

**UNITED STATES LUGE ASSOCIATION, INC.**

Financial Statements  
(With Independent Auditors' Report)

For the Years Ended August 31, 2020 and 2019

**UNITED STATES LUGE ASSOCIATION, INC.**  
For the Years Ended August 31, 2020 and 2019

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
United States Luge Association, Inc.  
Lake Placid, New York

We have audited the accompanying financial statements of the United States Luge Association, Inc. (a nonprofit organization, the "Association"), which comprise the statement of financial position as of August 31, 2020, and the related statements of activities, functional expenses, 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 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization'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 organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the organization as of August 31, 2020, 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 United States Luge Association, Inc. financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 20, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*McSoley McCoy & Co.*

South Burlington, Vermont  
February 19, 2021  
VT Reg. No. 92-349

**UNITED STATES LUGE ASSOCIATION, INC.**

Statements of Financial Position

August 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 468,238	\$ 312,569
Restricted cash - athlete training fund	40,097	25,710
Accounts receivable	44,777	8,451
Prepaid expenses	23,807	23,893
Property and equipment, net	136,403	59,421
Beneficial interest in the assets of U.S. Luge Federation Foundation	<u>1,673,776</u>	<u>1,493,667</u>
 Total assets	 <u>\$ 2,387,098</u>	 <u>\$ 1,923,711</u>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued liabilities	\$ 506,139	\$ 437,310
Line of credit	85,354	85,354
Payroll Protection Program loan	184,790	-
Capital lease obligation	-	2,222
Due to athletes	<u>40,097</u>	<u>25,710</u>
 Total liabilities	 <u>816,380</u>	 <u>550,596</u>
 Without donor restrictions	 (103,058)	 (120,552)
With donor restrictions	<u>1,673,776</u>	<u>1,493,667</u>
 Total net assets	 <u>1,570,718</u>	 <u>1,373,115</u>
 Total liabilities and net assets	 <u>\$ 2,387,098</u>	 <u>\$ 1,923,711</u>

See accompanying notes to the financial statements.

**UNITED STATES LUGE ASSOCIATION, INC.**

Statement of Activities

For the Year Ended August 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains and Other Support</b>			
Support from United States Olympic Committee	\$ 1,313,791	\$ -	\$ 1,313,791
Corporate sponsor contributions	674,420	-	674,420
Change in value of beneficial interest	-	180,109	180,109
FIL grants, coaching fees and track fees	149,684	-	149,684
Trip revenue - development and candidate teams	284,374	-	284,374
Membership dues	22,322	-	22,322
Equipment and store sales	28,020	-	28,020
Promotional sponsorship	312,732	-	312,732
Event income	130,952	-	130,952
Program donations	135,725	-	135,725
In kind rent revenue	91,793	-	91,793
Other	262,359	-	262,359
	<u>3,406,172</u>	<u>180,109</u>	<u>3,586,281</u>
<b>Expenses</b>			
Program services:			
National team	1,590,656	-	1,590,656
Recruitment	73,750	-	73,750
Athlete development	310,290	-	310,290
Governance	3,426	-	3,426
Technical committee	332,740	-	332,740
Racing services	21,599	-	21,599
	<u>2,332,461</u>	<u>-</u>	<u>2,332,461</u>
Supporting services:			
General and administrative	358,977	-	358,977
Fundraising	695,766	-	695,766
	<u>1,054,743</u>	<u>-</u>	<u>1,054,743</u>
Loss on disposal of asset	1,474	-	1,474
	<u>3,388,678</u>	<u>-</u>	<u>3,388,678</u>
Change in net assets	17,494	180,109	197,603
Net assets - beginning of year	<u>(120,552)</u>	<u>1,493,667</u>	<u>1,373,115</u>
Net assets - end of year	<u>\$ (103,058)</u>	<u>\$ 1,673,776</u>	<u>\$ 1,570,718</u>

See accompanying notes to the financial statements.

