

UNITED STATES BIATHLON ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

UNITED STATES BIATHLON ASSOCIATION, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United States Biathlon Association, Inc.

Opinion

We have audited the financial statements of United States Biathlon Association, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of United States Biathlon Association, Inc. as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 United States Biathlon Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audits 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 the 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 United States Biathlon Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities 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 GAAS 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 GAAS, 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 United States Biathlon Association, 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United States Biathlon Association, Inc.'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.

Marcum LLP

January 7, 2025
Portland, ME

UNITED STATES BIATHLON ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 375,386	\$ 114,259
Accounts receivable	250	21,077
Promises to give, net of an unamortized discount of \$0 at June 30, 2024 and 2023, respectively	331,193	163,324
Inventory	--	19,812
Prepaid expenses and other current assets	8,977	18,190
Total Current Assets	<u>715,806</u>	<u>336,662</u>
Property and Equipment		
Office furniture and equipment	38,923	38,923
Vehicles	--	25,963
Training equipment	258,259	233,268
	297,182	298,154
Less: accumulated depreciation	<u>(276,464)</u>	<u>(294,427)</u>
Net Property and Equipment	<u>20,718</u>	<u>3,727</u>
Other Assets		
Due from United States Biathlon Foundation	6,647	--
Beneficial interest in charitable remainder unitrust, net of an unamortized discount of \$156,567 and \$133,081 at June 30, 2024 and 2023, respectively	337,794	279,808
Investments	69,400	62,029
Total Other Assets	<u>413,841</u>	<u>341,837</u>
Total Assets	<u>\$ 1,150,365</u>	<u>\$ 682,226</u>

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

UNITED STATES BIATHLON ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

JUNE 30, 2024 AND 2023

	2024	2023
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 234,348	\$ 110,456
Credit cards payable	23,012	20,946
Pension plan payable	8,658	--
Accrued payroll and related expenses	18,699	58,949
Prize money payable	61,000	215,813
Pass-through liability	71,498	--
Deferred revenue	44,000	2,700
Current portion of long-term debt	<u>38,319</u>	<u>16,141</u>
Total Current Liabilities	<u>499,534</u>	<u>425,005</u>
Long-Term Debt, Net of Current Portion	<u>84,500</u>	<u>12,319</u>
Net Assets (Deficiency)		
Without donor restrictions	114,789	(84,906)
With donor restrictions	<u>451,542</u>	<u>329,808</u>
Total Net Assets	<u>566,331</u>	<u>244,902</u>
Total Liabilities and Net Assets	<u>\$ 1,150,365</u>	<u>\$ 682,226</u>

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

UNITED STATES BIATHLON ASSOCIATION, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Contributions	\$ 693,329	\$ 49,750	\$ 743,079	\$ 536,343	\$ 50,000	\$ 586,343
In-kind supplies and services	524,183	--	524,183	274,700	--	274,700
United States Olympic Committee	1,117,531	--	1,117,531	1,164,924	--	1,164,924
International Biathlon Union	767,264	--	767,264	736,758	--	736,758
Sponsorships and marketing agreements	461,426	108,948	570,374	305,000	--	305,000
Membership dues	84,438	--	84,438	65,213	--	65,213
Fundraising income	39,870	--	39,870	--	--	--
Program fees and other revenue	73,019	--	73,019	76,680	--	76,680
Interest and dividends	815	--	815	695	--	695
Unrealized gains (losses) on investments	5,211	--	5,211	2,016	--	2,016
Realized gains on sale of investments	1,345	--	1,345	655	--	655
Change in beneficial interest in charitable remainder unitrust	--	57,986	57,986	--	44,679	44,679
Net assets released from restrictions	94,950	(94,950)	--	--	--	--
Total Revenue and Support, and Net Assets Released from Restriction	<u>3,863,381</u>	<u>121,734</u>	<u>3,985,115</u>	<u>3,162,984</u>	<u>94,679</u>	<u>3,257,663</u>
Expenses						
Program services	2,756,200	--	2,756,200	2,425,016	--	2,425,016
Management and general	465,042	--	465,042	523,651	--	523,651
Marketing and fundraising	442,444	--	442,444	251,600	--	251,600
Total Expenses	<u>3,663,686</u>	<u>-</u>	<u>3,663,686</u>	<u>3,200,267</u>	<u>--</u>	<u>3,200,267</u>
Excess (Deficiency) of Revenue and Support over Expenses	199,695	121,734	321,429	(37,283)	94,679	57,396
Excess (Deficiency) in Net Assets - Beginning of Year	<u>(84,906)</u>	<u>329,808</u>	<u>244,902</u>	<u>(47,623)</u>	<u>235,129</u>	<u>187,506</u>
Excess (Deficiency) in Net Assets - End of Year	<u>\$ 114,789</u>	<u>\$ 451,542</u>	<u>\$ 566,331</u>	<u>\$ (84,906)</u>	<u>\$ 329,808</u>	<u>\$ 244,902</u>

