



**USA TRIATHLON OF COLORADO  
AND  
USA TRIATHLON FOUNDATION**

**Consolidated Financial Statements**

**For the Year Ended December 31, 2021**

**And**

**Independent Auditors' Report**

# USA TRIATHLON OF COLORADO AND USA TRIATHLON FOUNDATION

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
USA Triathlon of Colorado and USA Triathlon Foundation  
Colorado Springs, Colorado

### **Opinion**

We have audited the accompanying consolidated financial statements of USA Triathlon of Colorado and USA Triathlon Foundation (collectively, the Organization) which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 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.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **Report on Summarized Comparative Information**

We have previously audited the Organization's 2020 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated May 25, 2021. In our opinion, the summarized comparative information presented herein is consistent, in all material respects, with the audited financial statements from which it has been derived.

#### **Report on Supplemental Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Supplemental Schedules on pages 17 and 18 are presented for the purpose 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 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 financial statements or to the 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.

*Stockman Kast Ryan + Co. LLP*

May 24, 2022

**USA TRIATHLON OF COLORADO AND  
USA TRIATHLON FOUNDATION**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2021 (with comparative totals for 2020)**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,954,498	\$ 3,236,207
Restricted cash	301,274	133,017
Accounts receivable, net	831,524	1,076,854
Current portion of pledges receivable, net	50,000	—
Prepaid expenses	<u>514,129</u>	<u>582,836</u>
Total current assets	6,651,425	5,028,914
INVESTMENTS	11,676,232	11,306,870
PLEDGES RECEIVABLE, NET	136,389	—
PROPERTY AND EQUIPMENT, NET	<u>1,379,849</u>	<u>1,099,064</u>
TOTAL	<u>\$ 19,843,895</u>	<u>\$ 17,434,848</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES		
Accounts payable	\$ 507,758	\$ 299,832
Accrued liabilities	495,205	62,060
Current portion of deferred revenue	5,704,685	5,327,469
Current portion of notes payable	<u>1,756</u>	<u>914,079</u>
Total current liabilities	<u>6,709,404</u>	<u>6,603,440</u>
LONG-TERM LIABILITIES		
Deferred revenue	479,625	569,760
Notes payable	<u>154,912</u>	<u>152,099</u>
Total long-term liabilities	<u>634,537</u>	<u>721,859</u>
TOTAL LIABILITIES	<u>7,343,941</u>	<u>7,325,299</u>
NET ASSETS		
Without donor restrictions	12,012,291	9,976,532
With donor restrictions	<u>487,663</u>	<u>133,017</u>
Total net assets	<u>12,499,954</u>	<u>10,109,549</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 19,843,895</u>	<u>\$ 17,434,848</u>

See notes to consolidated financial statements.

**USA TRIATHLON OF COLORADO AND  
USA TRIATHLON FOUNDATION**

**CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021 (with comparative totals for 2020)**

	<b>2021</b>		<b>2020</b> <b>Total</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	
<b>REVENUE</b>			
Adult and youth memberships	\$ 7,499,680		\$ 5,049,669
Sponsorship	2,453,439		2,034,167
Team USA and national events	1,640,481		672,355
Value-in-kind contributions	1,444,884		1,435,872
USOPC grants	1,378,157		1,110,516
Contributions	341,173	\$ 532,828	694,527
Investment income, net of expenses	426,702		522,314
Camps and clinics	23,890		323,787
Other revenue	933,321		670,888
Net assets released from restrictions	<u>178,182</u>	<u>(178,182)</u>	<u>—</u>
<b>Total revenue</b>	<u>16,319,909</u>	<u>354,646</u>	<u>12,514,095</u>
<b>EXPENSES</b>			
Program services:			
Events	4,622,209		612,625
High performance	3,057,144		2,655,576
Sport Programs	1,020,886		3,375,178
Constituent relationships	861,979		1,094,844
Foundation programs	<u>675,918</u>		<u>507,757</u>
<b>Total program services</b>	10,238,136	—	8,245,980
Supporting services	<u>5,675,238</u>		<u>5,329,907</u>
<b>Total expenses</b>	<u>15,913,374</u>	—	<u>13,575,887</u>
Operating gain (loss)	406,535	354,646	(1,061,792)
Gain from extinguishment of debt	1,626,974		—
Gain (loss) on disposal of assets	<u>2,250</u>		<u>(1,652,732)</u>
<b>CHANGE IN NET ASSETS</b>	2,035,759	354,646	(2,714,524)
<b>NET ASSETS, Beginning of year</b>	<u>9,976,532</u>	<u>133,017</u>	<u>12,824,073</u>
<b>NET ASSETS, End of year</b>	<u>\$ 12,012,291</u>	<u>\$ 487,663</u>	<u>\$ 10,109,549</u>

See notes to consolidated financial statements.

