



**WORLD FLYING DISC FEDERATION**

**Financial Statements &  
Supplementary Schedule**

**For the Year Ended December 31, 2018 and 2017**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
World Flying Disc Federation  
Colorado Springs, Colorado

We have audited the accompanying financial statements of World Flying Disc Federation (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses, 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 audits 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 audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of World Flying Disc Federation as of December 31, 2018 and 2017, and the changes in their net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As described in Note A to the financial statements, in 2018, World Flying Disc Federation adopted Accounting Standards Update (ASU) 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. Our opinion is not modified with respect to this matter.

### **Adjustments to Prior Period Financial Statements**

In our report dated May 9, 2018, we qualified our opinion because the entity was unable to obtain the final accounting reconciliation for an event that occurred in June, 2017, from the tournament organizer. We were unable to obtain sufficient appropriate audit evidence about the amount to recognize for the event. Consequently, we were unable to determine whether event related revenues and expenses needed material adjustments. However, information received during the year ended December 31, 2018, allowed the entity to ascertain the appropriate revenue and expenses for 2017 relating to that event. Accordingly, our present opinion on the 2017 financial statements, as presented herein, is different from that expressed in our previous report.

*Waugh & Goodwin, LLP*  
Colorado Springs, Colorado  
May 31, 2019

WORLD FLYING DISC FEDERATION  
Statement of Financial Position  
December 31, 2018 and 2017

	<u>ASSETS</u>	
	<u>2018</u>	<u>2017</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 418,968	\$ 254,593
Accounts receivable	146,701	31,683
Prepaid expenses	<u>                    </u>	<u>2,307</u>
TOTAL ASSETS	<u>\$ 565,669</u>	<u>\$ 288,583</u>

<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ <u>76,258</u>	\$ <u>49,694</u>
Total current liabilities	76,258	49,694
NET ASSETS:		
Without donor restrictions	470,231	235,319
With donor restrictions	<u>19,180</u>	<u>3,570</u>
Total net assets	<u>489,411</u>	<u>238,889</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 565,669</u>	<u>\$ 288,583</u>

See Notes to Financial Statements

WORLD FLYING DISC FEDERATION  
Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2018  
(With Comparative Totals for 2017)

	Without Donor Restrictions	With Donor Restrictions	2018 Totals	2017 Totals
REVENUE AND SUPPORT:				
Events	\$ 389,124	\$	\$ 389,124	\$ 102,066
Donations	125,060		125,060	13
Merchandise sales	89,559	32,000	121,559	32,667
Membership dues	83,787		83,787	81,811
Grants	32,000		32,000	31,250
Sponsorships	25,139		25,139	17,900
Value in-kind	13,709		13,709	2,287
Interest & dividends	55		55	45
Satisfied program restrictions	<u>12,820</u>	<u>(12,820)</u>	<u></u>	<u></u>
Total revenue and support	771,253	19,180	790,433	268,039
EXPENSES:				
Program expenses:				
Sports development & WFDF events	491,949		491,949	278,342
Supporting services:				
General, administrative, & fundraising	<u>47,962</u>	<u></u>	<u>47,962</u>	<u>46,113</u>
Total expenses	<u>539,911</u>	<u></u>	<u>539,911</u>	<u>324,455</u>
CHANGE IN NET ASSETS	231,342	19,180	250,522	(56,416)
NET ASSETS, beginning of year	<u>238,889</u>	<u></u>	<u>238,889</u>	<u>295,305</u>
NET ASSETS, end of year	<u>\$ 470,231</u>	<u>\$ 19,180</u>	<u>\$ 489,411</u>	<u>\$ 238,889</u>