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

UNITED STATES BIATHLON ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ 321,429	\$ 57,396
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	8,000	7,431
Bad debts	7,185	27,500
Realized and unrealized gains on investments	(6,556)	(2,671)
Beneficial interest in charitable remainder unitrust	(57,986)	(44,679)
Changes in operating assets and liabilities:		
Accounts receivable	13,642	(33,967)
Promises to give	(167,869)	12,123
Inventory	19,812	9,263
Prepaid expenses	9,213	207
Security deposit	--	1,399
Due from United States Biathlon Foundation	(6,647)	46,550
Accounts payable	123,892	(124,839)
Credit cards payable	2,066	(370)
Pension plan payable	8,658	--
Accrued payroll	(40,250)	50,448
Prize money payable	(154,813)	--
Pass-through liability	71,498	--
Deferred revenue	41,300	2,700
Total Adjustments	(128,855)	(48,905)
Net Cash Provided by Operating Activities	192,574	8,491
Cash Flows Used in Investing Activities		
Purchases of property and equipment	(24,991)	(1,500)
Reinvestment of interest and dividends	(815)	(695)
Net Cash Used in Investing Activities	(25,806)	(2,195)
Cash Flows Provided by (Used in) Financing Activities		
Proceeds from long-term debt	130,000	--
Principal payments on long-term debt	(35,641)	(15,821)
Net Cash Provided by (Used in) Financing Activities	94,359	(15,821)
Net Increase (Decrease) in Cash and Cash Equivalents	261,127	(9,525)
Cash and Cash Equivalents - Beginning of Year	114,259	123,784
Cash and Cash Equivalents - End of Year	\$ 375,386	\$ 114,259

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

UNITED STATES BIATHLON ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2024

	Program Service Expenses			Management and General	Marketing and Fundraising	Total
	Team Trials, Training, and Competition	Athlete Development Programs	Total Program Services			
Expenses						
Salaries and wages	\$ 355,550	\$ 215,054	\$ 570,604	\$ 162,191	\$ 114,493	\$ 847,288
Payroll taxes and employee benefits	75,216	45,494	120,710	34,311	24,222	179,243
Travel, lodging and meals	833,315	2,460	835,775	46,231	--	882,006
Supplies and equipment	696,739	790	697,529	--	--	697,529
Contract labor	212,338	--	212,338	--	--	212,338
Health management services and supplies	82,866	--	82,866	--	--	82,866
Athlete assistance	187,413	--	187,413	--	--	187,413
Awards	40,965	--	40,965	--	--	40,965
Media expenses	--	--	--	--	299,430	299,430
Miscellaneous	--	--	--	--	4,299	4,299
Insurance	--	--	--	39,633	--	39,633
Rent and utilities	--	--	--	15,343	--	15,343
Bank charges	--	--	--	14,422	--	14,422
Legal and professional	--	--	--	124,772	--	124,772
Postage and shipping	--	--	--	3,904	--	3,904
Interest expense	--	--	--	1,718	--	1,718
Dues and subscriptions	--	--	--	7,435	--	7,435
Printing and copying	--	--	--	293	--	293
Telephone	--	--	--	7,604	--	7,604
Bad debts	--	--	--	7,185	--	7,185
Depreciation	8,000	--	8,000	--	--	8,000
Total Expenses	<u>\$ 2,492,402</u>	<u>\$ 263,798</u>	<u>\$ 2,756,200</u>	<u>\$ 465,042</u>	<u>\$ 442,444</u>	<u>\$ 3,663,686</u>

