



Financial Statements

And

Independent Auditor's Report

**As of June 30, 2019
and for the year then ended**

Wasatch Adaptive Sports, Inc.

Table of Contents

Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Wasatch Adaptive Sports, Inc.
Snowbird, Utah

Financial Statements

We have audited the accompanying financial statements of Wasatch Adaptive Sports, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, 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 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 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 Wasatch Adaptive Sports, Inc. as of June 30, 2019, 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.

Shaw & Co., P.C.

Bountiful, Utah
November 27, 2019

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Wasatch Adaptive Sports, Inc.

Statement of Financial Position

June 30, 2019

ASSETS

Current assets

Cash and cash equivalents	\$ 782,129
Accounts receivable, including promises to give	65,000
Prepaid expense	<u>12,088</u>

Total current assets 859,217

Property and equipment, at cost	380,046
Less accumulated depreciation	<u>(297,100)</u>

Net property and equipment 82,946

Total assets \$ 942,163

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$ 566
Credit cards payable	3,545
Accrued payroll	<u>67,415</u>

Total current liabilities 71,526

Net assets

Without donor restrictions	779,210
With donor restrictions	<u>91,427</u>

Total net assets 870,637

Total liabilities and net assets \$ 942,163

See accompanying notes to financial statements.

Wasatch Adaptive Sports, Inc.

Statement of Activities Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
Revenues			
Tuition and fees	\$ 27,085	\$ -	\$ 27,085
Other income	3,393	-	3,393
Interest	2,621	-	2,621
Investment income, net	2,570	-	2,570
Gain or (loss) on disposal	<u>(15,739)</u>	<u>-</u>	<u>(15,739)</u>
Total revenues	<u>19,930</u>	<u>-</u>	<u>19,930</u>
Support			
Foundation and corporate contributions	751,254	91,427	842,681
In-kind contributions	325,289	-	325,289
Individual contributions	97,017	-	97,017
Net assets released from restrictions	<u>29,000</u>	<u>(29,000)</u>	<u>-</u>
Total support	<u>1,202,560</u>	<u>62,427</u>	<u>1,264,987</u>
Total revenues and support	<u>1,222,490</u>	<u>62,427</u>	<u>1,284,917</u>
EXPENSES			
Program services	850,836	-	850,836
Management and general	97,076	-	97,076
Fundraising	<u>120,250</u>	<u>-</u>	<u>120,250</u>
Total expenses	<u>1,068,162</u>	<u>-</u>	<u>1,068,162</u>
Change in net assets	154,328	62,427	216,755
Net assets, beginning of year	<u>624,882</u>	<u>29,000</u>	<u>653,882</u>
Net assets, end of year	<u>\$ 779,210</u>	<u>\$ 91,427</u>	<u>\$ 870,637</u>

See accompanying notes to financial statements.

Wasatch Adaptive Sports, Inc.

