USA TRIATHLON OF COLORADO
&
USA TRIATHLON FOUNDATION

Consolidating Financial Statements

For the Year Ended December 31, 2019

Waugh & Goodwin, LLP
Certified Public Accountants

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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, 2019, and the related consolidating statements of activities and changes in net assets, functional expenses, 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.

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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, 2019, 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.

Emphasis of Matter

As described in Note A to the financial statements, in 2019, USA Triathlon of Colorado adopted Accounting Standards Update (ASU) 2014-09, *(Topic 606): Revenue from Contracts with Customers* and ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made,* ASU 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments—Overall (Subtopic 825-10)*, and ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*. Our opinion is not modified with respect to these matters.

As described in Note M to the financial statements, an error in the amount of deferred revenue for memberships in prior periods was discovered. Beginning net assets without donor restrictions has been restated. Our opinion is not modified with respect to this matter.

Waugh & Goodwin, LLP

Colorado Springs, Colorado
October 31, 2020

USA TRIATHLON OF COLORADO
AND
USA TRIATHLON FOUNDATION

Consolidating Statement of Financial Position

December 31, 2019

ASSETS

	USA Triathlon of Colorado	USA Triathlon Foundation	Eliminating Entries	Consolidated Totals
CURRENT ASSETS:				
Cash and cash equivalents	$ 667,689	$ 87,408	$	$ 755,097
Restricted cash	21,449	100,000		121,449
Accounts receivable, net	759,973			759,973
Due from USA Triathlon of Colorado		3,939	(3,939)	
Due from USA Triathlon Foundation	52,863		(52,863)	
Prepaid expenses	1,111,450	5,171		1,116,621
Total current assets	2,613,424	196,518	(56,802)	2,753,140
LONG-TERM INVESTMENTS	11,792,489	31,789		11,824,278
PROPERTY AND EQUIPMENT:				
Building	4,502,340			4,502,340
Land	2,424,337			2,424,337
Office furniture, equipment, and software	2,595,813	11,297		2,607,110
Building improvements	81,803			81,803
Construction in progress	150,000			150,000
Less accumulated depreciation	(2,785,321)	(2,176)		(2,787,497)
Property and equipment - net	6,968,972	9,121		6,978,093
TOTAL ASSETS	$ 21,374,885	$ 237,428	$ (56,802)	$ 21,555,511

LIABILITIES AND NET ASSETS

	USA Triathlon of Colorado	USA Triathlon Foundation	Eliminating Entries	Consolidated Totals
CURRENT LIABILITIES:				
Accounts payable	$ 414,268	$ 10,483	$	$ 424,751
Due to USA Triathlon Foundation	3,939		(3,939)	
Due to USA Triathlon of Colorado		52,863	(52,863)	
Accrued liabilities	131,501			131,501
Line of credit	53,178			53,178
Current portion of deferred revenue	4,783,887	9,618		4,793,505
Current portion of note payable	62,060			62,060
Total current liabilities	5,448,833	72,964	(56,802)	5,464,995
LONG-TERM LIABILITIES:				
Long-term portion of deferred revenue	489,338			489,338
Note payable	2,777,105			2,777,105
Total long-term liabilities	3,266,443			3,266,443
Total liabilities	8,715,276	72,964	(56,802)	8,731,438
NET ASSETS:				
Without donor restrictions	12,447,225	64,464		12,511,689
Without donor restrictions - board designated	212,384			212,384
With donor restrictions		100,000		100,000
Total net assets	12,659,609	164,464		12,824,073
TOTAL LIABILITIES AND NET ASSETS	$ 21,374,885	$ 237,428	$ (56,802)	$ 21,555,511

USA TRIATHLON OF COLORADO
AND
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Consolidating Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2019
(With Consolidated Totals for 2018)

