

UNITED STATES LUGE ASSOCIATION, INC.

Financial Statements and Schedules
(With Independent Auditors' Report)

For the Years Ended August 31, 2018 and 2017

UNITED STATES LUGE ASSOCIATION, INC.
For the Years Ended August 31, 2018 and 2017

Table of Contents

	<u>Page(s)</u>
Independent Auditors' Report	
Statements of Financial Position	3
Statement of Activities - 2018	4
Statement of Activities - 2017	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 16
Supplementary Information:	
Schedules of Program Expenses	
Schedules of Supporting Expenses	



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), which comprise the statements of financial position as of August 31, 2018 and 2017, 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 organization as of August 31, 2018 and 2017, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 2018 schedule of program expenses and 2018 schedule of supporting expenses are presented for purposes of additional analysis and is 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.

Report on Summarized Comparative Information

We have previously audited the United States Luge Association financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 21, 2017. In our opinion, the summarized comparative supplementary information presented herein as of and for the year ended August 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Mc Soley Mc Coy & Co.

South Burlington, Vermont

February 8, 2019

VT Reg. No. 92-349

UNITED STATES LUGE ASSOCIATION, INC.

Statements of Financial Position

August 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 24,082	\$ 255,340
Restricted cash - athlete training fund	22,344	17,331
Accounts receivable	9,851	19,570
Prepaid expenses	15,025	41,962
Property and equipment, net	278,473	318,373
Beneficial interest in the assets of U.S. Luge Federation Foundation	<u>1,472,889</u>	<u>1,429,252</u>
 Total assets	 <u>\$ 1,822,664</u>	 <u>\$ 2,081,828</u>
 Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$ 212,577	\$ 419,202
Line of credit	85,354	85,354
Capital lease obligation	4,691	-
Due to athletes	<u>22,344</u>	<u>17,331</u>
 Total liabilities	 <u>324,966</u>	 <u>521,887</u>
 Unrestricted	 24,809	 130,689
Permanently restricted	<u>1,472,889</u>	<u>1,429,252</u>
 Total net assets	 <u>1,497,698</u>	 <u>1,559,941</u>
 Total liabilities and net assets	 <u>\$ 1,822,664</u>	 <u>\$ 2,081,828</u>

See accompanying notes to the financial statements.

UNITED STATES LUGE ASSOCIATION, INC.

Statement of Activities

For the Year Ended August 31, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, Gains and Other Support				
Support from United States Olympic Committee	\$ 939,976	\$ -	\$ -	\$ 939,976
Corporate sponsor contributions	806,421	-	-	806,421
U.S. Luge Federation Foundation	75,000	-	-	75,000
Change in value of beneficial interest	-	-	43,637	43,637
FIL grants, coaching fees and track fees	163,053	-	-	163,053
Trip revenue - development and candidate teams	330,083	-	-	330,083
Membership dues	35,015	-	-	35,015
Equipment and store sales	33,721	-	-	33,721
Promotional sponsorship	344,211	-	-	344,211
Event income	290,295	-	-	290,295
Program donations	130,125	-	-	130,125
Investment income	27	-	-	27
Other	<u>212,952</u>	<u>-</u>	<u>-</u>	<u>212,952</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>3,360,879</u>	<u>-</u>	<u>43,637</u>	<u>3,404,516</u>
Expenses				
Program services:				
National team	1,532,184	-	-	1,532,184
Recruitment	123,436	-	-	123,436
Athlete development fund	317,129	-	-	317,129
Governance	612	-	-	612
Technical committee	333,555	-	-	333,555
Racing services	<u>21,685</u>	<u>-</u>	<u>-</u>	<u>21,685</u>
Total program services	<u>2,328,601</u>	<u>-</u>	<u>-</u>	<u>2,328,601</u>
Supporting services:				
National office	252,363	-	-	252,363
Marketing	<u>885,795</u>	<u>-</u>	<u>-</u>	<u>885,795</u>
Total supporting services	<u>1,138,158</u>	<u>-</u>	<u>-</u>	<u>1,138,158</u>
Total expenses	<u>3,466,759</u>	<u>-</u>	<u>-</u>	<u>3,466,759</u>
Change in net assets	(105,880)	-	43,637	(62,243)
Net assets - beginning of year	<u>130,689</u>	<u>-</u>	<u>1,429,252</u>	<u>1,559,941</u>
Net assets - end of year	<u>\$ 24,809</u>	<u>\$ -</u>	<u>\$ 1,472,889</u>	<u>\$ 1,497,698</u>

See accompanying notes to the financial 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>
Revenues, Gains and Other Support				
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>
Expenses				
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>

See accompanying notes to the financial statements.

