

USA TEAM HANDBALL

**Financial Statements &
Supporting Schedules**

For the Years Ended June 30, 2016 and 2015

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INDEPENDENT AUDITORS' REPORT

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, 2016 and 2015, 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, 2016 and 2015, 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 net assets 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. 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.

Waugh & Goodwin, LLP
Colorado Springs, Colorado
September 30, 2016

USA TEAM HANDBALL
Statements of Financial Position
June 30, 2016 and 2015

	<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
CURRENT ASSETS:			
Cash and cash equivalents	\$	22,203	\$ 44,229
Accounts receivable		400	
Travel advances		360	81
Prepaid expenses		<u>54,713</u>	<u>3,028</u>
TOTAL ASSETS	\$	<u>77,676</u>	\$ <u>47,338</u>
 <u>LIABILITIES AND NET ASSETS</u> 			
CURRENT LIABILITIES:			
Accounts payable	\$	58,734	\$ 8,455
Accrued liabilities		33,033	29,331
Deferred USATHF grants		10,000	
Deferred USOC revenue		<u> </u>	<u>25,000</u>
Total current liabilities		101,767	62,786
LOANS FROM OFFICERS		<u>76,555</u>	<u>82,380</u>
Total liabilities		178,322	145,166
NET ASSETS:			
Unrestricted		<u>(100,646)</u>	<u>(97,828)</u>
Total net assets		<u>(100,646)</u>	<u>(97,828)</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>77,676</u>	\$ <u>47,338</u>

See Notes to Financial Statements

USA TEAM HANDBALL
Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
REVENUE:		
Coaching grant	\$ 75,000	\$ 58,200
USOC digital media agreement	58,400	40,034
Corporate sponsorship	53,531	45,980
Membership dues	48,553	190,069
USOC grants	32,595	115,602
Contributions	35,198	76,238
Special events	27,480	55,920
USATHF grants	15,000	8,975
Merchandise sales	1,926	10
Interest & dividends	142	2,193
Other income		31,567
Value-in-kind	<u> </u>	<u> </u>
Total revenue	347,825	624,788
EXPENSES:		
Program expenses	248,252	568,680
Supporting services:		
General & administrative	<u>102,391</u>	<u>94,847</u>
Total expenses	<u>350,643</u>	<u>663,527</u>
CHANGE IN NET ASSETS	(2,818)	(38,739)
DEFICIENCY OF NET ASSETS, beginning of year	<u>(97,828)</u>	<u>(59,089)</u>
DEFICIENCY OF NET ASSETS, end of year	<u>\$ (100,646)</u>	<u>\$ (97,828)</u>

See Notes to Financial Statements

USA TEAM HANDBALL
Statements of Cash Flows
For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (2,818)	\$ (38,739)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
(Increase) decrease in assets:		
Accounts receivable	(400)	
Travel advances	(279)	919
Prepaid expenses	(51,685)	726
Increase (decrease) in liabilities:		
Accounts payable	50,279	(10,233)
Accrued liabilities	3,702	8,159
Deferred USATHF grants	10,000	
Deferred USOC revenue	<u>(25,000)</u>	<u> </u>
Total adjustments	<u>(13,383)</u>	<u>(429)</u>
Net cash used by operating activities	(16,201)	(39,168)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in loans from officers	<u>(5,825)</u>	<u>82,380</u>
Net cash provided by financing activities	<u>(5,825)</u>	<u>82,380</u>
NET INCREASE (DECREASE) IN CASH	(22,026)	43,212
CASH AND CASH EQUIVALENTS, beginning of year	<u>44,229</u>	<u>1,017</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 22,203</u>	<u>\$ 44,229</u>

See Notes to Financial Statements

USA TEAM HANDBALL
Notes to Financial Statements
For the Years Ended June 30, 2016 and 2015

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 30, 2016, the date that the financial statements were available to be issued.

Supplemental Cash Flow Information

During the years ended June 30, 2016 and 2015, the Corporation did not pay any income taxes and paid interest of \$5,433 and \$4,297, respectively.

B. RELATED PARTY TRANSACTIONS

The United States Olympic Committee (USOC) provided grants to the Organization as follows for the years ended June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Matching grants	\$ 22,400	\$ 25,000
PR shared services	9,845	13,649
Coaching support	350	70,000
High Performance grants		73,750
Support a sport		7,670
	<u>\$ 32,595</u>	<u>\$ 190,069</u>

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 \$58,400 and \$58,200 during the years ended June 30, 2016 and 2015, respectively.

The USA Team Handball Foundation (USATHF) provided the Organization with grants of \$15,000 and \$55,920 for the years ended June 30, 2016 and 2015, 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 has a deficiency of net assets at June 30, 2016 of \$142,189. In order to reduce this deficiency, the Organization has taken 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 program and administration expenses.

Notes to Financial Statements

D. LEASE

Subsequent to year end, 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

USA TEAM HANDBALL
Schedule of Program and Supporting Services
For the Year Ended June 30, 2016

	Program Expenses	General & Administrative	Total Expenses
Bank charges	\$	\$ 219	\$ 219
Contract labor		11,625	11,625
Dues & subscriptions		2,874	2,874
Employee benefits		3,129	3,129
Insurance	26,892		26,892
Interest		5,433	5,433
National team	48,346		48,346
Membership fees		5,123	5,123
Miscellaneous		368	368
Payroll taxes	6,864	4,016	10,880
Postage		697	697
Professional fees		7,200	7,200
Salaries	132,108	52,500	184,608
Supplies		354	354
Telephone		298	298
Travel	34,042	8,555	42,597
	<u>\$ 248,252</u>	<u>\$ 102,391</u>	<u>\$ 350,643</u>