

UNITED STATES COMPETITION CLIMBING  
FINANCIAL STATEMENTS  
AUGUST 31, 2014

UNITED STATES COMPETITION CLIMBING

Table of Contents

August 31, 2014

	Page
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF ACTIVITIES	5
STATEMENT OF FUNCTIONAL EXPENSES	6
STATEMENT OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8-10



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors:

United States Competition Climbing  
Boulder, Colorado

We have audited the accompanying financial statements of United States Competition Climbing (a not-for-profit organization), which comprise the statement of financial position as of August 31, 2014, and the related statements of activities, 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 audit to obtain reasonable assurance about whether the financial statements are free from 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 United States Competition Climbing as of August 31, 2014, 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

**Report on Summarized Comparative Information**

We have previously audited the United States Competition Climbing's August 31, 2013 financial statements, and our report dated June 30, 2014, expressed an unqualified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Middlemist Crouch & Company, CPAs PC*

MIDDLEMIST, CROUCH & CO., CPAs, P.C.

Boulder, Colorado  
December 3, 2014

FINANCIAL STATEMENTS

UNITED STATES COMPETITION CLIMBING  
Statement of Financial Position  
August 31, 2014

(with summarized financial information for the year ended August 31, 2013)

	2014	2013
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 183,483	\$ 76,618
Accounts receivables	30,820	38,771
Prepaid expenses	23,546	16,790
<b>Total current assets</b>	<b>237,849</b>	<b>132,179</b>
<b>PROPERTY AND EQUIPMENT</b>		
Equipment	48,681	41,400
Less accumulated depreciation	(14,941)	(15,548)
<b>Net property and equipment</b>	<b>33,740</b>	<b>25,852</b>
<b>Total assets</b>	<b>\$ 271,589</b>	<b>\$ 158,031</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 12,129	\$ 24,841
Credit cards payable	1,669	-
Accrued payroll liabilities	47,617	4,505
Deferred revenue	22,595	-
<b>Total current liabilities</b>	<b>84,010</b>	<b>29,346</b>
<b>NET ASSETS</b>		
Unrestricted	187,579	128,685
<b>Total net assets</b>	<b>187,579</b>	<b>128,685</b>
<b>Total liabilities &amp; net assets</b>	<b>\$ 271,589</b>	<b>\$ 158,031</b>

See accompanying notes to financial statements

UNITED STATES COMPETITION CLIMBING  
Statement of Activities  
For the year ended August 31, 2014  
(with summarized financial information for the year ended August 31, 2013)

	<u>2014</u>	<u>2013</u>
Public Support and Revenue		
Entry and Sanctioning fees	\$ 880,756	\$ 934,094
Sponsorship	203,225	198,750
Membership dues	325,858	281,398
Contributions	36,218	27,439
Contributions In-kind	27,719	10,350
Other	20,209	8,684
Investment income	52	84
Total public support and revenue	<u>1,494,037</u>	<u>1,460,799</u>
Functional expenses		
Program services	1,189,159	1,188,752
Management and general	231,814	169,341
Fundraising	14,170	6,943
Total functional expenses	<u>1,435,143</u>	<u>1,365,036</u>
Increase in unrestricted net assets	58,894	95,763
NET ASSETS--BEGINNING OF YEAR	<u>128,685</u>	<u>32,922</u>
NET ASSETS--END OF YEAR	<u>\$ 187,579</u>	<u>\$ 128,685</u>

See accompanying notes to financial statements

UNITED STATES COMPETITION CLIMBING  
Statement of Functional Expenses  
For the year ended August 31, 2014  
(with summarized financial information for the year ended August 31, 2013)

