

**WORLD FLYING DISC FEDERATION**  
**Financial Statements**  
**For the Year Ended December 31, 2020**



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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, 2020, 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 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 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, 2020, 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 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 this matter.

### **Report on Summarized Comparative Information**

We have previously audited World Flying Disc Federation's 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated June 19, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*McMillen & Company, PLLC*

Colorado Springs, Colorado  
June 19, 2021

WORLD FLYING DISC FEDERATION  
Statement of Financial Position  
December 31, 2020  
(With Comparative Amounts for 2019)

	<u>ASSETS</u>	
	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 563,484	\$ 375,626
Accounts receivable	1,423	161,539
Prepaid expenses	<u>                    </u>	<u>710</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 564,907</u></b>	<b><u>\$ 537,875</u></b>

<u>LIABILITIES AND NET ASSETS</u>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 7,748	\$ 20,176
WUGC 2020 refunds payable	<u>127,616</u>	<u>                    </u>
Total current liabilities	135,364	20,176
<b>NET ASSETS:</b>		
Without donor restrictions	424,957	504,307
With donor restrictions	<u>4,586</u>	<u>13,392</u>
Total net assets	<u>429,543</u>	<u>517,699</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 564,907</u></b>	<b><u>\$ 537,875</u></b>

WORLD FLYING DISC FEDERATION  
Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2020  
(With Summarized Comparative Totals for 2019)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Totals</u>	<u>2019 Totals</u>
<b>REVENUE AND SUPPORT:</b>				
Membership dues	\$ 84,813	\$	\$ 84,813	\$ 81,552
Grants		32,000	32,000	32,000
Sponsorships	30,376		30,376	104,404
Donations	16,808		16,808	1,546
Merchandise sales, net	7,086		7,086	15,974
Events	6,822		6,822	230,163
Value-in-kind	5,760		5,760	14,181
Interest & dividends	36		36	102
Satisfied program restrictions	<u>40,806</u>	<u>(40,806)</u>		
Total revenue and support	192,507	(8,806)	183,701	479,922
<b>EXPENSES:</b>				
Program expenses:				
Sports development & WFDF events	185,394		185,394	373,615
Supporting services:				
General, administrative, & fundraising	<u>86,463</u>		<u>86,463</u>	<u>78,019</u>
Total expenses	<u>271,857</u>		<u>271,857</u>	<u>451,634</u>
CHANGE IN NET ASSETS	(79,350)	(8,806)	(88,156)	28,288
NET ASSETS, beginning of year	<u>504,307</u>	<u>13,392</u>	<u>517,699</u>	<u>489,411</u>
NET ASSETS, end of year	<u>\$ 424,957</u>	<u>\$ 4,586</u>	<u>\$ 429,543</u>	<u>\$ 517,699</u>

See Notes to Financial Statements

WORLD FLYING DISC FEDERATION  
Statement of Functional Expenses  
For the Year Ended December 31, 2020  
(With Summarized Comparative Totals for 2019)

	<u>Program Services</u>	<u>Supporting Services</u>		
	Sports Development & WFDF events	General, Administrative, & Fundraising	<u>2020 Expenses</u>	<u>2019 Expenses</u>
Bank charges	\$	\$ 3,812	\$ 3,812	\$ 7,015
Contract labor	113,670	39,278	152,948	162,495
Drug testing	4,451		4,451	14,799
Dues & subscriptions	7,577		7,577	9,070
Equipment & clothing				11,926
Event management				47,148
Insurance		5,255	5,255	5,110
Marketing				35,729
Medals				12,839
Office expense		745	745	2,614
Production & promotion	46,859		46,859	36,561
Professional fees		16,234	16,234	13,754
Telephone		21,139	21,139	6,150
Travel	12,837		12,837	86,424
Total expenses	<u>\$ 185,394</u>	<u>\$ 86,463</u>	<u>\$ 271,857</u>	<u>\$ 451,634</u>

See Notes to Financial Statements

WORLD FLYING DISC FEDERATION  
Statement of Cash Flows  
For the Year Ended December 31, 2020  
(With Comparative Amounts for 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (88,156)	\$ 28,288
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
(Increase) decrease in operating assets:		
Accounts receivable	160,116	(14,838)
Prepaid expenses	710	(710)
Increase (decrease) in operating liabilities:		
Accounts payable	(12,428)	(56,082)
WUGC 2020 refunds payable	<u>127,616</u>	<u>          </u>
Total adjustments	<u>276,014</u>	<u>(71,630)</u>
Net cash provided (used) by operating activities	<u>187,858</u>	<u>(43,342)</u>
NET INCREASE (DECREASE) IN CASH	187,858	(43,342)
CASH AND CASH EQUIVALENTS, beginning of year	<u>375,626</u>	<u>418,968</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 563,484</u>	<u>\$ 375,626</u>

See Notes to Financial Statements



WORLD FLYING DISC FEDERATION  
Notes to Financial Statements  
For the Year Ended December 31, 2020

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 Federations, 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 Federations (Members) that govern their respective disc sports. As of December 31, 2020, the Federation had 93 member Federations representing 91 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 Federation of International Sports Federations and the International World Games Federation and is a signatory to the World Anti-Doping Federation's (WADA) Code. It is incorporated in the State of Colorado, USA. The Federation received permanent recognition by the International Olympic Committee in 2015.

Method of Accounting

The financial statements of the Federation have been prepared on the accrual basis of accounting.

New Accounting Pronouncements

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement: Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820)*. This ASU is effective for fiscal years beginning after December 15, 2019, with early adoption permissible. This ASU removes and modifies certain disclosures, adding disclosures related to fair value measurement. The Federation adopted this standard

during the year ended December 31, 2020.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flow, Restricted Cash (Topic 230). This standard is effective for fiscal years beginning after December 15, 2019. It requires that restricted cash and cash equivalents be included in the total cash and cash equivalents at the beginning and end of the period for which changes are shown in the statement of cash flows. It also requires that the face of the statement of cash flows or the notes to the financial statements present a reconciliation when cash and cash equivalents (restricted and unrestricted) are shown in more than one line on the statement of financial position. The Federation adopted this standard during the year ended December 31, 2020.

#### 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.
- 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.

Revenue Recognition

The Federation has analyzed the provisions of the FASB's Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*, and has 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

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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.
- 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

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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 for which 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.

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

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financial statements for the year ended December 31, 2019, from which the summarized information was derived.

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

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, 2021, the date that the financial statements were available to be issued.

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 clinics, 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

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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, 2020 and 2019, consist of assets restricted for the following program:

	<u>2020</u>	<u>2019</u>
Anti-doping program	\$ 4,586	\$ 13,392

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2020 and 2019, restricted net assets were released from restrictions for the following program:

	<u>2020</u>	<u>2019</u>
Anti-doping program	\$ 12,564	\$ 10,944
Game advisor projects	10,848	12,775
Special projects	11,394	5,569
Development grants program	<u>6,000</u>	<u>8,500</u>
Total net assets released from donor restrictions	<u>\$ 40,806</u>	<u>\$ 37,788</u>

E. RELATED PARTY TRANSACTIONS

During both the years ended December 31, 2020 and 2019, 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. COVID-19 PANDEMIC

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.

Impacts to the Federation include disruptions and restrictions on the Federation's ability to perform services and conduct events, which could continue to inhibit its ability to secure additional sponsorships and other funding, although several

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sponsorships were renegotiated and extended in 2020/2021. Furthermore, the financial impacts of COVID-19 on the Federation's sponsors and grantors are unknown.

Management continues to evaluate options for appropriate responses to this global concern within the context of its operations and events.