Financial Statements & Supporting Schedules

For the Years Ended June 30, 2017 and 2016



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#### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors USA Team Handball Colorado Springs, Colorado

We have audited the accompanying financial statements of USA Team Handball (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of USA Team Handball as of June 30, 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.

#### Emphasis-of-Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in Note C to the financial statements, the Organization has a deficiency in unrestricted net assets and an ongoing uncertainty in outlook that raises substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are described in Note C. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

#### Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of program and supporting services is 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. 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.

## Waugh & Goodwin, LLP

Colorado Springs, Colorado September 22, 2017

## Statements of Financial Position June 30, 2017 and 2016

AS	SSETS						
		<u>2017</u>			<u>2016</u>		
CURRENT ASSETS: Cash and cash equivalents Accounts receivable Travel advances Prepaid expenses	\$ _	\$	129,559 400 127 2,699	\$	22,203 400 360 54,713		
TOTAL ASSETS	<u> </u>	\$	132,785	\$	77,676		
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES: Accounts payable Accrued liabilities Deferred USOC revenue Deferred USATHF grants	\$ 	\$	14,519 36,432 25,000	\$	58,734 33,033 10,000		
Total current liabilities			75,951		101,767		
LOANS FROM OFFICERS	_		51,555		76,555		
Total liabilities			127,506		178,322		
NET ASSETS: Unrestricted Temporarily restricted	_		(69,721) 75,000		(100,646)		
Total net assets	_		5,279		(100,646)		
TOTAL LIABILITIES AND NET ASSETS	<u> </u>	\$	132,785	\$	77,676		

# USA TEAM HANDBALL Statements of Activities and Changes in Net Assets For the Years Ended June 30, 2017 and 2016

	Unrestricted	Temporarily Restricted	2017 Totals	2016 Totals
REVENUE:				
Coaching grants	\$	\$ 150,000	\$ 150,000	\$ 75,000
Corporate sponsorship	87,308		87,308	53,531
Contributions	74,189		74,189	35,198
USOC digital media agreement	58,300		58,300	58,400
Membership dues, net	56,656		56,656	48,553
Special events	46,276		46,276	27,480
USOC grants	44,616		44,616	32,595
USATHF grants	36,000		36,000	15,000
Other income	18,349		18,349	
Other grant	10,000		10,000	
Merchandise sales	4,950		4,950	1,926
Value-in-kind	639		639	
Interest & dividends	3		3	142
Satisfied program restrictions	75,000	(75,000)		
Total revenue	512,286	75,000	587,286	347,825
EXPENSES:				
Program expenses	375,907		375,907	248,252
Supporting services:				
General & administrative	105,454		105,454	102,391
Total expenses	481,361		481,361	350,643
CHANGE IN NET ASSETS	30,925	75,000	105,925	(2,818)
DEFICIENCY OF NET ASSETS, beginning of year	(100,646)		(100,646)	(97,828)
<pre>NET ASSETS (DEFICIENCY),   end of year</pre>	\$ (69,721)	\$ 75,000	\$ 5,279	\$ (100,646)

#### Statements of Cash Flows

#### For the Years Ended June 30, 2017 and 2016

a.a	2017	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES: Change in net assets Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: (Increase) decrease in assets:	\$ 105,925	\$ (2,818)
Accounts receivable Travel advances Prepaid expenses Increase (decrease) in liabilities:	233 52,014	(400) (279) (51,685)
Accounts payable Accrued liabilities Deferred USATHF grants Deferred USOC revenue	(44,215) 3,399 (10,000) 25,000	 50,279 3,702 10,000 (25,000)
Total adjustments	 26,431	 (13,383)
Net cash provided (used) by operating activities	132,356	(16,201)
CASH FLOWS FROM FINANCING ACTIVITIES  Decrease in loans from officers	 (25,000)	 (5,825)
Net cash used by financing activities*	 (25,000)	(5,825)
NET INCREASE (DECREASE) IN CASH	107,356	(22,026)
CASH AND CASH EQUIVALENTS, beginning of year	 22,203	 44,229
CASH AND CASH EQUIVALENTS, end of year	\$ 129,559	\$ 22,203

<sup>\*</sup> Contains \$15,000 and \$5,000 of forgiven loan principal for the years ended June 30, 2017 and 2016, respectively

## Notes to Financial Statements

For the Years Ended June 30, 2017 and 2016

#### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Organization

USA Team Handball (the Organization) is the national governing body for team handball, making it responsible for the promotion and development of the sport in the United States.

#### Cash and Cash Equivalents

Cash and cash equivalents consist of the Organization's checking and savings accounts.

#### Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial. Therefore, no allowance for doubtful accounts is considered necessary.

#### Depreciation

Items with greater than one year useful life and costs greater than \$500 are capitalized. Assets are recorded at cost or fair market value if donated and depreciated using the straight-line method over estimated useful lives.

#### Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

#### Contributions

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of donated assets. However, restricted contributions are reported as an increase in unrestricted net assets if the

#### Notes to Financial Statements

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

restriction is satisfied in the same reporting period in which the support is recognized. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as satisfied program restrictions.