**UNITED STATES LUGE ASSOCIATION, INC.**

Statement of Activities

For the Year Ended August 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains and Other Support</b>			
Support from United States Olympic Committee	\$ 1,379,156	\$ -	\$ 1,379,156
Corporate sponsor contributions	650,950	-	650,950
Change in value of beneficial interest	-	20,778	20,778
FIL grants, coaching fees and track fees	155,390	-	155,390
Trip revenue - development and candidate teams	299,536	-	299,536
Membership dues	28,850	-	28,850
Equipment and store sales	27,957	-	27,957
Promotional sponsorship	351,805	-	351,805
Event income	205,774	-	205,774
Program donations	176,393	-	176,393
Investment income	2	-	2
Other	260,426	-	260,426
	<u>3,536,239</u>	<u>20,778</u>	<u>3,557,017</u>
<b>Expenses</b>			
Program services:			
National team	1,582,780	-	1,582,780
Recruitment	91,377	-	91,377
Athlete development fund	349,932	-	349,932
Governance	6,336	-	6,336
Technical committee	379,543	-	379,543
Racing services	20,426	-	20,426
	<u>2,430,394</u>	<u>-</u>	<u>2,430,394</u>
Supporting services:			
General and administrative	227,757	-	227,757
Fundraising	769,910	-	769,910
	<u>997,667</u>	<u>-</u>	<u>997,667</u>
Loss on disposal of asset	253,539	-	253,539
	<u>3,681,600</u>	<u>-</u>	<u>3,681,600</u>
Change in net assets	(145,361)	20,778	(124,583)
Net assets - beginning of year	24,809	1,472,889	1,497,698
Net assets - end of year	<u>\$ (120,552)</u>	<u>\$ 1,493,667</u>	<u>\$ 1,373,115</u>

See accompanying notes to the financial statements.

**UNITED STATES LUGE ASSOCIATION, INC.**

Statements of Functional Expenses - Program

For the Year Ended August 31, 2020

(With Summarized Financial Information for the Year Ended August 31, 2019)

	National Team	Athlete			Technical Committee	Racing Services	2020		2019	
		Recruitment	Development	Governance			Total	Total	Total	
Payroll	\$ 308,361	\$ 55,096	\$ 117,142	\$ -	\$ 52,392	\$ 14,003	\$ 546,994	\$ 529,022		
Payroll taxes	25,051	4,558	9,644	-	4,014	1,335	44,602	44,658		
Retirement plan contributions	16,359	3,546	6,428	-	3,090	900	30,323	30,986		
Health and dental insurance	29,613	2,333	4,253	-	2,254	930	39,383	51,392		
Athlete initiative	17,853	-	-	-	-	-	17,853	-		
Building operations	7,709	-	-	-	-	-	7,709	8,175		
Competitive equipment and apparel	72,268	1,401	248	-	17,110	3,693	94,720	146,851		
Depreciation	23,760	-	-	-	-	-	23,760	19,641		
Foreign coaches and team consultants	165,704	-	-	-	-	-	165,704	128,600		
Housing and meals	391	-	25	-	251	-	667	5,148		
Independent contractors	-	-	-	-	8,399	-	8,399	26,165		
Insurance	1,725	-	-	-	-	-	1,725	1,207		
Miscellaneous	12,594	-	135	599	41	-	13,369	4,652		
Officials	-	-	-	-	-	738	738	27		
Postage	3,003	-	-	-	1,763	-	4,766	2,273		
Team clothing and supplies - VIK	125,708	-	-	-	-	-	125,708	88,550		
Team trip - Junior fall	282,151	-	-	-	-	-	282,151	198,245		
Team trip - Junior winter	168,598	-	-	-	-	-	168,598	270,993		
Team trip - Senior fall	182,633	-	-	-	-	-	182,633	203,480		
Team trip - Senior winter	145,225	-	-	-	-	-	145,225	140,310		
Technical support	-	-	-	-	240,000	-	240,000	240,000		
Training camps	363	-	117,300	-	-	-	117,663	227,773		
Training fees	-	-	-	-	-	-	-	1,163		
Travel	1,143	-	50,991	2,726	3,169	-	58,029	17,575		
Vehicle costs	444	-	4,124	101	257	-	4,926	8,205		
Wheel clinics	-	6,816	-	-	-	-	6,816	35,303		
<b>Total</b>	<b>\$ 1,590,656</b>	<b>\$ 73,750</b>	<b>\$ 310,290</b>	<b>\$ 3,426</b>	<b>\$ 332,740</b>	<b>\$ 21,599</b>	<b>\$ 2,332,461</b>	<b>\$ 2,430,394</b>		

See accompanying notes to the financial statements.



