

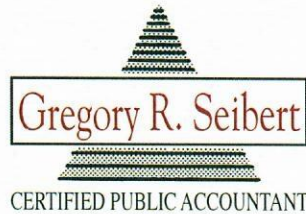
**USA PENTATHLON, INC.**

**AUDITED FINANCIAL STATEMENTS**

December 31, 2023

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
USA Pentathlon, Inc.  
Colorado Springs, Colorado

### **Opinion**

I have audited the accompanying financial statements of USA Pentathlon, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion the financial statements referred to above present fairly, in all material respects, the financial position of USA Pentathlon, Inc. as of December 31, 2023, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America

### **Basis for Opinion**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of USA Pentathlon, Inc. and to meet my other ethical responsibilities in accordance with the relevant requirements relating to my audit. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of 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 USA Pentathlon, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My 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 auditor's report that includes my 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 amount 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 USA Pentathlon, Inc.'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about USA Pentathlon, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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.



**GREGORY R. SEIBERT**  
**CERTIFIED PUBLIC ACCOUNTANT**

Kerrville, Texas  
November 30, 2024

**USA PENTATHLON, INC.**  
STATEMENT OF FINANCIAL POSITION  
December 31, 2023

**ASSETS**

Current assets:	
Cash and cash equivalents	\$ 164,056
Accounts receivable	11,200
Prepaid expenses	60,262
Total current assets	<u>235,518</u>
Furniture and equipment - net	1,184
Assets held and administered by United States Olympic and Paralympic Foundation (USOPF)	316,084
Total assets	<u>\$ 552,786</u>

**LIABILITIES AND NET ASSETS**

Current liabilities:	
Accounts payable	\$ -
Accrued interest payable	8,459
Accrued liabilities - related party	72,721
Current portion of long-term debt	10,566
Total current liabilities	<u>91,746</u>
Long-term debt	<u>139,434</u>
Net assets:	
Without donor restrictions	5,522
With donor restrictions	316,084
Total net assets	<u>321,606</u>
Total liabilities and net assets	<u>\$ 552,786</u>

See accompanying notes and independent auditor's report.

**USA PENTATHLON, INC**  
**STATEMENT OF ACTIVITIES**  
Year Ended December 31, 2023

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Support and Revenue			
USOPC support, excluding in-kind	205,900	-	205,900
Contributions	31,424	-	31,424
Grants	7,523	-	7,523
Competitions	52,310	-	52,310
Camps and training	600	-	600
In-kind contributions	253,484	-	253,484
Member dues	578	-	578
Investment income	-	7,530	7,530
Other revenue	727	-	727
Change in value of assets held and administered by USOF	-	25,453	25,453
Net assets released from restriction	-	-	-
Total support and revenue	<u>552,546</u>	<u>32,983</u>	<u>585,529</u>
Expenses			
Program	434,443	-	434,443
Management and general	183,981	-	183,981
Fundraising	-	-	-
Total expenses	<u>618,424</u>	<u>-</u>	<u>618,424</u>
Change in net assets	(65,878)	32,983	(32,895)
Net assets beginning of year	<u>71,400</u>	<u>283,101</u>	<u>354,501</u>
Net assets end of year	<u>\$ 5,522</u>	<u>\$ 316,084</u>	<u>\$ 321,606</u>

See accompanying notes and independent auditor's report.

**USA PENTATHLON, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended December 31, 2023**

	<b><u>Program</u></b>	<b><u>Management &amp; General</u></b>	<b><u>Fundraising</u></b>	<b><u>Total</u></b>
Marketing and development	\$ -	\$ 10,000	\$ -	\$ 10,000
Coaching expense	91,660	-	-	91,660
Administration	-	90,951	-	90,951
Interest expense	-	4,359	-	4,359
Insurance	15,571	-	-	15,571
Shared services	2,050	-	-	2,050
In-kind legal expense	-	26,000	-	26,000
Managing director expense	40,915	17,535	-	58,450
Athlete development	143,315	-	-	143,315
Communication support	-	-	-	-
Competition Expenses	125,352	-	-	125,352
Accounting and auditing	-	13,215	-	13,215
Depreciation	-	-	-	-
Miscellaneous	-	272	-	272
Conferences and meetings	-	2,233	-	2,233
Telephone	1,706	1,186	-	2,892
Office	11,327	-	-	11,327
Rent and storage	-	3,400	-	3,400
Camp expense	2,547	-	-	2,547
Postage and shipping	-	23	-	23
International relations	-	14,807	-	14,807
	<b><u>\$ 434,443</u></b>	<b><u>\$ 183,981</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 618,424</u></b>

See accompanying notes and independent auditor's report.

