

**UNITED STATES BIATHLON ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

# UNITED STATES BIATHLON ASSOCIATION, INC.

## CONTENTS

---

<b>Independent Auditors' Report .....</b>	<b>1-2</b>
---	------------

### **Financial Statements**

Statements of Financial Position.....	3-4
Statements of Activities and Changes in Net Assets .....	5
Statements of Cash Flows.....	6
Statements of Functional Expenses .....	7-8

<b>Notes to Financial Statements.....</b>	<b>9-25</b>
---	-------------



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors

We have audited the accompanying financial statements of United States Biathlon Association, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the 2019 financial statements referred to above present fairly, in all material respects, the financial position of as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Going Concern*

The accompanying financial statements have been prepared assuming that the Association will continue as a going concern. As discussed in Note 17 to the financial statements, the Association's significant operating deficit and deficiency in working capital raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are also described in Note 17. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

### *Other Matter – Prior Year Financial Statements*

The financial statements of United States Biathlon Association, Inc. as of and for the year ended June 30, 2018 were audited by Dawson, Smith, Purvis and Bassett, P.A. whose practice was combined with Marcum LLP as of January 2, 2019, and whose report dated March 19, 2019, expressed an unmodified opinion on those financial statements.

*Marcum LLP*

August 17, 2020  
Portland, ME

# UNITED STATES BIATHLON ASSOCIATION, INC.

## STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

	2019	2018
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 88,842	\$ 20,223
Accounts receivable	29,180	211,097
Promises to give, net of an unamortized discount of \$0 at June 30, 2019 and 2018, respectively	35,146	20,006
Inventory	5,450	5,450
Prepaid expenses	17,649	8,006
<b>Total Current Assets</b>	<u>176,267</u>	<u>264,782</u>
<b>Property and Equipment</b>		
Office furniture and equipment	32,771	32,771
Vehicles	25,963	25,963
Training equipment	217,815	209,730
	276,549	268,464
Less: accumulated depreciation	<u>(237,451)</u>	<u>(213,262)</u>
<b>Net Property and Equipment</b>	<u>39,098</u>	<u>55,202</u>
<b>Other Assets</b>		
Due from United States Biathlon Foundation	35,445	34,045
Beneficial interest in charitable remainder unitrust, net of an unamortized discount of \$63,655 and \$119,128 at June 30, 2019 and 2018, respectively	216,256	220,310
Security deposit	1,399	1,399
Investments	53,537	50,101
<b>Total Other Assets</b>	<u>306,637</u>	<u>305,855</u>
<b>Total Assets</b>	<u>\$ 522,002</u>	<u>\$ 625,839</u>