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

UNITED STATES BIATHLON ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

	Program Service Expenses			Management and General	Marketing and Fundraising	Total
	Team Trials, Training, and Competition	Athlete Development Programs	Total Program Services			
Expenses						
Salaries and wages	\$ 380,179	\$ 212,906	\$ 593,085	\$ 151,068	\$ 61,008	\$ 805,161
Payroll taxes and employee benefits	90,450	50,653	141,103	35,941	14,515	191,559
Travel, lodging and meals	562,440	4,012	566,452	54,502	7,706	628,660
Supplies and equipment	577,768	10,065	587,833	--	--	587,833
Contract labor	241,849	--	241,849	--	--	241,849
Event support	--	4,541	4,541	--	--	4,541
Health management services and supplies	54,107	--	54,107	--	--	54,107
Athlete assistance	218,916	--	218,916	--	--	218,916
Awards	9,699	--	9,699	--	--	9,699
Media expenses	--	--	--	--	168,371	168,371
Miscellaneous	--	--	--	13,502	--	13,502
Insurance	--	--	--	38,873	--	38,873
Rent and utilities	--	--	--	30,633	--	30,633
Bank charges	--	--	--	12,057	--	12,057
Legal and professional	--	--	--	131,864	--	131,864
Postage and shipping	--	--	--	5,478	--	5,478
Interest expense	--	--	--	2,990	--	2,990
Dues and subscriptions	--	--	--	6,488	--	6,488
Printing and copying	--	--	--	949	--	949
Telephone	--	--	--	11,806	--	11,806
Bad debts	--	--	--	27,500	--	27,500
Depreciation	7,431	--	7,431	--	--	7,431
Total Expenses	<u>\$ 2,142,839</u>	<u>\$ 282,177</u>	<u>\$ 2,425,016</u>	<u>\$ 523,651</u>	<u>\$ 251,600</u>	<u>\$ 3,200,267</u>

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

UNITED STATES BIATHLON ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

The United States Biathlon Association, Inc. (the Association), moved its location from New Gloucester, Maine to Midway, UT in 2024 and was incorporated in 1980. The Association acts as the national governing body for the sport of biathlon in compliance with the Ted Stevens Olympic and Amateur Sports Act and the Constitution and Bylaws of United States Olympic Committee and acts as the member of the International Biathlon Union (IBU) for biathlon in the United States. During the years when the Olympics are being held, there are significantly different activities than during the non-Olympic years.

BASIS OF ACCOUNTING

The Association's financial statements were prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

FINANCIAL STATEMENT PRESENTATION

The Association is required to report information regarding its financial position and activities according to two classes of net assets:

NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions represent those assets that are not subject to donor-imposed stipulations or releases from donor restricted net assets designated for stipulated activities or programs that are available to support the Association's operations.

NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent those net assets of a not-for-profit entity that are subject to donor-imposed restrictions. A donor-imposed restriction is a donor stipulation that specifies a use for a contributed asset that is more specific than broad limits resulting from (1) the nature of the not-for-profit entity, (2) the environment in which it operates, and/or (3) the purpose specified in its articles of incorporation or bylaws or comparable documents. Some donors impose restrictions that are temporary in nature, for example stipulating those resources be used after a specified date, for particular programs or services. Other donors impose restrictions which are perpetual in nature, for example, stipulating those resources be maintained in perpetuity.