Statement of Functional Expenses

Year Ended June 30, 2019

	Program Services			Support Activities			Total
	Summer	Winter	Total	Management and General	Fundraising	Total	
Salaries and wages	\$ 170,808	\$ 126,020	\$ 296,828	\$ 44,104	\$ 70,295	\$ 114,399	\$ 411,227
Payroll taxes and benefits	46,747	40,055	86,802	13,610	21,682	35,292	122,094
 Total salaries and related expenses	 <u>217,555</u>	 <u>166,075</u>	 <u>383,630</u>	 <u>57,714</u>	 <u>91,977</u>	 <u>149,691</u>	 <u>533,321</u>
Lift tickets and admissions	8,310	140,452	148,762	-	-	-	148,762
Equipment rental and small equipment	23,686	73,666	97,352	-	2,680	2,680	100,032
Occupancy	40,077	32,365	72,442	11,876	7,196	19,072	91,514
Contract labor	2,820	46,087	48,907	200	-	200	49,107
Insurance	9,049	8,410	17,459	3,870	-	3,870	21,329
Travel	11,678	5,652	17,330	161	22	183	17,513
Communications	7,076	897	7,973	1,732	1,351	3,083	11,056
Information technology	5,902	3,020	8,922	1,057	502	1,559	10,481
Marketing	2,512	3,830	6,342	427	3,540	3,967	10,309
Miscellaneous	373	4,676	5,049	3,756	380	4,136	9,185
Food and beverage	2,806	3,251	6,057	2,399	617	3,016	9,073
License and fees	150	132	282	1,257	6,935	8,192	8,474
Professional fees	726	456	1,182	7,271	-	7,271	8,453
Bank and merchant fees	324	162	486	2,072	4,824	6,896	7,382
Conferences and training	1,426	2,769	4,195	1,874	100	1,974	6,169
Supplies	173	1,184	1,357	132	49	181	1,538
 Total expenses before depreciation	 <u>334,643</u>	 <u>493,084</u>	 <u>827,727</u>	 <u>95,798</u>	 <u>120,173</u>	 <u>215,971</u>	 <u>1,043,698</u>
 Depreciation	 <u>11,691</u>	 <u>11,418</u>	 <u>23,109</u>	 <u>1,278</u>	 <u>77</u>	 <u>1,355</u>	 <u>24,464</u>
 Total expenses	 <u>\$ 346,334</u>	 <u>\$ 504,502</u>	 <u>\$ 850,836</u>	 <u>\$ 97,076</u>	 <u>\$ 120,250</u>	 <u>\$ 217,326</u>	 <u>\$ 1,068,162</u>

See accompanying notes to financial statements.

Wasatch Adaptive Sports, Inc.

Statement of Cash Flows

Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 216,755
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:	
Depreciation	24,464
(Gain) or loss on disposal	15,739
Changes in current assets and liabilities:	
Accounts receivable, including promises to give	(65,000)
Prepaid expenses	(12,088)
Accounts payable	566
Credit cards payable	3,493
Accrued payroll	<u>30,744</u>
Net cash provided by operating activities	<u>214,673</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Cash purchases of property and equipment	<u>(19,933)</u>
Net cash used in investing activities	<u>(19,933)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Net cash provided by financing activities	<u>-</u>
Net change in cash and cash equivalents	194,740
Cash and cash equivalents, beginning of year	<u>587,389</u>
Cash and cash equivalents, end of year	<u>\$ 782,129</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for interest	<u>\$ -</u>
Cash paid for income taxes	<u>\$ -</u>

See accompanying notes to financial statements.

Wasatch Adaptive Sports, Inc.

Notes to Financial Statements

June 30, 2019

1. ORGANIZATION HISTORY

Wasatch Adaptive Sports, Inc. (the "Organization") was incorporated as a nonprofit corporation in the State of Utah on September 14, 1982. The Organization is a non-profit public charity with a mission to encourage individuals with adaptive needs and their families to realize their potential and engage in active living through year-round recreational, educational, and social programs. The Organization's programming focuses on increasing independence and mobility in a social environment. The organization provides full or partial scholarships to students based on financial need. The Organization's major sources of revenue include contributions and tuition and fees.

Summer Programs

The Wasatch Adaptive Sports cycling program empowers children and adults through private and group instruction on a variety of adaptive bikes including recumbent trikes and handcycles. During each lesson, students have the opportunity to work toward personal goals while cycling on a variety of paved trails along the Wasatch Front. Other summer programs include paddle boarding and kayaking, fishing, hiking, mountain biking, and seated yoga.

Winter Programs

The Wasatch Adaptive Sports ski and snowboard programs enable students to achieve their winter goals at a variety of Utah ski resorts including Snowbird, Alta, and Sundance. Through a combination of adaptive equipment and private instruction, students experience success and learning in a family-like atmosphere centered around a love for the outdoors. Other winter programs include snowshoeing, indoor cycling, and seated yoga.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Organization have been prepared on the accrual basis. The Organization follows the provisions of Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*.

