

**USA TRIATHLON OF COLORADO
&**

USA TRIATHLON FOUNDATION

**Consolidating Financial Statements &
Supplemental Schedules**

For the Year Ended December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
USA Triathlon of Colorado
Colorado Springs, Colorado

We have audited the accompanying consolidating financial statements of USA Triathlon of Colorado and USA Triathlon Foundation (nonprofit organizations), which comprise the consolidating statement of financial position as of December 31, 2017, and the related consolidating statements of activities and cash flows 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 consolidating 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 consolidating financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidating 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 consolidating financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidating financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organizations' preparation and fair presentation of the consolidating 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 Organizations' 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 consolidating financial statements.

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

Opinion

In our opinion, the consolidating financial statements referred to above present fairly, in all material respects, the financial position of USA Triathlon of Colorado and USA Triathlon Foundation as of December 31, 2017, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited USA Triathlon of Colorado's December 31, 2016 financial statements, and our report dated April 24, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of program and supporting services are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidating financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidating financial statements or to the consolidating financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Waugh & Goodwin, LLP
Colorado Springs, Colorado
April 20, 2018

USA TRIATHLON OF COLORADO
AND
USA TRIATHLON FOUNDATION
Consolidating Statement of Financial Position
December 31, 2017
(With Consolidated Totals for 2016)

	<u>ASSETS</u>				
	USA Triathlon of Colorado	USA Triathlon Foundation	Eliminating Entries	2017 Consolidated Totals	2016 Consolidated Totals
CURRENT ASSETS:					
Cash and cash equivalents	\$ 3,083,984	\$ 190,037	\$	\$ 3,274,021	\$ 4,837,816
Restricted cash	21,339			21,339	15,000
Accounts receivable, net	588,555			588,555	642,015
Contributions receivable		1,190		1,190	680
Due from USOC	10,000			10,000	
Due from USA Triathlon of Colorado		74,516	(74,516)		
Prepaid expenses	1,575,877			1,575,877	155,082
Notes receivable from related party					303,200
Total current assets	5,279,755	265,743	(74,516)	5,470,982	5,953,793
LONG-TERM INVESTMENTS	10,884,623	9,232		10,893,855	9,614,371
INVESTMENT IN LAGARDERE UNLIMITED UPSOLUT USAT LLC					5,500
PROPERTY AND EQUIPMENT:					
Building	4,502,340			4,502,340	4,502,340
Land	2,424,337			2,424,337	2,424,337
Office furniture and equipment	2,024,056			2,024,056	1,887,010
Leasehold improvements	81,803			81,803	81,803
Less accumulated depreciation	<u>(2,395,049)</u>			<u>(2,395,049)</u>	<u>(2,159,143)</u>
Property and equipment - net	6,637,487			6,637,487	6,736,347
TOTAL ASSETS	\$ 22,801,865	\$ 274,975	\$ (74,516)	\$ 23,002,324	\$ 22,310,011
<u>LIABILITIES AND NET ASSETS</u>					
CURRENT LIABILITIES:					
Accounts payable	\$ 409,931	\$ 124,395	\$	\$ 534,326	\$ 322,693
Due to USA Triathlon Foundation	74,516		(74,516)		
Due to USOC	14,639			14,639	26,557
Accrued liabilities	296,493			296,493	318,777
Current portion of deferred revenue	4,560,499			4,560,499	4,659,624
Current portion of note payable	<u>58,199</u>			<u>58,199</u>	
Total current liabilities	5,414,277	124,395	(74,516)	5,464,156	5,327,651
LONG-TERM LIABILITIES:					
Long-term portion of deferred revenue	544,845			544,845	610,122
Note payable	2,899,395			2,899,395	2,971,000
Allowance for net loss of Lagardere Unlimited Upsolut USAT LLC					<u>505,940</u>
Total long-term liabilities	3,444,240			3,444,240	4,087,062
Total liabilities	8,858,517	124,395	(74,516)	8,908,396	9,414,713
NET ASSETS:					
Unrestricted	<u>13,943,348</u>	<u>150,580</u>		<u>14,093,928</u>	<u>12,895,298</u>
Total net assets	13,943,348	150,580		14,093,928	12,895,298
TOTAL LIABILITIES AND NET ASSETS	\$ 22,801,865	\$ 274,975	\$ (74,516)	\$ 23,002,324	\$ 22,310,011