**UNITED STATES LUGE ASSOCIATION, INC.**  
**Statements of Functional Expenses - Supporting**  
**For the Year Ended August 31, 2020**  
(With Summarized Financial Information for the Year Ended August 31, 2019)

	<u>General and Administrative</u>	<u>Fundraising</u>	<u>2020 Total</u>	<u>2019 Total</u>
Payroll	\$ 91,517	\$ 179,552	\$ 271,069	\$ 261,862
Payroll taxes	6,124	13,218	19,342	20,288
Retirement plan contributions	5,483	11,131	16,614	17,520
Health and dental insurance	7,485	33,750	41,235	34,209
Building operations	104,658	-	104,658	14,454
Consultants	-	15,900	15,900	15,900
Depreciation	5,828	-	5,828	2,755
Entertainment and gifts	370	601	971	450
Events	-	147,286	147,286	223,718
General marketing needs	-	1,634	1,634	800
Housing and meals	4,341	1,759	6,100	5,604
Insurance	73,920	-	73,920	59,382
Interest expense	4,683	-	4,683	5,693
Member services	1,202	-	1,202	785
Miscellaneous	1,761	15,235	16,996	5,588
Postage	775	208	983	2,208
Professional fees	10,100	-	10,100	9,900
Public relations	-	2,895	2,895	3,694
Small equipment	13,793	-	13,793	6,964
Sponsor store sales program	-	20,720	20,720	17,017
Supplier support	-	10,396	10,396	15,775
Supplies	4,422	-	4,422	1,332
Team clothing	-	11,655	11,655	9,850
Telephone	9,169	-	9,169	10,554
Television support	-	226,752	226,752	238,925
Travel	11,966	1,468	13,434	9,198
Vehicle costs	1,380	1,606	2,986	3,242
<b>Total</b>	<b><u>\$ 358,977</u></b>	<b><u>\$ 695,766</u></b>	<b><u>\$ 1,054,743</u></b>	<b><u>\$ 997,667</u></b>

See accompanying notes to the financial statements.

UNITED STATES LUGE ASSOCIATION, INC.  
Statements of Cash Flows  
For the Years Ended August 31, 2020 and 2019

	2020	2019
Cash flows provided by operating activities:		
Change in net assets	\$ 197,603	\$ (124,583)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	29,588	22,396
Loss on disposal of equipment	1,474	253,539
Net gain on beneficial interest in assets of U.S. Luge Federation Foundation	(180,109)	(20,778)
(Increase) decrease in accounts receivable	(36,326)	1,400
(Increase) decrease in prepaid expenses	86	(8,868)
Increase in accounts payable and accrued liabilities	68,829	224,733
Increase in due to athletes	14,387	3,366
	95,532	351,205
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchases of property and equipment	(108,044)	(56,883)
Increase in restricted cash	(14,387)	(3,366)
	(122,431)	(60,249)
Net cash used in investing activities		
Cash flows from financing activities:		
Proceeds from Payroll Protection Program	184,790	-
Principal payments on capital lease obligations	(2,222)	(2,469)
	182,568	(2,469)
Net cash provided (used) by financing activities		
Net increase in cash and cash equivalents	155,669	288,487
Cash and cash equivalents, beginning of year	312,569	24,082
Cash and cash equivalents, end of year	\$ 468,238	\$ 312,569
Supplemental disclosure of cash flow information:		
Cash paid during the years for:		
Interest	\$ 4,683	\$ 5,693

See accompanying notes to the financial statements.

# UNITED STATES LUGE ASSOCIATION, INC.

Notes to Financial Statements  
For the Years Ended August 31, 2020 and 2019

## 1. Nature of Activities

United States Luge Association, Inc. (the “Association” or the “Organization”) was incorporated in the State of New York in October 1980 to act as the national governing body for the sport of luge as recognized by the United States Olympic Committee (“USOC”). The Association was established for the development of athletes and the promotion of amateur Luge competition at the national and international levels. The Association is the United States member of the Federation Internationale de Luge de Course, the international governing body for Luge. The Association’s primary sources of revenue are support from the USOC and from corporate sponsorships.