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

# UNITED STATES BIATHLON ASSOCIATION, INC.

## STATEMENTS OF FINANCIAL POSITION (CONTINUED)

JUNE 30, 2019 AND 2018

	2019	2018
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 124,857	\$ 243,757
Credit cards payable	7,052	173,759
Accrued payroll	4,306	45,545
Prize money payable	249,727	100,942
Due to related party	70,000	91,281
Deferred revenue	12,500	--
Current portion of long-term debt	<u>34,843</u>	<u>141,770</u>
<b>Total Current Liabilities</b>	<u>503,285</u>	<u>797,054</u>
<b>Long-Term Debt, Net of Current Portion</b>	<u>121,661</u>	<u>156,503</u>
<b>Deficiency in Net Assets</b>		
Without donor restrictions	(326,098)	(550,170)
With donor restrictions	<u>223,154</u>	<u>222,452</u>
<b>Total Deficiency in Net Assets</b>	<u>(102,944)</u>	<u>(327,718)</u>
<b>Total Liabilities and Deficiency in Net Assets</b>	<u>\$ 522,002</u>	<u>\$ 625,839</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, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>						
Contributions	\$ 739,779	\$ 27,990	\$ 767,769	\$ 189,618	\$ 6,000	\$ 195,618
In-kind supplies and services	265,318	--	265,318	759,858	--	759,858
United States Olympic Committee	999,553	--	999,553	1,500,400	--	1,500,400
International Biathlon Union	398,498	--	398,498	315,814	--	315,814
Sponsorships and marketing agreements	200,637	--	200,637	160,049	--	160,049
Membership dues	42,058	--	42,058	36,705	--	36,705
Fundraising income	--	--	--	9,530	--	9,530
Program fees and other revenue (costs)	10,823	--	10,823	(6,586)	--	(6,586)
Interest and dividends	398	--	398	319	--	319
Unrealized gains on investments	2,340	--	2,340	1,880	--	1,880
Realized gains on sale of investments	698	--	698	2,196	--	2,196
Foreign currency (loss) gain	(5,982)	--	(5,982)	485	--	485
Change in beneficial interest in charitable remainder unitrust	--	(4,054)	(4,054)	--	12,060	12,060
Net assets released from restrictions	23,234	(23,234)	--	13,858	(13,858)	--
<b>Total Revenue and Support, and Net Assets Released from Restriction</b>	<u>2,677,354</u>	<u>702</u>	<u>2,678,056</u>	<u>2,984,126</u>	<u>4,202</u>	<u>2,988,328</u>
<b>Expenses</b>						
Program services	1,905,597	--	1,905,597	2,686,375	--	2,686,375
Management and general	360,187	--	360,187	484,034	--	484,034
Marketing and fundraising	187,498	--	187,498	94,534	--	94,534
<b>Total Expenses</b>	<u>2,453,282</u>	<u>--</u>	<u>2,453,282</u>	<u>3,264,943</u>	<u>--</u>	<u>3,264,943</u>
<b>Excess (Deficiency) of Revenue and Support over Expenses</b>	224,072	702	224,774	(280,817)	4,202	(276,615)
<b>Excess (Deficiency) in Net Assets - Beginning of Year</b>	<u>(550,170)</u>	<u>222,452</u>	<u>(327,718)</u>	<u>(269,353)</u>	<u>218,250</u>	<u>(51,103)</u>
<b>Excess (Deficiency) in Net Assets - End of Year</b>	<u>\$ (326,098)</u>	<u>\$ 223,154</u>	<u>\$ (102,944)</u>	<u>\$ (550,170)</u>	<u>\$ 222,452</u>	<u>\$ (327,718)</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, 2019 AND 2018**

	2019	2018
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 224,774	\$ (276,615)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	24,189	26,168
Realized and unrealized gains on investments	(3,038)	(4,076)
Beneficial interest in charitable remainder unitrust	4,054	(12,060)
Changes in operating assets and liabilities:		
Accounts receivable	181,917	(127,520)
Promises to give	(15,140)	(6,086)
Prepaid expenses	(9,643)	12,267
Due from United States Biathlon Foundation	(1,400)	3,090
Accounts payable	(118,900)	140,291
Credit cards payable	(166,707)	153,667
Accrued payroll	(41,239)	45,545
Prize money payable	148,785	--
Due to related party	(21,281)	91,281
Deferred revenue	12,500	(12,500)
<b>Total Adjustments</b>	(5,903)	310,067
<b>Net Cash Provided by Operating Activities</b>	218,871	33,452
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(8,085)	(45,331)
Reinvestment of interest and dividends	(398)	(319)
<b>Net Cash Used by Investing Activities</b>	(8,483)	(45,650)
<b>Cash Flows from Financing Activities</b>		
Principal payments on long-term debt	(141,769)	(45,449)
<b>Net Cash Used by Financing Activities</b>	(141,769)	(45,449)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	68,619	(57,647)
<b>Cash and Cash Equivalents - Beginning of Year</b>	20,223	77,870
<b>Cash and Cash Equivalents - End of Year</b>	\$ 88,842	\$ 20,223