UNITED STATES LUGE ASSOCIATION, INC.

Statements of Cash Flows

For the Years Ended August 31, 2018 and 2017

	2018	2017
Cash flows provided by operating activities:		
Change in net assets	\$ (62,243)	\$ (38,349)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	55,517	72,857
Net gain on beneficial interest in assets of U.S. Luge Federation Foundation	(43,637)	(56,992)
(Increase) decrease in accounts receivable	9,719	(2,770)
(Increase) decrease in prepaid expenses	26,937	(7,412)
Decrease in accounts payable and accrued liabilities	(206,625)	(27,651)
Increase (decrease) in due to athletes	5,013	(20,361)
Net cash used by operating activities	(215,319)	(80,678)
Cash flows from investing activities:		
Purchases of property and equipment	(9,300)	(6,416)
(Increase) decrease in restricted cash	(5,013)	20,361
Net cash provided (used) in investing activities	(14,313)	13,945
Cash flows from financing activities:		
Principal payments on capital lease obligations	(1,626)	-
Net decrease in cash and cash equivalents	(231,258)	(66,733)
Cash and cash equivalents, beginning of year	255,340	322,073
Cash and cash equivalents, end of year	\$ 24,082	\$ 255,340
Supplemental disclosure of cash flow information:		
Cash paid during the years for:		
Interest	\$ 5,423	\$ 4,174

See accompanying notes to the financial statements.

UNITED STATES LUGE ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended August 31, 2018 and 2017

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 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. The Organization does not have temporarily restricted net assets as of August 31, 2018 and 2017.

(c) 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.

(d) 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 statements of activities.

UNITED STATES LUGE ASSOCIATION, INC.
Notes to Financial Statements
For the Years Ended August 31, 2018 and 2017

Summary of Significant Accounting Policies (continued)

(e) 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, 2018.

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, 2015.

(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 \$22,344 and \$17,331 at August 31, 2018 and 2017, respectively, are restricted for the use of athlete for training and living expenses. Restricted cash will be included within the statement of cash flows as these funds are not designated for long-term purposes.

(g) 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

UNITED STATES LUGE ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended August 31, 2018 and 2017

Summary of Significant Accounting Policies (continued)

funds, fair values are based on estimates reported by fund managers where quoted market prices do not exist.

(h) 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 thirty-nine years.

(i) 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.

(j) Classification of Functional Expense

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.

(k) 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.

(l) Recently Issued Accounting Standards

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. The new standard establishes a right of use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the Statements of Financial Position for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the Statements of Activities.

The new standard is effective for the Organization on July 1, 2020, with early adoption permitted.

UNITED STATES LUGE ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended August 31, 2018 and 2017

Summary of Significant Accounting Policies (continued)

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958), which requires organizations to modify the financial statement presentation of not-for-profit organizations. Some of the key changes in the new standard reduces net asset classifications from three to two, increases disclosures over board-designated net assets, and requires new liquidity and availability disclosures in the notes to the financial statements.

The new standard is effective for fiscal years beginning after December 15, 2017. The Organization will implement the provisions of ASU 2016-14 as of September 1, 2018.

(m) Subsequent Events

The Association evaluated subsequent events through February 8, 2019, 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>2018</u>	<u>2017</u>
Start ramp, national offices and improvements	\$ 998,561	\$ 998,561
Furniture and equipment	488,477	476,374
Vehicles	<u>29,828</u>	<u>29,828</u>
	1,516,866	1,504,763
Less: accumulated depreciation	<u>1,238,393</u>	<u>1,186,390</u>
Property and equipment, net	<u>\$ 278,473</u>	<u>\$ 318,373</u>

Total depreciation expense in 2018 and 2017 was \$55,517 and \$72,857, respectively.

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 permanently restricted assets.

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).

UNITED STATES LUGE ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended August 31, 2018 and 2017

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

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 Organization 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.

