | | | | | | | | | | | | |
| Direct Costs | 8,511 | 6,733 | \$ 7,208 | \$ 7,208 | \$ 5,763 | \$ 7,613 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 27,792 |
| Travel and Subsistence | 4,024 | 7,100 | 6,613 | 7,447 | - | 8,602 | 1,336 | 495 | 4,666 | 5,805 | - | 50,208 |
| | | | 11,736 | 11,076 | - | 9,461 | 420 | - | 2,602 | 6,643 | - | 53,062 |
| | \$ 12,535 | \$ 13,833 | \$ 25,557 | \$ 25,731 | \$ 5,763 | \$ 25,676 | \$ 1,756 | \$ 495 | \$ 7,268 | \$ 12,448 | \$ - | \$ 131,062 |

| | 2015 | | | | | | | | | | | |
|------------------------|-----------------|--------------|--------------|----------------|----------------------|----------------------|----------------------|--------------|------------------------|---------------------|------------|-----------|
| | Senior Artistic | Senior Speed | Men's Hockey | Women's Hockey | Junior's Rink Hockey | Junior Inline Hockey | Junior's Rink Hockey | World Slalom | World Juniors Artistic | World Juniors Speed | Bank Track | Total |
| Personnel | | | | | | | | | | | | |
| Direct Costs | \$ - | - | \$ 4,416 | \$ 4,416 | \$ 3,554 | \$ 4,681 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 17,067 |
| Travel and Subsistence | - | - | 3,232 | 2,831 | (519) | 3,607 | - | - | - | - | - | 9,151 |
| | - | - | 10,651 | 9,503 | - | 14,824 | - | - | - | - | - | 34,978 |
| | \$ - | \$ - | \$ 18,299 | \$ 16,750 | \$ 3,035 | \$ 23,112 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 61,196 |

See independent certified public accountants report on supplemental information.

UNITED STATES AMATEUR CONFEDERATION OF ROLLER SKATING

Schedules of Program Services Expenses

Periods ended August 31, 2016 and August 31, 2015

2016

| | International Training and Competitions | U.S. Clinics and Education | Grassroots Development | Judges and Coaches Conference | Total |
|------------------------|---|-------------------------------|---------------------------|-------------------------------------|------------------|
| Personnel | \$ 2,870 | \$ 23,345 | \$ - | \$ - | \$ 26,215 |
| Direct Costs | 750 | 10,048 | - | - | 10,798 |
| Travel and Subsistence | 2,339 | 2,951 | - | - | 5,290 |
| | <u>\$ 5,959</u> | <u>\$ 36,344</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 42,303</u> |

2015

| | International Training and Competitions | U.S. Clinics and Education | Grassroots Development | Judges and Coaches Conference | Total |
|------------------------|---|-------------------------------|---------------------------|-------------------------------------|------------------|
| Personnel | \$ 1,585 | \$ 14,249 | \$ - | \$ - | \$ 15,834 |
| Direct Costs | 1,155 | 4,007 | - | - | 5,162 |
| Travel and Subsistence | 1,492 | 4,000 | - | - | 5,492 |
| | <u>\$ 4,232</u> | <u>\$ 22,256</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 26,488</u> |

See independent certified public accountants report on supplemental information.

UNITED STATES AMATEUR CONFEDERATION OF ROLLER SKATING

Schedules of Program Services Expenses

Periods ended August 31, 2016 and August 31, 2015

| | 2016 | | | | | | | | Total |
|------------------------|------------------------|---------------------|-------------|-------------|--------------------|------------------------------------|-------------------|----------------|------------|
| | National Championships | World Championships | World Games | PanAm Games | Sports Development | Printing Supplies and Publications | Athlete Insurance | Representation | |
| Personnel | \$ 101,791 | \$ 27,792 | - | \$ - | \$ 26,215 | \$ - | \$ - | \$ - | \$ 155,798 |
| Direct Costs | 214,386 | 50,208 | - | 20,275 | 10,798 | - | 152,024 | - | 447,691 |
| Travel and Subsistence | 136,462 | 53,062 | - | 18,471 | 5,290 | - | - | - | 213,285 |
| | \$ 452,639 | \$ 131,062 | \$ - | \$ 38,746 | \$ 42,303 | \$ - | \$ 152,024 | \$ - | \$ 816,774 |

| | 2015 | | | | | | | | Total |
|------------------------|------------------------|---------------------|-------------|-------------|--------------------|------------------------------------|-------------------|----------------|------------|
| | National Championships | World Championships | World Games | PanAm Games | Sports Development | Printing Supplies and Publications | Athlete Insurance | Representation | |
| Personnel | \$ 87,530 | \$ 17,067 | - | \$ - | \$ 15,834 | \$ - | \$ - | \$ - | \$ 120,431 |
| Direct Costs | 224,350 | 9,151 | - | 33,354 | 5,162 | - | 84,944 | 1,551 | 358,512 |
| Travel and Subsistence | 132,373 | 34,978 | - | 11,755 | 5,492 | - | - | 2,758 | 187,356 |
| | \$ 444,253 | \$ 61,196 | \$ - | \$ 45,109 | \$ 26,488 | \$ - | \$ 84,944 | \$ 4,309 | \$ 666,299 |

See independent certified public accountants report on supplemental information.