

**UNITED STATES LUGE ASSOCIATION, INC.**

Financial Statements and Schedules  
(With Independent Auditors' Report)

For the Years Ended August 31, 2017 and 2016

**UNITED STATES LUGE ASSOCIATION, INC.**  
Financial Statements and Supplementary Information  
For the Years Ended August 31, 2017 and 2016

**Table of Contents**

Independent Auditors' Report	
Statements of Financial Position	3
Statement of Activities - 2017	4
Statement of Activities - 2016	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 15
Supplementary Information:	
Schedule of Program Expenses	
Schedule of Supporting Expenses	



## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the United States Luge Association, Inc. (the "Organization" or the "Association"), which comprise the statements of financial position as of August 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Association as of August 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 2017 schedule of program expenses and 2017 schedule of supporting expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*McSoley McCoy & Co.*

South Burlington, Vermont

December 21, 2017

VT Reg. No. 92-349



**UNITED STATES LUGE ASSOCIATION, INC.**  
**Statements of Financial Position**  
**August 31, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 255,340	\$ 322,073
Restricted cash - athlete training fund	17,331	37,692
Accounts receivable	19,570	16,800
Prepaid expenses	41,962	34,550
Property and equipment, net	318,373	384,814
Beneficial interest in the assets of U.S. Luge Federation Foundation	1,429,252	1,372,260
Total assets	\$ 2,081,828	\$ 2,168,189
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued liabilities	\$ 419,202	\$ 446,853
Line of credit	85,354	85,354
Due to athletes	17,331	37,692
Total liabilities	521,887	569,899
Unrestricted	130,689	226,030
Permanently restricted	1,429,252	1,372,260
Total net assets	1,559,941	1,598,290
Total liabilities and net assets	\$ 2,081,828	\$ 2,168,189

The accompanying notes are an integral part of these statements.

**UNITED STATES LUGE ASSOCIATION, INC.**

Statement of Activities

For the Year Ended August 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenues, Gains and Other Support</b>				
Support from United States Olympic Committee	\$ 975,249	\$ -	\$ -	\$ 975,249
Corporate sponsor contributions	590,742	-	-	590,742
U.S. Luge Federation Foundation	75,000	-	-	75,000
Change in value of beneficial interest	-	-	56,992	56,992
FIL grants, coaching fees and track fees	158,980	-	-	158,980
Trip revenue - development and candidate teams	218,255	-	-	218,255
Membership dues	34,343	-	-	34,343
Equipment and store sales	28,966	-	-	28,966
Promotional sponsorship	265,414	-	-	265,414
Event income	234,055	-	-	234,055
Program donations	141,178	-	-	141,178
Investment income	37	-	-	37
Other	<u>205,537</u>	<u>-</u>	<u>-</u>	<u>205,537</u>
Net assets released from restrictions:				
Satisfaction of donor restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>2,927,756</u>	<u>-</u>	<u>56,992</u>	<u>2,984,748</u>
<b>Expenses</b>				
Program services:				
National team	1,287,775	-	-	1,287,775
Recruitment	110,760	-	-	110,760
Athlete development fund	311,887	-	-	311,887
Governance	14,722	-	-	14,722
Technical committee	258,287	-	-	258,287
Racing services	<u>19,023</u>	<u>-</u>	<u>-</u>	<u>19,023</u>
Total program services	<u>2,002,454</u>	<u>-</u>	<u>-</u>	<u>2,002,454</u>
Supporting services:				
National office	238,248	-	-	238,248
Marketing	<u>782,395</u>	<u>-</u>	<u>-</u>	<u>782,395</u>
Total supporting services	<u>1,020,643</u>	<u>-</u>	<u>-</u>	<u>1,020,643</u>
Total expenses	<u>3,023,097</u>	<u>-</u>	<u>-</u>	<u>3,023,097</u>
Change in net assets	(95,341)	-	56,992	(38,349)
Net assets - beginning of year	<u>226,030</u>	<u>-</u>	<u>1,372,260</u>	<u>1,598,290</u>
Net assets - end of year	<u>\$ 130,689</u>	<u>\$ -</u>	<u>\$ 1,429,252</u>	<u>\$ 1,559,941</u>

The accompanying notes are an integral part of this statement.