**USA TRIATHLON OF COLORADO AND  
USA TRIATHLON FOUNDATION**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021 (with comparative totals for 2020)**

	2021					
	Events	High Performance	Sport Programs	Constituent Relationships	Foundation Programs	Total Program Services
Salaries/Wages	\$ 292,954	\$ 620,725	\$ 384,705	\$ 341,629		\$ 1,640,013
Insurance	2,383,913	2,978	2,565			2,389,456
Travel	245,111	993,522	133,437	8,709		1,380,779
Professional Fees	345,437	293,041	64,064	62,518		765,060
Value-In-Kind	508,129	403,241	121,531	93,004	83,803	1,209,708
Office Expense	91,464	22,618	14,115	207,203		335,400
Benefits	37,355	95,921	58,027	56,099		247,402
Grants			3,350		516,454	519,804
Equipment Rental/Purchase	297,249	134,361	6,837	1,011		439,458
Stipends	58,280	273,571	81,303		36,679	449,833
Information Technology	34,748	13,432	21,236	28,955		98,371
Occupancy/Building						
Payroll Taxes	23,436	48,993	26,774	26,969		126,172
Awards	216,805	6,388	30,316	5,856	4,181	263,546
Other Event/Athlete	87,328	137,342	9,902	30,026	34,577	299,175
Depreciation						
Legal Fees						
Entry Fees		11,011	62,724		224	73,959
Advertising						
Quad/Project Expense						
<b>Total</b>	<b>\$ 4,622,209</b>	<b>\$ 3,057,144</b>	<b>\$ 1,020,886</b>	<b>\$ 861,979</b>	<b>\$ 675,918</b>	<b>\$ 10,238,136</b>

(Continued)

**USA TRIATHLON OF COLORADO AND  
USA TRIATHLON FOUNDATION**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021 (with comparative totals for 2020)**

	2021					Total Expenses	2020 Total
	USAT General and Administrative	Marketing and Communications	Business Development and Strategy	Foundation General and Administrative	Total Support Services		
Salaries/Wages	1,153,310	377,437	663,219	414,525	\$ 2,608,491	\$ 4,248,504	\$ 4,242,003
Insurance				3,407	3,407	2,392,863	2,285,404
Travel	78,373	2,283	6,925	32,478	120,059	1,500,838	584,198
Professional Fees	405,046	167,325	125,601	28,157	726,129	1,491,189	1,139,569
Value-In-Kind	117,101	31,835	41,235	-	190,171	1,399,879	1,435,872
Office Expense	35,335	166,958	270,681	53,160	526,134	861,534	1,289,765
Benefits	121,988	58,617	86,606	36,210	303,421	550,823	539,312
Grants						519,804	352,070
Equipment Rental/Purchase	39,633	22		5,553	45,208	484,666	235,640
Stipends						449,833	254,660
Information Technology	233,656	8,345	5,995	20,229	268,225	366,596	102,170
Occupancy/Building	306,401			9,000	315,401	315,401	192,109
Payroll Taxes	72,460	29,688	51,463	32,083	185,694	311,866	249,783
Awards	18,795		767		19,562	283,108	139,523
Other Event/Athlete	13,990	52	96		14,138	313,313	256,184
Depreciation	262,663			2,262	264,925	264,925	363,830
Legal Fees	158,414				158,414	158,414	84,542
Entry Fees	1,338		75		1,413	75,372	7,082
Advertising		5,000	1,500	124	6,624	6,624	10,123
Quad/Project Expense							150,791
Less expenses netted against revenue on the statement of activities	(82,178)				(82,178)	(82,178)	(338,743)
<b>Total</b>	<b>\$ 2,936,325</b>	<b>\$ 847,562</b>	<b>\$ 1,254,163</b>	<b>\$ 637,188</b>	<b>\$ 5,675,238</b>	<b>\$ 15,913,374</b>	<b>\$ 13,575,887</b>

(Concluded)

See notes to consolidated financial statements.



