



**WORLD FLYING DISC FEDERATION**

**Financial Statements &  
Supplementary Schedule**

**For the Year Ended December 31, 2017**

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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 nonprofit corporation), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and changes in net assets, 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 audits. 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 have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### **Basis for Qualified Opinion**

The entity was unable to obtain the final accounting reconciliation for an event that occurred in June, 2017, from the tournament organizer. We were unable to obtain sufficient appropriate audit evidence about the amount to recognize for the event. Consequently, we were unable to determine whether event related revenues and expenses needed material adjustments.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of World Flying Disc Federation as of December 31, 2017, 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.

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

We previously audited the Federation's financial report statements for the year ended December 31, 2016, and in our report dated June 9, 2017, we expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of program and supporting services is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Waugh & Goodwin, LLP*

Colorado Springs, Colorado  
May 9, 2018

WORLD FLYING DISC FEDERATION  
Statement of Financial Position  
December 31, 2017  
(With Comparative Totals for 2016)

	<u>ASSETS</u>	
	<u>2017</u>	<u>2016</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 254,593	\$ 268,011
Accounts receivable	29,668	74,970
Prepaid expenses	<u>2,307</u>	<u>500</u>
TOTAL ASSETS	<u>\$ 286,568</u>	<u>\$ 343,481</u>

<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ <u>20,105</u>	\$ <u>48,176</u>
Total current liabilities	20,105	48,176
NET ASSETS:		
Unrestricted	266,463	291,735
Temporarily restricted	<u>                    </u>	<u>3,570</u>
Total net assets	<u>266,463</u>	<u>295,305</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 286,568</u>	<u>\$ 343,481</u>

See Notes to Financial Statements

WORLD FLYING DISC FEDERATION  
Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2017  
(With Comparative Totals for 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017 Totals</u>	<u>2016 Totals</u>
REVENUE AND SUPPORT:				
Events	\$ 100,051	\$	\$ 100,051	\$ 151,316
Membership dues	81,811		81,811	76,011
Merchandise sales, net costs of sales of \$662 and \$48,673	32,667		32,667	31,928
Grants	31,250		31,250	46,250
Sponsorships	17,900		17,900	10,000
Value in-kind	2,287		2,287	944
Interest & dividends	45		45	48
Donations	13		13	87,715
Satisfied program restrictions	<u>3,570</u>	<u>(3,570)</u>		
Total revenue and support	269,594	(3,570)	266,024	404,212
EXPENSES:				
Program expenses:				
WFDF events	248,753		248,753	354,097
Supporting services:				
General & administrative	<u>46,113</u>		<u>46,113</u>	<u>55,906</u>
Total expenses	<u>294,866</u>		<u>294,866</u>	<u>410,003</u>
CHANGE IN NET ASSETS	(25,272)	(3,570)	(28,842)	(5,791)
NET ASSETS, beginning of year	<u>291,735</u>	<u>3,570</u>	<u>295,305</u>	<u>301,096</u>
NET ASSETS, end of year	<u>\$ 266,463</u>	<u>\$</u>	<u>\$ 266,463</u>	<u>\$ 295,305</u>

See Notes to Financial Statements

WORLD FLYING DISC FEDERATION  
Statement of Cash Flows  
For the Year Ended December 31, 2017  
(With Comparative Totals for 2016)

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (28,842)	\$ (5,791)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
(Increase) decrease in operating assets:		
Accounts receivable	45,302	(8,235)
Prepaid expenses	(1,807)	6,897
Increase (decrease) in operating liabilities:		
Accounts payable	<u>(28,071)</u>	<u>19,057</u>
Total adjustments	<u>15,424</u>	<u>17,719</u>
Net cash provided (used) by operating activities	<u>(13,418)</u>	<u>11,928</u>
NET INCREASE (DECREASE) IN CASH	(13,418)	11,928
CASH AND CASH EQUIVALENTS, beginning of year	<u>268,011</u>	<u>256,083</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 254,593</u>	<u>\$ 268,011</u>

See Notes to Financial Statements

WORLD FLYING DISC FEDERATION  
Notes to Financial Statements  
For the Year Ended December 31, 2017

A. ORGANIZATION AND 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 associations, 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 Associations (Members) that govern their respective disc sports. As of December 31, 2017, the Federation had 78 member associations representing 76 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 Association of International Sports Federations and the International World Games Association, and is a signatory to the World Anti-Doping Association's (WADA) Code. It is incorporated in the State of Colorado, USA. The Federation received permanent recognition by the International Olympic Committee in 2015.

Use of Estimates in Preparation of 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, 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.

## Notes to Financial Statements

### A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### 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 realization losses on balances outstanding at year-end will be immaterial. Therefore, no allowance for doubtful accounts is considered necessary.

#### Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently 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 unrestricted net assets. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions.

#### 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.

## Notes to Financial Statements

### A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Contributed Services - continued

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.

#### Revenue Recognition

Membership dues are recognized ratably over the term of the membership period.