**UNITED STATES LUGE ASSOCIATION, INC.**

Statement of Activities

For the Year Ended August 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenues, Gains and Other Support</b>				
Support from United States Olympic Committee	\$ 783,654	\$ -	\$ -	\$ 783,654
Corporate sponsor contributions	440,356	-	-	440,356
U.S. Luge Federation Foundation	75,000	-	-	75,000
Change in value of beneficial interest	-	-	(34,507)	(34,507)
FIL grants, coaching fees and track fees	144,980	-	-	144,980
Trip revenue - development and candidate teams	236,941	-	-	236,941
Membership dues	49,116	-	-	49,116
Equipment and store sales	36,150	-	-	36,150
Promotional sponsorship	142,678	-	-	142,678
Event income	177,215	-	-	177,215
Program donations	174,595	-	-	174,595
Other	<u>157,404</u>	<u>-</u>	<u>-</u>	<u>157,404</u>
Net assets released from restrictions:				
Satisfaction of donor restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>2,418,089</u>	<u>-</u>	<u>(34,507)</u>	<u>2,383,582</u>
<b>Expenses</b>				
Program services:				
National team	1,069,733	-	-	1,069,733
Recruitment	72,602	-	-	72,602
Athlete development fund	266,675	-	-	266,675
Technical committee	236,929	-	-	236,929
Racing services	<u>34,350</u>	<u>-</u>	<u>-</u>	<u>34,350</u>
Total program services	<u>1,680,289</u>	<u>-</u>	<u>-</u>	<u>1,680,289</u>
Supporting services:				
National office	188,292	-	-	188,292
Marketing	<u>601,687</u>	<u>-</u>	<u>-</u>	<u>601,687</u>
Total supporting services	<u>789,979</u>	<u>-</u>	<u>-</u>	<u>789,979</u>
Total expenses	<u>2,470,268</u>	<u>-</u>	<u>-</u>	<u>2,470,268</u>
Change in net assets	(52,179)	-	(34,507)	(86,686)
Net assets - beginning of year	<u>278,209</u>	<u>-</u>	<u>1,406,767</u>	<u>1,684,976</u>
Net assets - end of year	<u>\$ 226,030</u>	<u>\$ -</u>	<u>\$ 1,372,260</u>	<u>\$ 1,598,290</u>

The accompanying notes are an integral part of this statement.

**UNITED STATES LUGE ASSOCIATION, INC.**  
**Statements of Cash Flows**  
**For the Years Ended August 31, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
Cash flows provided by operating activities:		
Change in net assets	\$ (38,349)	\$ (86,686)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	72,857	74,946
Net loss (gain) on beneficial interest in assets of U.S. Luge Federation Foundation	(56,992)	34,507
Increase in accounts receivable	(2,770)	(11,907)
(Increase) decrease in prepaid expenses	(7,412)	143
Increase (decrease) in accounts payable and accrued liabilities	(27,651)	136,568
Decrease in due to athletes	(20,361)	-
Net cash (used) provided by operating activities	(80,678)	147,571
Cash flows from investing activities:		
Purchases of property and equipment	(6,416)	(4,872)
(Increase) decrease in restricted cash	20,361	(8,769)
Net cash provided (used) in investing activities	13,945	(13,641)
Net increase (decrease) in cash and cash equivalents	(66,733)	133,930
Cash and cash equivalents, beginning of year	322,073	188,143
Cash and cash equivalents, end of year	\$ 255,340	\$ 322,073
Supplemental disclosure of cash flow information:		
Cash paid during the years for:		
Interest	\$ 4,174	\$ 3,800

The accompanying notes are an integral part of these statements.

# UNITED STATES LUGE ASSOCIATION, INC.

## Notes to Financial Statements

For the Years Ended August 31, 2017 and 2016

### 1. Summary of Significant Accounting Policies

#### *(a) Organization*

United States Luge Association, Inc. (the "Association") 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.

#### *(b) Basis of Accounting*

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

#### *(c) Financial Statement Presentation*

The Association is required to report 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.

#### *(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 and revenue and expense during the reporting period. Actual results could differ from those estimates.

#### *(e) Contributions*

The Association records contributions received as unrestricted, temporarily restricted, or permanently restricted 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, temporarily restricted net assets are reclassified to unrestricted net assets and released from restrictions in the statement of activities.



**UNITED STATES LUGE ASSOCIATION, INC.**  
Notes to Financial Statements  
For the Years Ended August 31, 2017 and 2016

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

***(f) 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, 2017.

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, 2014.

