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## WORLD FLYING DISC FEDERATION

(a Colorado Nonprofit Corporation)

### FINANCIAL STATEMENTS

for the year ended

December 31, 2012 and 2011

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## Jon Blomberg

Certified Public Accountant

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Board of Directors World Flying Disc Federation Boulder, Colorado

#### INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying statements of financial position of World Flying Disc Federation (a Colorado nonprofit organization) as of December 31, 2012 and 2011 and the related statements of financial activity, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my 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, 2012 and 2011 and the results of its activities for the years then ended in conformity with generally accepted accounting principles in the United States of America.

Jon Blomberg
Certified Public Accountant

March 26, 2013 Boulder, Colorado

(a Colorado Nonprofit Corporation)

## STATEMENT OF FINANCIAL POSITION

as of December 31	2012	2011
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 273,443	\$ 255,843
Prepaid expense	4,000	-
Accounts receivable		5,520
Total current assets	277,443	261,363
TOTAL ASSETS	\$ 277,443	\$ 261,363
<u>LIABILITIES AND NET ASSETS</u> CURRENT LIABILITIES		
Accounts Payable	\$ 4,575	\$ 923
Deferred Revenue	214	-
Total current liabilities	4,789	923
Total liabilities	4,789	923
NET ASSETS		
Unrestricted net assets	272,654	260,440
Total net assets	272,654	260,440
TOTAL LIABILITIES AND NET ASSETS	\$ 277,443	\$ 261,363

(a Colorado Nonprofit Corporation)

## STATEMENT OF FINANCIAL ACTIVITY

for the year ended December 31	the year ended December 31 2012			2011	
	Temporarily				
	<u>Unrestricted</u>	Restricted	<u>Total</u>	Total	
SUPPORT AND REVENUE					
Contributions	\$ 750		\$ 750	\$ 94,557	
Grant	-		-	25,000	
Memberships	55,254		55,254	51,116	
Event Sanctioning	59,253		59,253	17,520	
Investment and other income	199		199	331	
Net assets released from restrictions					
TOTAL SUPPORT AND REVENUE	115,456		115,456	188,524	
EXPENSES					
Program services					
WFDF events	80,463		80,463	75,427	
Ultimate Peace events				119,999	
Total program	80,463		80,463	195,426	
Support services					
General and administrative	22,779		22,779	26,171	
Total Expenses	103,242		103,242	221,597	
CHANGE IN NET ASSETS	12,214		12,214	(33,073)	
Net assets, beginning of year	260,440		260,440	293,513	
Net assets, end of year	\$ 272,654	<u>\$ -</u>	\$ 272,654	\$ 260,440	

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## STATEMENT OF CASH FLOWS

for the year ended December 31 Cash flows from operating activities:		2012		2011
Change in net assets				
Unrestricted	\$	12,214	\$	(28,088)
Temporarily restricted	,	-	7	(4,985)
Increase (decrease) in operating assets:				
Accounts receivable		5,520		(5,520)
Prepaid expense		(4,000)		-
Increase (decrease) in operating liabilities:				
Accounts payable		3,652		923
Deferred revenue		214		
Net cash flows from operating activities		17,600		(37,670)
NET INCREASE (DECREASE) IN CASH		17,600		(37,670)
Cash at beginning of year		255,843		293,513
Cash at December 31	\$	273,443	\$	255,843

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## STATEMENT OF FUNCTIONAL EXPENSES

for the year ended December 31

_	2012			2011	
	PROGRAM SERVICES	SUPPORT SERVICES	Total	Total Total	
		General and			
	WFDF	Administrative			
	<u>Events</u>	<u>Expenses</u>			
Bank and credit card fees		\$ 1,474	\$ 1,474	\$ 2,766	
Communications	6,014	790	6,804	6,977	
Contract services	36,769	12,000	48,769	71,133	
Development	305	=	305	41,656	
Dues and memberships	6,605	=	6,605	6,271	
Equipment		=	-	4,985	
Insurance	5,360	1,749	7,109	5,450	
Marketing	750	=	750	71	
Medals	2,627	=	2,627	4,923	
Postage and shipping	-	186	186	520	
Professional services	-	3,416	3,416	5,181	
Rent	-	-	-	776	
Supplies	-	511	511	4,849	
Drug Testing	2,033	=	2,033	5,429	
Travel	20,000	2,653	22,653	60,610	
TOTAL	\$ 80,463	\$ 22,779	\$103,242	\$ 221,597	

(a Colorado Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS

### Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of World Flying Disc Federation (WFDF) have been prepared on the accrual basis. The preparation of financial statements requires the organization's management to make estimates and assumptions that affect the reported amounts of assets and liabilities at 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. The significant accounting policies followed are described below.