UNITED STATES BIATHLON ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 1-- ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net realized and unrealized gains and losses on investments are allocated to net assets with donor restrictions. In the event that the balance of net realized and unrealized gains included in net assets with donor restrictions is reduced to zero, any remaining losses shall be allocated to net assets without donor restrictions.

CASH AND CASH EQUIVALENTS

The Association considers all highly liquid savings deposits and investments with maturities of three months or less when purchased to be cash equivalents.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

ACCOUNTS RECEIVABLE

Accounts receivable consists of amounts due under marketing and other arrangements. Accounts receivable is recorded at net realizable value consisting of the carrying amount less the allowance for credit losses.

Accounts are considered past due once the unpaid balance is 60 days or more outstanding unless payment terms are extended by contract. When an account is past due and attempts have been made to collect the receivable through legal or other means, the amount is considered uncollectible and is written off to bad debt expense.

The Association does not charge interest on balances considered past due. The Association had \$98,809 and \$18,152 of accounts receivable that exceeded 60 days old as of June 30, 2024 and 2023, respectively.

At June 30, 2024 and 2023, accounts receivable had net balances in the amount of \$250 and \$21,077, respectively, net of an allowance for credit losses of \$0.

UNITED STATES BIATHLON ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 1-- ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTS RECEIVABLE (CONTINUED)

The Association adopted FASB ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326): Measurement of Credit Losses on Financial Instrument for the period beginning July 1, 2023. ASU 2016-13 introduces a new model for recognizing credit losses on financial instruments based on an estimate of current expected credit losses. The impact of the adoption was not considered material to the financial statements. The Association utilizes the allowance method for recording potential uncollectible amounts. The adoption of ASC 326 did not impact the Association as of and for the year ended June 30, 2024.

INVESTMENTS

The Association's investments are carried at fair value. Fair value is 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. See Note 6 for discussion of fair value measurements.

Purchases and sales are recorded on a trade-date basis. Interest and dividend income is recognized as received. Realized gains and losses are determined by a comparison of specific costs of the investment's acquisition to the proceeds at the time of its sale. Unrealized gains or losses are determined by comparison of the investment's acquisition cost to its fair value of year-end.

INVENTORY

The Association maintained an inventory of various souvenir and gift items with the Biathlon logo, held for sale to the public as of June 30, 2023. The Association also maintains supplies held to provide to athletes. Inventory was stated at the lower of cost or market as of June 30, 2024. Cost was determined using the first-in, first-out method. Contributed items were carried in inventory at their fair value at the date of the contribution. During the year ended June 30, 2024, the Association expensed donated and purchased souvenir, gift and clothing items due to the immaterial balance at year end.

DEFERRED REVENUE

Income received in advance under the terms of the Association's contract agreements is deferred. Revenue is recognized as services are provided under the terms of the agreements.

UNITED STATES BIATHLON ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 1-- ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IN-KIND SERVICES AND MATERIALS

The Association receives ammunition, clothing, ski equipment, and other products in exchange for marketing rights with certain vendors. The value of these in-kind products is recorded at the estimated value at which the Association would have paid for those items. Estimated value of in-kind services and materials received for the years ended June 30, 2024 and 2023 totaled \$524,183 and \$274,700, respectively.

PROPERTY AND EQUIPMENT

The Association records property and equipment at cost, or fair market value if donated. Costs that do not significantly increase the useful life of an asset are charged to repairs and maintenance. Depreciation is computed using modified accelerated cost recovery method over the useful lives of the respective assets, which range from three to seven years. Depreciation expense for the years ended June 30, 2024 and 2023 were \$8,000 and \$7,431, respectively.

Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts, and gains or losses are included in the statements of activities and changes in net assets.

Donations of property and equipment are recorded as contributions at their estimated value at the date of the donation. Such donations are reported as increases in unrestricted net assets 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.