***(g) Cash and Cash Equivalents***

The Association considers highly liquid investments with original maturities of three months or less from the date of acquisition to be cash equivalents. The Association maintains bank account balances, which at times may exceed federally insured limits. Management does not believe the Association is exposed to any significant interest rate or other financial risk as a result of these deposits.

Cash balances of \$17,331 and \$37,692 at August 31, 2017 and 2016, respectively, are restricted as to use by donors who provide contributions for a specific athletes training and living expenses.

***(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 Statement 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 statement 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.



**UNITED STATES LUGE ASSOCIATION, INC.**

Notes to Financial Statements

For the Years Ended August 31, 2017 and 2016

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

**(i) Property and Equipment**

The Association capitalizes all significant betterments with a cost or value of at least \$1,000 and a useful life of at least one year. Property and equipment are recorded at cost, or if donated, at estimated fair value on the date of receipt. Depreciation is provided on property and equipment over their estimated useful lives. Estimated useful lives range from three to thirty-nine 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.

**(k) Expense Allocation**

The costs of providing various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**(l) Net Assets**

For financial reporting purposes, resources are classified into net asset categories according to the existence or absence of donor imposed restrictions.

Accordingly, net assets of the Association and changes therein are classified and reported as follows:

- **Unrestricted net assets** – Net assets that are not subject to donor imposed stipulations.
- **Temporarily restricted net assets** – Net assets that are subject to donor imposed stipulations that may or will be met either with actions of the Association and/or passage of time. 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 operations.
- **Permanently restricted net assets** – Net assets subject to donor imposed stipulations that are maintained permanently by the Association. Generally, the donors of these assets permit the Association to use all or part of the income earned on the related investments for specific or general purposes.

**UNITED STATES LUGE ASSOCIATION, INC.**  
Notes to Financial Statements  
For the Years Ended August 31, 2017 and 2016

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

***(m) 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 December 31, 2017, the date the Association's financial statements were available to be used and no events or transactions occurred.

**2. Property and Equipment**

Property and equipment consist of the following at August 31:

	<u>2017</u>	<u>2016</u>
Start ramp, national offices and improvements	\$ 998,561	\$ 998,561
Furniture and equipment	476,374	469,957
Vehicles	<u>29,828</u>	<u>29,828</u>
	1,504,763	1,498,346
Less: accumulated depreciation	<u>1,186,390</u>	<u>1,113,532</u>
Property and equipment, net	<u>\$ 318,373</u>	<u>\$ 384,814</u>

Total depreciation expense in 2017 and 2016 was \$72,857 and \$74,946, respectively.

**3. 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 statement of financial position as permanently restricted assets.

**UNITED STATES LUGE ASSOCIATION, INC.**

Notes to Financial Statements

For the Years Ended August 31, 2017 and 2016

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

Accounting principles generally accepted in the United States of America establishes 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
- Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active 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.

***Recurring measurements***

The following table presents the fair value measurements of investments recognized in the accompanying statement 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, 2017 and 2016:

	As of August 31, 2017			
	Fair Value	(Level 1)	(Level 2)	(Level 3)
Cash and cash equivalents	\$ 72,436	\$ 72,436	\$ -	\$ -
Mutual funds	205,579	205,579	-	-
Domestic bonds	71,952	71,952	-	-
International fixed income	35,976	35,976	-	-
Domestic equities	347,770	347,770	-	-
International equities	239,841	239,841	-	-
Non-traditional managers	455,698	(A)	(A)	(A)
<b>Total</b>	<b>\$ 1,429,252</b>	<b>\$ 973,554</b>	<b>\$ -</b>	<b>\$ -</b>

**UNITED STATES LUGE ASSOCIATION, INC.**  
Notes to Financial Statements  
For the Years Ended August 31, 2017 and 2016

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

	As of August 31, 2016			
	Fair Value	(Level 1)	(Level 2)	(Level 3)
Cash and cash equivalents	\$ 53,790	\$ 53,790	\$ -	\$ -
Mutual funds	183,088	183,088	-	-
Domestic bonds	81,099	81,099	-	-
International fixed income	34,757	34,757	-	-
Domestic equities	347,566	347,566	-	-
International equities	243,295	243,295	-	-
Non-traditional managers	428,665	(A)	(A)	(A)
 Total	 \$ 1,372,260	 \$ 943,595	 \$ -	 \$ -

(A): In accordance with Accounting Standards Update (ASU) 2015-07, the USLFF is no longer required to classify investments in certain entities that calculate net assets per share (or its equivalent) in the fair value hierarchy as listed above.

