Financial Statements & Supporting Schedules

For the Years Ended June 30, 2018 and 2017



# TABLE OF CONTENTS

| Independent Auditor's Report                       | 1  |
|--|----|
| Statements of Financial Position                   | 3  |
| Statements of Activities and Changes in Net Assets | 4  |
| Statements of Cash Flows                           | Ę  |
| Notes to Financial Statements                      | 6  |
| Schedule of Program and Supporting Services        | 11 |



#### 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, 2018 and 2017, 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.

# Auditor's 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. 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 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, 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.

## 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 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 January 7, 2019

# Statements of Financial Position June 30, 2018 and 2017

| <u>ASSETS</u>   |      |                                |    |   |
|---|------|--------------------------------|----|---|
| CURRENT ASSETS:   |      | 2018                           |    | <u>2017</u>                                       |
| Cash and cash equivalents<br>Accounts receivable<br>Travel advances | \$   | 108,984<br>768                 | \$ | 129,559<br>400<br>127                             |
| Prepaid expenses  |      | 5,501                          |    | 2,699   |
| Total current assets  |      | 115,253                        |    | 132,785   |
| OFFICE SOFTWARE AND EQUIPMENT:                                      |      |                                |    |   |
| Office software and equipment<br>Less accumulated depreciation      |      | 3,507<br>(2,173)               |    | 1,890<br>(1,890)                                  |
| Office software and equipment - net                                 |      | 1,334                          |    |   |
| TOTAL ASSETS  | \$   | 116,587                        | \$ | 132,785   |
| LIABILITIES AND NET   | ASSE | TTS                            |    |   |
| CURRENT LIABILITIES: Accounts payable                               | \$   | 46,682                         | Ś  | 14,519  |
| Accrued liabilities   | Y    | 55,228                         | ų  | 14,J1J  |
| Unused coaches grant payable Deferred USOC revenue                  |      | 37,399                         |    | 36,432  |
|   |      | 37,333                         |    | •   |
|   |      |                                |    | 25,000  |
| Total current liabilities   |      | 139,309                        |    | 25,000<br>75,951                                  |
| LOANS FROM OFFICERS   |      | 139,309                        | _  | 25,000<br>75,951<br>51,555                        |
| LOANS FROM OFFICERS  Total liabilities                              |      |                                |    | 25,000<br>75,951                                  |
| LOANS FROM OFFICERS   |      | 139,309                        |    | 25,000<br>75,951<br>51,555                        |
| LOANS FROM OFFICERS  Total liabilities  NET ASSETS: Unrestricted    |      | 139,309<br>139,309<br>(44,813) |    | 25,000<br>75,951<br>51,555<br>127,506<br>(69,721) |

 ${\tt USA\ TEAM\ HANDBALL}$  Statements of Activities and Changes in Net Assets For the Years Ended June 30, 2018 and 2017

|                                |     |           | Temporarily | 2017 |          | 2016          |
|--------------------------------|-----|-----------|-------------|------|----------|---------------|
|                                | Unr | estricted | Restricted  |      | Totals   | Totals        |
| REVENUE:                       |     |           |             |      |          |               |
| Contributions                  | \$  | 127,477   | \$          | \$   | 127,477  | \$<br>74,189  |
| Events                         |     | 115,614   |             |      | 115,614  | 46,276        |
| Corporate sponsorship          |     | 73,475    |             |      | 73,475   | 87,308        |
| Value-in-kind                  |     | 61,712    |             |      | 61,712   | 639           |
| USOC digital media agreement   |     | 61,075    |             |      | 61,075   | 58,300        |
| Membership dues, net           |     | 56,599    |             |      | 56,599   | 56,656        |
| Coaching grants                |     |           | 37,601      |      | 37,601   | 150,000       |
| USATHF grants                  |     | 28,900    |             |      | 28,900   | 36,000        |
| USOC grants                    |     | 24,493    |             |      | 24,493   | 44,616        |
| Other income                   |     | 22,081    |             |      | 22,081   | 18,349        |
| Other grant                    |     | 2,532     |             |      | 2,532    | 10,000        |
| Merchandise sales              |     | 401       |             |      | 401      | 4,950         |
| Interest & dividends           |     | 5         |             |      | 5        | 3             |
| Satisfied program restrictions |     | 90,510    | (90,510)    |      |          | <br>          |
| Total revenue                  |     | 664,874   | (52,909)    |      | 611,965  | 587,286       |
| EXPENSES:                      |     |           |             |      |          |               |
| Program expenses               |     | 507,679   |             |      | 507,679  | 375,907       |
| Supporting services:           |     |           |             |      |          |               |
| General & administrative       |     | 132,287   |             |      | 132,287  | <br>105,454   |
| Total expenses                 |     | 639,966   |             |      | 639,966  | <br>481,361   |
| CHANGE IN NET ASSETS           |     | 24,908    | (52,909)    |      | (28,001) | 105,925       |
| NET ASSETS (DEFICIENCY),       |     |           |             |      |          |               |
| beginning of year              |     | (69,721)  | 75,000      |      | 5,279    | <br>(100,646) |
| NET ASSETS (DEFICIENCY),       |     |           |             |      |          |               |
| end of year                    | \$  | (44,813)  | \$ 22,091   | \$   | (22,722) | \$<br>5,279   |