**USA TRIATHLON OF COLORADO AND  
USA TRIATHLON FOUNDATION**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2021 (with comparative totals for 2020)**

	<b>2021</b>	<b>2020</b>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,390,405	\$ (2,714,524)
Adjustments to reconcile the change in net assets to net cash provided by (used in) operating activities:		
Depreciation	264,925	363,830
(Gain) Loss on disposal of assets	(2,250)	1,652,732
Realized and unrealized gains, net	(194,314)	(267,966)
Gain from extinguishment of debt	(1,626,974)	
Changes in operating assets and liabilities:		
Accounts receivable	245,330	(316,881)
Pledges receivable	(186,389)	
Prepaid expenses	68,707	533,785
Accounts payable and accrued liabilities	641,071	(194,360)
Deferred revenue	<u>287,081</u>	<u>614,386</u>
Net cash provided by (used in) operating activities	<u>1,887,592</u>	<u>(328,998)</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	14,722,559	2,346,802
Purchases of investments	(14,897,607)	(1,561,428)
Acquisition of property and equipment	(544,210)	(368,863)
Proceeds from sale of fixed assets	<u>750</u>	<u>4,231,330</u>
Net cash provided by (used in) investing activities	<u>(718,508)</u>	<u>4,647,841</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	710,015	1,066,178
Payments on long-term debt	2,880	(2,839,165)
Accrued interest	<u>4,569</u>	<u>(53,178)</u>
Net cash provided by (used in) financing activities	<u>717,464</u>	<u>(1,826,165)</u>
<b>NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	<b>1,886,548</b>	<b>2,492,678</b>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH, Beginning of year</b>	<b><u>3,369,224</u></b>	<b><u>876,546</u></b>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH, End of year</b>	<b><u>\$ 5,255,772</u></b>	<b><u>\$ 3,369,224</u></b>
Reconciliation of cash and restricted cash to the accompanying consolidated balance sheet under the following captions:		
Cash and cash equivalents	\$ 4,954,498	\$ 3,236,207
Restricted cash	<u>301,274</u>	<u>133,017</u>
<b>Total</b>	<b><u>\$ 5,255,772</u></b>	<b><u>\$ 3,369,224</u></b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid for interest	<u>\$ —</u>	<u>\$ 101,884</u>

See notes to consolidated financial statements.

# USA TRIATHLON OF COLORADO AND USA TRIATHLON FOUNDATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Operations** — USA Triathlon of Colorado (Triathlon) is the national governing body for the sport of triathlon, making it responsible for the support, promotion and development of triathlon in the United States. USA Triathlon Foundation (the Foundation) has the purpose of raising funds and acquiring assets that will enable Triathlon to encourage, improve, and promote the sport of triathlon in the United States.

**Principles of Consolidation** — The consolidated financial statements include the accounts of Triathlon and the Foundation (collectively, the Organization). All significant intercompany transactions and balances have been eliminated in consolidation.

**Basis of Presentation** — The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which represent the expendable resources that are available for operations at management's discretion; and net assets with donor restrictions, which represent resources restricted by donors as to purpose or by the passage of time and resources for which use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

The accompanying financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient details to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's statements for the year ended December 31, 2020, from which the summarized information was derived.

**Use of Estimates** — The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

**Cash and Cash Equivalents** — The Organization considers all highly liquid investments with original maturities of three months or less, and which are not held for long-term investment purposes, to be cash equivalents. Cash and highly liquid financial instruments held for long-term investment purposes, regardless of original length or maturity, are reported as investments and are excluded from this definition. The net amount of operating cash added to, or withdrawn from, the long-term investments is reported as an investing activity in the accompanying consolidated statement of cash flows. At times during the year, the Organization's cash accounts may exceed Federal Deposit Insurance Corporation insured limits.

**Restricted Cash** — The Organization considers funds held for a specific purpose and not available for immediate or general business use to be restricted cash.