IMPAIRMENT OF LONG-LIVED ASSETS

Long-lived assets to be held and used by the Association are reviewed for impairment when events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. The fair value of the asset is measured using either available market prices or estimated discounted cash flows. There were no impairment charges taken during the years ended June 30, 2024 and 2023, respectively.

UNITED STATES BIATHLON ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 1-- ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION

Revenue recognition is evaluated through the following five steps: (i) identification of the contract, or contracts, with a customer; (ii) identification of the performance obligations in the contract; (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligations in the contract; (v) recognition of revenue when or as a performance obligation is satisfied.

- (i) *Identification of the contract, or contracts, with a customer* - a contract with a customer exists when the Association enters into an enforceable contract with a customer, typically a service agreement initiated by the customer, that defines each party's rights regarding the services to be provided, identifies the payment terms related to these services, and that the customer has both the ability and intent to pay.
- (ii) *Identification of the performance obligations in the contract* - performance obligations promised in a contract are identified based on the services that will be provided to the customer that are distinct, whereby the customer can benefit from the services on their own or together with other resources that are readily available from third parties or from the Association.
- (iii) *Determination of the transaction price* - the transaction price is determined based on the consideration to which the Association will be entitled in exchange for transferring goods or services to the customer.
- (iv) *Allocation of the transaction price to the performance obligations in the contract* - If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. This applies to the Association as there is only one performance obligation, which is to provide service.
- (v) *Recognition of revenue when, or as, the Association satisfies a performance obligation* - the Association satisfies performance obligations at a point in time when control of the goods and services transfers to the customer. Determining the point in time when control transfers require judgment. Indicators considered in determining whether the customer has obtained control of a good include:
 - a. The Association has a present right to payment
 - b. The customer has the significant risks and rewards of ownership of the services provided
 - c. The customer has accepted the services provided

UNITED STATES BIATHLON ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 1-- ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION (CONTINUED)

The Association recognizes revenues and other program revenues in the period in which the funds are earned.

Contributions earned are recorded as with donor restriction or without donor restriction, depending on the existence or nature of donor restrictions. When a restriction has been met or expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is earned, the Association reports the contribution as without donor restrictions.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs associated with program expenses, management and general expenses, and marketing and fundraising expenses have been summarized on a functional basis in the statements of functional expenses. Expenses directly attributable to a specific functional area of the Association are reported as expenses of those functional areas, while shared costs that benefit multiple functional areas have been allocated among the various functional areas based on estimates determined by management to be equitable. Salaries and benefits are allocated based on specific time allocation. Other expenses are allocated by the percentage of payroll expenses of the related department.

INCOME TAXES

The Association qualifies as a tax-exempt Association under Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes under Section 501(a) of the Internal Revenue Code. In addition, the Association is classified as a public supported organization under Section 509(a)(1) and contributions to the Association qualify for charitable contribution deduction under Internal Revenue Code 170(b)(1)(A).

The Association recognizes and measures its unrecognized tax positions and assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period.

The measurement of unrecognized tax positions is adjusted when new information is available, or when an event occurs that requires a change. Interest and penalties associated with unrecognized tax positions, if any, would be classified as interest expense and additional income taxes, respectively, in the statements of activities and changes in net assets.

UNITED STATES BIATHLON ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 – PROMISES TO GIVE

Promises to give are recorded when the donor makes a promise to give to the Association. Promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Significant promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received. All promises to give are due within one year. As of June 30, 2024 and 2023, unrestricted promises to give had net balances in the amount of \$331,193 and \$163,324, respectively, net of an unamortized discount of \$0.

NOTE 3 – BENEFICIAL INTEREST IN CHARITABLE REMAINDER UNITRUST

In December 2013, the Association was named the beneficiary of a charitable remainder unitrust established by a donor. The assets are held by an unrelated third-party trustee. According to the terms of the unitrust agreement, five percent of the net fair market value of the unitrust's assets shall be distributed annually to the donor and his spouse until death. Upon death of the donor and termination of the unitrust, the remaining assets of the unitrust will be distributed to the Association for its unrestricted use.