# Statements of Cash Flows

# For the Years Ended June 30, 2018 and 2017

|   | 2018                  | 2017          |
|---|-----------------------|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES:                               |                       |               |
| Change in net assets  | \$<br>(28,001)        | \$<br>105,925 |
| Adjustments to reconcile change in                                  |                       |               |
| <pre>net assets to net cash provided by operating activities:</pre> |                       |               |
| Depreciation  | 283                   |               |
| (Increase) decrease in operating assets:                            | 205                   |               |
| Accounts receivable   | (368)                 |               |
| Travel advances   | 127                   | 233           |
| Prepaid expenses  | (2,802)               | 52,014        |
| Increase (decrease) in operating liabilities:                       |                       |               |
| Accounts payable  | 32,163                | (44,215)      |
| Accrued liabilities   | 18,796                | 3,399         |
| Unused coaches grant payable  | 37,399                |               |
| Deferred USATHF grants  | (05 000)              | (10,000)      |
| Deferred USOC revenue   | <br>(25,000)          | <br>25,000    |
| Total adjustments   | <br>60,598            | <br>26,431    |
| Net cash provided by operating activities                           | 32,597                | 132,356       |
| CASH FLOWS FROM INVESTING ACTIVITIES:                               |                       |               |
| Purchase of software and equipment                                  | <br>(1,617)           | <br>          |
| Net cash used by investing activities                               | (1,617)               |               |
| CASH FLOWS FROM FINANCING ACTIVITIES:                               |                       |               |
| Decrease in loans from officers                                     | <br>(51,55 <u>5</u> ) | <br>(25,000)  |
| Net cash used by financing activities*                              | <br>(51,555)          | <br>(25,000)  |
| NET INCREASE (DECREASE) IN CASH                                     | (20,575)              | 107,356       |
| CASH AND CASH EQUIVALENTS,  |                       |               |
| beginning of year   | <br>129,559           | <br>22,203    |
| CASH AND CASH EQUIVALENTS,  |                       |               |
| end of year   | \$<br>108,984         | \$<br>129,559 |

<sup>\*</sup> Contains \$51,555 and \$15,000 of forgiven loan principal for the years ended June 30, 2018 and 2017, respectively

# Notes to Financial Statements For the Years Ended June 30, 2018 and 2017

#### 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.

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

#### 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 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 January 7, 2019, the date that the financial statements were available to be issued.

# Supplemental Cash Flow Information

During the years ended June 30, 2018 and 2017, the Organization did not pay any income taxes and paid interest of \$0 and \$2,748, 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, 2018 and 2017:

|  | <u>2018</u>           | <u>2017</u>        |
|--|-----------------------|--------------------|
| Governance grant<br>Streaming and production | \$<br>10,000<br>7,000 | \$                 |
| Matching grants Coaching support and other   | 5,000<br>2,493        | 35,000<br>20       |
| PR shared services<br>Travel grant           | <br>                  | <br>8,096<br>1,500 |
|  | \$<br>24,493          | \$<br>44,616       |

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 \$61,075 and \$58,300 during the years ended June 30, 2018 and 2017, respectively.

