

UNITED STATES ORIENTEERING FEDERATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2013

WITH INDEPENDENT AUDITORS' REPORT THEREON



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
United States Orienteering Federation, Inc.  
Riderwood, MD

We have audited the accompanying financial statements of United States Orienteering Federation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. The prior financial statements were reviewed by us and in our report dated June 18, 2013, we noted that we were not aware of any material modifications that should be made to those 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**

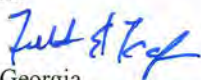
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 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 aspects, the financial position of United States Orienteering Federation, Inc., as of December 31, 2013, 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.

  
Morrow, Georgia  
June 16, 2014

UNITED STATES ORIENTEERING FEDERATION, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2013 AND 2012

	2013	(Reviewed) 2012
ASSETS		
CURRENT ASSETS		
Cash	\$ 187,580	\$ 230,131
Investments, current portion	127,020	83,204
Accounts receivable	1,048	2,950
Map loans receivable	250	250
Prepaid expenses	<u>1,524</u>	<u>4,560</u>
 TOTAL CURRENT ASSETS	 317,422	 321,095
 INVESTMENTS – LONG-TERM	 <u>70,569</u>	 <u>64,528</u>
 TOTAL ASSETS	 <u>\$ 387,991</u>	 <u>\$ 385,623</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued expenses	\$ 332	\$ 910
Payroll liabilities	-	1,820
Deferred revenue	<u>2,771</u>	<u>3,668</u>
 TOTAL CURRENT LIABILITIES	 <u>3,103</u>	 <u>6,398</u>
 TOTAL LIABILITIES	 <u>3,103</u>	 <u>6,398</u>
NET ASSETS		
Unrestricted	155,808	199,824
Unrestricted, board designated	127,020	83,204
Temporarily restricted	31,491	31,669
Permanently restricted	<u>70,569</u>	<u>64,528</u>
 TOTAL NET ASSETS	 <u>384,888</u>	 <u>379,225</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 387,991</u>	 <u>\$ 385,623</u>

*The accompanying notes are an integral part of these financial statements*

UNITED STATES ORIENTEERING FEDERATION, INC.  
STATEMENT OF ACTIVITIES  
DECEMBER 31, 2013

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE:</b>				
Contributions and grants	\$ 96,211	\$ 23,205	\$ 6,041	\$ 125,457
Membership dues	98,331	-	-	98,331
Program income	30,236	-	-	30,236
Sponsorships	22,385	-	-	22,385
Investment revenue	5,938	-	-	5,938
Board designated revenue	3,764	-	-	3,764
Other revenue	1,533	-	-	1,533
Fundraising	<u>375</u>	<u>-</u>	<u>-</u>	<u>375</u>
Public support and revenue	258,773	23,205	6,041	288,019
Net assets released from restrictions	<u>23,383</u>	<u>(23,383)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>282,156</u>	<u>(178)</u>	<u>6,041</u>	<u>288,019</u>
<b>EXPENSES:</b>				
Program	232,212	-	-	232,212
Management and general	57,036	-	-	57,036
Fundraising	<u>33,160</u>	<u>-</u>	<u>-</u>	<u>33,160</u>
Total expenses	<u>322,408</u>	<u>-</u>	<u>-</u>	<u>322,408</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(40,252)	(178)	6,041	(34,389)
UNREALIZED GAIN ON INVESTMENTS	<u>40,052</u>	<u>-</u>	<u>-</u>	<u>40,052</u>
CHANGE IN NET ASSETS	(200)	(178)	6,041	5,663
NET ASSETS, at beginning of year	<u>283,028</u>	<u>31,669</u>	<u>64,528</u>	<u>379,225</u>
NET ASSETS, at end of year	<u>\$ 282,828</u>	<u>\$ 31,491</u>	<u>\$ 70,569</u>	<u>\$ 384,888</u>

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UNITED STATES ORIENTEERING FEDERATION, INC.  
STATEMENT OF ACTIVITIES - REVIEWED  
DECEMBER 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE:</b>				
Contributions and grants	\$ 75,742	\$ 28,854	\$ 5,983	\$ 110,579
Membership dues	96,728	-	-	96,728
Program income	35,557	-	-	35,557
Sponsorships	11,339	-	-	11,339
Other revenue	854	-	-	854
Board designated revenue	800	-	-	800
Investment revenue	<u>65</u>	<u>-</u>	<u>-</u>	<u>65</u>
Public support and revenue	221,085	28,854	5,983	255,922
Net assets released from restrictions	<u>21,893</u>	<u>(21,893)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>242,978</u>	<u>6,961</u>	<u>5,983</u>	<u>255,922</u>
<b>EXPENSES:</b>				
Program	180,892	-	-	180,892
Management and general	48,049	-	-	48,049
Fundraising	<u>22,071</u>	<u>-</u>	<u>-</u>	<u>22,071</u>
Total expenses	<u>251,012</u>	<u>-</u>	<u>-</u>	<u>251,012</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(8,034)	6,961	5,983	4,910
UNREALIZED GAIN ON INVESTMENTS	<u>17,763</u>	<u>-</u>	<u>-</u>	<u>17,763</u>
CHANGE IN NET ASSETS	9,729	6,961	5,983	22,673
NET ASSETS, at beginning of year	<u>273,299</u>	<u>24,708</u>	<u>58,545</u>	<u>356,552</u>
NET ASSETS, at end of year	<u>\$ 283,028</u>	<u>\$ 31,669</u>	<u>\$ 64,528</u>	<u>\$ 379,225</u>