**Accounts Receivable** — Accounts receivable includes amounts due under contracts with sponsors, amounts due from race directors, and other miscellaneous sources. Accounts receivable are stated at their invoiced amount, which represents the amount the Organization expects to receive. Receivables are generally due within 30 days. At times, the Organization may place certain receivables on longer term payment plans that do not exceed one year. The Organization and Foundation maintain an allowance for doubtful accounts based on expected collectability of receivables. The allowance for doubtful accounts was \$533,153 and \$326,592 as of December 31, 2021 and 2020, respectively.

**Pledges Receivable** — Unconditional promises to give are recognized as support and assets in the period received. Promises to give are recorded at net realizable value if expected to be collected within one year and at the present value of estimated future cash flows if expected to be collected in more than one year. The discounts on these amounts are computed using a risk adjusted interest rate (1.26% for the year ended December 31, 2021). There were no pledges receivable as of December 31, 2020. Amortization of the discount is included in contribution revenue. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Management provides for probable uncollectible amount through an allowance for uncollectible pledges based on an assessment of the current status of individual receivables and general economic conditions.

**Related Parties** — The Organization received pledges receivable from management of \$158,543 in 2021. There were no related party pledges receivable in 2020.

**Prepaid Expenses** — Prepaid expenses primarily consist of amounts paid for insurance in advance of the policy term and amounts paid for event expenses in advance of the event date.

**Investments** — Investments are carried at fair value in the accompanying consolidated statement of financial position. The investments are held for long-term purposes. Net investment return consists of interest and dividend income, and realized and unrealized gains and losses on investments, less investment management and custodial fees. See Note 5 for additional information on fair value measurements.

**Property and Equipment** — Property and equipment are recorded at cost for assets purchased by the Organization and at estimated fair value at the date of donation for contributed property and equipment. The Organization's policy is to capitalize all acquisitions of property and equipment in excess of \$3,000 and with a useful life of a year or more. Depreciation is recorded using the straight-line method over estimated useful lives of 2 to 10 years for furniture and equipment. Depreciation on the office building and office building improvements was recorded using the straight-line method over estimated useful lives of 30 and 15 years, respectively.

**Deferred Revenue** — Deferred revenue primarily consists of receipts from members, athletes, grantors, and sponsors. Deferred revenue from memberships is recorded on the date of receipt of the membership fee and is amortized as revenue over the life of the membership depending on the specific membership, which ranges from one day to three years. Deferred revenue from athletes for event fees is recorded on the date of receipt and recognized as revenue on the date

the race event occurs. Deferred revenue from grantors is recorded on the date of receipt and recognized as revenue when the funds are used for the grantor's intended purpose. Deferred revenue from sponsors is recognized as revenue as performance obligations are satisfied.

**Contributions** — Contributions received are recorded as net assets with or without donor restrictions depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. United States Olympic and Paralympic Committee (USOPC) grants are considered contributions and presented separately from contributions in the accompanying consolidated statement of activities.

**Value-In-Kind Contributions** — Donated services and materials are recorded as value-in-kind contribution revenue and value-in-kind expense in the accompanying consolidated statement of activities at their estimated values. Contributions of services are recognized only if the services received create or enhance non-financial assets or require specialized skills from individuals possessing those skills and would typically need to be purchased if not provided by donations. The Organization primarily receives value-in-kind contributions from sponsors in the form of goods and services.

**Revenue Recognition** — The Organization recognizes revenue from contracts with customers by applying the following steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract, if applicable; and (5) recognize revenue when or as the performance obligation is satisfied.

Membership revenues are recognized based on the term of the membership purchased. The Organization's membership terms range from one day to three years. One day memberships are recognized on the date the member indicated they would like to receive the membership benefits, which corresponds to the date of a racing event. All other membership revenue is recognized on a straight-line basis over the life of the membership.

Sponsorship revenues are recognized when the Organization satisfy their performance obligations as stated in the contract with the sponsor. Typical sponsorship performance obligations include exclusivity, advertisements in the seasonal magazines, and digital media rights.

Revenues from race events, camps and clinics, and education are recognized when the related event occurs or service is provided.

**Functional Expenses** — The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses are allocated on the basis of estimates of time and effort spent by personnel or are attributed directly to individual programs or supporting services based on the identified operational function.