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Date of Management's Review

Subsequent events were evaluated through November 27, 2019, which is the date the financial statements were available to be issued. From their review, management has determined that there were no significant recognizable or unrecognizable subsequent events that were not properly disclosed.

Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Concentrations of Credit Risks

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. At June 30, 2019, cash in bank deposit accounts exceeded the FDIC insured limit of \$250,000 by \$455,659. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents since it seeks to mitigate this risk by depositing funds with high credit quality institutions.

During the year ended June 30, 2019, in-kind contributions from Donor A represented approximately 21% of the Organization's total revenue and support. Contributions from Donor B represented approximately 33% of the organization's total revenue and support, but were generated by Donor B through the Steve Young Ski Classic, a fundraising event which had 223 unique donors and was held by Donor B for the benefit of Wasatch Adaptive Sports. At June 30, 2019, promises to give from Donor C represented 100% of the Organization's total accounts receivable, including promises to give.

Accounts Receivable

Accounts receivable are carried at their estimated collectible amounts. The Organization's accounts receivable are generally short-term in nature; thus, the Organization does not accrue finance or interest charges.

Accounts receivable are periodically evaluated for collectability based on past credit history with customers and their current financial condition. An allowance for doubtful accounts has been established by management.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The Organization determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. An allowance for uncollectible promises has not been established at June 30, 2019 because management believes that all promises to give will be fully collectible.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Therefore, investments are reported at their fair values in the statement of financial position. Net investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Property and Equipment

Property and equipment are recorded at acquisition cost, or if donated, at the fair market value at the date donated. The Organization capitalizes additions that exceed \$2,500. If donors stipulate how long the assets must be used, the contributions are recorded as revenue with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as revenue without donor restrictions. Depreciation expense is provided on a straight-line basis over the estimated useful lives of the respective assets or lease terms. Estimated useful lives by type of property and equipment are as follows:

Buildings and structures	15 – 39 years
Equipment	3 – 7 years
Furniture and fixtures	7 – 15 years
Improvements	7 – 15 years

Depreciation expense for the year ended June 30, 2019 was \$24,464.

Impairment of Long-Lived Assets

The Organization evaluates its long-lived assets for any events or changes in circumstances which indicate that the carrying amounts of the assets may not be fully recoverable. The Organization evaluates the recoverability of long-lived assets by measuring the carrying amount of the assets against the estimated undiscounted future cash flows associated with them. When future undiscounted cash flows of certain long-lived asset are not sufficient to recover the carrying amounts of the assets, the assets are adjusted to their fair values.

Classes of Net Assets

Net assets, revenues and gains are classified based on the presence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- a. *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- b. *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed 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-imposed restrictions are perpetual in nature, where the donor stipulates that resources 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.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

Program Service Revenue

Program service revenue consists of tuition and fees. Program service revenue is recognized when earned. Payments received in advance, if any, are deferred to the applicable period in which the related goods or services are provided.

Contributions

Contributions are recognized when cash or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

In-Kind Contributions

In-kind contributions are recorded as support at their estimated fair market value at the date of gift. These contributions are considered to be without donor restrictions unless restricted by the donor. Assets donated with donor-imposed restrictions regarding their use are considered net assets with donor restrictions until the asset is placed in service.

In accordance with ASC 958-605-25-16, *Contributed Services*, the Organization recognizes contributions of services only if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended June 30, 2019.

The Organization’s Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending June 30, 2019, 2018, 2017, and 2016 are subject to examination by the IRS, generally for three years after they were filed. Generally accepted accounting principles require tax effects from an uncertain tax position to be

recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. If an uncertain tax position meets the more-likely-than-not threshold, the largest amount of tax benefit that is greater than 50% likely to be recognized upon ultimate settlement with the taxing authority is recorded. The Organization's primary tax positions relate to its status as a not-for-profit entity exempt from income taxes and classification of activities related to its exempt purpose. Management has evaluated the tax positions reflected in the Organization's tax filings and does not believe that any material uncertain tax positions exist.