## 2. Summary of Significant Accounting Policies

### (a) *Basis of Accounting*

The accompanying financial statements have been prepared using the accrual basis of accounting.

### (b) *Financial Statement Presentation*

The Association reports its financial statements in accordance with the recommendations of the American Institute of Certified Public Accountants in its industry guide Audits of Not-for-Profit Entities and utilizes accounting principles and reporting practices for certain nonprofit organizations.

During 2020, the Association adopted ASU 2018-08, *Not-For-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Made*. This ASU clarifies and improves the scope and accounting guidance for both contributions received and made to assist all entities in evaluating whether a transaction should be accounting for as a contribution or exchange transaction. The Association elected the retrospective application as permitted. The overall impact to the financial statements was immaterial after application, therefore there were no changes made as a result of this accounting standard.

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association’s financial statements for the year ended August 31, 2019, from which the summarized information was derived.

### (c) *Net Assets*

The Association is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. In addition, the Association is required to present a statement of functional expenses and cash flows.

**UNITED STATES LUGE ASSOCIATION, INC.**

Notes to Financial Statements  
For the Years Ended August 31, 2020 and 2019

**Summary of Significant Accounting Policies** (continued)

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor, or certain grantor, imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**(d) Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions. Such estimates and assumptions affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support, revenue and expenses during the reporting period. Actual results could differ from those estimates.

**(e) Contributions**

The Association records contributions received as with donor restrictions and without donor restrictions support depending on the existence or nature of any donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the donor stipulations have been met, with donor restricted net assets are reclassified to without donor restriction net assets and released from restrictions in the statements of activities. When a contribution is received and expended within the same year, it is recorded as without donor restriction.

**(f) Cash and Cash Equivalents/Credit Risk and Restricted Cash**

Cash and all highly liquid investments with original maturities of three months or less from the date of acquisition are considered cash and cash equivalents. The Association maintains bank account balances, which at times may exceed federally insured limits. Management believes the Association is not exposed to any significant credit risk on cash and cash equivalents.

Restricted cash balances of \$40,097 and \$25,710 at August 31, 2020 and 2019, respectively, are restricted for the use of athletes for training and living expenses. Restricted cash will be included within the statements of cash flows as these funds are not designated for long-term purposes.

**UNITED STATES LUGE ASSOCIATION, INC.**

Notes to Financial Statements  
For the Years Ended August 31, 2020 and 2019

**Summary of Significant Accounting Policies** (continued)

***(g) Federal Income Taxes***

The Association is exempt from federal and state income taxes on income from activities related to their exempt purposes under IRC Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes under Section 501(a) of the Internal Revenue Code as organizations described in IRC Section 501(c)(3). The Association does not have unrelated business income for the year ended August 31, 2020.

The Association recognizes the nature of any uncertainty in their tax positions only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax-exempt entities, tax-exempt status itself is deemed to be an uncertainty, as events could potentially occur to jeopardize their tax-exempt status. Management believes the Association has no uncertain tax positions. The Association anticipates that it will not have a change in uncertain tax positions during the next twelve months that would have a material impact on the Association's financial statements. If necessary, the Association would accrue interest and penalties on uncertain tax positions as a component of the provision for income taxes. The Association is no longer subject to federal and state income tax examinations by tax authorities for years before the year ended August 31, 2017.

***(h) Beneficial Interest in the Assets of U.S. Luge Federation Foundation and Fair Value of these Financial Instruments***

The Association carries its investment in the beneficial interest in the assets of U.S. Luge Federation Foundation ("USLFF") at fair value in the statements of financial position as reported to the Association by the USLFF.

The beneficial interest in the assets of the USLFF are reported at fair value based upon quoted market prices as of the date of the statement of financial position with realized and unrealized gains and losses included in the change in net assets in the accompanying statements of activities. For alternative investments, which include hedge funds, fair values are based on estimates reported by fund managers where quoted market prices do not exist.