**Income Taxes** — Triathlon and the Foundation qualify as tax-exempt organizations under the provisions of Section 501(c)(3) of the Internal Revenue Code. Income from activities not directly related to Triathlon’s and the Foundation’s tax-exempt purpose is subject to taxation as unrelated business income. Triathlon and the Foundation are subject to examination by various taxing authorities generally for three to five years after the filing of their Return of Organization Exempt from Income Tax (Form 990). Triathlon and the Foundation do not believe that they have any uncertain tax positions that are material to the consolidated financial statements.

**Subsequent Events** — The Organization has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors’ Report, which is the date the consolidated financial statements were available for issuance.

## 2. LIQUIDITY AND AVAILABILITY

The following table reflects the Organization’s financial assets as of December 31, 2021, reduced by amounts that are not available for use within one year from the consolidated statement of financial position date.

	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 4,954,498	\$ 3,236,207
Restricted cash	301,274	133,017
Accounts receivable, net	831,524	1,076,854
Current portion of pledges receivable, net	50,000	
Investments	11,676,232	11,306,870
Total financial assets	17,813,528	15,752,948
Less amounts unavailable to be used within one year, due to:		
Net assets with donor restrictions	<u>(487,663)</u>	<u>(133,017)</u>
Total financial assets available to management to meet cash needs within one year	<u>\$ 17,325,865</u>	<u>\$ 15,619,931</u>

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as their general expenditures, liabilities and other obligations come due. In accordance with their liquidity plan, excess cash is invested in long-term investments and the Organization and Foundation follow the guidelines of their investment policy.

### 3. PLEDGES RECEIVABLE

Pledges receivable at December 31:

	2021	2020
Due in less than one year	\$ 50,000	
Due in one to five years	140,043	
Thereafter	<u>2,500</u>	<u>          </u>
Total	192,543	\$ —
Discount to net present value of estimated cash flows	<u>(6,154)</u>	<u>          </u>
Pledges receivable, net	<u>\$ 186,389</u>	<u>\$ —</u>

### 4. FUNCTIONAL EXPENSE ALLOCATION METHODS

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Organization. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Costs have been allocated between various programs and support services on several bases and estimates. Salary, benefits, contract labor and travel which are allocated fully to the related program and on the basis of estimates of time and effort spent by personnel in the various program and supporting services. Certain occupancy expenses such as supplies, shipping and postage, insurance and information technology have been allocated based on usage. Maintenance and facility expenses have been allocated based on square footage.

### 5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2021	2020
Computer software	\$ 2,032,843	\$ 1,485,710
Furniture, fixtures, and equipment	1,229,548	1,244,692
Construction in process	465,117	500,000
Less accumulated depreciation	<u>(2,347,659)</u>	<u>(2,131,338)</u>
Property and equipment, net	<u>\$ 1,379,849</u>	<u>\$ 1,099,064</u>

Depreciation expense was \$264,925 and \$363,830, for the years ended December 31, 2021 and 2020, respectively.

### 6. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization is required to use 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 inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the Association has the ability to access.

Level 2: Prices determined using significant other observable inputs. Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active 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 by 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: Prices determined using significant unobservable inputs.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics, and other factors. The Organization considers observable data to be that market data which is readily available and reliable and provided by independent sources. The categorization of a financial instrument within the hierarchy is therefore based upon the pricing transparency of the instrument and does not necessarily correspond to the Organization's perceived risk of that investment. The Organization recognizes transfers between levels at the end of the reporting period.

Investments in stocks, mutual funds, equity securities and money market funds are determined principally through quoted prices in active markets. Fair values for fixed income securities are determined through pricing services.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets stated at fair value as of December 31:

	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Total</b>
2021				
Investments:				
Cash	<u>\$ 11,676,232</u>	_____	_____	<u>\$ 11,676,232</u>
Total	<u>\$ 11,676,232</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 11,676,232</u>

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
2020				
Investments:				
Mutual Funds	\$ 5,396,071			\$ 5,396,071
Equity securities	4,719,470			4,719,470
Fixed Income		\$ 865,489		865,489
Money market funds	<u>325,840</u>			<u>325,840</u>
Total	<u>\$ 10,441,381</u>	<u>\$ 865,489</u>	<u>\$ —</u>	<u>\$ 11,306,870</u>

Net investment income was composed of the following for the year ended December 31:

	2021	2020
Interest and dividends	\$ 314,566	\$ 332,700
Net unrealized gains	356	324,467
Net realized gains (losses)	193,958	(56,501)
Investment management and custodial fees	<u>(82,178)</u>	<u>(78,352)</u>
Net investment income	<u>\$ 426,702</u>	<u>\$ 522,314</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 Organization's consolidated 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. 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 Organization.