See Notes to Consolidating Financial Statements

USA TRIATHLON OF COLORADO
AND
USA TRIATHLON FOUNDATION
Consolidating Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2017
(With Consolidated Totals for 2016)

	USA Triathlon of Colorado	USA Triathlon Foundation	2017 Consolidated Totals	2016 Consolidated Totals
REVENUE:				
Membership registrations	\$ 9,104,781	\$	\$ 9,104,781	\$ 8,982,777
In-kind contributions	1,940,210		1,940,210	1,899,639
Championships	1,614,763		1,614,763	1,448,275
Corporate sponsorship	1,334,557		1,334,557	1,309,441
Investment income (loss)	958,778	(86)	958,692	472,420
USOC grants	809,972		809,972	840,593
Coaching camps and clinics	385,644		385,644	518,507
Sanctioning	369,124		369,124	425,705
Other revenue	338,303	1,375	339,678	188,085
Contributions	63,903	108,395	172,298	193,044
Advertising income	171,287		171,287	200,695
Coaching certification	157,704		157,704	157,060
Rental income, net of expenses of \$209,405 and \$206,561	61,726		61,726	81,684
Royalties	39,940		39,940	95,677
Total revenue	17,350,692	109,684	17,460,376	16,813,602
EXPENSES:				
Program services:				
Event services	3,314,602		3,314,602	3,443,442
High performance	2,943,161		2,943,161	3,718,605
Sport development	1,815,805	821,866	2,637,671	2,173,348
National events	2,331,777		2,331,777	2,113,256
Membership	1,528,511		1,528,511	1,871,193
Total program services	11,933,856	821,866	12,755,722	13,319,844
Supporting services:				
Marketing and sponsor development	1,727,762		1,727,762	1,402,150
General and administrative	1,705,971		1,705,971	1,491,543
Board of directors	72,291		72,291	97,830
Total supporting services	3,506,024		3,506,024	2,991,523
Total expenses	15,439,880	821,866	16,261,746	16,311,367
CHANGE IN NET ASSETS	1,910,812	(712,182)	1,198,630	502,235
NET ASSETS, beginning of year	12,778,046	117,252	12,895,298	12,393,063
TRANSFER OF NET ASSETS	(745,510)	745,510		
NET ASSETS, end of year	\$ 13,943,348	\$ 150,580	\$ 14,093,928	\$ 12,895,298

See Notes to Consolidating Financial Statements

USA TRIATHLON OF COLORADO
AND
USA TRIATHLON FOUNDATION
Consolidating Statement of Cash Flows
For the Year Ended December 31, 2017
(With Consolidated Totals for 2016)

	USA Triathlon of Colorado	USA Triathlon Foundation	Eliminating Entries	2017 Consolidated Totals	2016 Consolidated Totals
CASH FLOWS FROM OPERATING ACTIVITIES:					
Change in net assets	\$ 1,910,812	\$ (712,182)	\$	\$ 1,198,630	\$ 502,235
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:					
Depreciation	235,906			235,906	339,930
Unrealized gain on investments	(364,686)			(364,686)	(167,861)
Loss (income) from investment in Lagardere	24,582			24,582	(100,947)
Decrease (increase) in assets:					
Accounts receivable, net	53,460			53,460	77,547
Contributions receivable		(510)		(510)	(680)
Due from USOC	(10,000)			(10,000)	10,000
Due to/from USA Triathlon of Colorado		(64,302)	64,302		
Prepaid expenses	(1,420,795)			(1,420,795)	778,954
Increase (decrease) in liabilities:					
Accounts payable	97,452	124,395		221,847	88,801
Due to/from USA Triathlon Foundation	64,302		(64,302)		
Due to USOC	(11,918)			(11,918)	24,600
Accrued liabilities	(22,284)			(22,284)	24,871
Deferred revenue	(164,402)			(164,402)	334,979
Total adjustments	<u>(1,518,383)</u>	<u>59,583</u>		<u>(1,458,800)</u>	<u>1,410,194</u>
Net cash provided (used) by operating activities	392,429	(652,599)		(260,170)	1,912,429
CASH FLOWS FROM INVESTING ACTIVITIES:					
Acquisition of property and equipment	(137,045)			(137,045)	(84,109)
Proceeds from sale of investments	4,673,742			4,673,742	2,374,073
Purchase of investments	(5,588,540)	(9,232)		(5,597,772)	(2,626,009)
Disposition of investment in Lagardere	(526,005)			(526,005)	
Decrease in notes receivable	303,200			303,200	
Net cash used by investing activities	(1,274,648)	(9,232)		(1,283,880)	(336,045)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Repayment of note payable	(13,406)			(13,406)	
Transfer of net assets	(745,510)	745,510			
Net cash provided (used) by financing activities	<u>(758,916)</u>	<u>745,510</u>		<u>(13,406)</u>	
NET INCREASE (DECREASE) IN CASH	(1,641,135)	83,679		(1,557,456)	1,576,384
CASH AND CASH EQUIVALENTS, beginning of year	<u>4,746,458</u>	<u>106,358</u>		<u>4,852,816</u>	<u>3,276,432</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 3,105,323</u>	<u>\$ 190,037</u>	<u>\$</u>	<u>\$ 3,295,360</u>	<u>\$ 4,852,816</u>