	USA Triathlon of Colorado Without Donor Restrictions	USA Triathlon Foundation Without Donor Restrictions	USA Triathlon Foundation With Donor Restrictions	Eliminating Entries	Consolidated Totals
REVENUE:					
Adult and youth memberships	$ 8,437,620	$	$		$ 8,437,620
Value-in-kind contributions	2,013,950	381,078		(240,518)	2,154,510
Sponsorship	2,051,468	12,766			2,064,234
Team USA and national events	1,727,299				1,727,299
Other revenue	223,419	3,890			227,309
USOPC grants	852,643	5,000			857,643
Contributions	143,922	281,886	105,000	(100,000)	430,808
Education	357,083				357,083
Sanctioning	294,374				294,374
Advertising income	56,807				56,807
Royalties	34,570				34,570
Camps and clinics		36,000			36,000
Rental income (loss), net of expenses of $275,521	(9,478)				(9,478)
Satisfied program restrictions		105,000	(105,000)		
Total operating revenue	16,183,677	825,620		(340,518)	16,668,779
EXPENSES:					
Program services:					
Event services	2,954,930				2,954,930
High performance	3,733,725			(100,000)	3,633,725
Sport development	2,077,642	1,065,612		(159,286)	2,983,968
National events	2,012,344				2,012,344
Membership	1,377,849				1,377,849
Total program services	12,156,490	1,065,612		(259,286)	12,962,816
Supporting services:					
Marketing and sponsor development	2,709,459	124,176		(52,200)	2,781,435
General and administrative	2,171,264	201,521		(29,032)	2,343,753
Board of directors	83,842				83,842
Total supporting services	4,964,565	325,697		(81,232)	5,209,030
Total expenses	17,121,055	1,391,309		(340,518)	18,171,846
OPERATING INCOME (LOSS)	(937,378)	(565,689)			(1,503,067)
INVESTMENT INCOME, NET	1,500,654	3,252			1,503,906
CHANGE IN NET ASSETS	563,276	(562,437)			839
NET ASSETS, beginning of year as restated	12,640,148	83,086	100,000		12,823,234
TRANSFER OF NET ASSETS	(543,815)	543,815			
NET ASSETS, end of year	$ 12,659,609	$ 64,464	$ 100,000	$	$ 12,824,073

USA TRIATHLON OF COLORADO

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Consolidated Schedule of Functional Expenses

For the Year Ended December 31, 2019

	Event Services	High Performance	Sport Development	National Events	Membership	Total Program Services
Advertising	$	$ 649	$ 800	$	$	$ 1,449
Airfare	24,918	705,066	60,189	50,607	3,736	844,516
Awards	7,111	3,560	46,428	258,331	221	315,651
Bad debt						
Banners		3,468	4,075	2,770		10,313
Computer expense		4,085	359	56	51,406	55,906
Contract labor	4,463	402,806	55,140	265,589	87,629	815,627
Depreciation	19,526	32,983	44,173	20,054	26,387	143,123
Dues & subscriptions	520	802	1,803	10,578	102,077	115,780
Educational	228	16,516	5,478		2,590	24,812
Employee benefits	14,281	78,740	53,243	39,071	42,729	228,064
Entertainment/social					2,013	2,013
Entry fees		14,841	452,608			467,449
Equipment rental & purchase	6,140	105,115	23,011	11,483	22,577	168,326
Facility rent, repairs & utilities		20,124	20,367	406,018	722	447,231
Grants & sponsorships		2,100	764,293			766,393
Ground transportation	11,703	101,002	25,734	61,315	1,498	201,252
Hospitality		1,730	13,761	53,156	244	68,891
Insurance	1,891,598	5,977	159,689	20,456		2,077,720
Interest, bank & credit card fees	23,651	9,857	13,237	4,856	110,628	162,229
Legal						
Licenses & registration fees	8,025	8,109	33,746	2,814	78,806	131,500
Meals & lodging	83,172	567,769	104,310	110,886	6,167	872,304
Medical		45,219	(375)			44,844
Merchandise		2,981	35,818		28,740	67,539
Miscellaneous	1,622	2,198	1,330	2,223	1,481	8,854
Office supplies	59	1,504	1,337	655	1,577	5,132
Payroll taxes	8,751	48,464	53,243	23,942	26,183	160,583
Postage & shipping	10,298	10,097	15,322	12,851	58,991	107,559
Printing	7,653	3,947	9,868	51,437	109,536	182,441
Prize money	10,000	91,225		(3,502)		97,723
Professional fees	8,439	5,184	49,342	1,200	171,088	235,253
Quad investment expenses	3,739			278	61,396	65,413
Salaries	119,456	661,562	726,796	326,814	357,414	2,192,042
Scholarships		23,037	720	500		24,257
Stipends	40,140	240,734	33,948	57,113		371,935
Telephone		2,061	0	550	20,013	22,624
Uniforms	4,124	30,906	4,269			39,299
Value-in-kind	645,313	379,307	169,906	220,243	2,000	1,416,769
Total expenses	2,954,930	3,633,725	2,983,968	2,012,344	1,377,849	12,962,816
Less expenses netted against revenue on statement of activities and changes in net assets						
	$ 2,954,930	$ 3,633,725	$ 2,983,968	$ 2,012,344	$ 1,377,849	$ 12,962,816