Advertising

Advertising costs are expensed when the advertising first takes place. Advertising expense for the year ended June 30, 2019 was \$10,309. Advertising costs are included in marketing in the statement of functional expenses.

Functional Allocation of Expenses

The cost of providing programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, communications and occupancy, which are allocated on the basis of estimated time and effort.

Estimates in the Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date consisted of the following at June 30, 2019:

Cash and cash equivalents	\$ 782,129
Accounts receivable, including promises to give	<u>65,000</u>
Current financial assets, at year-end	<u>847,129</u>
Less those unavailable for general expenditure within one year, due to donor-imposed time or purpose restrictions	<u>(26,427)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 820,702</u>

As part of its liquidity management plan, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization maintains credit cards with an aggregate credit limit of \$43,000, which it could draw upon.

Notes (continued)

4. ACCOUNTS RECEIVABLE, INCLUDING PROMISES TO GIVE

Accounts receivable, including promises to give, consisted of the following at June 30, 2019:

Unconditional promises to give	
Promises to give cash	\$ <u>65,000</u>
Total accounts receivable, including promises to give	\$ <u>65,000</u>

Accounts receivable, including promises to give, are expected to be collected in full within the next year.

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2019:

Property and equipment	
Equipment	\$ 300,638
Building structures	15,844
Improvements	9,490
Furniture and fixtures	<u>674</u>
Total property and equipment	<u>326,646</u>
Less: accumulated depreciation	<u>(297,100)</u>
Total property and equipment, net of accumulated depreciation	\$ <u>82,946</u>

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2019:

Subject to expenditure for specified purpose:	
Cycling	\$ 19,445
Veterans	<u>6,982</u>
Total subject to expenditure for specified purpose	26,427
Subject to the passage of time:	
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	<u>65,000</u>
Total subject to passage of time	<u>65,000</u>
Total net assets with donor restrictions	\$ <u>91,427</u>

Notes (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as following for the year ended June 30, 2019:

Satisfaction of purpose restrictions:	
Cycling	\$ 20,000
Skiing	<u>9,000</u>
Total net assets released from donor restrictions	<u>\$ 29,000</u>

7. LEASES

The Organization leases its Salt Lake City office space under a non-cancellable operating lease. This lease requires monthly payments of \$3,663 and expires in June 2022. Future minimum payments required under this lease are as follows:

<u>Year ending June 30,</u>	
2020	\$ 45,060
2021	46,188
2022	47,340
Thereafter	<u>-</u>
Total future minimum payments	<u>\$ 138,588</u>

The Organization leases its Snowbird office space under a cancellable operating lease that requires no rent payments. Rent expense during the year ended June 30, 2019 was \$82,772, of which \$35,676 represented in-kind rent expense. Rent expense is included in occupancy in the statement of functional expenses.

8. IN-KIND CONTRIBUTIONS

During the year ended June 30, 2019, the Organization received the following in-kind contributions:

Donated goods	
Marketable securities	\$ 50,000
Donated services	
Training instructors	46,087
Donated use of facilities and equipment	
Lift tickets and admissions	148,762
Equipment rental	44,764
Office space	<u>35,676</u>
Total in-kind contributions	<u>\$ 325,289</u>

9. COMMITMENTS AND CONTINGENCIES

The Organization may be involved in certain claims arising from the ordinary course of operations and has purchased insurance policies to cover these risks.

10. ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT

For the year ended June 30, 2019, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include:

- Presentation of two classes of net assets, versus the previously required three
- Recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service
- Recognition of underwater endowment funds as a reduction in net assets with donor restrictions and presentation of investment expenses as a reduction of investment income, versus the previously required gross presentation of investment expenses

The guidance also enhances disclosures for liquidity, board designated amounts, composition of net assets with donor restrictions, and expenses by both their natural and functional classification. The ASU has been applied retrospectively to all periods presented.