See Notes to Financial Statements

WORLD FLYING DISC FEDERATION  
Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2017 Totals</u>
<b>REVENUE AND SUPPORT:</b>			
Events	\$ 102,066	\$	\$ 102,066
Membership dues	81,811		81,811
Merchandise sales	32,667		32,667
Grants	31,250		31,250
Sponsorships	17,900		17,900
Value in-kind	2,287		2,287
Interest & dividends	45		45
Donations	13		13
Satisfied program restrictions	<u>3,570</u>	<u>(3,570)</u>	
Total revenue and support	271,609	(3,570)	268,039
<b>EXPENSES:</b>			
Program expenses:			
Sports development & WFDF events	278,342		278,342
Supporting services:			
General, administrative, & fundraising	<u>46,113</u>		<u>46,113</u>
Total expenses	<u>324,455</u>		<u>324,455</u>
CHANGE IN NET ASSETS	(52,846)	(3,570)	(56,416)
NET ASSETS, beginning of year	<u>291,735</u>	<u>3,570</u>	<u>295,305</u>
NET ASSETS, end of year	<u>\$ 238,889</u>	<u>\$</u>	<u>\$ 238,889</u>

See Notes to Financial Statements

WORLD FLYING DISC FEDERATION  
Statement of Functional Expenses  
For the Year Ended December 31, 2018

	<u>Program Services</u>	<u>Supporting Services</u>	
	Sports Development & WFDF events	General, Administrative, & Fundraising	Total Expenses
Bank charges	\$	\$ 4,650	\$ 4,650
Contract labor	106,450	12,319	118,769
Drug testing	12,820		12,820
Dues & subscriptions	8,933		8,933
Equipment & clothing	18,299		18,299
Insurance		135	135
Event management	89,403		89,403
Marketing	4,469		4,469
Medals	5,149		5,149
Office expense		1,811	1,811
Production & promotion	147,034		147,034
Professional fees		15,802	15,802
Telephone		5,608	5,608
Travel	99,392	7,637	107,029
Total expenses	<u>\$ 491,949</u>	<u>\$ 47,962</u>	<u>\$ 539,911</u>

See Notes to Financial Statements



WORLD FLYING DISC FEDERATION  
Statement of Functional Expenses  
For the Year Ended December 31, 2017

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
	Sports Development & WFDF events	General, Administrative, & Fundraising	Expenses
Bank charges	\$	\$ 4,269	\$ 4,269
Contract labor	94,350	14,716	109,066
Drug testing	15,011		15,011
Dues & subscriptions	7,468		7,468
Equipment & clothing	6,897	1,150	8,047
Insurance		5,250	5,250
Event management	63,131		63,131
Marketing	5,750		5,750
Medals	11,097		11,097
Office expense		756	756
Production & promotion	20,064		20,064
Professional fees		10,035	10,035
Telephone		2,250	2,250
Travel	54,574	7,687	62,261
Total expenses	<u>\$ 278,342</u>	<u>\$ 46,113</u>	<u>\$ 324,455</u>

See Notes to Financial Statements

WORLD FLYING DISC FEDERATION  
Statement of Cash Flows  
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 250,522	\$ (56,416)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
(Increase) decrease in operating assets:		
Accounts receivable	(115,018)	45,302
Prepaid expenses	2,307	(1,807)
Increase (decrease) in operating liabilities:		
Accounts payable	<u>26,564</u>	<u>(497)</u>
Total adjustments	<u>(86,147)</u>	<u>42,998</u>
Net cash provided (used) by operating activities	<u>164,375</u>	<u>(13,418)</u>
NET INCREASE (DECREASE) IN CASH	164,375	(13,418)
CASH AND CASH EQUIVALENTS, beginning of year	<u>254,593</u>	<u>268,011</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 418,968</u>	<u>\$ 254,593</u>

See Notes to Financial Statements

WORLD FLYING DISC FEDERATION  
Notes to Financial Statements  
For the Year Ended December 31, 2018

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The World Flying Disc Federation (the Federation) serves as the international governing body of all flying disc sports, with responsibility for sanctioning world championship and other international flying disc events, establishing uniform rules, and setting standards for and recording of world records; it acts to promote and protect the "spirit of the game" of flying disc sports play; to encourage flying disc sports play throughout the world and foster the establishment of new national flying disc sports associations, advising them on all flying disc sports activities and general management; to promote and raise public awareness of and lobby for official recognition of flying disc play as sport; and to provide an international forum for discussion of all aspects of flying disc sports play. The Federation is made up of the National Associations (Members) that govern their respective disc sports. As of December 31, 2018, the Federation had 86 member associations representing 84 countries. These members guide the administration of the Federation through Board of Directors and an Executive Director. The Federation is a member of the General Association of International Sports Federations and the International World Games Association, and is a signatory to the World Anti-Doping Association's (WADA) Code. It is incorporated in the State of Colorado, USA. The Federation received permanent recognition by the International Olympic Committee in 2015.

