



**USA TRIATHLON OF COLORADO
AND
USA TRIATHLON FOUNDATION**

Consolidated Financial Statements

For the Year Ended December 31, 2022

And

Independent Auditors' Report

USA TRIATHLON OF COLORADO AND USA TRIATHLON FOUNDATION

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022	
Consolidated Statement of Financial Position	4
Consolidated Statement of Activities	5
Consolidated Statement of Functional Expenses	6
Consolidated Statement of Cash Flows	8
Notes to Consolidated Financial Statements	10
SUPPLEMENTAL SCHEDULES	
Consolidating Statement of Financial Position	19
Consolidating Statement of Activities	20

INDEPENDENT AUDITORS' REPORT

Board of Directors
USA Triathlon of Colorado and USA Triathlon Foundation
Colorado Springs, Colorado

Opinion

We have audited the accompanying consolidated financial statements of USA Triathlon of Colorado and USA Triathlon Foundation (collectively, the Organization) which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements (the financial statements).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's 2021 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated May 24, 2022. In our opinion, the summarized comparative information presented herein is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Supplemental Schedules on pages 19 and 20 are presented for the purpose of additional analysis and are 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.

Stockman Kast Ryan + Co. LLP

July 24, 2023

USA TRIATHLON OF COLORADO AND USA TRIATHLON FOUNDATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2022 (with comparative totals for 2021)

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,772,298	\$ 4,954,498
Restricted cash	576,034	301,274
Accounts receivable, net	991,864	831,524
Current portion of pledges receivable, net	222,193	50,000
Prepaid expenses	<u>400,744</u>	<u>514,129</u>
Total current assets	<u>3,963,133</u>	<u>6,651,425</u>
LONG-TERM ASSETS		
Investments	11,022,666	11,676,232
Right of use assets	1,964,343	
Pledges receivable, net	482,233	136,389
Property and equipment, net	<u>1,219,177</u>	<u>1,379,849</u>
Total long-term assets	<u>14,688,419</u>	<u>13,192,470</u>
TOTAL ASSETS	<u>\$ 18,651,552</u>	<u>\$ 19,843,895</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 335,062	\$ 507,758
Accrued liabilities	223,193	495,205
Current portion of deferred revenue	5,654,356	5,704,685
Current portion of operating lease liabilities	210,283	
Current portion of notes payable	<u>3,077</u>	<u>1,756</u>
Total current liabilities	<u>6,425,971</u>	<u>6,709,404</u>
LONG-TERM LIABILITIES		
Deferred revenue	750,037	479,625
Operating lease liabilities	1,782,536	
Notes payable	<u>156,423</u>	<u>154,912</u>
Total long-term liabilities	<u>2,688,996</u>	<u>634,537</u>
TOTAL LIABILITIES	<u>9,114,967</u>	<u>7,343,941</u>
NET ASSETS		
Without donor restrictions	8,138,422	12,012,291
With donor restrictions	<u>1,398,163</u>	<u>487,663</u>
Total net assets	<u>9,536,585</u>	<u>12,499,954</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 18,651,552</u>	<u>\$ 19,843,895</u>

See notes to consolidated financial statements.

USA TRIATHLON OF COLORADO AND USA TRIATHLON FOUNDATION

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2022 (with comparative totals for 2021)