***(i) Property and Equipment***

The Association capitalizes all significant betterments with a cost, or if donated, at estimated fair value, of at least \$1,000 and a useful life of at least one year. Depreciation is provided on property and equipment over their estimated useful lives. Estimated useful lives range from three to ten years.

***(j) Sponsorships***

Sponsorship agreements are exchange transactions and are recognized as revenue when received and not as a promise to give when the agreements are entered into.

UNITED STATES LUGE ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended August 31, 2020 and 2019

Summary of Significant Accounting Policies (continued)

*(k) Functional Allocation of Expenses*

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Payroll and related payroll benefit expenses are common to several functions and are allocated based on estimated hours worked.

*(l) Long-Lived Assets*

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Organization first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary.

*(m) Subsequent Events*

The Association evaluated subsequent events through February 19, 2021, the date the Association's financial statements were available to be used.

**3. Property and Equipment**

Property and equipment consist of the following at August 31:

	<u>2020</u>	<u>2019</u>
Furniture and equipment	\$ 275,746	\$ 243,017
Vehicles	<u>109,014</u>	<u>71,339</u>
	384,760	314,356
Less: accumulated depreciation	<u>248,357</u>	<u>254,935</u>
Property and equipment, net	<u>\$ 136,403</u>	<u>\$ 59,421</u>

Total depreciation expense in 2020 and 2019 was \$29,588 and \$22,396, respectively.

## UNITED STATES LUGE ASSOCIATION, INC.

Notes to Financial Statements  
For the Years Ended August 31, 2020 and 2019

### 4. Fair Value Measurements – Beneficial Interest in the Assets of USLFF

The Association has a beneficial interest in assets maintained at the USLFF whose objective is to raise and manage those funds for the future benefit of the Association. The total amount of the beneficial interest is presented on the Association's statements of financial position as net assets with donor restrictions.

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value of the beneficial interest. That framework provides a 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 unobservable inputs (level 3 measurements).

The standard describes three levels of inputs that may be used to measure fair value:

- Level 1 – Quoted prices in active markets for identical assets or liabilities as of the reporting date.
- Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Both observable and unobservable inputs may be used to determine the fair value of positions that the Association has classified within the NAV category. As a result, the unrealized gains and losses for assets and liabilities within the NAV category presented in the tables below may include changes in fair value that were attributable to both observable (e.g., changes in market interest rates) and unobservable (e.g., changes in unobservable long-date volatilities) inputs.

**UNITED STATES LUGE ASSOCIATION, INC.**

Notes to Financial Statements

For the Years Ended August 31, 2020 and 2019

**Fair Value Measurements – Beneficial Interest in the Assets of USLFF (continued)**

*Recurring measurements*

The following table presents the fair value measurements of the beneficial interest recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at August 31, 2020 and 2019:

	As of August 31, 2020			
	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Cash and cash equivalents	\$ 1,639	\$ 1,639	\$ -	\$ -
Mutual funds	289,172	289,172	-	-
International fixed income	276,649	276,649	-	-
Domestic equities	397,876	397,876	-	-
International equities	215,685	215,685	-	-
Non-traditional managers	492,755	(A)	(A)	(A)
<b>Total</b>	<u>\$ 1,673,776</u>	<u>\$ 1,181,021</u>	<u>\$ -</u>	<u>\$ -</u>
	As of August 31, 2019			
	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Cash and cash equivalents	\$ 43,731	\$ 43,731	\$ -	\$ -
Mutual funds	237,963	237,963	-	-
Domestic bonds	37,484	37,484	-	-
International fixed income	74,967	74,967	-	-
Domestic equities	399,826	399,826	-	-
International equities	237,397	237,397	-	-
Non-traditional managers	462,299	(A)	(A)	(A)
<b>Total</b>	<u>\$ 1,493,667</u>	<u>\$ 1,031,368</u>	<u>\$ -</u>	<u>\$ -</u>

(A): In accordance with Accounting Standards Update (ASU) 2015-07, the USLFF does not classify investments held at net asset value per share in the fair value hierarchy as listed above.