*The accompanying notes are an integral part of these financial statements*

UNITED STATES ORIENTEERING FEDERATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
DECEMBER 31, 2013

	Program Activities	Management and General	Fundraising	Totals
Elite athlete	\$ 79,107	-	-	\$ 79,107
Salaries and wages	49,000	12,100	17,248	78,348
Coach, junior team	36,340	-	-	36,340
Insurance	25,449	-	-	25,449
Accounting & member services	-	23,499	-	23,499
Publishing & printing	18,456	-	-	18,456
Travel	4,745	5,144	6,419	16,308
Program	12,678	383	2,763	15,824
Office expenses	1,323	6,945	712	8,980
Board & committees	251	5,089	1,666	7,006
Payroll taxes	2,363	2,356	968	5,687
Grant expense	2,500	-	2,500	5,000
Marketing	-	420	884	1,304
Dues & subscriptions	-	1,100	-	1,100
<b>TOTAL EXPENSES</b>	<b>\$ 232,212</b>	<b>\$ 57,036</b>	<b>\$ 33,160</b>	<b>\$ 322,408</b>

*The accompanying notes are an integral part of these financial statements*

UNITED STATES ORIENTEERING FEDERATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES - REVIEWED  
DECEMBER 31, 2012

	Program Activities	Management and General	Fundraising	Totals
Salaries and wages	\$ 49,000	\$ 10,010	\$ 15,399	\$ 74,409
Elite athlete	43,097	-	-	43,097
Program	28,464	3,649	1,911	34,024
Accounting & member services	-	21,024	-	21,024
Publishing & printing	19,442	-	-	19,442
Insurance	14,280	-	-	14,280
Travel	8,422	783	1,068	10,273
Office expenses	1,775	6,855	706	9,336
Coach, junior team	8,601	-	-	8,601
Board & committees	194	4,354	1,698	6,246
Payroll taxes	3,787	774	1,189	5,750
Grant expense	3,250	-	-	3,250
Dues & subscriptions	500	600	-	1,100
Marketing	80	-	100	180
<b>TOTAL EXPENSES</b>	<b>\$ 180,892</b>	<b>\$ 48,049</b>	<b>\$ 22,071</b>	<b>\$ 251,012</b>

The accompanying notes are an integral part of these financial statements

UNITED STATES ORIENTEERING FEDERATION, INC.  
 STATEMENTS OF CASH FLOWS  
 DECEMBER 31, 2013 AND 2012

	2013	(Reviewed) 2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	5,663	22,673
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Unrealized gain on investments	(40,052)	(17,763)
Changes in operating assets and liabilities:		
Decrease in accounts receivable	1,902	3,861
Decrease in map loans receivable	-	2,250
Decrease (increase) in prepaid expenses	3,036	(3,860)
(Decrease) increase in accrued expenses	(578)	238
Decrease in payroll liabilities	(1,820)	(1,418)
(Decrease) increase in deferred revenue	<u>(897)</u>	<u>3,375</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(32,746)	9,356
CASH FLOWS FROM INVESTING ACTIVITIES		
Transfers to endowment fund	<u>(9,805)</u>	<u>(6,783)</u>
NET CASH USED IN INVESTING ACTIVITIES	(9,805)	(6,783)
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET CHANGE IN CASH	(42,551)	2,573
CASH AT BEGINNING OF YEARS	<u>230,131</u>	<u>227,558</u>
CASH AT END OF YEARS	<u>\$ 187,580</u>	<u>\$ 230,131</u>

*The accompanying notes are an integral part of these financial statements*



UNITED STATES ORIENTEERING FEDERATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012

**1. ORGANIZATION**

The United States Orienteering Federation, Inc. (the Federation) is a Virginia nonprofit organization whose primary location is in Riderwood, Maryland. The Federation was established in 1971 to provide orienteering as a viable and attractive recreation choice for the majority of U.S. outdoor enthusiasts. The Federation serves orienteers throughout the United States and is funded primarily through dues, grants, and contributions.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The Federation classifies its net assets and revenues and expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Federation and changes therein are classified and reported as follows:

Unrestricted net assets – net assets not subject to donor imposed restrictions

Temporarily restricted net assets – net assets subject to donor-imposed stipulations that may or will be met either by actions of the Federation and/or the passage of time.

Permanently restricted net assets – net assets subject to donor-imposed stipulations that will be maintained permanently by the Federation.

Revenues are reported as increases in unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are reported.

Cash and cash equivalents

The Federation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents. For the years ended December 31, 2013 and 2012, the Federation had no cash equivalents.

UNITED STATES ORIENTEERING FEDERATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS - Continued

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Financial instruments

The financial instruments shown as assets and liabilities in the statements of financial position are traditional in nature. The carrying value of cash and cash equivalents and all other financial instruments, including receivables and payables, approximate their fair value.