	Supporting Services					
	Marketing and Sponsor Development	General and Administrative	Board of Directors	Rental Activities	Total Supporting Services	Total Expenses
Advertising	$ 464	$ 7,682	$	$	$ 8,146	$ 9,595
Airfare	9,226	34,917	24,070		68,213	912,729
Awards	41,290	8,718	1,713		51,721	367,372
Bad debt		18,800			18,800	18,800
Banners	21,875				21,875	32,188
Computer expense	553	3,746			4,299	60,205
Contract labor	33,736	25,609			59,345	874,972
Depreciation	46,176	62,668		61,317	170,161	313,284
Dues & subscriptions	13,018	12,277			25,295	141,075
Educational		5,207			5,207	30,019
Employee benefits	108,924	182,592			291,516	519,580
Entertainment/social		12,188	12		12,200	14,213
Entry fees	75	1,917			1,992	469,441
Equipment rental & purchase		12,606			12,606	180,932
Facility rent, repairs & utilities	8,301	72,833	78	169,780	250,992	698,223
Grants & sponsorships						766,393
Ground transportation	4,027	13,394	7,710		25,131	226,383
Hospitality	29,332	843	1,558		31,733	100,624
Insurance		3,168			3,168	2,080,888
Interest, bank & credit card fees	11,257	13,244		32,774	57,275	219,504
Legal		102,372			102,372	102,372
Licenses & registration fees	7,304	15,842			23,146	154,646
Meals & lodging	18,109	47,818	39,771		105,698	978,002
Medical						44,844
Merchandise	18,779				18,779	86,318
Miscellaneous	11	11,707		5,081	16,799	25,653
Office supplies	1,359	37,121	292		38,772	43,904
Payroll taxes	66,745	91,270			158,015	318,598
Postage & shipping	117,643	6,325	1,046		125,014	232,573
Printing	163,522	9,256			172,778	355,219
Prize money						97,723
Professional fees	282,779	135,630	7,218	6,569	432,196	667,449
Quad investment expenses	129,000	35,885			164,885	230,298
Salaries	911,104	1,286,241			2,197,345	4,389,387
Scholarships		5,600			5,600	29,857
Stipends		13,055			13,055	384,990
Telephone		51,070	70		51,140	73,764
Uniforms	1,070	167	304		1,541	40,840
Value-in-kind	735,756	1,985			737,741	2,154,510
Total expenses	2,781,435	2,343,753	83,842	275,521	5,484,551	18,447,367
Less expenses netted against revenue on statement of activities and changes in net assets				(275,521)	(275,521)	(275,521)
	$ 2,781,435	$ 2,343,753	$ 83,842	$	$ 5,209,030	$ 18,171,846

See Notes to Consolidating Financial Statements

USA TRIATHLON OF COLORADO

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Consolidating Statement of Cash Flows