	2022			2021 Total
	Without Restrictions	With Donor Restrictions	Total	
REVENUE				
Adult and youth memberships	\$ 7,478,693		\$ 7,478,693	\$ 7,499,680
Sponsorship	4,032,823		4,032,823	3,898,323
Team USA and national events	2,179,948		2,179,948	1,640,481
Contributions	720,629	\$ 1,335,946	2,056,575	874,001
USOPC grants	1,515,416		1,515,416	1,378,157
Camps and clinics	245,297		245,297	23,890
Investment income (loss), net of expenses	(1,774,291)		(1,774,291)	426,702
Other revenue	2,288,131		2,288,131	933,321
Net assets released from restrictions	425,446	(425,446)		
Total revenue	17,112,092	910,500	18,022,592	16,674,555
EXPENSES				
Program services:				
Events	3,746,726		3,746,726	4,622,209
Constituent relationships	3,412,602		3,412,602	861,979
High performance	3,366,998		3,366,998	3,057,144
Sport Programs	1,155,000		1,155,000	1,020,886
Foundation programs	688,312		688,312	675,918
Total program services	12,369,638	—	12,369,638	10,238,136
Supporting services	8,609,701		8,609,701	5,675,238
Total expenses	20,979,339	—	20,979,339	15,913,374
Operating gain (loss)	(3,867,247)	910,500	(2,956,747)	761,181
Gain from extinguishment of debt				1,626,974
Gain (loss) on disposal of assets	(6,622)		(6,622)	2,250
CHANGE IN NET ASSETS	(3,873,869)	910,500	(2,963,369)	2,390,405
NET ASSETS, Beginning of year	12,012,291	487,663	12,499,954	10,109,549
NET ASSETS, End of year	\$ 8,138,422	\$ 1,398,163	\$ 9,536,585	\$ 12,499,954

See notes to consolidated financial statements.

USA TRIATHLON OF COLORADO AND USA TRIATHLON FOUNDATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2022 (with comparative totals for 2021)

	2022					Program Services Total
	Program Services					
	Events	Constituent Relationships	High Performance	Sport Programs	Foundation Programs	
Salaries/wages	\$ 352,984	\$ 428,188	\$ 709,745	\$ 428,254		\$ 1,919,171
Professional fees	1,359,343	58,560	106,079	84,542		1,608,524
Insurance		2,481,638	5,967	10,236		2,497,841
Travel	509,254	27,389	1,352,812	178,710		2,068,165
Office expense	328,768	278,500	15,158	22,695		645,121
Value-in-kind					\$ 87,950	87,950
Equipment rental/purchase	728,843	481	8,600	216		738,140
Stipends	21,494	3,000	581,259	58,215	8,109	672,077
Benefits	45,703	78,068	122,931	53,981		300,683
Grants					548,861	548,861
Occupancy/building	45,524	4,860	64,934	9,504		124,822
Depreciation						
Awards	248,992	9,826	14,478	58,468	27,835	359,599
Payroll taxes	27,561	34,079	55,313	29,539		146,492
Entry fees			18,873	209,808	987	229,668
Information technology	3,621	8,013	8,610	1,720		21,964
Legal fees	30			850		880
Advertising				5,750		5,750
Other event/athlete	74,609		302,239	2,512	14,570	393,930
Less expenses netted against revenue on the statement of activities						
Total	<u>\$ 3,746,726</u>	<u>\$ 3,412,602</u>	<u>\$ 3,366,998</u>	<u>\$ 1,155,000</u>	<u>\$ 688,312</u>	<u>\$ 12,369,638</u>
Comparative totals - 2021	<u>\$ 4,622,209</u>	<u>\$ 861,979</u>	<u>\$ 3,057,144</u>	<u>\$ 1,020,886</u>	<u>\$ 675,918</u>	<u>\$ 10,238,136</u>

(Continued)

USA TRIATHLON OF COLORADO AND USA TRIATHLON FOUNDATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2022 (with comparative totals for 2021)