*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, 2019**

	Program Service Expenses					Total
	Team Trials, Training, and Competition	Athlete Development Programs	Total Program Services	Management and General	Marketing and Fundraising	
<b>Expenses</b>						
Salaries and wages	\$ 59,509	\$ 241,663	\$ 301,172	\$ 90,634	\$ 64,742	\$ 456,548
Payroll taxes and employee benefits	16,427	66,708	83,135	25,018	17,871	126,024
Payroll processing	--	--	--	2,083	--	2,083
Travel, lodging and meals	415,846	51,627	467,473	73,546	75,022	616,041
Supplies and equipment	503,915	21,589	525,504	--	--	525,504
Contract labor	364,174	--	364,174	--	--	364,174
Event support	--	1,704	1,704	--	--	1,704
Health management services and supplies	20,758	--	20,758	--	--	20,758
Athlete assistance	97,990	--	97,990	--	--	97,990
Awards	19,498	--	19,498	--	--	19,498
Media expenses	--	--	--	--	28,689	28,689
Miscellaneous	--	--	--	7,958	--	7,958
Insurance	--	--	--	56,174	1,174	57,348
Rent and utilities	--	--	--	25,815	--	25,815
Bank charges	--	--	--	8,487	--	8,487
Telephone	--	--	--	15,616	--	15,616
Legal and professional	--	--	--	39,413	--	39,413
Postage and shipping	--	--	--	4,403	--	4,403
Interest expense	--	--	--	3,903	--	3,903
Dues and subscriptions	--	--	--	5,714	--	5,714
Repairs and maintenance	--	--	--	1,423	--	1,423
Depreciation	24,189	--	24,189	--	--	24,189
<b>Total Expenses</b>	<u>\$ 1,522,306</u>	<u>\$ 383,291</u>	<u>\$ 1,905,597</u>	<u>\$ 360,187</u>	<u>\$ 187,498</u>	<u>\$ 2,453,282</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, 2018**

	Program Service Expenses					Total
	Team Trials, Training, and Competition	Athlete Development Programs	Total Program Services	Management and General	Marketing and Fundraising	
<b>Expenses</b>						
Salaries and wages	\$ 139,683	\$ 212,170	\$ 351,853	\$ 103,846	\$ 53,962	\$ 509,661
Payroll taxes and employee benefits	37,177	56,470	93,647	27,639	14,363	135,649
Payroll processing	--	--	--	2,053	--	2,053
Travel, lodging and meals	404,746	72,945	477,691	158,744	21,632	658,067
Supplies and equipment	960,495	50,338	1,010,833	--	--	1,010,833
Contract labor	471,845	--	471,845	--	--	471,845
Event support	--	9,964	9,964	--	--	9,964
Health management services and supplies	30,272	--	30,272	--	--	30,272
Athlete assistance	166,025	--	166,025	--	--	166,025
Awards	48,828	--	48,828	--	--	48,828
Media expenses	--	--	--	--	4,577	4,577
Miscellaneous	--	--	--	5,524	--	5,524
Insurance	--	--	--	48,764	--	48,764
Rent and utilities	--	--	--	25,371	--	25,371
Bank charges	--	--	--	9,218	--	9,218
Telephone	--	--	--	18,721	--	18,721
Legal and professional	--	--	--	30,776	--	30,776
Postage and shipping	--	--	--	2,104	--	2,104
Interest expense	--	--	--	26,586	--	26,586
Dues and subscriptions	--	--	--	9,301	--	9,301
Repairs and maintenance	--	--	--	1,486	--	1,486
Bad debt	--	--	--	13,150	--	13,150
Depreciation	25,417	--	25,417	751	--	26,168
<b>Total Expenses</b>	<u>\$ 2,284,488</u>	<u>\$ 401,887</u>	<u>\$ 2,686,375</u>	<u>\$ 484,034</u>	<u>\$ 94,534</u>	<u>\$ 3,264,943</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, 2019 AND 2018

---

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### *NATURE OF ACTIVITIES*

The United States Biathlon Association, Inc. (the Association), located in New Gloucester, Maine 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 activity than 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.