Accounting Standards Update

On August 18, 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Federation has adjusted the presentation of its financial statements, accordingly, applying the changes retrospectively to the comparative period presented guidance for ASU 2016-14. The new standards change the following aspects of the Federation's financial statements:

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- The temporarily restricted and permanently restricted net asset classes, if any existed, have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements now include a presentation of expenses that describes both the functional nature of the expenses and their natural classification according to the actual usage of resources.
- The financial statements include a new disclosure about liquidity and availability of resources (Note B).

The changes have the following effect on net assets at December 31, 2017:

<u>Net Asset Class</u>	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted net assets	\$ 266,463	\$
Net assets without donor Restrictions		<u>266,463</u>
Total net assets	<u>\$ 266,463</u>	<u>\$ 266,463</u>

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 Federation.

## Notes to Financial Statements

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

- 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 events 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.

#### 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.

#### Cash and Cash Equivalents

Cash and cash equivalents consist of the Federation's checking and money market accounts.

#### Supplemental Cash Flow Information

Cash flows from operating activities do not contain any amounts paid for interest or income taxes.

#### 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.

## Notes to Financial Statements

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

#### Contributions

Contributions received are recorded as restricted support, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. All other donor restricted support is reported as an increase in net assets with restrictions, depending on the nature of the restriction. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as changes to net assets without donor restrictions.

#### Contributed Services

The Federation records various types of in-kind contributions. Contributed services are recognized if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses.

In addition, several volunteers have donated significant amounts of their time to the Federation's program and support services. These in-kind contributions are not reflected in the financial statements since these services do not meet the criteria for recognition.

#### Revenue Recognition

Membership dues are recognized ratably over the term of the membership period.

## Notes to Financial Statements

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

#### Income Tax

The Federation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in the Federation's financial statements.

The Federation'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 Federation 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 Federation has evaluated events and transactions for potential recognition or disclosure through May 31, 2019, the date that the financial statements were available to be issued

#### Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on internal records and estimates made by the Federation's management.

### B. AVAILABLE RESOURCES AND LIQUIDITY

The Federation regularly monitors liquidity required to meet its operating needs and other contractual commitments while striving to maximize the investment of its available funds. The Federation has two sources of liquidity at its disposal, a checking account with a balance to cover operating expenses and also a business market savings account for funds in excess of daily cash requirements.

The Federation manages resources through extensive budget forecasting over a 5-year period to anticipate its ongoing activities of international events, grants, teaching clinics

Notes to Financial Statements

B. AVAILABLE RESOURCES AND LIQUIDITY - Continued

and operations. The Federation regularly monitors actual to budgeted revenues and expenses to anticipate sufficient revenue to cover expenditures.

C. CONCENTRATION OF CREDIT RISK

The Federation maintains its cash balances in one financial institution. The balances at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. In the unlikely event of a bank failure, the Federation could suffer loss to the extent that cash balances exceed the insured amounts. Management does not believe any deposits are at risk from this concentration.

D. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2018 and 2017, consist of assets restricted for the following program:

	<u>2018</u>	<u>2017</u>
Anti-doping program	\$ <u>19,720</u>	\$ <u>          </u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2018 and 2017, restricted net assets were released from restrictions for the following program:

	<u>2018</u>	<u>2017</u>
Anti-doping program	\$ <u>12,280</u>	\$ <u>3,570</u>
Total net assets released from donor restrictions	\$ <u>12,280</u>	\$ <u>3,570</u>