	2022						2021 Total Expenses
	Support Services					Total Expenses	
	USAT General and Administrative	Business Development and Strategy	Marketing and Communications	Foundation General and Administrative	Support Services Total		
Salaries/wages	\$ 1,111,669	\$ 757,566	\$ 352,048	\$ 615,528	\$ 2,836,811	\$ 4,755,982	\$ 4,248,504
Professional fees	832,311	113,559	197,367	58,659	1,201,896	2,810,420	1,491,189
Insurance	305		67	3,683	4,055	2,501,896	2,392,863
Travel	148,216	28,020	9,144	192,743	378,123	2,446,288	1,500,838
Office expense	82,192	528,617	554,255	41,284	1,206,348	1,851,469	861,534
Value-in-kind		1,391,391			1,391,391	1,479,341	1,399,879
Equipment rental/purchase	22,155		47	23,449	45,651	783,791	484,666
Stipends	250					672,077	449,833
Benefits	110,883	111,682	54,122	61,284	337,971	638,654	550,823
Grants						548,861	519,804
Occupancy/building	409,886	1,512			411,398	536,220	315,401
Depreciation	373,598			2,262	375,860	375,860	264,925
Awards	6,148	2,688			8,836	368,435	283,108
Payroll taxes	96,720	54,463	27,554	38,421	217,158	363,650	311,866
Entry fees	1,418				1,418	231,086	75,372
Information technology	25,317	2,897	5,674	79,440	113,328	135,292	366,596
Legal fees	66,272				66,272	67,152	158,414
Advertising		746	10,775		11,521	17,271	6,624
Other event/athlete	128	1,536			1,664	395,594	313,313
Less expenses netted against revenue on the statement of activities							(82,178)
Total	\$ 3,287,468	\$ 2,994,677	\$ 1,211,053	\$ 1,116,753	\$ 8,609,701	\$ 20,979,339	
Comparative totals - 2021	<u>\$ 2,936,325</u>	<u>\$ 847,562</u>	<u>\$ 1,254,163</u>	<u>\$ 637,188</u>	<u>\$ 5,675,238</u>		<u>\$ 15,913,374</u>

See notes to consolidated financial statements.

(Concluded)

USA TRIATHLON OF COLORADO AND USA TRIATHLON FOUNDATION

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2022 (with comparative totals for 2021)

	2022	2021
OPERATING ACTIVITIES		
Change in net assets	\$ (2,963,369)	\$ 2,390,405
Adjustments to reconcile the change in net assets to net cash provided by (used in) operating activities:		
Depreciation	375,860	264,925
Amortization of right of use asset	199,529	
(Gain) loss on disposal of assets	6,622	(2,250)
Realized and unrealized (gains) losses, net	1,912,072	(194,314)
Gain from extinguishment of debt		(1,626,974)
Changes in operating assets and liabilities:		
Accounts receivable	(160,340)	245,330
Pledges receivable	(518,037)	(186,389)
Prepaid expenses	113,385	68,707
Accounts payable and accrued liabilities	(444,708)	641,071
Deferred revenue	220,083	287,081
Payments on operating lease liabilities	(171,053)	
Net cash provided by (used in) operating activities	<u>(1,429,956)</u>	<u>1,887,592</u>
INVESTING ACTIVITIES		
Proceeds from sales of investments	12,809,206	14,722,559
Purchases of investments	(14,067,712)	(14,897,607)
Acquisition of property and equipment	(221,810)	(544,210)
Proceeds from sale of fixed assets		<u>750</u>
Net cash used in investing activities	<u>(1,480,316)</u>	<u>(718,508)</u>
FINANCING ACTIVITIES		
Proceeds from long-term debt		710,015
Payments on long-term debt	(1,282)	2,880
Accrued interest	4,114	<u>4,569</u>
Net cash provided by financing activities	<u>2,832</u>	<u>717,464</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,907,440)	1,886,548
CASH AND CASH EQUIVALENTS, Beginning of year	<u>5,255,772</u>	<u>3,369,224</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 2,348,332</u>	<u>\$ 5,255,772</u>

(Continued)

USA TRIATHLON OF COLORADO AND USA TRIATHLON FOUNDATION

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022 (with comparative totals for 2021)

	2022	2021
Reconciliation of cash and cash equivalents to the accompanying consolidated balance sheet under the following captions:		
Cash and cash equivalents	\$ 1,772,298	\$ 4,954,498
Restricted cash	<u>576,034</u>	<u>301,274</u>
Total	<u>\$ 2,348,332</u>	<u>\$ 5,255,772</u>
 NON-CASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of right of use assets financed with operating lease liabilities	<u>\$ 2,163,872</u>	<u>\$ —</u>

See notes to consolidated financial statements.

(Concluded)

USA TRIATHLON OF COLORADO AND USA TRIATHLON FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations — USA Triathlon of Colorado (Triathlon) is the national governing body for the sport of triathlon, making it responsible for the support, promotion and development of triathlon in the United States. USA Triathlon Foundation (the Foundation) has the purpose of raising funds and acquiring assets that will enable Triathlon to encourage, improve, and promote the sport of triathlon in the United States.