##### *ADOPTION OF RECENTLY ISSUED ACCOUNTING STANDARD*

In August 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update 2016-14 (“ASU 2016-14”), *Not-For-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities*. Among other provisions, ASU 2016-14 reduces the number of classes of net assets from three to two, requires the presentation of expenses in both natural and functional classifications, and enhances disclosures about management of liquid resources available to meet cash needs for general expenditures within one year of the statement of assets, liabilities and net assets date. The Association adopted the provisions of this guidance on July 1, 2018.

Certain reclassifications have been made to the 2018 financial statements in order to conform with the 2019 presentation and disclosure requirements of ASU 2016-14.

##### *CLASSIFICATION OF NET ASSETS*

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.

# UNITED STATES BIATHLON ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

---

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

##### *CLASSIFICATION OF NET ASSETS (CONTINUED)*

###### *NET ASSETS WITH DONOR RESTRICTIONS*

Net assets with donor restrictions represent those net assets of a not-for-profit entity that is 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 that resources be used after a specified date, for particular programs or services. Other donors impose restrictions which are perpetual in nature, for example, stipulating that resources be maintained in perpetuity.

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 requires management to make estimates and assumptions that affect certain reported amounts and disclosures. 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 uncollectible accounts.

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.

# UNITED STATES BIATHLON ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

---

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

##### *ACCOUNTS RECEIVABLE (CONTINUED)*

The Association does not charge interest on balances considered past due. The Association had \$6,200 and \$19,482 of accounts receivable that exceeded 60 days old as of June 30, 2019 and 2018, respectively.

At June 30, 2019, accounts receivable had net balances in the amount of \$29,180 and \$211,097, respectively, net of an allowance for bad debts of \$0. The entire amount of accounts receivable is pledged as collateral for the Association's note payable to TD Bank, N.A.

##### *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 7 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 maintains an inventory of various souvenir and gift items with the Biathlon logo, held for sale to the public. The Association also maintains supplies held for sale to athletes. Inventory is stated at the lower of cost or market. Cost is determined using the first-in, first-out method. Contributed items are carried in inventory at their fair value at the date of the contribution.

##### *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, 2019 AND 2018

---

#### NOTE 1 – 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, 2019 totaled \$265,318 and \$759,858, 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, 2019 were \$24,189 and \$26,168, 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, 2019, respectively.

# UNITED STATES BIATHLON ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

---

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *REVENUE RECOGNITION*

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 associates 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, 2019 AND 2018

---

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *RECENT ACCOUNTING PRONOUNCEMENTS*

Except as described below, the Association has considered all other recently issued accounting pronouncements and does not believe the adoption of such pronouncements will have a material impact on its financial statements.

In May 2014, the Financial Accounting Standards Board (FASB) issued an Accounting Standard Update (ASU) 2014-09 (ASU 2014-09) *Revenue from Contracts with Customers* to establish Accounting Standards Codification (ASC) Topic 606, (ASC 606). ASU 2014-09 supersedes the revenue recognition requirements in ASC Topic 605, *Revenue Recognition*, most industry-specific guidance throughout the Industry Topics of the Codification, and some cost guidance included in ASC Subtopic 605-35, *Revenue Recognition - Construction-Type and Production-Type Contracts*. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance provides five steps for an entity to achieve that core principle and provides disclosure requirements for revenue recognition. The guidance also specifies the accounting for some costs to obtain or fulfill a contract with a customer.

In August 2015, the FASB issued ASU 2015-14, *Deferral of the Effective Date*, which amended the effective date to reporting periods beginning after December 15, 2018 for nonpublic reporting entities. In March 2016, the FASB issued an update (ASU 2016-08) to ASC 606, *Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, which clarifies the guidance on principal versus agent considerations. In April 2016, the FASB issued an update (ASU 2016-10) to ASC 606, *Identifying Performance Obligations and Licensing*, which provides clarification related to identifying performance obligations and licensing implementation guidance under ASU 2014-09. In May 2016, the FASB issued an update (ASU 2016-12) to ASC 606, *Narrow-Scope Improvements and Practical Expedients*, which amends guidance on transition, collectability, noncash consideration and the presentation of sales and other similar taxes.

