

**WORLD FLYING DISC FEDERATION**  
**Financial Statements**  
**For the Year Ended December 31, 2021**



## TABLE OF CONTENTS

Independent Auditor's Report . . . . .	1
Statement of Financial Position . . . . .	4
Statement of Activities and Changes in Net Assets . . . . .	5
Statement of Functional Expenses . . . . .	6
Statement of Cash Flows . . . . .	7
Notes to Financial Statements . . . . .	8



## INDEPENDENT AUDITOR'S REPORT

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

### **Opinion**

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, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021, 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.

### **Basis of Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of World Flying Disc Federation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the

aggregate, that raise substantial doubt about World Flying Disc Federation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 World Flying Disc Federation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about World Flying Disc Federation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **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 the Federation's 2020 financial statements, and our report dated June 19, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*McMillen & Company, PLLC*

Colorado Springs, Colorado

April 27, 2022

WORLD FLYING DISC FEDERATION  
Statement of Financial Position  
December 31, 2021  
(With Comparative Amounts for 2020)

	<u>ASSETS</u>	
	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 690,461	\$ 563,484
Accounts receivable	<u>16,275</u>	<u>1,423</u>
<b>TOTAL ASSETS</b>	<u>\$ 706,736</u>	<u>\$ 564,907</u>

<u>LIABILITIES AND NET ASSETS</u>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 6,699	\$ 7,748
Funds held for others	320,771	
WUGC 2020 refunds payable	20,288	127,616
WBUC 2022 refunds payable	50,422	
Deferred revenue	<u>11,778</u>	<u>          </u>
Total current liabilities	409,958	135,364
<b>NET ASSETS:</b>		
Without donor restrictions	292,202	424,957
With donor restrictions	<u>4,576</u>	<u>4,586</u>
Total net assets	<u>296,778</u>	<u>429,543</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 706,736</u>	<u>\$ 564,907</u>

See Notes to Financial Statements

WORLD FLYING DISC FEDERATION  
Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2021  
(With Summarized Comparative Totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Totals	2020 Totals
REVENUE AND SUPPORT:				
Membership dues	\$ 38,661	\$	\$ 38,661	\$ 84,813
Grants		32,000	32,000	32,000
Sponsorships	20,276		20,276	30,376
Donations	7,709		7,709	16,808
Interest & dividends	25		25	36
Merchandise sales, net				7,086
Events				6,822
Value-in-kind				5,760
Satisfied program restrictions	<u>32,010</u>	<u>(32,010)</u>	<u></u>	<u></u>
Total revenue and support	98,681	(10)	98,671	183,701
EXPENSES:				
Program expenses:				
Sports development & WFDF events	167,944		167,944	185,394
Supporting services:				
General, administrative, & fundraising	<u>63,492</u>	<u></u>	<u>63,492</u>	<u>86,463</u>
Total expenses	<u>231,436</u>	<u></u>	<u>231,436</u>	<u>271,857</u>
CHANGE IN NET ASSETS	(132,755)	(10)	(132,765)	(88,156)
NET ASSETS, beginning of year	<u>424,957</u>	<u>4,586</u>	<u>429,543</u>	<u>517,699</u>
NET ASSETS, end of year	<u>\$ 292,202</u>	<u>\$ 4,576</u>	<u>\$ 296,778</u>	<u>\$ 429,543</u>

See Notes to Financial Statements

WORLD FLYING DISC FEDERATION  
Statement of Functional Expenses  
For the Year Ended December 31, 2021  
(With Summarized Comparative Totals for 2020)

	<u>Program Services</u>	<u>Supporting Services</u>	<u>2021</u>	<u>2020</u>
	Sports Development & WFDF events	General, Administrative, & Fundraising	Expenses	Expenses
Contract labor	\$ 114,131	\$ 22,475	\$ 136,606	\$ 152,948
Production & promotion	31,512		31,512	46,859
Professional fees		24,761	24,761	16,234
Travel	8,167		8,167	12,837
Telephone & internet		7,489	7,489	21,139
Dues & subscriptions	6,693		6,693	7,577
Marketing	4,145		4,145	
Bank charges		3,262	3,262	3,812
Insurance		2,968	2,968	5,255
Office expense		2,469	2,469	745
Event management	2,115		2,115	
Drug testing	1,181		1,181	4,451
Equipment & clothing		68	68	
<b>Total expenses</b>	<b>\$ 167,944</b>	<b>\$ 63,492</b>	<b>\$ 231,436</b>	<b>\$ 271,857</b>

See Notes to Financial Statements



WORLD FLYING DISC FEDERATION  
Statement of Cash Flows  
For the Year Ended December 31, 2021  
(With Comparative Amounts for 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (132,765)	\$ (88,156)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
(Increase) decrease in operating assets:		
Accounts receivable	(14,852)	160,116
Prepaid expenses		710
Increase (decrease) in operating liabilities:		
Accounts payable	(1,049)	(12,428)
Funds held for others	320,771	
WUGC 2020 refunds payable	(107,328)	127,616
WBUC 2022 refunds payable	50,422	
Deferred revenue	<u>11,778</u>	
Total adjustments	<u>259,742</u>	<u>276,014</u>
Net cash provided (used) by operating activities	<u>126,977</u>	<u>187,858</u>
NET INCREASE (DECREASE) IN CASH	126,977	187,858
CASH AND CASH EQUIVALENTS, beginning of year	<u>563,484</u>	<u>375,626</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 690,461</u>	<u>\$ 563,484</u>

See Notes to Financial Statements

WORLD FLYING DISC FEDERATION  
Notes to Financial Statements  
For the Year Ended December 31, 2021

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, 2021, the Federation had 105 member Federations representing 102 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 - Not Yet Adopted

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. This ASU allows for the presentation and disclosure of contributions of nonfinancial assets to be more transparent in not-for-profit entities' financial statements. The new guidance will require not-for-profit entities to add a separate line item to the statement

of activities, and to include various disaggregated disclosures by category, for contributions of nonfinancial assets. ASU 2020-07 is to be applied retrospectively and would be effective for annual reporting periods beginning after June 15, 2021. Early adoption is permitted. The Federation is evaluating the impact the adoption of this standard will have on its financial statements.

#### 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*. 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.
- 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 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 financial statements for the year ended December 31, 2020, 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 April 27, 2022, 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. However, of these funds, a significant amount represents collections held for tournament organizing committees in preparation for events. The amounts held for tournament organizing committees are reported as Funds Held for Others in the statement of financial position.

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 exceed the insured amounts. Management does not believe any deposits are at risk from this concentration.

World Flying Disc Federation  
Notes to Financial Statements  
December 31, 2021

D. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2021 and 2020, consist of assets restricted for the following program:

	<u>2021</u>	<u>2020</u>
Anti-doping program	\$ <u>4,576</u>	\$ <u>4,586</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2021 and 2020, restricted net assets were released from restrictions for the following program:

	<u>2021</u>	<u>2020</u>
Anti-doping program	\$ 10,750	\$ 12,564
Development grants program	9,500	6,000
Game advisor projects	6,000	10,848
Special projects	<u>5,760</u>	<u>11,394</u>
Total net assets released from donor restrictions	<u>\$ 32,010</u>	<u>\$ 40,806</u>

E. RELATED PARTY TRANSACTIONS

During both the years ended December 31, 2021 and 2020, 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 sponsorships were renegotiated and extended in 2020/2021. Furthermore, the financial impacts of COVID-19 on the Federation's sponsors and grantors are unknown.



World Flying Disc Federation  
Notes to Financial Statements  
December 31, 2021

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