

**WORLD FLYING DISC FEDERATION**  
**Financial Statements &  
Supplementary Schedule**  
**For the Year Ended December 31, 2019**



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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 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 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 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, 2019, 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 2019, World Flying Disc Federation adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), and ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. 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; however, the ultimate impact of this global concern cannot be determined. Our opinion is not modified with respect to that matter.

### **Prior Period Financial Statements - Summarized Comparative Information**

The financial statements of World Flying Disc Federation, as of and for the year ended December 31, 2018, were audited by other auditors whose report dated May 31, 2019, expressed an unmodified opinion on those statements.

*McMillen & Company, PLLC*

Colorado Springs, Colorado  
June 19, 2020

WORLD FLYING DISC FEDERATION  
Statement of Financial Position  
December 31, 2019 and 2018

	<u>ASSETS</u>	
	<u>2019</u>	<u>2018</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 375,626	\$ 418,968
Accounts receivable	161,539	146,701
Prepaid expenses	710	
<b>TOTAL ASSETS</b>	<u>\$ 537,875</u>	<u>\$ 565,669</u>

<u>LIABILITIES AND NET ASSETS</u>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 20,176	\$ 76,258
Total current liabilities	20,176	76,258
<b>NET ASSETS:</b>		
Without donor restrictions	504,307	470,231
With donor restrictions	13,392	19,180
Total net assets	517,699	489,411
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 537,875</u>	<u>\$ 565,669</u>

See Notes to Financial Statements

WORLD FLYING DISC FEDERATION  
Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2019  
(With Comparative Totals for 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Totals</u>	<u>2018 Totals</u>
<b>REVENUE AND SUPPORT:</b>				
Events	\$ 230,163	\$	\$ 230,163	\$ 389,124
Sponsorships	104,404		104,404	25,139
Membership dues	81,552		81,552	83,787
Grants		32,000	32,000	32,000
Merchandise sales, net	15,974		15,974	121,559
Value-in-kind	14,181		14,181	13,709
Donations	1,546		1,546	125,060
Interest & dividends	102		102	55
Satisfied program restrictions	<u>37,788</u>	<u>(37,788)</u>		
Total revenue and support	485,710	(5,788)	479,922	790,433
<b>EXPENSES:</b>				
Program expenses:				
Sports development & WFDF events	373,615		373,615	491,949
Supporting services:				
General, administrative, & fundraising	<u>78,019</u>		<u>78,019</u>	<u>47,962</u>
Total expenses	<u>451,634</u>		<u>451,634</u>	<u>539,911</u>
CHANGE IN NET ASSETS	34,076	(5,788)	28,288	250,522
NET ASSETS, beginning of year	<u>470,231</u>	<u>19,180</u>	<u>489,411</u>	<u>238,889</u>
NET ASSETS, end of year	<u>\$ 504,307</u>	<u>\$ 13,392</u>	<u>\$ 517,699</u>	<u>\$ 489,411</u>

See Notes to Financial Statements

WORLD FLYING DISC FEDERATION  
Statement of Functional Expenses  
For the Year Ended December 31, 2019  
(With Comparative Totals for 2018)

	<u>Program Services</u>	<u>Supporting Services</u>		
	Sports Development & WFDF events	General, Administrative, & Fundraising	2019 Expenses	2018 Expenses
Bank charges	\$	\$ 7,015	\$ 7,015	\$ 4,650
Contract labor	145,945	16,550	162,495	118,769
Drug testing	14,799		14,799	12,820
Dues & subscriptions	9,070		9,070	8,933
Equipment & clothing	11,243	683	11,926	18,299
Event management	47,148		47,148	89,403
Insurance		5,110	5,110	135
Marketing	35,729		35,729	4,469
Medals	12,839		12,839	5,149
Office expense		2,614	2,614	1,811
Production & promotion	36,561		36,561	147,034
Professional fees		13,754	13,754	15,802
Telephone		6,150	6,150	5,608
Travel	60,281	26,143	86,424	107,029
Total expenses	<u>\$ 373,615</u>	<u>\$ 78,019</u>	<u>\$ 451,634</u>	<u>\$ 539,911</u>

See Notes to Financial Statements

WORLD FLYING DISC FEDERATION  
Statement of Cash Flows  
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 28,288	\$ 250,522
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
(Increase) decrease in operating assets:		
Accounts receivable	(14,838)	(115,018)
Prepaid expenses	(710)	2,307
Increase (decrease) in operating liabilities:		
Accounts payable	<u>(56,082)</u>	<u>26,564</u>
Total adjustments	<u>(71,630)</u>	<u>(86,147)</u>
Net cash provided (used) by operating activities	<u>(43,342)</u>	<u>164,375</u>
NET INCREASE (DECREASE) IN CASH	(43,342)	164,375
CASH AND CASH EQUIVALENTS, beginning of year	<u>418,968</u>	<u>254,593</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 375,626</u>	<u>\$ 418,968</u>

See Notes to Financial Statements



WORLD FLYING DISC FEDERATION  
Notes to Financial Statements  
For the Year Ended December 31, 2019

A. 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, 2019, the Federation had 87 member associations representing 85 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.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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.