Estimates

Management of the Federation makes estimates and assumptions related to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the financial statements in conformity with GAAP. Actual results could differ from these estimates.

Income taxes

The Federation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "IRC") whereby only unrelated business income, as defined by Section 512(a)(1) of the IRC is subject to federal income tax. Generally, the Internal Revenue Service (the "IRS") may examine a tax return for three years from the date it is filed. At December 31, 2013, tax years 2012, 2011, and 2010 remained open for possible examination by the IRS.

Donated materials and services

Many individuals volunteer time and perform a variety of tasks that assist the Federation with various administrative and program-related tasks. The value of these services has not been reflected in the financial statements since it does not meet the criteria for recognition.

Reclassifications

Certain reclassifications have been made to prior year financial statements to conform to the current year presentation

**3. ALLOWANCE FOR DOUBTFUL ACCOUNTS**

An allowance for doubtful accounts on outstanding grants and other receivables is recorded when deemed necessary based upon trends, current risk assessments, and specific donor or grantor considerations. Receivables are written off when management believes they will not be collected. Amounts are considered past due if they are not received within 60 days. Management has evaluated the Federation's outstanding receivables and believes that no allowance is necessary.

UNITED STATES ORIENTEERING FEDERATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS - Continued

**4. RELATED-PARTY DISCLOSURE**

The Federation's endowment fund is managed by the United States Orienteering Federation Endowment Fund, Inc. This corporation was formed by the Federation, and the corporation's board of directors is appointed by the Federation's board of directors. All of the assets of the corporation are included in the investment balance of the Federation. As of December 31, 2013 and 2012, this balance was \$197,589 and \$147,732.

**5. ENDOWMENT FUND**

In 2000, the Federation established an endowment fund to further promote its mission. The Federation designated a portion of its unrestricted net assets at this time to transfer into the endowment fund. In addition to this initial amount, the Federation also established an internal policy designating that all lifetime dues (a one-time "lifetime dues" payment in lieu of ongoing annual dues) would be placed into the endowment fund.

Changes in endowment net assets for year ended December 31, 2013 are as follow:

	<u>Board Designated</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance at December 31, 2012	\$ 83,204	\$ 64,528	\$ 147,732
Contributions	-	6,041	6,041
Unrealized gains	40,052	-	40,052
Lifetime dues	<u>3,764</u>	<u>-</u>	<u>3,764</u>
Balance at December 31, 2013	<u>\$ 127,020</u>	<u>\$ 70,569</u>	<u>\$ 197,589</u>

Changes in endowment net assets for year ended December 31, 2012 are as follow:

	<u>Board Designated</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance at December 31, 2011	\$ 64,641	\$ 58,545	\$ 123,186
Contributions	-	5,983	5,983
Unrealized gains	17,763	-	17,763
Lifetime dues	<u>800</u>	<u>-</u>	<u>800</u>
Balance at December 31, 2012	<u>\$ 83,204</u>	<u>\$ 64,528</u>	<u>\$ 147,732</u>

UNITED STATES ORIENTEERING FEDERATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS - Continued

**6. INVESTMENTS**

During the year ended December 31, 2009, the Federation adopted the provisions of FASB Codification 820-10, Fair Value Measurements, for financial assets and liabilities. Under FASB Codification 820-10, fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, FASB Codification 820-10 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels. These levels, in order of highest priority to lowest priority, are described as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Unobservable prices that are based on inputs not quoted on active markets, but corroborated by market data.
- Level 3: Inputs are unobservable inputs for the asset that are supported by little or no market activity and that are significant to the fair value of the underlying asset.

The following table summarized the Federation's financial instruments measured at fair value on a recurring basis in accordance with FASB Codification 820-10 as of December 31, 2013:

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Marketable Securities	\$ <u>197,589</u>	\$ <u>197,589</u>	\$ _____ -	\$ _____ -

The following table summarized the Federation's financial instruments measured at fair value on a recurring basis in accordance with FASB Codification 820-10 as of December 31, 2012:

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Marketable Securities	\$ <u>147,732</u>	\$ <u>147,732</u>	\$ _____ -	\$ _____ -

UNITED STATES ORIENTEERING FEDERATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS - Continued

**6. RESTRICTED NET ASSETS**

There are donor restrictions on the Federation's net assets. As of December 31, 2013 and 2012, the Federation's net assets were restricted temporarily for the following purposes:

	<u>2013</u>	<u>2012</u>
Iain Wilson Award	\$ 7,774	\$ -
Junior Team	7,568	6,455
Senior Team	5,547	7,711
Ski O Team	5,247	12,782
Trail O Team	3,939	4,096
Mountain Bike O Team	561	-
College Development	475	475
WUOC Team	330	100
Map Loans and Grants	<u>50</u>	<u>50</u>
Total temporarily restricted net assets	\$ <u>31,491</u>	\$ <u>31,669</u>

**7. FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated between program activities and management and general expenses.

**8. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through June 16, 2014, which is the date the financial statements were available to be issued.