**UNITED STATES LUGE ASSOCIATION, INC.**

Notes to Financial Statements

For the Years Ended August 31, 2020 and 2019

**Fair Value Measurements – Beneficial Interest in the Assets of USLFF (continued)**

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended August 31, 2020 and 2019.

*Traditional investments*

Where quoted market prices are available for identical securities in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include cash and cash equivalents, domestic and international equity and bond mutual funds, exchange traded funds and U.S. treasury notes.

*Alternative investments*

These alternative investments consist of hedge equity funds, limited partnerships, real estate funds, private equity funds, bond fund trusts, and funds of funds. As a group, the alternative investments invest in a variety of securities including, but not limited to, foreign and domestic publicly traded equity and debt securities, foreign and domestic fixed income investments, domestic commercial and residential real estate, options, warrants, derivatives and contracts. To the extent possible, fair value is based on the last sale price for securities listed on national exchanges. For securities not listed on national exchanges, fair value is determined at the last bid or asking price depending on the long or short position of the security. Investments for which quotations are not available are valued at an estimated fair value by the fund managers using various models, comparisons and assumptions.

Consideration is given to several factors, including the type of investment, risks, marketability, restrictions on disposition, quotations from other market participants and values of similar investments.

The Association has adopted Accounting Standards Update (ASU) 2009-12, which provides a practical expedient for certain investments to use net value per share to measure fair value. Accordingly, the Association uses the NAV as a practical expedient for fair value for each of its alternative investments.

**UNITED STATES LUGE ASSOCIATION, INC.**

Notes to Financial Statements

For the Years Ended August 31, 2020 and 2019

**Fair Value Measurements – Beneficial Interest in the Assets of USLFF (continued)**

Alternative investments held at August 31, 2020 and 2019, respectively, consist of the following:

	Fair Value	Redemption Frequency	Redemption Notice Period
Hedge equity funds (a)	\$ 128,730	Annually	45 - 100 days
Limited partnerships (b)	181,803	Quarterly	10 - 60 days
Real estate fund (c)	35,467	Upon dissolution of fund	N/A
Private equity funds (d)	7,863	Upon dissolution of fund	N/A
Funds of funds (f)	138,892	Upon dissolution of fund	N/A
Other (g)	<u>-</u>	Upon dissolution of fund	N/A
<b>Total</b>	<b>\$ <u>492,755</u></b>		

	Fair Value	Redemption Frequency	Redemption Notice Period
Hedge equity funds (a)	\$ 113,142	Annually	45 - 100 days
Limited partnerships (b)	189,934	Quarterly	10 - 60 days
Real estate fund (c)	28,405	Upon dissolution of fund	N/A
Private equity funds (d)	7,988	Upon dissolution of fund	N/A
Bond fund trust (e)	10,739	Monthly	10 days
Funds of funds (f)	111,897	Upon dissolution of fund	N/A
Other (g)	<u>194</u>	Upon dissolution of fund	N/A
<b>Total</b>	<b>\$ <u>462,299</u></b>		

- (a) This class includes investments in four hedge funds that take both long and short positions. All investments in this class can be redeemed in the next year.
- (b) This class includes four limited partnerships that invest primarily in foreign and domestic common stocks and commodities.
- (c) This class includes three real estate funds that invest primarily in U.S. commercial and residential real estate. These investments can never be redeemed with the funds. Distributions from the funds will be made upon dissolution of the funds. It is estimated the underlying assets of the fund will be liquidated in 2021.
- (d) This class includes two private equity funds that invest primarily in domestic and foreign limited partnerships. These investments can never be redeemed with the funds. Distributions from each fund will be made upon dissolution of the fund by 2023.
- (e) This class includes one bond fund trust that invests primarily in foreign government obligations. These investments can be redeemed monthly from the Trustee.

**UNITED STATES LUGE ASSOCIATION, INC.**

Notes to Financial Statements

For the Years Ended August 31, 2020 and 2019

**Fair Value Measurements – Beneficial Interest in the Assets of USLFF (continued)**

- (f) This class includes one fund of funds that invests in foreign and domestic venture capital limited partnerships. These investments can never be redeemed with the fund. Distributions from the fund will be made upon dissolution of the fund. It is estimated that a portion of the fund will be liquidated in 2020 and the remainder will be liquidated in 2024.
- (g) This class includes one fund primarily invested in illiquid side-pocket arrangements. These investments are in a lock-up period as the funds wind down and are expected to be liquidated and paid out over the next three to five years.