#### Income Tax

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income tax. Accordingly, no income tax provision has been recorded.

The Organization's form 990, Return of Organization Exempt from Income Tax, is subject to examination by various taxing authorities, generally for three years after the date it was filed. Management of the Organization believes that it does not have any uncertain tax positions that are material to the financial statements.

#### Date of Management's Review

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 22, 2017, the date that the financial statements were available to be issued.

#### Supplemental Cash Flow Information

During the years ended June 30, 2017 and 2016, the Organization did not pay any income taxes and paid interest of \$2,748 and \$2,756, respectively. During the year ended June 30, 2017, an Officer of the Organization donated interest due in the amount of \$2,333 related to Loans from Officers.

#### B. RELATED PARTY TRANSACTIONS

The United States Olympic Committee (USOC) provided grants to the Organization as follows for the years ended June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Matching grants	\$ 35,000	\$ 22,400
PR shared services	8,096	9,845
Travel grant	1,500	
Coaching support and other	 20	 350
	\$ 44,616	\$ 32,595

#### Notes to Financial Statements

#### B. RELATED PARTY TRANSACTIONS - Continued

In 2013, the Organization entered into a digital media agreement with the USOC. The term of the agreement was extended through December 31, 2020. The Organization received \$58,300 and \$58,400 during the years ended June 30, 2017 and 2016, respectively.

The USA Team Handball Foundation (USATHF) provided the Organization with grants of \$36,000 and \$15,000 for the years ended June 30, 2017 and 2016, respectively.

The Organization receives significant economic benefits from grants provided by the USOC and the USATHF in order to enhance its programs to current levels.

During the year ended June 30, 2015, two board members loaned the Organization \$40,000 each. One loan is interest free and is to be paid back when the Organization has adequate funds. The other loan was put on a personal credit card and the Organization reimburses the board member for the interest. There are no formal agreements in place for either of the loans. Both loans are unsecured.

#### C. GOING CONCERN

As reflected in the accompanying statement of financial position, the Organization had a deficiency of net assets at June 30, 2016, of \$100,646. For the year ended June 30, 2017, total net assets were a positive \$5,279; those net assets included \$75,000 of temporarily restricted net assets.

In order to reduce the deficiency of net assets noted in previous years and ongoing in unrestricted net assets, Management and the Board of Directors are pursuing the following actions:

- Members of the Board of Directors have been actively seeking contributions.
- Improved internal processes and maintained financial records in a timely manner.
- Adopted a budget by the Board of Directors and closely monitored it in comparison to actual expenditures and have taken steps to prevent cost overruns.
- Have been actively exploring other sources of revenue including corporate sponsorship and grants.

#### Notes to Financial Statements

#### C. GOING CONCERN - Continued

Reduced program and administration expenses.

Although total net assets increased from previous years, unrestricted net assets remained in a deficiency position as of June 30, 2017. However, with continued pursuit of the actions listed above, Management and the Board of Directors continue to strive for improvement in the economic outlook of the Organization.

#### D. LEASE

Beginning September 1, 2016, USA Team Handball entered into a lease arrangement with the USOC for 140 square feet of office space.

The lease rate is \$6.50 per square foot per year with annual increases not to exceed the regional consumer price index. Also, an allocated cost of \$3.25 per square foot per year for a percentage of common space. USOC will waive the common space obligation, but it will recognize the expense obligation as a grant to USA Team Handball.

USA Team Handball also agrees to pay the following operating expenses:

- IT services \$96 per employee per month
- Copier by usage at \$0.02 per black and white copy, \$0.09 per color copy
- Other incremental services to be billed at cost

#### E. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purpose:

2017

Coaches salaries

\$75,000

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the year ended June 30, 2017, temporary restrictions of \$75,000 were met through the payment of coaches' compensation.

USA TEAM HANDBALL Schedule of Program and Supporting Services For the Year Ended June 30, 2017

	Program Expenses		<u> </u>				Total Expenses	
Advertising	\$		\$	3,600	\$	3,600		
Bank charges				5,714		5,714		
Board meeting				725		725		
Contract labor		120		7,900		8,020		
Dues & subscriptions				2,214		2,214		
Employee benefits				3,109		3,109		
Facility rental		660		612		1,272		
Insurance		33,875				33,875		
IT expense		6,746		960		7,706		
Meals		7,272		1,341		8,613		
Medical		150				150		
Membership fees				5,283		5,283		
Miscellaneous		1,551		2,394		3,945		
National team		13,987				13,987		
Payroll taxes		11,124		3,857		14,981		
Postage		644		1,243		1,887		
Professional fees				7,279		7,279		
Referee expenses		9,251				9,251		
Registrations and fees		12,032				12,032		
Salaries		146,250		50,417		196,667		
Supplies		5,281		602		5,883		
Telephone				272		272		
Travel		124,661		7,932		132,593		
Uniforms		2,303				2,303		
	\$	375,907	\$	105,454	\$	481,361		