Principles of Consolidation — The consolidated financial statements include the accounts of Triathlon and the Foundation (collectively, the Organization). All significant intercompany transactions and balances have been eliminated in consolidation.

Basis of Presentation — The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which represent the expendable resources that are available for operations at management's discretion; and net assets with donor restrictions, which represent resources restricted by donors as to purpose or by the passage of time and resources for which use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

The accompanying consolidated financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient details 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 Organization's statements for the year ended December 31, 2021, from which the summarized information was derived.

Changes in Accounting Principles — In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases*, which requires lessees to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in their balance sheets. This standard also requires additional disclosures about the amount, timing, and uncertainty of cash flows arising from leases. The Organization adopted ASU 2016-02 effective January 1, 2022 and recorded an operating lease right-of-use asset and operating lease obligation of \$2,163,872 as of such date.

Use of Estimates — The preparation of the consolidated 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 liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Cash and Cash Equivalents — The Organization considers all highly liquid investments with original maturities of three months or less, and which are not held for long-term investment purposes, to be cash equivalents. Cash and highly liquid financial instruments held for long-term investment purposes, regardless of original length or maturity, are reported as investments and are excluded from this definition. The net amount of operating cash added to, or withdrawn from, the long-term investments is reported as an investing activity in the accompanying consolidated statement of cash flows. At times during the year, the Organization’s cash accounts may exceed Federal Deposit Insurance Corporation insured limits.

Restricted Cash — The Organization considers funds held for a specific purpose and not available for immediate or general business use to be restricted cash.

Accounts Receivable — Accounts receivable includes amounts due under contracts with sponsors, amounts due from race directors, and other miscellaneous sources. Accounts receivable are stated at their invoiced amount, which represents the amount the Organization expects to receive. Receivables are generally due within 30 days. At times, the Organization may place certain receivables on longer term payment plans that do not exceed one year. The Organization maintains an allowance for doubtful accounts based on expected collectability of receivables. The allowance for doubtful accounts was \$1,054,734 and \$533,153 as of December 31, 2022 and 2021, respectively.

Pledges Receivable — Unconditional promises to give are recognized as support and assets in the period received. Promises to give are recorded at net realizable value if expected to be collected within one year and at the present value of estimated future cash flows if expected to be collected in more than one year. The discounts on these amounts are computed using a risk adjusted interest rate (3.99% and 1.26% for the years ended December 31, 2022 and 2021, respectively). Amortization of the discount is included in contribution revenue. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Management provides for probable uncollectible amounts through an allowance for uncollectable pledges based on an assessment of the current status of individual receivables and general economic conditions.

Related Parties — The Organization received pledges receivable from management of \$20,000 and \$158,543 in 2022 and 2021, respectively.

Prepaid Expenses — Prepaid expenses primarily consist of amounts paid for insurance in advance of the policy term and amounts paid for event expenses in advance of the event date.

Investments — Investments are carried at fair value in the accompanying consolidated statement of financial position. The investments are held for long-term purposes. Net investment return consists of interest and dividend income, and realized and unrealized gains and losses on investments, less investment management and custodial fees. See Note 7 for additional information on fair value measurements.

Property and Equipment — Property and equipment are recorded at cost for assets purchased by the Organization and at estimated fair value at the date of donation for contributed property and equipment. The Organization’s policy is to capitalize all acquisitions of property and equipment in excess of \$3,000 and with a useful life of a year or more.

Depreciation is recorded using the straight-line method over estimated useful lives of 2 to 10 years for furniture and equipment. Depreciation on the office building and office building improvements is recorded using the straight-line method over estimated useful lives of 30 and 15 years, respectively.

Deferred Revenue — Deferred revenue primarily consists of receipts from members, athletes, grantors, and sponsors. Deferred revenue from memberships is recorded on the date of receipt of the membership fee and is amortized as revenue over the life of the membership depending on the specific membership, which ranges from one day to three years.

Deferred revenue from athletes for event fees is recorded on the date of receipt and recognized as revenue on the date the race event occurs. Deferred revenue from grantors is recorded on the date of receipt and recognized as revenue when the funds are used for the grantor's intended purpose. Deferred revenue from sponsors is recognized as revenue as performance obligations are satisfied.