**USA PENTATHLON, INC.**  
**STATEMENT OF CASH FLOWS**  
Year Ended December 31, 2023

Cash flows from operating activities:	
Change in net assets	\$ (32,895)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	-
Unrealized gains on investments	(25,453)
(Increase) decrease in current assets:	
Accounts receivable	(3,750)
Prepaid expenses	(136)
Increase (decrease) in current liabilities:	
Accounts payable	(32,210)
Accrued interest payable	(128)
Accrued liabilities - related party	22,450
Net cash provided (used) by operating activities	<u>(72,122)</u>
 Cash Flows From Investing Activities:	
Purchase of investments	<u>(7,530)</u>
Net cash provided (used) by investing activities	<u>(7,530)</u>
 Net Increase (Decrease) in cash and cash equivalents	(79,652)
 Cash beginning of year	<u>243,708</u>
 Cash at end of year	<u><u>\$ 164,056</u></u>

See accompanying notes and independent auditor's report.



**USA PENTATHLON, INC.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significance accounting policies of USA Pentathlon, Inc. is presented to assist in understanding the financial statements.

**Nature of Activities** - USA Pentathlon, Inc. (Organization) is the national governing body for the sport of modern pentathlon, making it responsible for the promotion and development of amateur pentathlon in the United States. The Organization began operations in October 2008. Members are located throughout the United States.

The Organization is committed to cultivating national and international amateur competition in the sport of modern pentathlon. Competitions, national team development, camps, and training activities are utilized in pursuit of its goals.

The Organization supports male and female athletes as they compete in national and international pentathlon events. The athletes compete annually in a series of World Cup events, World Championship events, as well as National Championships and Pan Am Championships. Additionally, the athletes compete in the Pan Am Games and the Olympic Games every four years.

The sport of modern pentathlon is a combination of running, swimming, shooting, fencing, and equestrian riding. Through the team development program, the Organization coaches and monitors the training of selected elite pentathlon athletes that are residents of the U.S. Olympic Training Center. Additionally, this program is used to develop younger or less experienced athletes to improve the overall growth of the sport nationally.

The Organization hosts and sends athletes to participate in training camps that will generally focus on a specific skill. This program is used to assist athletes and their development of each specific skill set to improve their overall scoring in competition. The Organizations' primary sources of revenue are funding from the United States Olympic and Paralympic Committee (USOPC), income from camps and competitions, and contributions.

**Cash and Cash Equivalents** - For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Accounts and Grants Receivable** - Accounts and grants receivable are stated at the amount the Organization expects to collect. Management closely monitors outstanding receivables and establishes an allowance for doubtful accounts based on its experience and current knowledge. Management has determined that no allowance was necessary as of December 31, 2023.

**Property and Equipment** - The Organization capitalizes property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service.

**USA PENTATHLON, INC.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued**

The Organization reclassifies net assets with restrictions to net assets without restrictions at the time. Contributions restricted by donors are reported as net assets without donor restrictions if the restrictions are met in the reporting period in which the revenue is recognized. Property and equipment are depreciated using the straight-line method over estimated useful lives of the asset.

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

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets with Donor Restrictions* - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restrictions is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**Revenue and Revenue Recognition** - Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

**Contributed Services and In-Kind Contributions** - The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received.

**Contributions** - Contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence or nature of any donor restrictions.

**USA PENTATHLON, INC.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued**

**Income Tax Status** - The Organization is exempt, under Section 501(c)(3) of the Internal Revenue Code, from tax on income derived from donations, income generated by activities carried on in furtherance of its exempt purpose and certain other specified income and, in addition, is qualified to receive tax deductible contributions.

**Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

**Advertising** - Advertising costs are expensed as incurred. Advertising expense was \$-0- for 2023.

**Reclassifications** - Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**Subsequent Events** - Management has evaluated subsequent events through the date of the attached independent auditor's report, the date on which the financial statements were available to be issued.

**NOTE 2 - ASSETS HELD AND ADMINISTERED BY USOPF**

The Organization receives the beneficial use of assets invested in securities that are held and administered by the United States Olympic and Paralympic Foundation (USOPF) under an operating agreement. The Organization recognizes its interest in the net assets of the USOPF and the changes therein in a manner similar to the equity method of accounting. The Organization's interest in the USOPF's net assets is recognized at fair value in the Statement of Financial Position. Changes in the Organization's interest in the USOPF's net assets arising from contributions received, changes in fair value, investment return and other matters are included in the change in net assets.

Transfers of assets from the USOPF to the Organization are recognized as an increase in such assets and a decrease in the interest in the USOPF's pool of assets and a decrease in the interest in the USOPF's pool of assets and have no impact on the change in net assets. Under the terms of the agreement, these assets will be held by the USOPF until the Organization is recognized as a viable and fully functioning national governing board, which includes the creation of a trust to administer these funds upon transfer. These funds may be accessed upon request of the Organization's CEO or managing director and any board member, or by majority approval of the Organization's board of directors. As of December 31, 2023, the total of these restricted assets was \$316,084.

