

**USA TEAM HANDBALL**

**Financial Statements**

**For the Period July 1, 2019, to December 31, 2019**



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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 statement of financial position as of December 31, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the period July 1, 2019, to December 31, 2019, 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 audit. We conducted our audit 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 December 31, 2019, and the changes in its net assets and its cash flows for the period July 1, 2019, to December 31, 2019, 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 D 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 D. 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.

### **Emphasis of Matter Regarding New Standard Update**

As described in Note A to the financial statements, during the period July 1, 2019, to December 31, 2019, the Organization adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Our opinion is not modified with respect to this matter.

### **Emphasis of Other Matter**

As described in Note F, in March 2020, the World Health Organization declared a pandemic related to a fast-spreading novel strain of coronavirus. The outbreak caused significant global disruption in commercial and noncommercial activities. The disruption may have a significant impact on future financial performance of the Organization; however, the ultimate impact of this global concern cannot be determined. Our opinion is not modified with respect to this matter.

*McMillen & Company, PLLC*

Colorado Springs, Colorado  
November 5, 2020

USA TEAM HANDBALL  
Statements of Financial Position  
December 31, 2019

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 44,536
Accounts receivable	8,000
Prepaid expenses	<u>5,200</u>
Total current assets	57,736

OFFICE SOFTWARE AND EQUIPMENT:

Office software and equipment	3,507
Less accumulated depreciation	<u>(2,858)</u>
Office software and equipment - net	<u>649</u>

TOTAL ASSETS	<u>\$ 58,385</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 15,807
Accrued liabilities	<u>76,052</u>
Total current liabilities	91,859

NET ASSETS:

Net assets without donor restrictions	<u>(33,474)</u>
Total net assets	<u>(33,474)</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 58,385</u>
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See Notes to Financial Statements

USA TEAM HANDBALL  
Statements of Activities and Changes in Net Assets  
For the Period July 1, 2019, to December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
REVENUE:			
USOC grants	\$ 157,531	\$	\$ 157,531
IHF funding	88,120		88,120
Membership income	37,914		37,914
Events	8,398		8,398
Contributions	6,375		6,375
Fundraising events	5,085		5,085
Other income	317		317
Interest & dividends	<u>4</u>		<u>4</u>
Total revenue	303,744		303,744
EXPENSES:			
Program expenses	165,967		165,967
Supporting services:			
General & administrative	<u>143,664</u>		<u>143,664</u>
Total expenses	<u>309,631</u>		<u>309,631</u>
CHANGE IN NET ASSETS	(5,887)		(5,887)
NET ASSETS (DEFICIENCY), beginning of year	<u>(27,587)</u>		<u>(27,587)</u>
NET ASSETS (DEFICIENCY), end of year	<u>\$ (33,474)</u>	<u>\$</u>	<u>\$ (33,474)</u>

See Notes to Financial Statements

USA TEAM HANDBALL  
Statement of Functional Expenses  
For the Period July 1, 2019, to December 31, 2019

	<u>Program Expenses</u>	<u>General &amp; Administrative</u>	<u>Total Expenses</u>
Travel	\$ 83,247	\$ 14,883	\$ 98,130
Salaries	10,820	83,923	94,743
Contract labor	40,990		40,990
Insurance	14,283	4,761	19,044
Professional fees		9,924	9,924
Promotion & advertising	8,124		8,124
Employee benefits	1,401	6,549	7,950
Safe Sport		7,945	7,945
Board meetings		7,493	7,493
Payroll taxes	828	6,660	7,488
Supplies & equipment	4,831	778	5,609
Bank charges		1,218	1,218
Referee expenses	1,215		1,215
Telephone		956	956
Depreciation	228		228
IT expense		192	192
Postage		178	178
Rent		152	152
Dues & subscriptions		120	120
Membership fees		21	21
Miscellaneous		(2,089)	(2,089)
	<u>\$ 165,967</u>	<u>\$ 143,664</u>	<u>\$ 309,631</u>