Contributions — Contributions received are recorded as net assets with or without donor restrictions depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions 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 net assets with donor restrictions depending on the nature of the restriction. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. United States Olympic and Paralympic Committee (USOPC) grants are considered contributions and presented separately from contributions in the accompanying consolidated statement of activities.

Revenue Recognition — The Organization recognizes revenue from contracts with customers by applying the following steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract, if applicable; and (5) recognize revenue when or as the performance obligation is satisfied.

Membership revenues are recognized based on the term of the membership purchased. The Organization's membership terms range from one day to three years. One day memberships are recognized on the date the member indicated they would like to receive the membership benefits, which corresponds to the date of a racing event. All other membership revenue is recognized on a straight-line basis over the life of the membership.

Sponsorship revenues are recognized when the Organization satisfies its performance obligations as stated in the contract with the sponsor. Typical sponsorship performance obligations include exclusivity, advertisements in the seasonal magazines, and digital media rights.

Revenues from race events, camps and clinics, and education are recognized when the related event occurs or service is provided.

Income Taxes — Triathlon and the Foundation qualify as tax-exempt organizations under the provisions of Section 501(c)(3) of the Internal Revenue Code. Income from activities not directly related to Triathlon’s and the Foundation’s tax-exempt purpose is subject to taxation as unrelated business income. Triathlon and the Foundation are subject to examination by various taxing authorities generally for three to five years after the filing of their Return of Organization Exempt from Income Tax (Form 990). Triathlon and the Foundation do not believe that they have any uncertain tax positions that are material to the consolidated financial statements.

Subsequent Events — The Organization has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors’ Report, which is the date the consolidated financial statements were available for issuance.

2. LIQUIDITY AND AVAILABILITY

The following table reflects the Organization’s financial assets as of December 31, 2022 and 2021 reduced by amounts that are not available for use within one year from the consolidated statement of financial position date.

	2022	2021
Cash and cash equivalents	\$ 1,772,298	\$ 4,954,498
Restricted cash	576,034	301,274
Accounts receivable, net	991,864	831,524
Pledges receivable, net	704,426	186,389
Investments	<u>11,022,666</u>	<u>11,676,232</u>
Total financial assets	15,067,288	17,949,917
Less amounts unavailable to be used within one year, due to:		
Net assets with donor restrictions	<u>(1,398,163)</u>	<u>(487,663)</u>
Total financial assets available to management to meet cash needs within one year	<u>\$ 13,669,125</u>	<u>\$ 17,462,254</u>

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In accordance with its liquidity plan, excess cash is invested in long-term investments and the Organization follows the guidelines of its investment policy.

3. PLEDGES RECEIVABLE

Pledges receivable at December 31:

	2022	2021
Due in less than one year	\$ 222,193	\$ 50,000
Due in one to five years	525,125	140,043
Thereafter	<u>30,165</u>	<u>2,500</u>
Total	777,483	192,543
Discount to net present value of estimated cash flows	<u>(73,057)</u>	<u>(6,154)</u>
Pledges receivable, net	<u>\$ 704,426</u>	<u>\$ 186,389</u>

4. FUNCTIONAL EXPENSE ALLOCATION METHODS

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting services of the Organization. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Costs have been allocated between various programs and support services on several bases and estimates. Salary, benefits, contract labor and travel are allocated fully to the related program and on the basis of estimates of time and effort spent by personnel in the various program and supporting services. Certain occupancy expenses such as supplies, shipping and postage, insurance and information technology have been allocated based on usage. Maintenance and facility expenses have been allocated based on square footage.

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2022	2021
Computer software	\$ 1,192,473	\$ 2,032,843
Furniture, fixtures, and equipment	974,237	1,229,548
Building	181,846	
Construction in process		465,117
Less accumulated depreciation	<u>(1,129,379)</u>	<u>(2,347,659)</u>
Property and equipment, net	<u>\$ 1,219,177</u>	<u>\$ 1,379,849</u>

Depreciation expense was \$375,860 and \$264,925, for the years ended December 31, 2022 and 2021, respectively.