	Program Services	Management and General	Fundraising	2014 Total	2013 Total
Venue	\$ 597,664	\$ -	\$ -	\$ 597,664	\$ 573,830
Travel	80,068	9,418	-	89,486	121,052
Salaries and wages	144,483	105,078	13,135	262,696	128,878
Payroll taxes	11,380	8,276	1,035	20,690	9,988
Payroll processing	-	1,684	-	1,684	759
Rent	-	24,123	-	24,123	22,798
Professional fees	-	22,722	-	22,722	19,185
Office supplies and postage	-	7,907	-	7,907	9,458
Staff Apparel	-	-	-	-	1,600
Miscellaneous expense	-	962	-	962	3,272
Merchandise	2,002	-	-	2,002	2,284
Promotion	76,153	10,636	-	86,789	86,441
Insurance	37,687	18,247	-	55,934	21,327
Event awards and prizes	49,931	-	-	49,931	115,828
Contract labor	79,762	3,000	-	82,762	123,076
Computers and telephone	6,985	6,985	-	13,970	11,067
Online registration service fees	73,101	-	-	73,101	66,942
Bank fees	-	316	-	316	1,595
Administration	27,638	11,895	-	39,533	43,724
<b>Total expenses before depreciation</b>	<b>1,186,853</b>	<b>231,249</b>	<b>14,170</b>	<b>1,432,272</b>	<b>1,363,104</b>
<b>Percentage of expenses before depreciation</b>	<b>82.87%</b>	<b>16.15%</b>	<b>0.99%</b>	<b>100.00%</b>	
Depreciation	2,306	565	-	2,871	1,932
<b>Total expenses</b>	<b>\$ 1,189,159</b>	<b>\$ 231,814</b>	<b>\$ 14,170</b>	<b>\$ 1,435,143</b>	<b>\$ 1,365,036</b>

See accompanying notes to financial statements



UNITED STATES COMPETITION CLIMBING  
Statement of Cash Flows  
For the year ended August 31, 2014  
(with summarized financial information for the year ended August 31, 2013)

	2014	2013
OPERATING ACTIVITIES		
Change in net assets	\$ 58,894	\$ 95,763
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	2,871	1,932
Loss on disposal of assets	188	-
Donations in-kind	(27,719)	(10,350)
Expenses in-kind	20,000	1,600
(Increase) decrease in accounts receivable	7,951	(34,457)
(Increase) decrease in prepaid expenses	(6,756)	(16,710)
Increase (decrease) in accounts payable	(12,712)	(8,269)
Increase (decrease) in credit cards payable	1,669	-
Increase (decrease) in accrued payroll liabilities	43,112	2,408
Increase (decrease) in deferred revenue	22,595	(5,125)
Net cash provided by operating activities	110,093	26,792
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(3,228)	-
Net cash used by investing activities	(3,228)	-
NET INCREASE IN CASH	106,865	26,792
CASH AT BEGINNING OF YEAR	76,618	49,826
CASH AT END OF YEAR	\$ 183,483	\$ 76,618
Supplemental Cash Flow Information:		
Donated equipment	\$ 7,719	\$ 8,750
Donated apparel	-	\$ 1,600
Donated services	\$ 20,000	-

See accompanying notes to financial statements

UNITED STATES COMPETITION CLIMBING  
Notes to Financial Statements  
August 31, 2014

---

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

United States Competition Climbing (USAC) is a non-profit corporation licensed pursuant to the laws of the State of Colorado. USAC operates for charitable and educational purposes and also has as its purpose to foster national and international sports competition in the sport of competition climbing. USAC operates consistent with and maintains a tax-exempt status in accordance with section 501(c)(3) of the Internal Revenue Service. The mission of USAC is to promote and grow the sport of competition climbing in the United States.

Financial Statement Presentation

The financial statements are prepared in accordance with the recommendations of the American Institute of Certified Public Accountants in its industry audit guide, *Audits of Not-for-Profit Organizations*.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its statement FASB ASC No. 958-205-45-5, "Presentation of Financial Statements." Under ASC 958-205-45-5, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted – Resources are not subject to donor-imposed restrictions.

Temporarily restricted – Resources subject to donor-imposed restrictions that will be satisfied by actions of the Organization or the passage of time.

Permanently restricted – Resources which donor-imposed restrictions limit the organization's use of an asset or its economic benefits neither expire with the passage of time nor can be removed by the organization's meeting certain requirements.

Cash and Cash Equivalents

USAC considers all demand deposit and savings accounts and highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the approximate fair market value at the date of donation and are depreciated over estimated useful lives using the straight-line method. The costs of additions and betterments are capitalized and expenditures for repairs and maintenance are expensed in the period incurred.