See Notes to Consolidating Financial Statements

USA TRIATHLON OF COLORADO

AND

USA TRIATHLON FOUNDATION

Notes to Consolidating Financial Statements

For the Year Ended December 31, 2017

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

USA Triathlon of Colorado (the Corporation) is the national governing body for the sport of triathlon, making it responsible for the promotion and development of triathlon in the United States.

USA Triathlon Foundation (the Foundation) was incorporated in 2014. The purpose of the Foundation is to raise funds and acquire assets that will enable USA Triathlon of Colorado to encourage, improve, and promote the sport of triathlon in the United States.

Principles of Consolidation

The accompanying consolidated financial statements include the assets, liabilities, net assets, and activities of the Corporation and the Foundation. All significant intercompany transactions and balances have been eliminated in consolidation.

Income Taxes

The Corporation and Foundation qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and, accordingly, are not subject to federal income tax. However, income from certain activities not directly related to the Corporation's and Foundation's tax-exempt purposes is subject to taxation as unrelated business income.

The Corporation's and Foundation's forms 990, Return of Organization Exempt from Income Tax, are subject to examination by various taxing authorities, generally for three years after the date they were filed. Management of the Corporation and the Foundation believe that they do not have any uncertain tax positions that are material to the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consist of the Corporation's and the Foundation's cash balances in their respective checking and money market accounts.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents - Continued

The Corporation and the Foundation maintain their cash and cash equivalents at commercial banks. In the unlikely event of a bank failure, the Corporation and the Foundation might only be able to recover the amounts insured.

Included in the Corporation's restricted cash, which is required to be kept in a separate bank account, are amounts received from tenants of the office building for renter's deposits. Restricted cash for the years ended December 31, 2017 and 2016, was \$21,339 and \$15,000, respectively.

Depreciation

Property and equipment are recorded at cost as of the date of acquisition or fair value as of the date of receipt in the case of gifts. Depreciation is recorded using the straight-line method over an estimated useful life of 3 to 7 years for furniture and equipment, and 30 years for buildings and improvements. Depreciation expense was \$235,906 and \$339,930 for the years ended December 31, 2017 and 2016, respectively.

Accounts Receivable

Accounts receivable are stated at the amount the Corporation and Foundation expect to collect from balances outstanding at year-end. Based on the Corporation's experience with individuals and entities having outstanding balances, it has concluded that an allowance for doubtful accounts of \$13,875 was necessary for each of the years ended December 31, 2017 and 2016.

Contributions Receivable

Unconditional promises to give are recorded as receivables and revenue when received. The Corporation and Foundation distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. The Foundation expects to realize the outstanding pledges in less than one year. Management has determined that the pledges receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at December 31, 2017 and 2016.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributions

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidating statements of activities as satisfied program restrictions.

In-kind Contributions

Sponsorship income in the form of in-kind goods is reported as revenue and expense in the fiscal year it is received. The Corporation received \$1,940,210 and \$1,899,639 of in-kind contributions for the years ended December 31, 2017 and 2016, respectively. The Foundation received \$0 of in-kind contributions for both years ended December 31, 2017 and 2016.

Investments

The Corporation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets (all Level 1 measurements) in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. The Corporation records its limited partnership holdings and hedge funds at cost as of the date of investment and thereafter carries such investments primarily at estimated fair value based upon information provided by the investment broker.