## Notes to Financial Statements

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

#### New Accounting Pronouncements - continued

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 the Federation, the standard is effective for fiscal years beginning after December 15, 2018, notwithstanding extensions available under relief from COVID-19 (Note F). During the year ended December 31, 2019, the Federation 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 Federation's revenue recognition.

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 year ended December 31, 2019, the Federation 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

## Notes to Financial Statements

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

#### Basis of Presentation - continued

expended for any purpose in performing the primary objectives of the Federation.

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

## Notes to Financial Statements

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

#### Revenue Recognition

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

- Events - Events income contains a specific delivery element and revenue is recognized at a single point in time when ownership, risks, and rewards transfer. Revenue is recognized when events are successfully conducted.
- Sponsorship revenue - Sponsorship revenue is recognized in an amount that reflects the consideration that the Federation is entitled to in exchange for substantially fulfilling performance obligations specific to each contract. Sponsorships are recognized as revenue in the period in which the Federation satisfies its performance obligation to its sponsors. The Federation's performance obligations for sponsorship revenue is to provide promotion and advertising opportunities as arranged under each contract. The Federation has determined that performance obligations of existing multi-year contracts do not materially differ from year-to-year; but it continues to evaluate each new contract for proper recognition under ASC 606.
- Membership registrations - Membership registration revenue is recognized in an amount that reflects the consideration that the Federation is entitled to in exchange for providing membership services. Registrations are recognized as revenue in the period in which the Federation 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 Federation's performance obligation for membership registration revenue is to provide access to competitions, membership services, and benefits accessible only to members. Annual memberships are recognized during the year of membership services.

## Notes to Financial Statements

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

#### Revenue Recognition - continued

- Grant revenue - The Federation receives grants from the International Olympic Committee (IOC) to support its programs and other initiatives. The Federation assesses grants to determine if an exchange transaction exists. If so, revenue is recognized upon substantially satisfying the performance obligations under such exchange transactions.

#### 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.

## Notes to Financial Statements

### A. 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.

#### Prior-Year Comparisons

The financial statements include certain prior year summarized comparative information in total but not by natural classification of expenses and not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Federation's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

For the year ended December 31, 2019, the Federation received the majority of its merchandise sales commissions net of all related expenses; whereas, for the year ended December 31, 2018, the Federation received and recorded its merchandise commission revenue as gross merchandise sales on the statement of activities. For 2018, related expenses were also reported as gross expenses on a functional basis.

#### Date of Management's Review

In preparing the financial statements, the Federation has evaluated events and transactions for potential recognition or disclosure through June 19, 2020, 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.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Functional Allocation of Expenses - continued

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. Personnel costs are allocated based on an estimate of time and effort between program and supporting services.

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 five-year period to anticipate its ongoing activities of international events, grants, teaching clinic 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, 2019 and 2018, consist of assets restricted for the following program:

	<u>2019</u>	<u>2018</u>
Anti-doping program	\$ <u>13,392</u>	\$ <u>19,180</u>

Notes to Financial Statements

D. NET ASSETS WITH DONOR RESTRICTIONS - Continued

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2019 and 2018, restricted net assets were released from restrictions for the following program:

	<u>2019</u>	<u>2018</u>
Anti-doping program	\$ <u>37,788</u>	\$ <u>12,280</u>
Total net assets released from donor restrictions	\$ <u>37,788</u>	\$ <u>12,280</u>

E. RELATED PARTY TRANSACTIONS

During both the years ended December 31, 2019 and 2018, the IOC provided \$32,000 in grants to the Federation. The Federation receives economic benefits in the form of grants from the IOC in order to enhance its programs.

F. SUBSEQUENT EVENT

In March 2020, the World Health Organization declared a pandemic related to the fast-spreading novel strain of coronavirus. As a result of the global attention and concern arising from this disease (COVID-19), many governments and event organizers have taken appropriate measures to limit the spread of the disease such as postponing events.

Potential impacts to the Federation include disruptions or restrictions on the Federation's ability to perform services and/or conduct events, which could inhibit its ability to secure sponsorships and other funding. Furthermore, the financial impacts of COVID-19 on the Federation'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. However, the impact of the COVID-19 outbreak is unknown.