6. OPERATING LEASES

The Organization adopted ASU 2016-02 effective January 1, 2022. The Organization has operating leases for office and storage space and office equipment. The Organization determines if an arrangement is a lease at the inception of a contract. Leases with an initial term of twelve months or less (short-term lease) are not recorded on the consolidated balance sheets.

For leases that commenced before the effective date of ASU 2016-02, the Organization elected the permitted practical expedients to not reassess the following: (i) whether any expired or existing contracts contain leases; (ii) the lease classification for any expired or existing leases; and (iii) initial direct costs for any existing leases.

Right of use assets (ROU assets) represent the Organization's right to use underlying assets during the lease term, and lease liabilities represent the Organization's obligation to make lease payments arising from the leases. Right of use assets and operating lease liabilities of \$2,163,872 were recognized at the commencement date, based on the net present value of fixed lease payments over the lease term. As the Organization's operating leases do not provide an implicit rate, and the Organization could not provide a reasonable estimated incremental borrowing rate, the Organization elected to use the risk-free rate as of the commencement date in determining the present value of lease payments.

The Organization considers publicly available data for instruments with similar characteristics when calculating its risk-free rate.

Operating fixed lease expense is recognized on a straight-line basis over the lease term.

Operating lease costs incurred were \$274,962 for the year ended December 31, 2022.

Other information:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating lease	\$ 246,486
Remaining lease term	7.7 years
Discount rate	3.88%

Undiscounted cash flows for the operating liabilities as of December 31, 2022 are as follows:

2023	\$ 283,894
2024	291,845
2025	299,339
2026	307,597
2027	298,968
Thereafter	<u>836,910</u>
Future minimum lease payments	2,318,553
Lease amount representing interest	<u>(325,734)</u>
Operating lease liabilities recognized on the consolidated balance sheet	<u>\$ 1,992,819</u>

7. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization is required to use a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2: Prices determined using significant other observable inputs. Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Prices determined using significant unobservable inputs.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics, and other factors. The Organization considers observable data to be that market data which is readily available and reliable and provided by independent sources. The categorization of a financial instrument within the hierarchy is therefore based upon the pricing transparency of the instrument and does not necessarily correspond to the Organization's perceived risk of that investment. The Organization recognizes transfers between levels at the end of the reporting period.

Investments in stocks, mutual funds, equity securities and money market funds are determined principally through quoted prices in active markets. Fair values for fixed income securities are determined through pricing services.

The Organization's Investment in the United States Olympic Endowment (USOE) portfolio is valued at fair value using the net asset value of the portfolio provided by the USOE. Certain alternative investments within the USOE portfolio are stated at the estimated net asset values of the underlying investments. The Organization's investment in this portfolio is classified as Level 2.

The Organization may terminate its investment agreement with the USOE effective at the end of any calendar month upon the giving of at least 90 days written notice or upon shorter notice acceptable to the USOE if the USOE determines that adequate liquidity exists in the portfolio to permit early termination.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets stated at fair value as of December 31:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
2022				
Investments:				
Cash	\$ 124,687			\$ 124,687
USOE Portfolio	<u> </u>	\$ 10,897,979	<u> </u>	<u>10,897,979</u>
Total	<u>\$ 124,687</u>	<u>\$ 10,897,979</u>	<u>\$ —</u>	<u>\$ 11,022,666</u>
2021				
Investments:				
Cash	\$ 11,676,232			\$ 11,676,232
Total	<u>\$ 11,676,232</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 11,676,232</u>

The USOE portfolio consists of the following investments at December 31, 2022:

Alternative investments	42%
Domestic equities	30%
International equities	16%
Domestic bonds	7%
Cash and other	<u>5%</u>
Total	<u>100%</u>

Net investment income was composed of the following for the years ended December 31:

	2022	2021
Interest and dividends	\$ 137,781	\$ 314,566
Net unrealized gains (losses)	(2,132,908)	356
Net realized gains	220,836	193,958
Investment management and custodial fees	<u> </u>	<u>(82,178)</u>
Net investment income (loss)	<u>\$ (1,774,291)</u>	<u>\$ 426,702</u>

Some investments are exposed to various risks that may cause their reported fair values to fluctuate from period to period and could materially affect the recorded amount of investments in the Organization's consolidated financial statements.