In December 2016, the FASB issued an update (ASU 2016-20) to ASC 606, *Technical Corrections and Improvements*, which outlines technical corrections to certain aspects of the new revenue recognition standard such as provisions for losses on construction type contracts and disclosure of remaining performance obligations, among other aspects. The effective date and transition requirements are the same as those in ASU 2014-09 for all subsequent clarifying guidance discussed herein. In June 2020, the FASB issued ASU 2020-05 to extend the effective date of ASC 606 to reporting periods beginning after December 15, 2019. Management is currently evaluating the impact of adopting ASC 606 and subsequent clarifying pronouncements on the Company's financial statements.



# UNITED STATES BIATHLON ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

---

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)*

On February 25, 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* (ASU 2016-02). ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from operating leases. A lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. Nonpublic business entities should apply the amendments for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early application is permitted for all nonpublic business entities upon issuance. Management is currently evaluating the impact the ASU 2016-02 will have on the financial statements.

#### 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. As of June 30, 2019, unrestricted promises to give are \$35,146 and \$20,006, respectively and were net of unamortized discount of \$0. All promises to give are due within one year.

#### 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.

# UNITED STATES BIATHLON ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

---

#### NOTE 3 – BENEFICIAL INTEREST IN CHARITABLE REMAINDER UNITRUST (CONTINUED)

At June 30, 2019, the fair value of Association's beneficial interest in the charitable remainder unitrust is as follows:

	2019	2018
Estimated future distribution of unitrust assets	\$ 279,911	\$ 339,438
Present value discount	<u>(63,655)</u>	<u>(119,128)</u>
Present value of future distribution of unitrust assets	<u>\$ 216,256</u>	<u>\$ 220,310</u>

For the years ended June 30, 2019, the change in the present value of the split-interest agreement of \$(4,054) and \$12,060, respectively, was included in temporarily restricted net assets.

#### NOTE 4 – COMPENSATED ABSENCES

Employees are entitled to paid personal, sick, and vacation time throughout the year based on length of service. Unused vacation time is paid to employees at the end of employment. Management considered accrued vacation pay at June 30, 2019 to be immaterial and no amount was accrued.

#### NOTE 5 – CONCENTRATION

The Association maintains its cash balances in various financial institutions located in Portland, Maine. 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 2019 and 2018 was \$999,553 and \$1,500,400, respectively, which represented approximately 37% and 50% of the Association's revenue for each year. Accounts receivable due from the USOC at June 30, 2019 was \$26,200 and \$137,500, respectively.

The Association also receives a substantial portion of its operating revenue from the International Biathlon Union (IBU). Total revenue from the IBU in 2019 and 2018 was \$398,498 and \$315,814, respectively, which represented approximately 15% and 11% of the Association's revenue for each year. Accounts receivable due from the IBU at June 30, 2019 was \$0 and \$54,329, respectively.

# UNITED STATES BIATHLON ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

---

#### NOTE 6 – 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, 2019:

	2019	2018
Domestic equities	\$ 17,116	15,441
Domestic bonds	3,480	3,016
Non-traditional managers	19,852	18,457
International equities	10,038	9,805
International bonds	1,478	1,413
Cash and cash equivalents	<u>1,573</u>	<u>1,969</u>
Total of investment pool	<u>\$ 53,537</u>	<u>\$ 50,101</u>

Investment return is summarized as follows for the years ended June 30, 2019:

	2019	2018
Interest and dividend income	\$ 398	\$ 319
Unrealized gains on sale of investments	2,340	1,880
Realized gains on sale of investments	<u>698</u>	<u>2,196</u>
Change in investment pool	<u>\$ 3,436</u>	<u>\$ 4,395</u>

# UNITED STATES BIATHLON ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

---

#### NOTE 7 – 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.

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, 2019.