#### 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 Organization'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 net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Federation's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

#### Date of Management's Review

In preparing the financial statements, the Federation has evaluated events and transactions for potential recognition or disclosure through May 9, 2018, the date that the financial statements were available to be issued

Notes to Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

B. 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.

C. TEMPORARILY RESTRICTED NET ASSETS

There were no temporarily restricted net assets at December 31, 2017. Temporarily restricted net assets at December 31, 2016, consist of assets restricted for the following program:

	<u>2016</u>
Anti-doping program	\$ <u>3,570</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2017 and 2016, restricted net assets were released from restrictions for the following program:

	<u>2017</u>	<u>2016</u>
Anti-doping program	\$ <u>3,570</u>	\$ <u>9,206</u>

D. CONTINGENCY

The Federation was unable to obtain the final accounting reconciliation for an event that occurred in June, 2017, from the tournament organizer. Therefore, the Federation has not been able to determine whether it realized a net profit or loss from this event. The Federation has estimated that, depending on the final reconciliation of the event, the federation could realize approximately \$10,000 from its share of profit from the event.

## Notes to Financial Statements

### D. CONTINGENCY - continued

However, it could also realize a loss of an estimated \$312 from the event, depending on the factors of the final event reconciliation.

Due to contractual arrangements, a third-party had a claim to 15% of the above-referenced event profits, which have not been paid to the third-party. The Federation has not accrued any amounts payable to the third-party, assuming that net funds from the event will be paid to compensate the third-party for its share of the event profit, if any.

WORLD FLYING DISC FEDERATION  
Schedule of Program and Supporting Services  
For the Year Ended December 31, 2017

	Sports Development & <u>WFDF events</u>	General & <u>Administrative</u>	<u>Total Expenses</u>
Bank charges	\$	\$ 4,269	\$ 4,269
Contract labor	94,350	14,716	109,066
Drug testing	15,011		15,011
Dues & subscriptions	7,468		7,468
Equipment & clothing	6,897	1,150	8,047
Insurance		5,250	5,250
Event management	33,542		33,542
Marketing	5,750		5,750
Medals	11,097		11,097
Office expense		756	756
Professional fees		10,035	10,035
Sport development	20,064		20,064
Telephone		2,250	2,250
Travel	<u>54,574</u>	<u>7,687</u>	<u>62,261</u>
Total expenses	<u>\$ 248,753</u>	<u>\$ 46,113</u>	<u>\$ 294,866</u>

May 9, 2018

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

We have audited the financial statements of World Flying Disc Federation (WFDF) for the year ended December 31, 2017, and have issued our report thereon dated May 9, 2018. As a part of our audit, we made a study and evaluation of the Organization's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purposes of such evaluations are to establish a basis for reliance on the system of internal accounting control in determining the nature, timing and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements and to assist us in planning and performing our examination of the financial statements.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

Our audit, including the study and evaluation of the WFDF's system of internal accounting control that was made for the purposes set forth in the first paragraph of this report, would not necessarily disclose all weaknesses in the system because it was based on selective tests of accounting records and related data. Such study and evaluation disclosed no conditions that we believe to be material weaknesses. However, we present for your consideration the following comments and suggestions relating to internal controls, accounting procedures and financial matters:

#### Event Reconciliations

During our audit procedures, we noted that the accounting of certain events was often not fully reconciled until months after the event. In one extraordinary instance, the event was not reconciled one year after the event occurred. Timely event reconciliations facilitate accurate financial reporting. We recommend that the Federation investigate opportunities to improve the timeliness of event reconciliations.

#### Financial Policies and Procedures

We recommend that the WFDF expand its documentation of various financial policies and procedures in writing. Examples of items which should be included in such a document are as follows:

- Internal control
- Cash management
- Distribution of financial information
- Expense advances
- Employee reimbursements
- Payroll procedures
- Budget process
- Allocation of costs to various programs
- Accounts payable procedures
- Capitalization policy for fixed assets

The Board of Directors should formally approve the policies and procedures document.

\* \* \* \* \*

The preceding comments are based on observations made incident to our normal auditing procedures. Because our comments are not based on a special study of the matters covered, further evaluation of our suggestions may be necessary on your part as a basis for implementation.

World Flying Disc Federation  
May 9, 2018  
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If you have any questions regarding any of the above comments, please contact us. We will be pleased to assist you in any way with respect to these or other matters.

Sincerely,

*Waugh & Goodwin, LLP*  
Colorado Springs, CO

May 9, 2018

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

We have audited the financial statements of World Flying Disc Federation (the Federation) for the year ended December 31, 2017, and have issued our report thereon dated May 9, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated January 9, 2018. Professional standards also require that we communicate to you the following information related to our audit.

#### SIGNIFICANT AUDIT FINDINGS

##### Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by World Flying Disc Federation are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended December 31, 2017. We noted no transactions entered into by the Federation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit except for the following matter: we were unable to obtain sufficient, appropriate evidence related to an unreconciled 2017 event, which resulted in our qualified opinion.

Corrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected the misstatement summarized in the attached schedule.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 9, 2018.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

World Flying Disc Federation  
May 9, 2018  
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Other Matter

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audits of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

\* \* \* \* \*

This information is intended solely for the use of the Board of Directors and management of World Flying Disc Federation and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*Waugh & Goodwin, LLP*  
Colorado Springs, CO

Client: **WFDF - World Flying Disc Federation**  
 Engagement: **World Flying Disc Federation**  
 Trial Balance: **3000.99 - TB**  
 Workpaper: **3700.01 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>		<b>3800.20</b>		
Adjust accounts payable for later reimbursement request for 2017 expense; materiality notwithstanding, client prompted entry.				
6141.05	Travel (air.hotel.food.etc):6141 -+ World Events:6141.05 -+ Beach Ultimate		2,070.00	
2000	Accounts Payable			2,070.00
<b>Total</b>			<u><u>2,070.00</u></u>	<u><u>2,070.00</u></u>