Membership Registrations

Membership registrations for single events are recognized as revenue upon receipt. Revenue from one, two, and three-year memberships are recognized ratably over the term of the membership.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Supplemental Cash Flow Information

During the years ended December 31, 2017 and 2016, the Corporation did not pay any income taxes. The Corporation paid \$115,452 and \$133,695 of interest expense during the years ended December 31, 2017 and 2016, respectively. The Foundation did not pay any interest or income taxes during the years ended December 31, 2017 and 2016.

Date of Management's Review

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through April 20, 2018, the date the financial statements were available to be issued.

B. FAIR VALUE MEASUREMENTS

The Corporation and Foundation apply Generally Accepted Accounting Principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes 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 measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation and Foundation have the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Notes to Financial Statements

B. FAIR VALUE MEASUREMENTS - Continued

The following tables present assets that are measured at fair value on a recurring basis at December 31, 2017 and 2016:

Assets at Fair Value as of December 31, 2017

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds & ETFs	\$ 4,419,964	\$	\$	\$ 4,419,964
Common stock	2,352,901			2,352,901
Money market	1,523,352			1,523,352
Corporate fixed income	1,313,407			1,313,407
Alternative investments		480,483		480,483
Limited partnership holding		455,607		455,607
Government obligations	<u>348,141</u>			<u>348,141</u>
	<u>\$ 9,957,765</u>	<u>\$ 936,090</u>	<u>\$</u>	<u>\$10,893,855</u>

Assets at Fair Value as of December 31, 2016

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds & ETFs	\$ 3,713,778	\$	\$	\$ 3,713,778
Corporate fixed income	2,139,122			2,139,122
Common stock	2,010,013			2,010,013
Money market	489,949			489,949
Limited partnership holding		472,973		472,973
Alternative investments		448,106		448,106
Government obligations	<u>340,430</u>			<u>340,430</u>
	<u>\$ 8,693,292</u>	<u>\$ 921,079</u>	<u>\$</u>	<u>\$ 9,614,371</u>

Some investments are exposed to various risks that may cause their reported fair values to fluctuate from period to period and could materially affect the recorded amount of investments in the Corporation's and Foundation's financial statements. Investments in equity securities fluctuate in value in response to many factors, such as the activities and financial condition of individual companies, general business and industry market conditions and the state or perceived direction of the economy.

Notes to Financial Statements

B. FAIR VALUE MEASUREMENTS - Continued

The values of debt securities fluctuate in response to changing interest rates, credit worthiness of issuers, and overall economic policies that impact market conditions. The values of certain investments, such as hedge funds, can fluctuate in response to direct market conditions and other factors that may or may not have a high correlation to overall market direction. Though the market values of investments are subject to fluctuation, management believes that the investment policy is prudent for the long-term welfare of the Corporation and the Foundation.

Investment revenues are reported net of related investment expenses in the statement of activities. The amount of expenses netted with revenues was \$54,710 and \$55,738 for the years ended December 31, 2017 and 2016, respectively.

Investment income in the accompanying consolidating statement of activities consists of the following for the years ended December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Realized gains	\$ 205,856	\$ 23,714
Interest and dividends	388,236	280,845
Unrealized gains	424,002	222,571
Expenses	<u>(59,402)</u>	<u>(54,710)</u>
	<u>\$ 958,692</u>	<u>\$ 472,420</u>

C. INVESTMENTS MEASURED USING THE EQUITY METHOD

During the year ended December 31, 2012, the Corporation entered into a joint venture to form Lagardere Unlimited Upsolut USAT LLC (Lagardere).

The Corporation holds a 22% interest in the entity and exercises significant influence over the activities of the entity. During the year ended December 31, 2017, operations of Lagardere were suspended and the operation liquidated. The Corporation's share of the loss from operations was \$24,582. The Corporation will not be able to collect on any of the outstanding receivables and incurred additional write-offs of \$30,484.