For the Year Ended December 31, 2019

	USA Triathlon of Colorado	USA Triathlon Foundation	Eliminating Entries	Consolidated Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in net assets	$ 563,276	$ (562,437)	$	$ 839
Adjustments to reconcile change in net assets to net cash used by operating activities:				
Depreciation	311,989	1,295		313,284
Unrealized gains on investments	(1,657,752)	(3,015)		(1,660,767)
Decrease (increase) in assets:				
Accounts receivable, net	24,281			24,281
Contributions receivable		4,377		4,377
Due from USOPC	9,079			9,079
Due to/from USA Triathlon of Colorado	(52,863)	1,838	51,025	
Prepaid expenses	128,633	(5,171)		123,462
Increase (decrease) in liabilities:				
Accounts payable	105,640	(11,579)		94,061
Due to/from USA Triathlon Foundation	(1,838)	52,863	(51,025)	
Accrued liabilities	(93,818)			(93,818)
Deferred revenue	522,070	1,845		523,915
Total adjustments	(704,579)	42,453		(662,126)
Net cash used by operating activities	(141,303)	(519,984)		(661,287)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Acquisition of property and equipment	(778,554)	(2,490)		(781,044)
Proceeds from sale of investments	8,208,033	22,309		8,230,342
Purchase of investments	(7,976,077)	(32,966)		(8,009,043)
Net cash used by investing activities	(546,598)	(13,147)		(559,745)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from line of credit	53,178			53,178
Repayment of note payable	(60,230)			(60,230)
Transfer of net assets	(543,815)	543,815		
Net cash provided (used) by financing activities	(550,867)	543,815		(7,052)
NET INCREASE (DECREASE) IN CASH	(1,238,768)	10,684		(1,228,084)
CASH AND CASH EQUIVALENTS, beginning of year	1,820,490	176,724		1,997,214
CASH AND CASH EQUIVALENTS, end of year	$ 581,722	$ 187,408	$	$ 769,130

See Notes to Consolidating Financial Statements

USA TRIATHLON OF COLORADO

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Notes to Consolidating Financial Statements

For the Year Ended December 31, 2019

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 the Corporation 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.

Accounting Standards Update

On January 1, 2019, the Corporation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, (ASU 2014-09) and FASB ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (ASU 2018-08)*. These two ASUs were adopted together as of January 1, 2019, because they both establish standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions. Adopting one ASU without the other would leave the accounting for some ongoing grants and contracts unresolved. ASU 2014-09 was adopted retrospectively, accordingly, there is no effect on net assets in connection with implementation of the two ASUs.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounting Standards Update - continued

On January 1, 2019, the Corporation also adopted FASB ASU 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, and subsequently issued related ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments—Overall (Subtopic 825-10)*, and elected early adoption for ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*. These standards amend certain aspects of accounting and disclosure requirements for financial instruments, including the requirement that equity investments with readily determinable fair values are to be measured at fair value with any changes in fair value recognized in the statement of changes in net assets. The standards were adopted using the modified retrospective method and there is no effect on net assets with the implementation of the three ASUs.

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.

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. The Corporation's restricted cash at December 31, 2019, was $21,449. The Foundation's restricted cash consists of funds received with donor restrictions and was $100,000.

Accounts Receivable

Accounts receivable include amounts from contracts with customers, contributions postmarked before the end of the year and other miscellaneous amounts. Receivables from contracts with customers at the beginning and end of 2019 were $761,484 and $701,395, respectively.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounts Receivable - continued

Accounts receivable are stated at the amount the Corporation and Foundation expect to collect from balances outstanding at year-end. Based on the Corporation and Foundation's experience with individuals and entities having outstanding balances, they have concluded that an allowance for doubtful accounts of $13,875 was necessary for the year ended December 31, 2019.

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. No contributions receivable were outstanding at December 31, 2019.

Investments

The Corporation and Foundation carry 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 in the consolidating statement of financial position. Unrealized gains and losses are included in the accompanying consolidating statement of activities and changes in net assets. The Corporation and Foundation record 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.

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 $313,284 for the year ended December 31, 2019.

Deferred Revenue

Deferred revenue, which is a liability from contracts with customers, was $5,200,518 and $5,282,843 at the beginning and end of 2019, respectively.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributions

Gifts of cash and other assets are reported as donor 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidating statements of activities and changes in net assets as satisfied program restrictions.

USOPC grants are considered contributions.

Value-In-kind Contributions

Sponsorship income in the form of value-in-kind goods is reported as revenue and expense in the fiscal year it is received. The Corporation received $2,013,950 of in-kind contributions for the year ended December 31, 2019. The Foundation received value-in-kind goods and services in the amount of $381,078 during the year ended December 31, 2019. Amounts the Corporation provided to the Foundation have been eliminated on the accompanying consolidating financial statements.

Revenue from Contracts with Customers

Sponsorship Revenue - The Corporation and Foundation recognize revenue from contracts with both sponsors and suppliers of USA Triathlon of Colorado and USA Triathlon Foundation. Performance obligations in such contracts are satisfied as services are rendered, and therefore, the Corporation and Foundation will recognize revenue over time. The Corporation and Foundation have concluded that the performance obligations within these contracts are substantially the same in each year and are satisfied ratably over the term of the agreement.