Pursuant to FASB ASC 958-605-30-14, the beneficial interest will be measured at fair value equal to the present value of the future distribution of the unitrust's assets to the Association.

At June 30, 2024 and 2023, the fair value of Association's beneficial interest in the charitable remainder unitrust is as follows:

	2024	2023
Estimated future distribution of unitrust assets	\$ 494,359	\$ 412,887
Present value discount	<u>(156,565)</u>	<u>(133,079)</u>
Present value of future distribution of unitrust assets	<u>\$ 337,794</u>	<u>\$ 279,808</u>

For the years ended June 30, 2024 and 2023, the change in the present value of the split-interest agreement of \$57,986 and \$44,679, respectively, was included in net assets with donor restrictions.

UNITED STATES BIATHLON ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 4 – CONCENTRATION

The Association maintains its cash balances in two financial institutions located in Maine and Utah and a financial institution located in Germany. The balances in each bank are insured by the Federal Deposit Insurance Corporation up to \$250,000. Balances in certain accounts sometimes exceed this amount.

The Association receives a substantial portion of its operating revenue from the United States Olympic Committee (USOC). Total revenue from the USOC in 2024 and 2023 was \$1,117,531 and \$1,164,924, respectively, which represented approximately 29% and 37% of the Association's revenue for each year. Accounts receivable due from the USOC at June 30, 2024 and 2023 was \$44,000 and \$0, respectively.

The Association also receives a substantial portion of its operating revenue from the International Biathlon Union (IBU). Total revenue from the IBU in 2024 and 2023 was \$767,264 and \$736,758, respectively, which represented approximately 18% and 20% of the Association's revenue for each year. Accounts receivable due from the IBU at June 30, 2024 and 2023 was \$66,284 and \$158,324, respectively.

NOTE 5 – INVESTMENTS

The Association is a participant in an investment pool with the United States Olympic Foundation. The United States Biathlon Association, Inc.'s portion of the investment pool at market value is comprised of the following at June 30, 2024 and 2023:

	2024	2023
Domestic equities	\$ 24,984	\$ 21,400
Domestic bonds	5,205	4,342
Non-traditional managers	25,609	25,122
International equities	11,937	10,793
Cash and cash equivalents	<u>1,665</u>	<u>372</u>
Total of investment pool	<u>\$ 69,400</u>	<u>\$ 62,029</u>

Cash and cash equivalents are included in the investment pool and not directly available to the Association.

UNITED STATES BIATHLON ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 5 – INVESTMENTS (CONTINUED)

Investment return is summarized as follows for the years ended June 30, 2024 and 2023:

	2024	2023
Interest and dividend income	\$ 815	\$ 695
Unrealized gains (losses) on sale of investments	5,211	2,016
Realized gains on sale of investments	<u>1,345</u>	<u>655</u>
Change in investment pool	<u>\$ 7,371</u>	<u>\$ 3,366</u>

NOTE 6 – FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides 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 assets or liabilities (level 3 measurements). The three levels of the fair value measurements under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities that the Association has the ability to access.

Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset and liability, either directly or indirectly, such as:

- quoted prices for similar assets or liabilities in inactive 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 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 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

UNITED STATES BIATHLON ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 6 – FAIR VALUE MEASUREMENTS (CONTINUED)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023.

Interest in investment pool with the United States Olympic Foundation: Valued based on the Association's ownership percentage of the underlying assets held by the Foundation.