Recurring measurements

The following table presents the fair value measurements of investments 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, 2018 and 2017:

	As of August 31, 2018			
	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Cash and cash equivalents	\$ 54,087	\$ 54,087	\$ -	\$ -
Mutual funds	233,191	233,191	-	-
Domestic bonds	36,668	36,668	-	-
International fixed income	73,337	73,337	-	-
Domestic equities	391,129	391,129	-	-
International equities	232,233	232,233	-	-
Non-traditional managers	<u>452,244</u>	<u>(A)</u>	<u>(A)</u>	<u>(A)</u>
Total	<u>\$ 1,472,889</u>	<u>\$ 1,020,645</u>	<u>\$ -</u>	<u>\$ -</u>

UNITED STATES LUGE ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended August 31, 2018 and 2017

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

	As of August 31, 2017			
	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
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	<u>455,698</u>	<u>(A)</u>	<u>(A)</u>	<u>(A)</u>
Total	<u>\$ 1,429,252</u>	<u>\$ 973,554</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.

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, 2018.

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, 2018 and 2017, the Organization holds no traditional investments classified as Level 2 or 3 in the hierarchy.

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.

UNITED STATES LUGE ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended August 31, 2018 and 2017

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

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.

Alternative investments held at August 31, 2018 and 2017, respectively, consist of the following:

	Fair Value	Redemption Frequency	Redemption Notice Period
Hedge equity funds (a)	\$ 126,840	Annually	45 - 100 days
Limited partnerships (b)	201,980	Quarterly	10 - 60 days
Real estate fund (c)	22,874	Upon dissolution of fund	N/A
Private equity funds (d)	6,280	Upon dissolution of fund	N/A
Bond fund trust (e)	10,681	Monthly	10 days
Funds of funds (f)	83,113	Upon dissolution of fund	N/A
Other (g)	<u>475</u>	Upon dissolution of fund	N/A
Total	<u>\$ 452,243</u>		

	Fair Value	Redemption Frequency	Redemption Notice Period
Hedge equity funds (a)	\$ 166,053	Annually	45 - 100 days
Limited partnerships (b)	223,776	Quarterly	10 - 60 days
Real estate fund (c)	17,420	Upon dissolution of fund	N/A
Private equity funds (d)	6,151	Upon dissolution of fund	N/A
Bond fund trust (e)	9,621	Monthly	10 days
Funds of funds (f)	32,060	Upon dissolution of fund	N/A
Other (g)	<u>617</u>	Upon dissolution of fund	N/A
Total	<u>\$ 455,698</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.

UNITED STATES LUGE ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended August 31, 2018 and 2017

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

- (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.
- (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 salaries. The Association's contributions to the plan for the years ended August 31, 2018 and 2017 were \$46,689 and \$42,362, respectively.

6. 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.

UNITED STATES LUGE ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended August 31, 2018 and 2017

7. 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 statements of activities.

8. Capital Lease

The Organization is obligated under a capital lease for office equipment that expires in 2020. Total accumulated depreciation is \$1,263 at August 31, 2018.

Minimum future capital lease payments as of August 31, 2018 are:

2019	\$ 2,618
2020	<u>2,618</u>
Total minimum lease payments	5,236
Less: amount representing interest	<u>545</u>
Capital lease obligation	\$ <u>4,691</u>

9. 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, 2018 and 2017 from the USOC amounted to \$939,976 and \$975,249, respectively. These amounts represent 29% and 33% of total revenues, gains and other support for the years ended August 31, 2018 and 2017, 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, 2018 and 2017.

10. 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 2019 as of August 31, 2018 is \$366,000. Not included in this amount are various products and services that management currently does not have a value for.

UNITED STATES LUGE ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended August 31, 2018 and 2017

11. 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 6.25% and 5.25% at August 31, 2018 and 2017, respectively. The outstanding borrowings on the revolving line of credit at August 31, 2018 and 2017 was \$85,354.

UNITED STATES LUGE ASSOCIATION, INC.