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 year ended August 31, 2017.

***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. If quoted market prices are not available, the fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows, and are classified as Level 2 securities. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. At August 31, 2017 and 2016, the Organization holds no traditional investments classified as Level 2 or 3 in the hierarchy.



**UNITED STATES LUGE ASSOCIATION, INC.**

Notes to Financial Statements

For the Years Ended August 31, 2017 and 2016

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

*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.

Fair value determinations for these types of securities are the responsibility of management. In situations where investments do not have readily determinable fair values (alternative investments), the fund managers provide the net asset value (NAV) per share, or its equivalent, to management. The NAV provided by the fund managers is supported by underlying audit reports of the alternative investments. The United States Olympic Endowment (USOE) uses the NAV as a practical expedient for fair value for each of its alternative investments.

Alternative investments held at August 31, 2017 consist of the following:

	<u>Fair Value</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Hedge equity funds (a)	\$ 161,713	Annually	45-100 days
Limited partnerships (b)	216,352	Quarterly	10-60 days
Real estate fund (c)	12,839	Upon dissolution of fund	N/A
Private equity funds (d)	7,156	Upon dissolution of fund	N/A
Bond fund trust (e)	9,111	Monthly	10 days
Fund of funds (f)	20,564	Upon dissolution of fund	N/A
Other (g)	<u>930</u>	Upon dissolution of fund	N/A
 Total	 <u>\$ 428,665</u>		

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.

- (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.

**UNITED STATES LUGE ASSOCIATION, INC.**

Notes to Financial Statements

For the Years Ended August 31, 2017 and 2016

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

- (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.
- (e) This class includes one bond fund trust that invests primarily in foreign government obligations. These investments can be redeemed monthly from the Trustee.
- (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.

**4. Employee 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 salaries. The Association's contributions to the plan for the year ended August 31, 2017 and 2016 were \$42,362 and \$44,057, respectively.

**5. Donated Services and Equipment**

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.

**6. Lease Commitment**

In August 1991, the Association signed an agreement with New York State Olympic Regional Development Authority (ORDA), which provides for the lease of land from ORDA for a 50-year term for an annual rental of \$1. Management has determined the fair value of this contribution of use of property and considers it immaterial to the financial statements to record a contribution and related expense in the statement of activities.



**UNITED STATES LUGE ASSOCIATION, INC.**

Notes to Financial Statements

For the Years Ended August 31, 2017 and 2016

**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, 2017 and 2016 from the USOC amounted to \$975,249 and \$783,654, respectively. These amounts represent 34% and 33% of total revenues, gains and other support for the years ended August 31, 2017 and 2016, respectively.

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 \$75,000 of operating funds to the Association during the years ended August 31, 2017 and 2016.

**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 2018 as of August 31, 2017 is \$715,000. 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 5.25% at August 31, 2017. The outstanding borrowings on the revolving line of credit at August 31, 2017 and 2016 was \$85,354.

**UNITED STATES LUGE ASSOCIATION, INC.**

Schedules of Program Expenses

For the Year Ended August 31, 2017

(With Summarized Financial Information for the Year Ended August 31, 2016)