Beneficial interest in charitable remainder unitrust: Valued at the net present asset value of the estimated future distribution of the unitrust's assets to the Association. The value of the estimated assets upon distribution is based on a rate of return equal to the Daily United States Treasury Yield Curve over the life expectancy of the donors. The present value discount rate is equal to the estimated rate of return.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within fair value hierarchy, the Association's assets at fair value as of June 30, 2024 and 2023:

	Level 1	Level 2	Level 3	Total
Assets at Fair Values as of June 30, 2024				
Association share of investment pool	\$ --	\$ 69,400	\$ --	\$ 69,400
Beneficial interest in charitable remainder unitrust	--	337,794	--	337,794
	<u>\$ --</u>	<u>\$ 407,194</u>	<u>\$ --</u>	<u>\$ 407,194</u>
Assets at Fair Values as of June 30, 2023				
Association share of investment pool	\$ --	\$ 62,029	\$ --	\$ 62,029
Beneficial interest in charitable remainder unitrust	--	279,808	--	279,808
	<u>\$ --</u>	<u>\$ 341,837</u>	<u>\$ --</u>	<u>\$ 341,837</u>

UNITED STATES BIATHLON ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 7 – REVOLVING LINE OF CREDIT

The Association received a revolving line of credit on March 3, 2023. Under the agreement, the Association can borrow up to \$100,000. The aggregate principal balance will bear interest at a per annum rate of 8.74% and is payable monthly in arrears on the third day of the month. At June 30, 2024, the balance due on the line of credit was \$0, and \$100,000 was available to be borrowed.

NOTE 8 – LONG-TERM DEBT

At June 30, 2024 and 2023, long-term debt consisted of the following:

	2024	2023
Note payable to Eagle Realty Assets, LLC with monthly principal and interest installments of \$1,519 through March 2025. The note bore interest at 4.0%. Modified in year-ended June 30, 2021 with \$3,727 forgiven and bearing interest at 2.0%.	\$ 12,319	\$ 28,460
Note payable to 94 4th, LLC with monthly principal installments of \$2,167 through September 1, 2028. The note is 0% interest.	110,500	--
Total debt	122,819	28,460
Less current portion of long-term debt	38,319	16,141
	<u>\$ 84,500</u>	<u>\$ 12,319</u>

Future maturities of long-term debt at June 30, 2024 are as follows:

Years Ending June 30,	Amount
2025	\$ 38,319
2026	26,000
2027	26,000
2028	26,000
2029	6,500
	<u>\$ 122,819</u>

UNITED STATES BIATHLON ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 8 – LONG-TERM DEBT (CONTINUED)

The note payable to 94 4th LLC is evidenced by a signed loan agreement with a borrower dated March 3, 2023 in the amount of \$215,000, 0% interest. The loan has a term of five year with 60 equal monthly payments to be paid on the first of the month starting April 1, 2023. The related loan agreement was cancelled and re-executed on August 21, 2023. The re-executed loan agreement was for a principal amount of \$130,000, 0% interest. The loan has a term of five years with 60 monthly principal payments of \$2,167. The loan proceeds were used to pay off the prize money payable. Accordingly, related loan outstanding balance as of June 30, 2024 and 2023 was \$110,500 and \$0, respectively. See Note 14.

NOTE 9 – RELATED PARTY TRANSACTIONS

At June 30, 2024 and 2023, the Association was due \$6,647 and \$0, respectively, from the United States Biathlon Foundation.

NOTE 10 - LEASES

The Association rented office space in New Gloucester, Maine from a third party under an operating lease that expired on July 31, 2023 and then month to month through November 30, 2023. The agreement called for monthly base rent of \$1,704 per month plus an allocation of common area expenses and utilities. Total rent expense for the years ended June 30, 2024 and 2023, was \$15,343 and \$30,633, respectively.

On January 31, 2022, The Association leased a vehicle for a fixed monthly lease payment of \$621. On November 1, 2022, the Association transferred ownership of the lease to the former CEO. Lease expense for the year ended June 30, 2023, was \$2,482.

UNITED STATES BIATHLON ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 11 –NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions received at June 30, 2024 and 2023 may be expended for specific purpose:

	2024	2023
Change in beneficial interest in charitable remainder unitrust	\$ 57,986	\$ 44,679
Collegiate Scholarship Program	--	50,000
Restricted donations for equipment purchases and other services	49,750	--
Summit County Restaurant Tax Grant	<u>108,948</u>	<u>--</u>
	<u>\$ 216,684</u>	<u>\$ 94,679</u>

The beneficial interest will be released from restriction upon termination of the unitrust and distribution of assets to the Association. See Note 13 for when award programs are released.