Investments in equity securities fluctuate in value in response to many factors, such as the activities and financial condition of individual companies, general business and industry market conditions, and the state or perceived direction of the economy. The values of debt securities fluctuate in response to changing interest rates, credit worthiness of issuers, and overall economic policies that impact market conditions.

Though the market values of investments are subject to fluctuation, management believes that the investment policy is prudent for the long-term welfare of the Organization.

8. NOTES PAYABLE

The Foundation has a loan with a bank bearing interest 2.75% pursuant to the Economic Injury Disaster Loan Program (the EIDL), of the CARES Act. The balance of the note was \$159,500 and \$156,668 as of December 31, 2022 and 2021, respectively. The note is secured by the Foundation's assets and requires monthly payments of principal and interest beginning June 1, 2022. The note matures on May 1, 2050.

Maturities of the note payable are as follows:

2023	\$	3,077
2024		3,163
2025		3,251
2026		3,342
2027		3,435
Thereafter		<u>143,232</u>
Notes payable	\$	<u>159,500</u>

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2022 and 2021 consist of funds that the Foundation has received which are restricted to support the Organization's Project Podium, an athlete development program.

10. RETIREMENT PLAN

The Organization sponsors a 401(k) retirement plan. Eligible employees must be 21 years of age and will become eligible for the plan on the first day of the month subsequent to their hire date. The Organization makes a matching contribution for all eligible employees of up to 5% of eligible compensation. The Organization may also make a discretionary contribution. Total contributions made by the Organization totaled \$182,585 and \$163,238 for the years ended December 31, 2022 and 2021, respectively.

**USA TRIATHLON OF COLORADO AND
USA TRIATHLON FOUNDATION**

SUPPLEMENTAL SCHEDULES

USA TRIATHLON OF COLORADO AND USA TRIATHLON FOUNDATION

CONSOLIDATING STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2022 (with comparative totals for 2021)

	2022				
	USA Triathlon of Colorado	USA Triathlon Foundation	Eliminating Entries	Consolidated Totals	Consolidated 2021 Totals
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 1,643,136	\$ 129,162		\$ 1,772,298	\$ 4,954,498
Restricted cash		576,034		576,034	301,274
Accounts receivable, net	950,169	41,695		991,864	831,524
Current portion of pledges receivable, net		222,193		222,193	50,000
Due from USA Triathlon of Colorado		27,508	\$ (27,508)		
Due from USA Triathlon Foundation	60,508		(60,508)		
Prepaid expenses	<u>394,582</u>	<u>6,162</u>		<u>400,744</u>	<u>514,129</u>
Total current assets	<u>3,048,395</u>	<u>1,002,754</u>	<u>(88,016)</u>	<u>3,963,133</u>	<u>6,651,425</u>
LONG-TERM ASSETS					
Investments	10,898,297	124,369		11,022,666	11,676,232
Right of use assets	1,964,343			1,964,343	
Pledges receivable, net		482,233		482,233	136,389
Property and equipment, net	<u>1,216,840</u>	<u>2,337</u>		<u>1,219,177</u>	<u>1,379,849</u>
Total long-term assets	<u>14,079,480</u>	<u>608,939</u>	<u>—</u>	<u>14,688,419</u>	<u>13,192,470</u>
TOTAL ASSETS	<u>\$ 17,127,875</u>	<u>\$ 1,611,693</u>	<u>\$ (88,016)</u>	<u>\$ 18,651,552</u>	<u>\$ 19,843,895</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable	\$ 294,612	\$ 40,450		\$ 335,062	\$ 507,758
Due to USA Triathlon Foundation	27,508		\$ (27,508)		
Due to USA Triathlon of Colorado		60,508	(60,508)		
Accrued liabilities	223,193			223,193	495,205
Current portion of deferred revenue	5,600,581	53,775		5,654,356	5,704,685
Current portion of operating lease liabilities	210,283			210,283	
Current portion of note payable		<u>3,077</u>		<u>3,077</u>	<u>1,756</u>
Total current liabilities	<u>6,356,177</u>	<u>157,810</u>	<u>(88,016)</u>	<u>6,425,971</u>	<u>6,709,404</u>
LONG-TERM LIABILITIES					
Deferred revenue	750,037			750,037	479,625
Operating lease liabilities	1,782,536			1,782,536	
Note payable		<u>156,423</u>		<u>156,423</u>	<u>154,912</u>
Total long-term liabilities	<u>2,532,573</u>	<u>156,423</u>	<u>—</u>	<u>2,688,996</u>	<u>634,537</u>
TOTAL LIABILITIES	<u>8,888,750</u>	<u>314,233</u>	<u>(88,016)</u>	<u>9,114,967</u>	<u>7,343,941</u>
NET ASSETS					
Without donor restrictions	8,239,125	(100,703)		8,138,422	12,012,291
With donor restrictions		<u>1,398,163</u>		<u>1,398,163</u>	<u>487,663</u>
Total net assets	<u>8,239,125</u>	<u>1,297,460</u>	<u>—</u>	<u>9,536,585</u>	<u>12,499,954</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 17,127,875</u>	<u>\$ 1,611,693</u>	<u>\$ (88,016)</u>	<u>\$ 18,651,552</u>	<u>\$ 19,843,895</u>