See Notes to Financial Statements

USA TEAM HANDBALL  
Statements of Cash Flows  
For the Period July 1, 2019, to December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (5,887)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	228
(Increase) decrease in operating assets:	
Accounts receivable	(7,600)
Grants receivable	18,500
Prepaid expenses	4,991
Increase (decrease) in operating liabilities:	
Accounts payable	(9,613)
Accrued liabilities	<u>(8,199)</u>
Total adjustments	<u>(1,693)</u>
Net cash used by operating activities	<u>(7,580)</u>
NET DECREASE IN CASH	(7,580)
CASH AND CASH EQUIVALENTS, beginning of year	<u>52,116</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 44,536</u>

See Notes to Financial Statements



USA TEAM HANDBALL  
Notes to Financial Statements  
For the Period July 1, 2019, to December 31, 2019

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. During the period July 1, 2019, to December 31, 2019, the Organization changed its fiscal year-end from June 30 to December 31.

Method of Accounting

The financial statements of USA Team Handball have been prepared on the accrual basis of accounting.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This standard implements a single, comprehensive framework for recognition of all revenue earned from customers. The topic's framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating the transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. For certain entities, including USA Team Handball, the standard is effective for fiscal years beginning after December 15, 2018, notwithstanding extensions available under relief from COVID-19 (Note F). During the period July 1, 2019, to December 31, 2019, USA Team Handball adopted ASU 2014-19 using the full retrospective adoption method. In accordance with transition guidance, the entity elected to retroactively adjust only those contracts that did not meet the definition of a completed contract at the date of initial application. This guidance did not significantly impact the timing of the Organization's revenue recognition.

## Notes to Financial Statements

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

In June 2018, the FASB issued standard ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard provides a more robust framework for determining whether an entity should account for a transaction as a contribution or as an exchange transaction. The guidance also helps determine whether a contribution is conditional and better distinguishes a donor-imposed condition from a donor-imposed restriction. During the period July 1, 2019, to December 31, 2019, USA Team Handball adopted this standard on a modified prospective basis for contracts not yet completed as of, or entered into subsequent to, the beginning of the fiscal year. The adoption did not result in a material change to how the entity accounts for revenue from contributions, grants, and contracts.

#### Basis of Presentation

The financial statement presentation follows the recommendations of accounting principles generally accepted in the United States of America (GAAP).

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- Net assets without donor restrictions: net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.
- Net assets with donor restrictions: net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other purposes specified by the donor. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

## Notes to Financial Statements

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

#### Basis of Presentation - continued

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

#### 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 of losses on balances outstanding at year-end will be immaterial. Therefore, no allowance for doubtful accounts is considered necessary.

#### Revenue Recognition

The Organization has analyzed the provisions of the Financial Accounting Standard Board's (FASB) ASC Topic 606, *Revenue from Contracts with Customers*, and has concluded that no material changes are necessary to conform with the new standard. The Organization's revenue recognition policies are as follows:

- Event and sponsorship revenue - event and sponsorship revenues are recognized in the amount that reflects the consideration that the Organization is entitled to in exchange for substantially fulfilling performance obligations specific to each event or contract. Sponsorships and event revenues are recognized as revenue in the period in which the Organization satisfies its performance obligation to its sponsors and event participants. The Organization's performance obligations for sponsorship revenue are to provide promotion and advertising opportunities as arranged under each contract. The Organization's performance obligation for event revenue is to hold a specified event.

## Notes to Financial Statements

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

#### Revenue Recognition - continued

- Membership dues - membership dues revenue is recognized in the amount that reflects the consideration that the Organization is entitled to in exchange for providing membership services. Dues are recognized as revenue in the period in which the Organization satisfies its performance obligation to its members. A performance obligation is a promise in a contract to transfer a distinct good or service to a customer, as defined by ASC 606. The Organization's performance obligation for membership dues revenue is to provide membership services and benefits accessible only to its members.