The USA Team Handball Foundation (USATHF) provided the Organization with grants of \$28,900 and \$36,000 for the years ended June 30, 2018 and 2017, 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 was interest free and was originally to be paid back when the Organization had adequate funds. The other loan was put on a personal credit card and the Organization reimbursed the board member for the interest. There were no formal agreements in place for either of the loans. Both loans are unsecured. During the year ended June 30, 2018, both loans were forgiven and the remaining balances of \$51,555 have been recognized as contribution income by the Organization.

During the year ended June 30, 2018, the Organization's volunteer Director of Beach Handball established a for-profit entity, which he owns personally, to organize, promote, and manage a Beach Handball event. During the year ended June 30, 2018, the Organization provided total support of \$31,548 for

#### B. RELATED PARTY TRANSACTIONS - Continued

this entity to conduct the event. The support provided was funded through contributions and other support received by the Organization in support of Beach programs, which were recognized as revenue during the year ended June 30, 2018.

#### C. GOING CONCERN

As reflected in the accompanying statement of financial position, the Organization had a deficiency of unrestricted net assets at June 30, 2017, of \$69,721 and positive temporarily restricted net assets of \$75,000. For the year ended June 30, 2018, the Organization has a deficiency of unrestricted net assets of \$44,813 and positive temporarily restricted net assets of \$22,091 resulting in a total deficiency of \$22,722.

In order to reduce the deficiency of net assets noted in previous years and ongoing deficiency in 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.
- Reduced administration expenses.

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. This lease arrangement was renewed beginning September 1, 2017.

#### D. LEASE - Continued

The lease rate is \$6.50 per square foot per year with annual increases not to exceed the regional consumer price index. Also, the lease requires 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:

2018 2017 \$ 22,091 \$ 75,000

Coaches salaries

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the year ended June 30, 2018, temporary restrictions of \$90,510 were met through the payment of coaches' compensation.

# F. SUBSEQUENT EVENTS

Subsequent to the year ended June 30, 2018, the Organization's conditional coaches' salaries grant contract was terminated before the original contracted end date. As a result of this, the Organization had an obligation to repay any amounts not spent through November 2018. As of June 30, 2018, the Organization recorded a liability of \$37,399 relating to this obligation. This amount was paid in November 2018.

USA TEAM HANDBALL
Schedule of Program and Supporting Services
For the Year Ended June 30, 2018

|                         | Program<br>Expenses | General & Administrative | Total<br>Expenses |
|-------------------------|---------------------|--------------------------|-------------------|
| Bank charges            | \$                  | \$ 3,025                 | \$ 3,025          |
| Board meeting           | ·                   | 26,776                   | 26,776            |
| Contract labor          | 255                 | 12,644                   | 12,899            |
| Depreciation            | 283                 |                          | 283               |
| Dues and subscriptions  |                     | 3,108                    | 3,108             |
| Employee benefits       |                     | 3,854                    | 3,854             |
| Facility rental         |                     | 910                      | 910               |
| Gifts and awards        | 2,412               |                          | 2,412             |
| Insurance               | 30,925              |                          | 30,925            |
| IT expense              | 15,500              | 1,152                    | 16,652            |
| Meals                   | 27,069              | 1,130                    | 28,199            |
| Membership fees         |                     | 3,870                    | 3,870             |
| Miscellaneous           | 882                 | 223                      | 1,105             |
| National team           | 63,705              |                          | 63,705            |
| Payroll taxes           | 8,535               | 2,972                    | 11,507            |
| Postage                 | 8                   | 765                      | 773               |
| Professional fees       |                     | 10,831                   | 10,831            |
| Referee expenses        | 6,715               |                          | 6,715             |
| Registrations and fees  | 1,040               |                          | 1,040             |
| Salaries                | 127,091             | 53,958                   | 181,049           |
| Supplies                | 4,458               | 347                      | 4,805             |
| Telephone               |                     | 187                      | 187               |
| Travel                  | 156,628             | 6,535                    | 163,163           |
| Uniforms, including VIK | 62,173              |                          | 62,173            |
|                         | \$ 507,679          | \$ 132,287               | \$ 639,966        |