*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.

# UNITED STATES BIATHLON ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

---

#### NOTE 7 – FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within fair value hierarchy, the Association's assets at fair value as of June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets at Fair Values as of June 30, 2019				
Pooled interest	\$ --	\$ 53,537	\$ --	\$ 53,537
Beneficial interest in charitable remainder unitrust	<u>--</u>	<u>216,256</u>	<u>--</u>	<u>216,256</u>
	<u>\$ --</u>	<u>\$ 269,793</u>	<u>\$ --</u>	<u>\$ 269,793</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets at Fair Values as of June 30, 2018				
Pooled interest	\$ --	\$ 50,101	\$ --	\$ 50,101
Beneficial interest in charitable remainder unitrust	<u>--</u>	<u>220,310</u>	<u>--</u>	<u>220,310</u>
	<u>\$ --</u>	<u>\$ 270,411</u>	<u>\$ --</u>	<u>\$ 270,411</u>

# UNITED STATES BIATHLON ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

#### NOTE 8 – LONG-TERM DEBT

At June 30, 2019, long-term debt consisted of the following:

	2019	2018
Note payable to United States Olympics committee with payments due in monthly installments of \$6,000, including interest at 6.5%, through January 2019. Repaid in 2019.	\$ --	\$ 108,088
Note payable to VW Credit, Inc., with monthly principal and interest installments of \$454 through May 2022. The note bears interest at 2.9%. Secured by a vehicle.	15,209	20,537
Note payable to TD Bank, N.A. with monthly principal and interest installments of \$1,451 through June 2022. The note bears interest at 5.74%.	47,822	61,999
Note payable to Eagle Realty Assets, LLC with monthly principal and interest installments of \$1,519 through March 2025. The note bears interest at 4.0%.	93,473	107,649
Total Debt	156,504	298,273
Less Current Portion of Long-term Debt	34,843	141,770
	\$ 121,661	\$ 156,503

Future maturities of long-term debt at June 30, 2019 are as follows:

Years Ending June 30,	Amount
2020	\$ 34,843
2021	36,497
2022	37,780
2023	16,632
2024	17,309
Thereafter	13,443
	\$ 156,504

# UNITED STATES BIATHLON ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

---

#### NOTE 9 – RELATED PARTY TRANSACTIONS

At June 30, 2019, \$70,000 was due to an individual charged with governance within the Association from a short term advance. No formal repayment terms exist. Interest is being accrued at a rate of 0%. Balance was paid subsequent to year end.

At , \$91,281 was due to an individual charged with governance within the Association from a short term advance. No formal repayment terms exist. Interest is being accrued at a rate of 4.99%. Interest payable of \$1,281 is included in the amount due at .

At June 30, 2019, the Association was due \$35,445 and \$34,045, respectively, from the United States Biathlon Foundation.

#### NOTE 10 - LEASES

The Association rents office space in New Gloucester, Maine from a third party under an operating lease expiring in January 2021. The agreement calls for monthly base rent of \$1,671 per month plus an allocation of common area expenses and utilities. Total rent expense for the years ended June 30, 2019, was \$25,815 and \$25,371, respectively.

The following is a schedule of future minimum lease payments required under the above operating lease agreements as of June 30, 2019:

<u>Years Ending June 30,</u>	<u>Amount</u>
2020	\$ 20,052
2021	<u>11,697</u>
	<u>\$ 31,749</u>

# UNITED STATES BIATHLON ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

---

#### NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2019 may be expended for specific purpose:

	2019	2018
Beneficial interest in charitable remainder unitrust	\$ 216,256	\$ 220,310
Award programs	<u>6,898</u>	<u>2,142</u>
	<u>\$ 223,154</u>	<u>\$ 222,452</u>

The beneficial interest will be released from restriction upon termination of the unitrust and distribution of assets to the Association. See Note 12 for when award programs are released.