Therefore, sponsorship revenue from contracts with customers will be recognized on a straight-line basis over the term of the agreement.

Camps and Clinics - The Foundation receives revenue from sales related to Fantasy Camps which occur throughout the year and the revenue is recognized when the event occurs. The sales include registration fees which allow the customer to attend the event. The total registration fee includes a contribution amount which is recognized as contribution revenue upon receipt.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue from Contracts with Customers - continued

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 membership term. Life memberships are recognized over a five-year term.

Team USA and National Events, Education, and Sanctioning - The Corporation earns revenue from hosting Team USA and national triathlon events, education camps and clinics, and event sanctioning. This revenue is recorded in the period in which the performance obligation is met, which is at the time of the event.

Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Personnel expenses are allocated on the basis of time and effort spent by personnel in the various program and supporting services made by the Corporation's and Foundation's management. Depreciation expense is allocated based upon respective assets that benefit each program or supporting service.

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.

Supplemental Cash Flow Information

During the year ended December 31, 2019, the Corporation did not pay any income taxes and paid $98,681 of interest expense. The Foundation did not pay any interest or income taxes during the year ended December 31, 2019.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

Date of Management's Review

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through October 31, 2020, the date the financial statements were available to be issued.

B. AVAILABLE RESOURCES AND LIQUIDITY

The Corporation's and Foundation's financial assets available within one year of the consolidating statement of financial position for general expenditure are as follows:

Cash and cash equivalents	$ 876,546
Accounts receivable, net	759,973
Long-term investments	11,824,278
Total financial assets	13,460,797
Less amounts not available to be used within one year:	
Tenant deposits	(21,449)
Net assets with donor restrictions restrictions (Note F)	(100,000)
Financial assets available within one year	$ 13,339,348

As part of the Corporation's and Foundation's liquidity management, sufficient financial assets are maintained to be available for general expenditures, liabilities, and other obligations as they come due. In accordance with its liquidity plan, excess cash is invested in long-term investments and the Corporation and Foundation follow the guidelines of their investment policy.

C. 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. The Corporation and Foundation record transfers between levels at the end of the reporting period.

The Corporation and Foundation use net asset value per share (NAV), or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain hedge funds, private equity funds, funds of funds, and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

The following table presents assets that are measured at fair value on a recurring basis, except those measured at cost or NAV per share as a practical expedient as identified in the following, at December 31, 2019:

C. FAIR VALUE MEASUREMENTS - Continued

Assets at Fair Value as of December 31, 2019					
	Level 1	Level 2	Level 3	Total	Investments Measured at NAV
Equity Securities:					
Mutual funds & ETFs	$ 2,558,948	$	$	$ 2,558,948	$
Common stock	5,087,234			5,087,234	
Corporate fixed income	3,189,699			3,189,699	
Money market	460,966			460,966	
Alternative investments					527,431
	$ 11,296,847	$	$	$ 11,296,847	$ 527,431

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.

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.

Investments measured at fair value that calculate net asset value as a practical expedient at December 31, 2019 were Ironwood Instit Ltd Hld, $25,989, and Ceres Orion L.P. Class A $501,442. Both funds were sold subsequent to year end.

Ironwood Instit Ltd Hld: A Delaware limited liability company organized as a hedge fund. Some investment strategies include convertible bond arbitrage, distressed situations, event credit, event equities, fixed income and interest rates, private securities, and structured credit.

Ceres Orion L.P. Class A: A limited partnership organized in the State of New York, to engage in the speculative trading of a diversified portfolio of commodity interests, including futures, option, swap and forward contracts.

C. FAIR VALUE MEASUREMENTS - Continued

Investment revenues are reported net of related investment expenses in the statement of activities.