USA TRIATHLON OF COLORADO AND USA TRIATHLON FOUNDATION

CONSOLIDATING STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2022 (with comparative totals for 2021)

	2022					
	USA Triathlon of Colorado Without Donor Restrictions	USA Triathlon Foundation Without Donor Restrictions	USA Triathlon Foundation With Donor Restrictions	Eliminating Entries	Consolidated Totals	Consolidated 2021 Totals
REVENUE						
Adult and youth memberships	\$ 7,478,693				\$ 7,478,693	\$ 7,499,680
Sponsorship	3,924,873	\$ 735,040		\$ (627,090)	4,032,823	3,898,323
Team USA and national events	2,179,948				2,179,948	1,640,481
Contributions	266,013	729,616	\$ 1,335,946	(275,000)	2,056,575	874,001
USOPC grants	1,515,416				1,515,416	1,378,157
Camps and clinics	245,297				245,297	23,890
Investment income (loss), net of expenses	(1,772,093)	(2,198)			(1,774,291)	426,702
Other revenue	2,462,962	18,278		(193,109)	2,288,131	933,321
Net assets released from restrictions		425,446	(425,446)			
Total revenue	<u>16,301,109</u>	<u>1,906,182</u>	<u>910,500</u>	<u>(1,095,199)</u>	<u>18,022,592</u>	<u>16,674,555</u>
EXPENSES						
Program services:						
Events	3,746,726				3,746,726	4,622,209
Constituent Relationships	3,412,602				3,412,602	861,979
High performance	3,366,998				3,366,998	3,057,144
Sport Programs	1,330,000			(175,000)	1,155,000	1,020,886
Foundation programs		788,312		(100,000)	688,312	675,918
Total program services	11,856,326	788,312	—	(275,000)	12,369,638	10,238,136
Supporting services	8,313,147	1,116,753		(820,199)	8,609,701	5,675,238
Total expenses	<u>20,169,473</u>	<u>1,905,065</u>	<u>—</u>	<u>(1,095,199)</u>	<u>20,979,339</u>	<u>15,913,374</u>
Operating gain (loss)	(3,868,364)	1,117	910,500		(2,956,747)	761,181
Gain from extinguishment of debt						1,626,974
Gain (loss) on disposal of asset	(6,622)				(6,622)	2,250
CHANGE IN NET ASSETS	(3,874,986)	1,117	910,500	—	(2,963,369)	2,390,405
NET ASSETS, Beginning of year	<u>12,114,111</u>	<u>(101,820)</u>	<u>487,663</u>		<u>12,499,954</u>	<u>10,109,549</u>
NET ASSETS, End of year	<u>\$ 8,239,125</u>	<u>\$ (100,703)</u>	<u>\$ 1,398,163</u>	<u>\$ —</u>	<u>\$ 9,536,585</u>	<u>\$ 12,499,954</u>