

UNITED STATES COMPETITION CLIMBING
FINANCIAL STATEMENTS
AUGUST 31, 2015

UNITED STATES COMPETITION CLIMBING

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors:

United States Competition Climbing
Boulder, Colorado

We have audited the accompanying financial statements of United States Competition Climbing (a not-for-profit organization), which comprise the statement of financial position as of August 31, 2015, and the related statements of activities, functional expenses and cash flows for the year 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 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 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 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 audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United States Competition Climbing as of August 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Report on Summarized Comparative Information

We have previously audited the United States Competition Climbing's August 31, 2014 financial statements, and our report dated December 3, 2014, expressed an unqualified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Middlemist Crouch & Company, CPAs P.C.

MIDDLEMIST, CROUCH & CO., CPAs, P.C.

Boulder, Colorado
February 1, 2016

FINANCIAL STATEMENTS

UNITED STATES COMPETITION CLIMBING

Statement of Financial Position

August 31, 2015

(with summarized financial information for the year ended August 31, 2014)

	ASSETS	
	2015	2014
CURRENT ASSETS		
Cash and cash equivalents	\$ 171,695	\$ 183,483
Accounts receivables	54,018	30,820
Prepaid expenses	34,083	23,546
Total current assets	<u>259,796</u>	<u>237,849</u>
PROPERTY AND EQUIPMENT		
Equipment	67,390	48,681
Less accumulated depreciation	(10,887)	(14,941)
Net property and equipment	<u>56,503</u>	<u>33,740</u>
Total assets	<u><u>\$ 316,299</u></u>	<u><u>\$ 271,589</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 15,732	\$ 12,129
Credit cards payable	84	1,669
Accrued payroll liabilities	4,810	47,617
Deferred revenue	31,000	22,595
Total current liabilities	<u>51,626</u>	<u>84,010</u>
NET ASSETS		
Unrestricted	<u>264,673</u>	<u>187,579</u>
Total net assets	<u>264,673</u>	<u>187,579</u>
Total liabilities & net assets	<u><u>\$ 316,299</u></u>	<u><u>\$ 271,589</u></u>

See accompanying notes to financial statements

UNITED STATES COMPETITION CLIMBING
Statement of Activities
For the year ended August 31, 2015
(with summarized financial information for the year ended August 31, 2014)

	<u>2015</u>	<u>2014</u>
Public Support and Revenue		
Entry and sanctioning fees	\$ 1,065,516	\$ 880,756
Sponsorship	226,775	203,225
Membership dues	383,845	325,858
Contributions	20,325	36,218
Contributions in-kind	92,320	27,719
Other	30,955	20,397
Gain on disposal of fixed assets	19,686	(188)
Investment income	128	52
Total public support and revenue	<u>1,839,550</u>	<u>1,494,037</u>
Functional expenses		
Program services	1,409,801	1,189,159
Management and general	338,859	231,814
Fundraising	13,796	14,170
Total functional expenses	<u>1,762,456</u>	<u>1,435,143</u>
Increase in unrestricted net assets	77,094	58,894
NET ASSETS--BEGINNING OF YEAR	<u>187,579</u>	<u>128,685</u>
NET ASSETS--END OF YEAR	<u>\$ 264,673</u>	<u>\$ 187,579</u>

See accompanying notes to financial statements

UNITED STATES COMPETITION CLIMBING
Statement of Functional Expenses
For the year ended August 31, 2015
(with summarized financial information for the year ended August 31, 2014)