**USA PENTATHLON, INC.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

**NOTE 3 - AVAILABILITY AND LIQUIDITY**

The Organization has \$491,340 of financial assets available within one year of the balance sheet date consisting of cash of \$164,056, accounts receivable of \$11,200, and a beneficial interest in the assets held by the USOPF of \$316,084. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The beneficial interest in the assets held by the USOPF are restricted net assets but may be accessed upon request or by majority approval of the Organization's board of directors. The Organization has a goal to maintain financial assets, which consist of cash and assets held by the USOPF, on hand to meet approximately \$150,000 of normal operating expenses, should the need arise.

**NOTE 4 - FURNITURE AND EQUIPMENT**

Furniture and equipment consist of:

	<b>Cost</b>	<b>Estimated Life</b>
Furniture and equipment	\$ 57,186	5 years
Less accumulated depreciation	(56,002)	
	<u>\$ 1,184</u>	

Depreciation expense for 2023 was \$-0-.

**Note 5 - Long-Term Debt**

During 2020, the Organization obtained a loan in the amount of \$150,000 bearing interest at 2.75% pursuant to the Economic Injury Disaster Loan Program (EIDL). The note is secured by the assets of the Organization and requires monthly payments of \$641 beginning in January 2023. The note matures in December 2052.

Maturities of the long-term debt are as follows:

2024		\$	10,566
2025			3,636
2026			3,737
2027			3,521
2028			3,841
Thereafter			124,699
		<u>\$</u>	<u>150,000</u>

**USA PENTATHLON, INC.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

**NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS**

Donor restricted net assets consist of:

	<b>Beginning Balance</b>	<b>Additions/ Change</b>	<b>Released</b>	<b>Ending Balance</b>
Assets held and administered by USOPF	\$ 283,101	\$ 32,983	\$ -	\$ 316,084
	\$ 283,101	\$ 32,983	\$ -	\$ 316,084

**NOTE 7 - RELATED PARTY TRANSACTIONS**

The USOPC provided grants and other in-kind support to the Organization for the year ended December 31, 2023, as follows:

Administration	\$ 112,000
International Relations	6,000
Communications support and related travel	9,400
Athlete Excellence	154,084
Digital Media	53,500
	\$ 334,984

The USOPC billed the Organization during 2023, for various usages relating to the Olympic Training Center facilities, staff, etc. As of December 31, 2023, \$1,200 was due from the USOPC.

During 2023, the Managing Director and a board member of the Organization served on the executive board of Union Internationale de Pentathlon Moderne (UIPM), an association with which the Organization makes and receives payments. During 2023, the Organization received \$19,424 from UIPM.

During 2023, the Organization accrued \$58,450 of expenses payable to the Managing Director of which \$36,000 was paid in 2023. As of December 31, 2023, the total due to the Managing Director was \$72,721.

During 2023, a board member contributed \$26,000 in legal services for general administration to the Organization.

**USA PENTATHLON, INC.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

**NOTE 8 - FAIR VALUE MEASUREMENTS**

Generally accepted accounting principles establish a framework for measuring fair value using three different levels of inputs. The levels are described as follows:

*Level 1 Inputs:* Quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date.

*Level 2 Inputs:* Other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted market prices of similar assets or liabilities in an active markets, or quoted market prices for identical or similar assets or liabilities in markets that are not active).

*Level 3 Inputs:* Unobservable (e.g., an organization's own data) and should be used to measure fair value to the extent that observable inputs are not available.

The following are the major categories of assets measured at a fair value on a recurring basis during the year ended December 31, 2023.

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets Held and Administered by USOF	\$ -	\$ -	\$ 316,084	\$ 316,084

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statement of financial position using significant unobservable level 3 inputs (see Note 1):

<u>Assets Held and Administered by the USOF</u>	
Balance at December 31, 2022	\$ 283,101
Interest and Dividend Income	3,477
Realized Gains	4,053
Unrealized Gains	25,453
Balance at December 31, 2023	<u>\$ 316,084</u>

**NOTE 9 - DONATED SERVICES**

The Organization received donated coaching and training services of \$95,000 and legal services of \$26,000 during the year ended December 31, 2023.

**NOTE 10 - CONCENTRATIONS**

During the year ended December 31, 2023, approximately 58% of the Organization's total support and revenue were received from the USOPC.

**USA PENTATHLON, INC.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

**NOTE 11 - LEASES**

The Organization leases office space located in Colorado Springs, Colorado, under an in-kind lease agreement. This lease is automatically renewed each December 31 subject to the lessor's consent. The fair rental value of the office space is \$3,400 per year.

**NOTE 12 - ALLOCATION OF FUNCTIONAL EXPENSE**

The financial statements report certain categories of expense that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include contract labor and media services which are allocated on the basis of estimated time and effort, and depreciation expense which is allocated based on estimated actual use of depreciable assets.

**NOTE 13 - INFORMATIONAL TAX RETURNS**

The Organization's informational tax returns are subject to examination by taxing authorities for a period of three years from the date files. As of December 31, 2023, the informational tax returns for the three prior years are considered open for Internal Revenue Service examination.