#### 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 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.

## Notes to Financial Statements

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

#### 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.

#### Supplemental Cash Flow Information

During the period July 1, 2019, to December 31, 2019, the Organization did not pay any interest or income taxes.

#### Date of Management's Review

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 5, 2020 the date that the financial statements were available to be issued.

### B. AVAILABLE RESOURCES AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization has cash and cash equivalents as a current source of liquidity at its disposal.

In addition to currently held financial assets available to meet general expenditures over the next 12 months, the Organization operates under a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

As of December 31, 2019, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

## Notes to Financial Statements

### B. AVAILABLE RESOURCES AND LIQUIDITY - Continued

	<u>2019</u>
Cash and cash equivalents	\$ 44,536
Accounts receivable	<u>8,000</u>
Total	<u>\$ 52,536</u>

### C. RELATED PARTY TRANSACTIONS

The United States Olympic & Paralympic Committee (USOPC) provided grants to the Organization as follows for the period July 1, 2019, to December 31, 2019:

	<u>2019</u>
Governance and management grants	\$ 121,157
Streaming and production	6,300
Administrative grant	5,000
Other	<u>74</u>
Total	<u>\$ 132,531</u>

In 2013, the Organization entered into a digital media agreement with the USOPC. The term of the agreement was extended through December 31, 2020. In addition to the amounts above, the Organization received \$25,000 during the period July 1, 2019, to December 31, 2019.

The Organization receives significant economic benefits from grants provided by the USOPC and International Handball Federation (IHF) in order to enhance its programs to current levels.

### D. GOING CONCERN

As reflected in the accompanying statement of financial position, at December 31, 2019, the Organization has a deficiency of net assets without donor restrictions of \$33,474.

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.

## Notes to Financial Statements

### D. GOING CONCERN - Continued

- 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.

### E. LEASE

Beginning August 1, 2019, the Organization entered into a lease arrangement with El Pomar Foundation, Inc. for 395 square feet of office space and 418 square feet of shared common areas. The new lease requires the Organization to pay \$6.58 per square foot through December 31, 2021 with an option for renewal. It is noted that the fair value of the space is \$15.36 per square foot and El Pomar Foundation will donate the difference in fair value and lease rate charged to the Organization.

Future minimum lease payments under the new lease for office space are as follows for the years ending December 31 (Note F-change in fiscal year end):

2020	\$	5,350
2021		5,350

### F. COVID-19 PANDEMIC

In March 2020, the World Health Organization declared a pandemic related to a fast-spreading novel strain of coronavirus. As a result of the global attention and concern arising from this disease (COVID-19), many event organizers and governments have taken appropriate measures to limit the spread of the disease, such as postponing or cancelling events. Potential impacts to the Organization include disruptions or restrictions on the Organization's ability to perform services and/or conduct events, which could inhibit its ability to

## Notes to Financial Statements

### F. SUBSEQUENT EVENTS - Continued

secure sponsorships and other funding. Furthermore, the financial impacts of COVID-19 on the Organization's sponsors and grantors are unknown.

Management continues to evaluate options for appropriate response to this global concern within the context of its operations and events. Management expects significant negative impact, as a result of this pandemic, on its operations and financial performance. However, the ultimate impact of the COVID-19 outbreak is unknown.

In May 2020, the Organization acquired a loan in the amount of \$37,602 pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020, further amended by the Paycheck Protection Program Flexibility Act. The PPP provides loans to qualifying businesses for amounts up to two months of the average monthly payroll expenses plus an additional 25% of that amount. The loans and accrued interest are forgivable after 24 weeks if the borrower uses the loan proceeds for qualified purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels at certain prescribed levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries below the prescribed level during the 24-week period. The Organization intends to use the proceeds for purposes consistent with the PPP. Therefore, it expects that the loan will be forgiven in 2020 and it will report the Organization's amount, to the extent it is forgiven, as nontaxable income.