	Program Services	Management and General	Fundraising	2015 Total	2014 Total
Venue	\$ 689,303	\$ -	\$ -	\$ 689,303	\$ 597,664
Travel	167,646	14,820	-	182,466	89,486
Salaries and wages	107,770	78,378	9,797	195,946	262,696
Payroll taxes	9,096	6,615	827	16,538	20,690
Payroll processing	-	3,025	-	3,025	1,684
Rent	8,532	17,460	-	25,992	24,123
Professional fees	-	35,535	-	35,535	22,722
Office supplies and postage	-	10,102	3,172	13,274	7,907
Miscellaneous expense	-	914	-	914	962
Merchandise	3,572	-	-	3,572	2,002
Promotion	107,659	87,449	-	195,108	86,789
Insurance	45,046	41,408	-	86,454	55,934
Event competitor expense	80,321	-	-	80,321	49,931
Contract labor	104,848	3,963	-	108,811	82,762
Computers and telephone	8,734	8,734	-	17,468	13,970
Online registration service fees	48,649	9,719	-	58,368	73,101
Bank fees	-	1,055	-	1,055	316
Administration	24,260	18,859	-	43,119	39,533
Total expenses before depreciation	1,405,436	338,037	13,796	1,757,269	1,432,272
Percentage of expenses before depreciation	79.98%	19.24%	0.79%	100.00%	
Depreciation	4,365	822	-	5,187	2,871
Total expenses	\$ 1,409,801	\$ 338,859	\$ 13,796	\$ 1,762,456	\$ 1,435,143

See accompanying notes to financial statements

UNITED STATES COMPETITION CLIMBING
Statement of Cash Flows
For the year ended August 31, 2015
(with summarized financial information for the year ended August 31, 2014)

	2015	2014
OPERATING ACTIVITIES		
Change in net assets	\$ 77,094	\$ 58,894
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	5,187	2,871
(Gain) loss on disposal of assets	(19,686)	188
Donations in-kind	(92,320)	(27,719)
Expenses in-kind	51,320	20,000
(Increase) decrease in accounts receivable	(23,198)	7,951
(Increase) decrease in prepaid expenses	(10,537)	(6,756)
Increase (decrease) in accounts payable	3,603	(12,712)
Increase (decrease) in credit cards payable	(1,585)	1,669
Increase (decrease) in accrued payroll liabilities	(42,807)	43,112
Increase (decrease) in deferred revenue	8,405	22,595
Net cash provided (used) by operating activities	(44,524)	110,093
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(1,764)	(3,228)
Sale of property and equipment	34,500	-
Net cash provided (used) by investing activities	32,736	(3,228)
NET INCREASE (DECREASE) IN CASH	(11,788)	106,865
CASH AT BEGINNING OF YEAR	183,483	76,618
CASH AT END OF YEAR	\$ 171,695	\$ 183,483
Supplemental Cash Flow Information:		
Donated equipment	\$ 41,000	\$ 7,719
Donated services	\$ 51,320	\$ 20,000

See accompanying notes to financial statements

UNITED STATES COMPETITION CLIMBING
Notes to Financial Statements
August 31, 2015

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

United States Competition Climbing (USAC) is a non-profit corporation licensed pursuant to the laws of the State of Colorado. USAC operates for charitable and educational purposes and also has as its purpose to foster national and international sports competition in the sport of competition climbing. USAC operates consistent with and maintains a tax-exempt status in accordance with section 501(c)(3) of the Internal Revenue Service. The mission of USAC is to promote and grow the sport of competition climbing in the United States.

Financial Statement Presentation

The financial statements are prepared in accordance with the recommendations of the American Institute of Certified Public Accountants in its industry audit guide, *Audits of Not-for-Profit Organizations*.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its statement FASB ASC No. 958-205-45-5, "Presentation of Financial Statements." Under ASC 958-205-45-5, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted – Resources are not subject to donor-imposed restrictions.

Temporarily restricted – Resources subject to donor-imposed restrictions that will be satisfied by actions of the Organization or the passage of time.

Permanently restricted – Resources which donor-imposed restrictions limit the organization's use of an asset or its economic benefits neither expire with the passage of time nor can be removed by the organization's meeting certain requirements.

Cash and Cash Equivalents

USAC considers all demand deposit and savings accounts and highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the approximate fair market value at the date of donation and are depreciated over estimated useful lives using the straight-line method. The costs of additions and betterments are capitalized and expenditures for repairs and maintenance are expensed in the period incurred.