Investment income (loss) in the accompanying consolidating statement of activities consists of the following for the year ended December 31, 2019:

Realized gains (losses)	$ (447,294)
Interest and dividends	361,873
Unrealized gains (losses)	1,660,767
Investment expenses	(71,440)
	$ 1,503,906

D. DEFERRED REVENUE

Deferred revenue at December 31, 2019, consists of the following:

Membership	$ 4,462,934
Team USA and national events	788,842
Building security deposits and rent	21,449
Foundation programs	9,618
	$ 5,282,843

E. NET ASSETS WITHOUT DONOR RESTRICTIONS - BOARD DESIGNATED

In a prior year, the Board of Directors designated $900,000 to support future programs which were not anticipated or budgeted. During the year ended December 31, 2019, $430,298 was spent in support of these programs, leaving a balance of $212,384.

F. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2019 consist of funds the Foundation received which are restricted to support the Corporation's athlete development program. These restricted assets are included as restricted cash in the accompanying statement of financial position. During the year ended December 31, 2019, $105,000 of restricted funds had been spent in satisfaction of the restricted purpose leaving a balance of net assets with donor restrictions in the amount of $100,000.

G. MEMBERSHIP REGISTRATIONS

Membership registrations for the years ended December 31, 2019, consist of the following:

Adult annual	$ 4,888,119
One-day permits	3,148,320
Youth annual	376,618
Elite annual	24,563
	$ 8,437,620

H. RELATED PARTY TRANSACTIONS

The United States Olympic and Paralympic Committee (USOPC) provides grants to the Corporation. Total grants from the USOPC for the years ended December 31, 2019, consist of the following:

NGB funding	$ 729,816
Other grants	65,745
Value-in-kind	58,882
International relations grant	3,200
	$ 857,643

In January 2013, the Corporation entered into a digital media agreement with the USOPC. 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 the year ended December 31, 2019. These amounts are included in corporate sponsorships in the consolidating statement of activities and changes in net assets.

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.

I. 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 year ended December 31, 2019 amounted to $165,419.

J. 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:

2020	$ 7,512
2021	1,252

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

K. 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 were due through December 15, 2018, at which time all outstanding principal and interest was due. The Corporation had the option to prepay this note at any time without a prepayment penalty.

During the year ended December 31, 2017, the Corporation refinanced the promissory note. The new loan is collateralized by 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, 2019 consists of the following:

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.	$ 2,839,165
Less current portion	(62,060)
Long-term portion	$ 2,777,105

K. NOTE PAYABLE - Continued

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

2020	$ 62,060
2021	64,499
2022	66,751
2023	69,080
2024	2,576,775
	$ 2,839,165

L. LINE OF CREDIT

During the year ended December 31, 2019, the Corporation obtained a line of credit from a brokerage firm with a maximum loan amount equal to the value of the pledged collateral less outstanding loan balances, accrued interest and fees. The total line of credit amount at December 31, 2019 is $3,952,475, and bears interest at 3.29%. At December 31, 2019, the balance outstanding on the line of credit was $53,178.

M. PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2019, an error was discovered in the information obtained from the membership database that the finance department had received to substantiate the amount of deferred revenue for memberships. The finance controller discovered the error when attempting to reconcile deferred membership and current year membership amounts after the Corporation changed to a new membership database. The error appears to have accumulated over approximately five years. The beginning net assets without donor restrictions were increased by $441,590 for the restatement. The effect on the change in net assets for the year ended December 31, 2018 was not able to be determined because the error extended across earlier periods. The change to a new membership database and other procedures designed to evaluate the accuracy of the information that the finance department receives from the membership database should prevent similar issues in the future.

N. SUBSEQUENT EVENTS

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Corporation and Foundation.

N. SUBSEQUENT EVENTS - Continued

The COVID-19 (coronavirus) outbreak has had a notable impact on general economic conditions, including but not limited to the temporary closures of many businesses, "shelter in place" and other governmental regulations and job losses. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

In April 2020, the Corporation received a $907,400 loan through the Small Business Administration's (SBA) Paycheck Protection Program. A portion or all of loan may be forgiven by the Small Business Administration if certain payroll criteria are met and funds are used for payroll, rent, mortgage interest, or utilities. Any portion of the loan that is not forgiven will be payable back to the SBA with a maturity of five years and an interest rate of 1%. Loan payments are deferred for ten months. The Corporation intends to utilize the funds for allowable costs in order to secure maximum loan forgiveness.

Subsequent to December 31, 2019, the Foundation applied for and received an Economic Injury Disaster Loan (EIDL) though the Small Business Administration in the amount of $150,000.