Notes to Financial Statements

D. DEFERRED REVENUE

Deferred revenue at December 31, 2017 and 2016, consists of the following:

	<u>2017</u>	<u>2016</u>
Membership	\$ 4,677,701	\$ 4,919,656
Team USA and national events	361,219	290,803
Coaching Conference	33,734	30,146
Building security deposits and rent	31,480	27,341
Race Director Certification & Symposium	<u>1,210</u>	<u>1,800</u>
	<u>\$ 5,105,344</u>	<u>\$ 5,269,746</u>

E. MEMBERSHIP REGISTRATIONS

Membership registrations for the years ended December 31, 2017 and 2016, consist of the following:

	<u>2017</u>	<u>2016</u>
Adult annual	\$ 5,015,379	\$ 4,893,180
One-day permits	3,634,668	3,744,951
Youth annual	431,984	320,236
Elite annual	<u>22,750</u>	<u>24,410</u>
	<u>\$ 9,104,781</u>	<u>\$ 8,982,777</u>

F. RELATED PARTY TRANSACTIONS

The United States Olympic Committee (USOC) provides grants to the Corporation. Total grants from the USOC for the years ended December 31, 2017 and 2016, consist of the following:

	<u>2017</u>	<u>2016</u>
NGB funding	\$ 669,654	\$ 743,352
Other grants	77,535	25,500
Value-in-kind	49,043	63,741
International relations grant	<u>13,740</u>	<u>8,000</u>
	<u>\$ 809,972</u>	<u>\$ 840,593</u>

In January 2013 the Corporation entered into a digital media agreement with the USOC. The initial term of the agreement was January 1, 2013 through December 31, 2016. During the year ended December 31, 2017, this agreement was extended to December 31, 2020. The Corporation received \$300,000 in digital media fees for each of the years ended December 31, 2017 and 2016. These amounts are included in corporate sponsorships in the consolidating statement of activities and changes in net assets.

Notes to Financial Statements

F. RELATED PARTY TRANSACTIONS - Continued

At December 31, 2017 and 2016, the Corporation owed \$14,639 and \$26,557 to the USOC for program expenses, respectively. At December 31, 2017, the USOC owed the Corporation \$10,000.

Some members of the Board of Directors earn a portion of their living staging triathlon races sanctioned by the Corporation; however, the Directors do not receive any compensation from the Corporation for these events. Board members do not receive compensation for their service on the Board of Directors.

G. RETIREMENT PLAN

The Corporation sponsors a 401(k) retirement plan. To be eligible, an employee must be 21 years of age and have 90 days of continuous employment. The Corporation makes a matching contribution for all eligible employees of up to 5% of eligible compensation. The Corporation may also make a discretionary contribution. Pension expense for the years ended December 31, 2017 and 2016, amounted to \$97,018 and \$97,994, respectively.

H. LEASES

The Corporation leases copiers under an operating agreement which commenced in March 2017 and continues through February 2021. This lease requires monthly payments of \$626.

Future minimum lease payments are as follows:

2018	\$	7,514
2019		7,514
2020		7,514
2021		1,252

The Corporation leases a portion of the national headquarters building to unrelated tenants under leases with various terms.

I. NOTE PAYABLE

The Corporation purchased a building during the year ended December 31, 2013. The seller financed the purchase of this building under the terms of a promissory note dated December 20, 2013. The original amount of this note was \$2,971,000 and bears interest at 4.5% per annum. Monthly payments of interest only are due through December 15, 2018, at which time all outstanding principal and interest is due. The Corporation has the option to prepay this note at any time without a prepayment penalty.

Notes to Financial Statements

I. NOTE PAYABLE - Continued

During the year ended December 31, 2017, the Corporation refinanced the promissory note. The new loan is collateralized by \$10,884,632 of assets held in investment accounts with the brokerage firm. The loan requires monthly payments of principal and interest through September 2024, at which time all outstanding principal and interest is due.

Note payable as of December 31, 2017 consists of the following:

	<u>2017</u>
Note payable to Morgan Stanley Smith Barney, LLC, bearing interest at 3.38905%, payable in monthly installments of \$13,243 through September 2024, collateralized by investments.	\$ 2,957,594
Less current portion	<u>(58,199)</u>
Long-term portion	<u>\$ 2,899,395</u>

Required annual minimum principal payments on the above note for each of the next five years are as follows:

2018	\$ 58,199
2019	60,230
2020	62,059
2021	64,499
2022	66,751
Thereafter	<u>2,645,856</u>
Total	<u>\$ 2,957,594</u>