Contribution Revenue

All contributions are available for unrestricted use unless specifically restricted by the donor. Support that is restricted by the donor is reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

Revenue Recognition

Sponsorships, sanctioning and entry fees received in advance for future events are recorded as deferred revenue. Recognition occurs when the event takes place. Membership fees are recognized in the fiscal year they are billed.

UNITED STATES COMPETITION CLIMBING
Notes to Financial Statements
August 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Donated Materials and Services

Donated materials and equipment are reflected as contributions at their estimated values at date of receipt. Donated services are recognized at their estimated fair value when they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated.

Accounts Receivable

USAC uses the allowance method to determine uncollectible receivables. USAC considers all receivables at August 31, 2015, to be fully collectible within one year and, therefore, did not provide for an allowance for uncollectible receivables.

Expense Allocation

The costs of providing services have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

No provision for taxes on earnings has been made in the financial statements as USAC has qualified as a nonprofit organization under Section 501 (C)(3) of the Internal Revenue Code. In addition, contributions to USAC qualify for the charitable contribution deduction under Section 170(b)(1)(A).

USAC files Form 990 in the U.S. federal jurisdiction. USAC is generally no longer subject to examination by the Internal Revenue Service for years before 2011.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at August 31:

	<u>2015</u>	<u>2014</u>
Climbing wall	\$ 41,000	\$ 20,000
Office equipment	4,992	4,283
Climbing equipment	21,398	24,398
Less accumulated depreciation	<u>(10,887)</u>	<u>(14,941)</u>
Net property and equipment	<u>\$ 56,503</u>	<u>\$ 33,740</u>

Depreciation expense for the year ended August 31, 2015 and 2014 was \$5,187 and \$2,871.

NOTE 3 – NET ASSETS

USAC had no temporarily or permanently restricted net assets as of August 31, 2015.

UNITED STATES COMPETITION CLIMBING
Notes to Financial Statements
August 31, 2015

NOTE 4 – CONCENTRATIONS OF CREDIT RISK

USAC maintains its cash balances at one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At August 31, 2015, uninsured cash balances totaled \$0.

NOTE 5 – ACCRUED PAYROLL

As of August 31, 2014, the balance in accrued payroll includes \$40,526 of severance pay owed to an employee terminated in June 2014. The severance agreement calls for monthly payments to be paid through September 2015.

NOTE 6 – OPERATING LEASE

The Organization leases office space in Boulder Colorado under a non-cancellable operating lease effective November 1, 2013 to November 1, 2015. Rent expense was \$9,417 and \$7,923 for the years ended August 31, 2015 and 2014, respectively.

Future minimum lease payments for the years ending August 31 are as follows:

2015	\$ 1,491.62
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NOTE 7 – RELATED PARTIES

USAC may make payments for goods or services at commercially reasonable rates to companies that are affiliated with or owned by board members, directly or indirectly. All contracts are reviewed and approved by the Board of Directors in accordance with USAC's policies. USAC purchased goods and services from businesses affiliated with board members, as well as reimbursed certain expenses incurred by board members in the amount of \$41,438 during the year ended August 31, 2015 and \$66,782 during 2014. Of this amount, \$30,000 during the year ended August 31, 2015 and \$57,020 during 2014, was paid to related parties for gym rental fees for competitions or training.

NOTE 8 - DONATED MATERIALS AND SERVICES

During the years ended August 31, the contributions in-kind revenue consisted of the following:

	2015	2014
Capitalized equipment	\$ 41,000	\$ 7,719
Promotion services	51,320	20,000
Total contributions in-kind	\$ 92,320	\$ 27,719

NOTE 9 - SUBSEQUENT EVENTS

USAC evaluated its August 31, 2015 financial statements for subsequent events through February 1, 2016 which is the date the financial statements were available to be issued. USAC is not aware of any material subsequent events which would require recognition or disclosure in the financial statements for the year ended August 31, 2015.