	National Team		Recruitment		Athlete Development		Governance		Technical Committee		Racing Services		2016 Total	
		\$		\$		\$		\$		\$		\$		\$
Payroll	\$ 350,495		\$ 57,248	\$ 94,191	-	\$ 50,081	-	\$ 12,625	-	\$ 564,640	\$ 12,625	-	\$ 503,166	
Payroll taxes	27,738		4,356	7,310	-	4,031	-	1,011	-	44,446	1,011	-	40,194	
Pension contributions	13,731		3,493	6,267	-	3,019	-	836	-	27,346	836	-	28,335	
Health and dental insurance	30,193		5,052	9,606	-	1,637	-	1,579	-	48,067	1,579	-	50,198	
Building operations	16,285		-	-	-	-	-	-	-	16,285	-	-	-	
Competitive equipment and apparel	83,266		6,206	6,967	-	18,623	-	2,631	-	117,693	2,631	-	67,792	
Conferences and seminars	1,390		-	-	-	130	-	-	-	1,520	-	-	-	
Depreciation	55,868		-	-	-	-	-	-	-	55,868	-	-	56,878	
Foreign coaches and team consultants	28,000		-	-	-	-	-	-	-	28,000	-	-	40,900	
Housing and meals	2,132		-	-	-	1,121	-	-	-	3,253	-	-	671	
Independent contractors	-		-	-	-	-	12,000	-	-	12,000	-	-	-	
Insurance	178		-	-	-	-	-	-	-	178	-	-	63,925	
Interns and honorariums	-		-	1,200	-	-	-	-	-	1,200	-	-	-	
Miscellaneous	993		-	175	-	90	-	590	-	1,848	-	-	5,524	
Officials	-		-	-	-	-	-	-	-	341	-	-	15,823	
Postage	1,638		-	-	-	525	-	-	-	2,163	-	-	775	
Team clothing and supplies -VIK	65,854		-	-	-	-	-	-	-	65,854	-	-	43,510	
Team trip - Junior fall	86,862		-	-	-	-	-	-	-	86,862	-	-	90,392	
Team trip - Junior winter	78,098		-	-	-	-	-	-	-	78,098	-	-	70,112	
Team trip - Senior fall	202,610		-	-	-	-	-	-	-	202,610	-	-	165,862	
Team trip - Senior winter	221,859		-	-	-	-	-	-	-	221,859	-	-	136,717	
Technical support	-		-	-	-	175,000	-	-	-	175,000	-	-	150,000	
Telephone	1,036		-	-	-	27	-	-	-	1,063	-	-	3,983	
Training camps	15,074		-	182,400	-	-	-	-	-	197,474	-	-	139,365	
Travel	2,104		-	-	-	3,384	-	1,783	-	7,271	-	-	1,022	
Vehicle costs	2,371		-	3,771	-	619	-	349	-	7,110	-	-	2,860	
Wheel clinics	-		34,405	-	-	-	-	-	-	34,405	-	-	2,285	
<b>Total</b>	<b>\$1,287,775</b>		<b>\$ 110,760</b>	<b>\$ 311,887</b>	<b>\$ 14,722</b>	<b>\$ 258,287</b>	<b>\$ 19,023</b>	<b>\$2,002,454</b>		<b>\$ 1,680,289</b>				

See independent auditors' report.

**UNITED STATES LUGE ASSOCIATION, INC.**  
Schedules of Supporting Expenses  
For the Year Ended August 31, 2017  
(With Summarized Financial Information for the Year Ended August 31, 2016)

	National Office	Marketing	Total	2016 Total
Payroll	\$ 83,654	\$ 156,157	\$ 239,811	\$ 227,628
Payroll taxes	6,325	11,370	17,695	16,573
Pension contributions	5,083	9,933	15,016	15,722
Health and dental insurance	5,941	23,125	29,066	31,039
Bad debts	-	10,000	10,000	-
Building operations	10,772	-	10,772	22,962
Conferences and seminars	112	-	112	-
Consultants	-	14,700	14,700	14,700
Depreciation	16,989	-	16,989	18,069
Entertainment and gifts	482	-	482	379
Events	-	255,396	255,396	182,723
General marketing needs	-	1,869	1,869	1,180
Housing and meals	4,412	4,157	8,569	9,378
Insurance	66,831	-	66,831	-
Interest expense	-	4,174	4,174	-
Member services	820	-	820	1,409
Miscellaneous	2,361	2,298	4,659	8,298
Postage	1,234	308	1,542	1,609
Professional fees	9,450	-	9,450	10,350
Public relations	-	5,213	5,213	-
Small equipment	3,671	-	3,671	3,434
Sponsor store sales program	-	15,473	15,473	35,209
Supplier support	-	17,219	17,219	19,687
Supplies	2,905	-	2,905	2,667
Team clothing	-	13,675	13,675	7,706
Telephone	10,900	-	10,900	9,292
Television support	-	231,015	231,015	138,859
Travel	4,309	4,093	8,402	6,503
Vehicle costs	1,997	2,220	4,217	4,603
<b>Total</b>	<b>\$ 238,248</b>	<b>\$ 782,395</b>	<b>\$ 1,020,643</b>	<b>\$ 789,979</b>

See independent auditors' report.