Contribution Revenue

All contributions are available for unrestricted use unless specifically restricted by the donor. Support that is restricted by the donor is reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

Revenue Recognition

Sponsorships, sanctioning and entry fees received in advance for future events are recorded as deferred revenue. Recognition occurs when the event takes place. Membership fees are recognized in the fiscal year they are billed.

UNITED STATES COMPETITION CLIMBING  
Notes to Financial Statements  
August 31, 2014

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Donated Materials and Services

Donated materials and equipment are reflected as contributions at their estimated values at date of receipt. Donated services are recognized at their estimated fair value when they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated.

Accounts Receivable

USAC uses the allowance method to determine uncollectible receivables. USAC considers all receivables at August 31, 2014, to be fully collectible within one year and, therefore, did not provide for an allowance for uncollectible receivables.

Expense Allocation

The costs of providing services have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

No provision for taxes on earnings has been made in the financial statements as USAC has qualified as a nonprofit organization under Section 501 (C)(3) of the Internal Revenue Code. In addition, contributions to USAC qualify for the charitable contribution deduction under Section 170(b)(1)(A).

USAC files Form 990 in the U.S. federal jurisdiction. USAC is generally no longer subject to examination by the Internal Revenue Service for years before 2010.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at August 31:

	<u>2014</u>	<u>2013</u>
Climbing wall	\$ 20,000	\$ 20,000
Office equipment	4,283	4,721
Climbing equipment	24,398	16,679
Less accumulated depreciation	<u>(14,941)</u>	<u>(15,548)</u>
Net property and equipment	<u>\$ 33,740</u>	<u>\$ 25,852</u>

Depreciation expense for the year ended August 31, 2014 and 2013 was \$2,871 and \$1,932.

**NOTE 3 – NET ASSETS**

USAC had no temporarily or permanently restricted net assets as of August 31, 2014.

UNITED STATES COMPETITION CLIMBING  
Notes to Financial Statements  
August 31, 2014

---

**NOTE 4 – CONCENTRATIONS OF CREDIT RISK**

USAC maintains its cash balances at one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At August 31, 2014, uninsured cash balances totaled \$0.

**NOTE 5 – ACCRUED PAYROLL**

As of August 31, 2014, the balance in accrued payroll includes \$40,526 of severance pay owed to an employee terminated in June 2014. The severance agreement calls for monthly payments to be paid through September 2015.

**NOTE 6 – OPERATING LEASE**

The Organization leases office space in Boulder Colorado under a non-cancellable operating lease effective November 1, 2013 to November 1, 2015. Rent expense was \$7,923 and \$8,202 for the years ended August 31, 2014 and 2013, respectively.

Future minimum lease payments for the years ending August 31 are as follows:

2015	\$ 8,906.28
2016	\$ 1,491.62

**NOTE 7 – RELATED PARTIES**

USAC may make payments for goods or services at commercially reasonable rates to companies that are affiliated with or owned by board members, directly or indirectly. All contracts are reviewed and approved by the Board of Directors in accordance with USAC's policies. USAC purchased goods and services from businesses affiliated with board members, as well as reimbursed certain expenses incurred by board members in the amount of \$66,782 during the year ended August 31, 2014 and \$56,566 during 2013. Of this amount, \$57,020 during the year ended August 31, 2014 and \$45,000 during 2013, was paid to related parties for gym rental fees for competitions or training.

**NOTE 8 - DONATED MATERIALS AND SERVICES**

During the years ended August 31, the contributions in-kind revenue consisted of the following:

	<u>2014</u>	<u>2013</u>
Capitalized equipment	\$ 7,719	\$ 8,750
Promotion services	20,000	-
Staff apparel	-	1,600
Total contributions in-kind	<u>\$ 27,719</u>	<u>\$ 10,350</u>

**NOTE 9 - SUBSEQUENT EVENTS**

USAC evaluated its August 31, 2014 financial statements for subsequent events through December 3, 2014, which is the date the financial statements were available to be issued. USAC is not aware of any material subsequent events which would require recognition or disclosure in the financial statements for the year ended August 31, 2014.