USA TRIATHLON OF COLORADO

AND

USA TRIATHLON FOUNDATION

Consolidated Schedule of Program Services

For the Year Ended December 31, 2017

	Event Services	High Performance	Sport Development	National Events	Membership	Total
	\$	\$	\$	\$	\$	\$
Advertising	12,633	1,151	39,100	2,103		15,887
Airfare	61,721	469,876	18,932	39,277	3,459	613,433
Awards	55,753	1,539	22,451	260,002	18,808	355,034
Bank charges & credit card fees	37,853	12,555	2,298	9,236	143,994	226,089
Banners	4,316		3,252	7,870		14,484
Computer expense	6,991	1,143	77,858	253	2,816	14,455
Contract labor	14,358	240,217	22,310	258,081	33,968	624,482
Depreciation	11,155	12,748	3,910	12,748	46,214	105,175
Dues & subscriptions	360	102	20,000	340	26,408	31,120
Educational		439	43,136		1,272	21,711
Employee benefits	31,591	32,276	578,316	39,577	43,267	189,847
Entry fees	70	23,433	1,000	4,118		605,937
Equipment rental & purchase	607	61,492	766,985	16,197	1,121	80,417
Grants & sponsorships	6,000	79,960	19,457			852,945
Ground transportation	48,183	76,483	64,400	63,528	2,285	209,936
Hospitality	22,984	224		135,438	381	223,427
Incentives	20,718	14,000	9,264	32,000		66,718
Insurance	2,071,423	4,258	23,249	18,971	5,694	2,084,945
Licenses & registration fees	699	6,885	218,861	83,364	14,226	55,498
Meals & lodging	162,312	454,194	286	450		932,957
Medical		52,783	8,852	944	1,423	54,942
Merchandise		1,182	425	6,293		10,978
Miscellaneous	733	10,247	1,592		681	18,379
Office supplies	1,552	776	24,712	616	73	4,609
Payroll taxes	29,444	47,518	5,501	25,462	41,567	168,703
Postage & shipping	12,578	11,487	8,608	22,165	166,184	217,915
Printing	1,136	925	51,582	59,541	272,268	342,478
Professional fees	69,470	5,945	45,216	4,746	86,198	217,941
Occupancy	33,647	48,926	379,281	206,748	45,413	379,950
Salaries	369,665	607,506	84,088	319,365	531,401	2,207,218
Stipends	94,279	165,150	16,966	106,294	1,800	451,611
Telephone	7,436	16,723	820	10,817	17,610	69,552
Uniforms	7,905	2,701		1,434		12,860
Value-in-kind	117,030	478,317	74,963	583,799	19,980	1,274,089
	\$ 3,314,602	\$ 2,943,161	\$ 2,637,671	\$ 2,331,777	\$ 1,528,511	\$ 12,755,722

USA TRIATHLON OF COLORADO
AND
USA TRIATHLON FOUNDATION
Consolidated Schedule of Supporting Services
For the Year Ended December 31, 2017

	Marketing and Sponsor Development	General and Administrative	Board of Directors	Total
Advertising	\$ 249			\$ 249
Airfare	19,073	10,764	23,893	53,730
Awards	2,193	23,969	4,750	30,912
Bank charges	17,330	36,252		53,582
Banners	577	3,804		4,381
Computer expense	1,260	1,546	34	2,840
Contract labor	46,611	11,954		58,565
Depreciation	23,903	36,291		60,194
Dues & subscriptions	3,863	4,374	516	8,753
Educational		3,257		3,257
Employee benefits	52,161	135,519		187,680
Entertainment/social		5,877		5,877
Equipment rental & purchase	1,012	36,101		37,113
Ground transportation	7,197	4,014	7,555	18,766
Hospitality	20,821	390	780	21,991
Incentives		20,000		20,000
Insurance		343		343
Legal		73,997		73,997
Licenses & registration fees	23,208	15,190	3,037	41,435
Meals & lodging	30,870	13,519	30,381	74,770
Merchandise	9,429			9,429
Miscellaneous	293	3,388		3,681
Occupancy	24,135	50,753		74,888
Office supplies	1,041	21,103		22,144
Payroll taxes	41,909	52,831		94,740
Postage & shipping	35,838	12,913	500	49,251
Printing	3,947	6,422	187	10,556
Professional fees	128,197	193,596		321,793
Salaries	556,369	908,890		1,465,259
Stipends/honorariums		8,100		8,100
Telephone	10,155	10,814	658	21,627
Value-in-kind	666,121			666,121
	<u>\$ 1,727,762</u>	<u>\$ 1,705,971</u>	<u>\$ 72,291</u>	<u>\$ 3,506,024</u>