NOTE 12 – NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from restrictions by incurring expenses which satisfied the restricted purposes or by occurrence of other events specified by the donors for the years ended June 30:

	2024	2023
Purpose Restrictions Accomplished:		
Restricted donations	\$ 24,750	\$ --
Summit County Restaurant Tax Grant	<u>70,200</u>	<u>--</u>
Total Net Assets Released From Donor Restrictions	<u>\$ 94,950</u>	<u>\$ --</u>

UNITED STATES BIATHLON ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 13 – DIRECT ATHLETE SUPPORT

As part of its annual Performance Partnership Agreement with the Association, the United States Olympic Committee (USOC) pays direct support to athletes according to certain eligibility and performance requirements. While these funds are paid directly to the athletes by the USOC, the Association is providing a service to the USOC by governing the program and athlete compliance. Accordingly, the direct athlete support received annually is included as revenue and support and as a corresponding functional expense within the Association's financial statements. Total direct athlete support for the years ended June 30, 2024 and 2023, was \$82,000 and \$83,500, respectively.

NOTE 14 – PRIZE MONEY PAYABLE

The Association received funding from the International Biathlon Union (IBU) to pay out prize money for the World Cup Biathlon that was held in February of 2016 and 2019. For any international participant, the Association paid the participants their prize money, net of anticipated taxes to be remitted to the Internal Revenue Service. Any remaining prize money will to be paid out to the respective participants. The amount due for taxes was remitted to the Internal Revenue Service during the year ended June 30, 2020. As of June 30, 2024 and 2023, the outstanding prize money payable were \$61,000 and \$215,813, respectively. The remaining balance payable to unknown athletes will be reimbursed to the IBU during the fiscal year 2025.

NOTE 15 – PASS-THROUGH LIABILITY

The Association received \$1,266,569 of funding from the IBU and other organizations as an agent for hosting the Biathlon World Cup in Solder Hollow, Utah in March 2024. As of June 30, 2024, the Association paid out related expenses of \$1,153,666 associated with the World Cup, with estimated expenses of \$71,498 to be paid during the next fiscal year. The remaining pass-through balance of \$41,405 is to be used to offset other overhead expenses incurred to oversee the program and was recorded as contributions as of June 30, 2024.

NOTE 16 – SUPPLEMENTAL CASH FLOW DISCLOSURES

	2024	2023
Interest and Income Taxes Paid		
Interest paid	\$ 1,718	\$ 2,990

UNITED STATES BIATHLON ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 17 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Association's working capital and cash flows have fluctuations during the year attributable to timing of payment of fees. The following reflects the Association's financial assets as of June 30, reduced by amounts not available for general use within one year of the statements of financial position. Amounts not available include net assets with donor-imposed restrictions.

	2024	2023
Financial assets available at year-end:		
Cash and cash equivalents	\$ 375,386	\$ 114,259
Accounts receivable	250	21,077
Promises to give	<u>331,193</u>	<u>163,324</u>
Total financial assets available within one year	706,829	298,660
Less:		
Amounts unavailable for general expenditures within one year due to donor restrictions	<u>--</u>	<u>--</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 706,829</u>	<u>\$ 298,660</u>

The Association monitors its liquidity so that it can meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. In addition to financial assets available to meet general expenditures over the year, the Association operates with a balanced budget and anticipates covering its general expenditures by collecting sufficient sponsorships contributions, grants and other revenues, by utilizing resources, as needed. The statements of cash flows identifies the sources and uses of the Association's cash and shows net cash provided by operating activities of \$192,574 and \$8,491 for the years ended June 30, 2024 and 2023, respectively.

NOTE 18 – SUBSEQUENT EVENTS

The Association has evaluated all subsequent events through January 7, 2025, the date the financial statements were available to be issued and has determined that no other material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.