**5. Retirement Plan**

The Association has a defined contribution employee benefit plan that covers substantially all employees. Contributions to the plan are equal to 6.05% of eligible compensation. The Association's contributions to the plan for the years ended August 31, 2020 and 2019 were \$46,937 and \$48,506, respectively.

**6. Donated Services, Equipment and Building**

No amounts have been reflected in the financial statements for donated services. The Association generally pays for services requiring specific expertise. However, a number of individuals donate their time and perform a variety of tasks that assist the Association with its program, administrative and fundraising activities.

In January 2020, New York State Olympic Regional Development Authority (ORDA) donated a building for the use of the Organization. The Organization has recognized the fair value of the contributed facility as both in-kind revenue and expense totaling \$91,793 for the year ended August 31, 2020.

In August 1991, the Association signed an agreement with ORDA, which provides for the lease of land from ORDA for a 50-year term for an annual rental of \$1.

**7. Related Party**

The Association receives a substantial portion of its operating revenues from the USOC. Any change with the USOC could have a significant impact on the Association. Revenue for the years ended August 31, 2020 and 2019 from the USOC amounted to \$1,313,791 and \$1,379,156, respectively. These amounts represent 37% and 39% of total revenues, gains and other support for the years ended August 31, 2020 and 2019, respectively.

**UNITED STATES LUGE ASSOCIATION, INC.**

Notes to Financial Statements

For the Years Ended August 31, 2020 and 2019

**Related Party (continued)**

United States Luge Federation Foundation, Inc. ("USLFF") was established by the Association in 1985 for the benefit and support of the Association. The Foundation provided \$0 of operating funds to the Association during the years ended August 31, 2020 and 2019, respectively.

**8. Sponsorship Agreements**

The Association has entered into several sponsorship agreements that will provide the Association with financial and equipment support. The future amounts of the sponsorships have been treated as exchange transactions and have not been reflected in the accompanying financial statements. Total approximate amount to be received under these agreements in 2021 as of August 31, 2020 is \$638,000. Not included in this amount are various products and services that management currently does not have a value for.

**9. Line of Credit**

The Association has a revolving line of credit with a commercial bank that renews annually and permits the Association to borrow up to \$350,000. The loan is secured by substantially all assets of the Association with interest at 4.25% and 6.25% at August 31, 2020 and 2019, respectively. The outstanding borrowings on the revolving line of credit at August 31, 2020 and 2019 was \$85,354.

**10. Net Assets with Donor Restrictions**

Net assets with donor restrictions as of August 31, 2020 and 2019 total \$1,673,776 and \$1,493,667, respectively, and related to the U.S. Luge Federation Foundation investment fund, of which, the Association has a beneficial interest.

**11. Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following as of August 31, 2020 and 2019:

	2020	2019
Cash and cash equivalents	\$ 468,238	\$ 312,569
Accounts receivable	44,777	8,451
	<u>\$ 513,015</u>	<u>\$ 321,020</u>

The Association closely monitors liquidity required to meet its operating needs and other contractual commitments. The Association has multiple sources of liquidity at its disposal, including cash and receivables.

**UNITED STATES LUGE ASSOCIATION, INC.**

Notes to Financial Statements

For the Years Ended August 31, 2020 and 2019

**Liquidity and Availability** (continued)

In addition to financial assets available to meet general expenditures over the next 12 months, the Association operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. The Association strives to maintain liquid cash reserves sufficient to cover 45 days of general expenditures. General expenditures include administrative, fundraising, and operating expenses.

**12. COVID-19 Relief Funding**

In May 2020, the Association received a loan of \$184,790 under the Paycheck Protection Program (PPP) issued by the Small Business Administration under the CARES Act. Management believes they will meet all the requirements for the loan to be forgiven.

**13. Uncertainty**

COVID-19 continues to cause financial unrest as the economy slowly opens back up. The pandemic is ongoing, therefore the ultimate impact of this event on the Association's operations and financial statements is unknown as of the date of the auditors' report.