WFDF adopted the accrual basis of accounting effective January 1, 2011.

#### Organization

The World Flying Disc Federation ("WFDF") 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. WFDF is made up of the National Associations ("Members") that govern their respective disc sports. As of the end of 2012, there were 57 Member associations (40 Regular and 17 Provisional Members), representing athletes in 54 countries. These Members guide the administration of WFDF through a Board of Directors and an Executive Director. WFDF is a member of SportAccord and the International World Games Association, and is a signatory to the World Anti-Doping Association (WADA) Code. It is incorporated in the state of Colorado, USA.

#### **Basis of Presentation**

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) Number 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, WFDF is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

#### Promises to Give

Contributions are recognized when the donor makes a promise to give to WFDF that is, in substance, unconditional. 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 recognized. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

#### Contributions

WFDF has adopted SFAS Number 116, Accounting for Contributions Received and Contributions Made. In accordance with SFAS Number 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. WFDF has not received any contributions with donor-imposed restrictions that would result in permanently restricted net assets.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor, Pledges for contributions are considered earned as received unless restricted for use in a future accounting period.

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### NOTES TO FINANCIAL STATEMENTS

#### Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Contributions (continued)

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. 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

#### Cash

WFDF considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The US dollar (US\$ or \$) is the functional currency of WFDF. Amounts are translated from other currencies as of the date they are paid or received in cash.

#### **Functional Expenses**

WFDF allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expenditure classification. Other expenses that are common to several programs or support services are allocated based on various statistical relationships.

#### Credit Risk

Assets that potentially subject WFDF to concentrations of credit risk consist principally of cash and investments. WFDF places most of its cash and investments in accounts with financial institutions that are guaranteed by the Federal Deposit Insurance Corporation of the USA, with a limited account exposure to its online payment provider.

#### **Donated Goods and Services**

Contributed services and supplies are reflected in the financial statements at the fair value of the services and supplies received. The contributions of services are recognized if the services received satisfy the criteria for recognition under SAFS Number 116. The contributions of services are recognized if the services received: (a) create or enhance non-financial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

WFDF pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist WFDF with specific assistance programs and various committee assignments. The value of these services has not been recognized in these financial statements because the criteria for recognition under SFAS Number 116 have not been satisfied.

#### Advertising

WFDF follows a policy of charging the costs of advertising to expense as incurred.

#### Reclassifications

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

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### NOTES TO FINANCIAL STATEMENTS

#### Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Comparative Financial Information

The financial information shown for 2011 in the accompanying financial statement is included to provide a basis for comparison with 2012 and presents summarized totals only. Such information should be read in conjunction with WFDF's financial statements for the year ended December 31, 2011, from which the summarized information was derived.

#### Note 2 - INCOME TAXES

The WFDF is exempt from Federal Income Taxes under Section 501(c) (3) of the United States Internal Revenue Code. The WFDF is also exempt from State of Colorado Income Taxes. WFDF has also been classified as an entity that is not a private foundation.

### Note 3 – TEMPORARILY RESTRICTED NET ASSETS

WFDF is supporting development efforts organized and run by Ultimate Peace. Charitable contributions received by WFDF in 2011 were dedicated to support of the work of that organization and are held as temporarily restricted balances in WFDF accounts. During 2012 Ultimate Peace was incorporated as an exempt organization and all remaining temporarily restricted assets were donated to it. Prior to that incorporation the revenues and expenses of Ultimate Peace were reported as revenues and expenses of WFDF and accounted for as temporarily restricted assets. During 2012 WFDF had no temporarily restricted net assets.

#### Note 4 – LIABILITIES AND CONTINGENCIES

WFDF does not have any loans outstanding or other material contingent liabilities. There is no outstanding litigation to which it is a party.

### Note 5 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 26, 2013, the date which the financial statements were available to be issued.