WORLD FLYING DISC FEDERATION

Financial Statements

For the Year Ended December 31, 2023

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McMILLEN & COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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, 2023, 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, 2023, 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

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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.

Report on Summarized Comparative Information

We have previously audited the Federation's 2022 financial statements, and our report dated May 23, 2023 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, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McMillen & Company, PLLC
Colorado Springs, Colorado
May 31, 2024

WORLD FLYING DISC FEDERATION

Statement of Financial Position

December 31, 2023

(With Comparative Amounts for 2022)

ASSETS

	2023	2022
CURRENT ASSETS:		
Cash and cash equivalents	$ 990,724	$ 928,495
Accounts receivable	92,410	13,197
Prepaid expenses	7,398	4,958
TOTAL ASSETS	$ 1,090,532	$ 946,650

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	$ 242,203	$ 24,107
Funds held for others	1,740	83,100
Accrued liabilities	3,091	
Deferred revenue	37,227	37,653
Total current liabilities	284,261	144,860
NET ASSETS:		
Without donor restrictions	803,762	798,069
With donor restrictions	2,509	3,721
Total net assets	806,271	801,790
TOTAL LIABILITIES AND NET ASSETS	$ 1,090,532	$ 946,650

See Notes to Financial Statements

WORLD FLYING DISC FEDERATION

Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 2023

(With Summarized Comparative Totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Totals	2022 Totals
REVENUE AND SUPPORT:				
Events	$ 432,223	$	$ 432,223	$ 874,408
Membership dues	90,762		90,762	77,691
Merchandise sales, net	42,604		42,604	81,087
Sponsorships	38,706		38,706	31,208
Grants	32,000		32,000	32,000
In-kind contributions	21,007		21,007	54,637
Donations	1,923		1,923	17,893
Interest & dividends	894		894	66
Satisfied program restrictions	1,212	(1,212)		
Total revenue and support	661,331	(1,212)	660,119	1,168,990
EXPENSES:				
Program expenses:				
Sports development & WFDF events	506,598		506,598	555,132
Supporting services:				
General, administrative, & fundraising	149,040		149,040	108,846
Total expenses	655,638		655,638	663,978
CHANGE IN NET ASSETS	5,693	(1,212)	4,481	505,012
NET ASSETS, beginning of year	798,069	3,721	801,790	296,778
NET ASSETS, end of year	$ 803,762	$ 2,509	$ 806,271	$ 801,790

See Notes to Financial Statements

WORLD FLYING DISC FEDERATION
Statement of Functional Expenses
For the Year Ended December 31, 2023
(With Summarized Comparative Totals for 2022)

	Program Services	Supporting Services		
	Sports Development & WFDF events	General, Administrative, & Fundraising	2023 Expenses	2022 Expenses
Contract labor	$ 200,009	$ 35,141	$ 235,150	$ 222,451
Travel & meetings	74,160	44,289	118,449	90,417
Production & promotion	115,250		115,250	180,581
Equipment & clothing	52,225		52,225	49,280
Marketing & public relations	36,618		36,618	20,018
Professional fees		35,300	35,300	35,585
Telephone & internet		28,063	28,063	9,227
Medals	15,197		15,197	15,050
Drug testing	5,730		5,730	7,404
Event management	4,356		4,356	20,798
Office expense		3,882	3,882	6,752
Dues & subscriptions	3,053		3,053	2,825
Insurance		1,762	1,762	2,359
Bank charges		303	303	1,231
Miscellaneous		300	300	
Cost of goods sold				18,150
	506,598	149,040	655,638	682,128
Less: cost of goods sold				(18,150)
Total expenses, as reported on the statement of activities	$ 506,598	$ 149,040	$ 655,638	$ 663,978

See Notes to Financial Statements

WORLD FLYING DISC FEDERATION

Statement of Cash Flows

For the Year Ended December 31, 2023

(With Comparative Amounts for 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 4,481	$ 505,012
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in operating assets:		
Accounts receivable	(79,213)	3,078
Prepaid expenses	(2,440)	(4,958)
Increase (decrease) in operating liabilities:		
Accounts payable	218,096	17,408
Funds held for others	(81,360)	(237,671)
Accrued liabilities	3,091	
WUGC 2020 refunds payable		(20,288)
WBUC 2022 refunds payable		(50,422)
Deferred revenue	(426)	25,875
Total adjustments	57,748	(266,978)
Net cash provided by operating activities	62,229	238,034
NET INCREASE IN CASH	62,229	238,034
CASH AND CASH EQUIVALENTS, beginning of year	928,495	690,461
CASH AND CASH EQUIVALENTS, end of year	$ 990,724	$ 928,495

See Notes to Financial Statements

WORLD FLYING DISC FEDERATION

Notes to Financial Statements

For the Year Ended December 31, 2023

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, 2023, the Federation had 111 member Federations representing 107 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 Agency'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

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, in June 2016. The ASU introduces a new expected credit loss model for the recognition and measurement of credit losses on financial assets measured at amortized cost, such as loans, receivables, debt securities, and net investments in leases. The ASU also modifies the

accounting for available-for-sale debt securities and provides new guidance on the presentation and disclosure of credit losses.

In accordance with ASU 2016-13 and the related subsequent pronouncements, the Federation has adopted the current expected credit loss (CECL) model for measuring credit losses on financial instruments. This new standard has been applied using the modified retrospective approach, which requires a cumulative-effect adjustment to the opening balance of retained earnings as of the beginning of the first reporting period in which the guidance is effective. The adoption of ASU 2016-13 has resulted in the following changes to the Federation's financial statements:

1. The allowance for credit losses, if any, has been adjusted to reflect the Federation's current estimate of expected credit losses over the life of the financial assets.

2. The significant categories of financial assets measured at amortized cost, along with the associated allowance for credit losses, are now presented separately on the Statement of Financial Position.

3. Enhanced disclosures have been provided in the notes to the financial statements, detailing the basis for measuring credit losses, if any, and the factors that influenced the Federation's estimate of expected credit losses.

The adoption of ASU 2016-13 did not have a material impact on the financial statements and did not require any cumulative adjustment to beginning balances. However, the Federation has reviewed and updated their policies and procedures to ensure compliance with the new standard and to maintain effective internal controls over financial reporting.

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.

In-Kind Contributions

The Federation records various types of in-kind contributions (Note D). The Federation's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Federation. If an asset is provided that does not allow the Federation to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or other method depending on the type of asset.

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 both functional classification and 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, 2022, 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 May 31, 2024, 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 can, at times, represent 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.

D. DONATED GOODS AND SERVICES

The Federations received in-kind sponsorships and donations from various supporters, primarily from sponsoring organizations. In-kind contributions consisted of discs and apparel valued at $21,007 for the year ended December 31, 2023.

E. DEFERRED REVENUE

Deferred revenue consists of the following at December 31, 2023 and 2022:

	2023	2022
Sanctioning fees	$ 27,560	$ 24,320
Media rights	6,667	13,333
Other	3,000	
	$ 37,227	$ 37,653

F. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2023 and 2022, consist of assets restricted for the following program:

	2023	2022
Anti-doping and development programs	$ 2,509	$ 3,721

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2023 and 2022, restricted net assets were released from restrictions for the following program:

	2023	2022
Anti-doping program	$ 1,212	$ 855
Total net assets released from donor restrictions	$ 1,212	$ 855

G. RELATED PARTY TRANSACTIONS

During both the years ended December 31, 2023 and 2022, 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.