Schedules of Program Expenses

For the Year Ended August 31, 2018

(With Summarized Financial Information for the Year Ended August 31, 2017)

	National Team	Athlete			Technical Committee	Racing Services	2017	
		Recruitment	Development	Governance			Total	Total
Payroll	\$ 366,618	\$ 58,667	\$ 96,999	\$ -	\$ 61,914	\$ 13,005	\$ 597,203	\$ 564,640
Payroll taxes	30,613	4,618	7,893	-	4,295	1,089	48,508	44,446
Pension contributions	19,082	3,449	5,738	-	2,717	836	31,822	27,346
Health and dental insurance	33,309	4,943	6,487	-	1,817	1,176	47,732	48,067
Building operations	11,156	-	-	-	-	-	11,156	16,285
Competitive equipment and apparel	58,596	5,680	2,113	-	63,286	4,952	134,627	117,693
Conferences and seminars	-	-	-	-	-	-	-	1,520
Depreciation	42,506	-	-	-	-	-	42,506	55,868
Foreign coaches and team consultants	55,917	-	12,700	-	-	-	68,617	28,000
Housing and meals	2,670	-	-	-	1,797	-	4,467	3,253
Independent contractors	-	7,200	-	-	18,487	-	25,687	12,000
Insurance	180	-	-	-	-	-	180	178
Interns and honorariums	-	-	-	-	-	-	-	1,200
Miscellaneous	4,361	45	664	412	273	-	5,755	1,848
Officials	-	-	-	-	-	627	627	341
Postage	2,268	-	41	-	15	-	2,324	2,163
Team clothing and supplies -VIK	153,555	-	-	-	-	-	153,555	65,854
Team trip - Junior fall	129,049	-	-	-	-	-	129,049	86,862
Team trip - Junior winter	94,626	-	-	-	-	-	94,626	78,098
Team trip - Senior fall	334,500	-	-	-	-	-	334,500	202,610
Team trip - Senior winter	176,907	-	-	-	-	-	176,907	221,859
Technical support	-	-	-	-	175,000	-	175,000	175,000
Telephone	-	-	-	-	-	-	-	1,063
Training camps	7,948	-	180,640	-	-	-	188,588	197,474
Travel	5,335	-	-	200	2,805	-	8,340	7,271
Vehicle costs	2,988	-	3,854	-	1,149	-	7,991	7,110
Wheel clinics	-	38,834	-	-	-	-	38,834	34,405
Total	\$1,532,184	\$ 123,436	\$ 317,129	\$ 612	\$ 333,555	\$ 21,685	\$2,328,601	\$ 2,002,454

See independent auditors' report.

UNITED STATES LUGE ASSOCIATION, INC.
Schedules of Supporting Expenses
For the Year Ended August 31, 2018
(With Summarized Financial Information for the Year Ended August 31, 2017)

	National Office	Marketing	Total	2017 Total
Payroll	\$ 83,030	\$ 160,096	\$ 243,126	\$ 239,811
Payroll taxes	6,695	12,149	18,844	17,695
Pension contributions	5,004	9,863	14,867	15,016
Health and dental insurance	4,728	26,221	30,949	29,066
Bad debts	-	-	-	10,000
Building operations	21,138	-	21,138	10,772
Conferences and seminars	-	-	-	112
Consultants	-	15,900	15,900	14,700
Depreciation	13,011	-	13,011	16,989
Entertainment and gifts	615	-	615	482
Events	-	337,197	337,197	255,396
General marketing needs	-	892	892	1,869
Housing and meals	3,750	2,369	6,119	8,569
Insurance	67,919	-	67,919	66,831
Interest expense	612	4,811	5,423	4,174
Member services	1,769	-	1,769	820
Miscellaneous	2,215	2,802	5,017	4,659
Postage	1,433	949	2,382	1,542
Professional fees	9,600	-	9,600	9,450
Public relations	-	4,120	4,120	5,213
Small equipment	5,037	-	5,037	3,671
Sponsor store sales program	-	17,405	17,405	15,473
Supplier support	-	69,002	69,002	17,219
Supplies	3,472	-	3,472	2,905
Team clothing	-	12,685	12,685	13,675
Telephone	11,302	-	11,302	10,900
Television support	-	203,845	203,845	231,015
Travel	8,718	2,574	11,292	8,402
Vehicle costs	2,315	2,915	5,230	4,217
Total	<u>\$ 252,363</u>	<u>\$ 885,795</u>	<u>\$ 1,138,158</u>	<u>\$ 1,020,643</u>

See independent auditors' report.