#### NOTE 12 – NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors during the years ended June 30, as follows:

	2019	2018
Purpose Restrictions Accomplished:		
Award programs	<u>\$ 23,234</u>	<u>\$ 13,858</u>
Total Net Assets Released From Donor Restrictions	<u>\$ 23,234</u>	<u>\$ 13,858</u>

#### 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, 2019, was \$83,500 and \$143,400, respectively.



# UNITED STATES BIATHLON ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

---

#### 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. As of June 30, 2019, the outstanding prize money and related taxes were \$249,727 and \$100,943, respectively. Taxes payable of \$33,914 and \$9,335 are included in the amount due at June 30, 2019, respectively.

#### NOTE 15 – SUPPLEMENTAL CASH FLOW DISCLOSURES

	2019	2018
Interest and Income Taxes Paid		
Interest paid	\$ 5,184	\$ 25,306

#### NOTE 16 – 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 December 31, 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.

# UNITED STATES BIATHLON ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

---

#### NOTE 16 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

	2019	2018
Financial assets available at year-end:		
Cash and cash equivalents	\$ 88,842	\$ 20,223
Accounts receivable	29,180	211,097
Promises to give	<u>35,146</u>	<u>20,006</u>
 Total financial assets available within one year	 153,168	 251,326
 Less:		
Amounts unavailable for general expenditures within one year due to donor restrictions	 <u>6,898</u>	 <u>2,142</u>
 Financial assets available to meet general expenditures over the next 12 months	 <u>\$ 146,270</u>	 <u>\$ 249,184</u>

The Association monitors its liquidity so that it is able to 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 \$218,871 and \$33,452 for the years ended June 30, 2019, respectively.

#### NOTE 17 – GOING CONCERN

As shown in the accompanying financial statements, the Association had a deficiency in net assets of approximately \$103,000 and \$328,000 as of June 30, 2019, respectively. As of June 30, 2019, the Association's current liabilities exceeded its current assets by approximately \$327,000 and its total liabilities exceeded total assets by approximately \$103,000.

Management continues to take affirmative steps to address these concerns. The Association's annual support from the USOC and other grant funding remain consistent and management continues its efforts to solicit new sources for funding.

# UNITED STATES BIATHLON ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

---

#### NOTE 18 – SUBSEQUENT EVENTS

The Association has evaluated all subsequent events through August 17, 2020, the date the financial statements were available to be issued and has determined that other than noted below, no other material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure, except as stated below.

The Covid-19 outbreak in the United States has caused business disruption through mandated and voluntary closings. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings or their affects. Therefore, the Organization expects this matter to negatively impact its fiscal 2020 operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

On April 20, 2020, the Association entered into a Promissory Note dated April 20, 2020 (the “PPP Note”) with TD Bank as the lender (the “Lender”) pursuant to which the Lender agreed to make a loan to the Association under the Paycheck Protection Program (the “PPP Loan”) offered by the U.S. Small Business Administration (the “SBA”) in a principal amount of \$140,605 pursuant to Title 1 of the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”).

The PPP Loan proceeds are available to be used to pay for payroll costs, including salaries, commissions, and similar compensation, group health care benefits and paid leave; rent; utilities; and interest on certain other outstanding debt. The amount that will be forgiven will be calculated in part with reference to the Association’s full time headcount during the eight week period following the funding of the PPP Loan.

The interest rate on the PPP Note is a fixed rate of 1% per annum. To the extent that the amounts owed under the PPP Loan, or a portion of them, are not forgiven, the Association will be required to make principal and interest payments in monthly installments beginning seven months from April 2020. The PPP Note matures in five years.

The PPP Note includes events of default. Upon the occurrence of an event of default, the Lender will have the right to exercise remedies against the Association, including the right to require immediate payment of all amounts due under the PPP Note.