## 7. NOTES PAYABLE

During 2020, the Foundation obtained a loan issued by a bank bearing interest 2.75% in the amount of \$156,668 pursuant to the Economic Injury Disaster Loan Program (the EIDL), of the CARES Act. The note is secured by the Foundation's assets and requires monthly payments of principal and interest beginning June 1, 2022. The note matures on May 1, 2050.



Aggregate maturities of notes payable are as follows:

2022	\$ 1,756
2023	3,077
2024	3,163
2025	3,251
2026	3,342
Thereafter	<u>142,079</u>
Notes payable	<u>\$ 156,668</u>

#### **8. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at December 31, 2021 and 2020 consist of funds that the Foundation has received which are restricted to support the Organization's Project Podium, an athlete development program. These restricted net assets are included as restricted cash in the accompanying consolidated statement of financial position.

#### **9. LEASES**

The Organization leases office space under non-cancellable operating lease agreement expiring in December 31, 2030. The Organization has the right to terminate the lease beginning January 1, 2027. The lease is subject to renewal and escalation clauses.

Total future minimum lease payments are as follows:

2022	\$ 224,225
2023	231,188
2024	238,152
2025	245,115
2026	252,079
Thereafter	<u>1,077,950</u>
Total	<u>\$ 2,268,709</u>

#### **10. RETIREMENT PLAN**

The Organization sponsors a 401(k) retirement plan. Eligible employees must be 21 years of age and will become eligible for the plan on the first day of the month subsequent to their hire date. The Organization makes a matching contribution for all eligible employees of up to 5% of eligible compensation. The Organization may also make a discretionary contribution. Total contributions made by the Organization totaled \$163,238 and \$164,243 for the year ended December 31, 2021 and 2020, respectively.

**USA TRIATHLON OF COLORADO AND  
USA TRIATHLON FOUNDATION**

**SUPPLEMENTAL SCHEDULES**

# USA TRIATHLON OF COLORADO AND USA TRIATHLON FOUNDATION

## CONSOLIDATING STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2021

	USA Triathlon of Colorado	USA Triathlon Foundation	Eliminating Entries	Consolidated Totals
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 4,788,238	\$ 166,260		\$ 4,954,498
Restricted cash		301,274		301,274
Accounts receivable, net	829,836	1,688		831,524
Current portion of pledges receivable, net		50,000		50,000
Due from USA Triathlon of Colorado		27,209	\$ (27,209)	—
Due from USA Triathlon Foundation	76,959		(76,959)	—
Prepaid expenses	<u>504,213</u>	<u>9,916</u>		<u>514,129</u>
Total current assets	6,199,246	556,347	(104,168)	6,651,425
INVESTMENTS	11,676,231	1		11,676,232
PLEDGES RECEIVABLE, NET		136,389		136,389
PROPERTY AND EQUIPMENT, NET	<u>1,375,251</u>	<u>4,598</u>		<u>1,379,849</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 19,250,728</u></b>	<b><u>\$ 697,335</u></b>	<b><u>\$ (104,168)</u></b>	<b><u>\$ 19,843,895</u></b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 450,100	\$ 57,658		\$ 507,758
Due to USA Triathlon Foundation	27,209		\$ (27,209)	—
Due to USA Triathlon of Colorado		76,959	(76,959)	—
Accrued liabilities	480,998	14,207		495,205
Current portion of deferred revenue	5,698,685	6,000		5,704,685
Current portion of note payable		<u>1,756</u>		<u>1,756</u>
Total current liabilities	<u>6,656,992</u>	<u>156,580</u>	<u>(104,168)</u>	<u>6,709,404</u>
<b>LONG-TERM LIABILITIES</b>				
Deferred revenue	479,625			479,625
Note payable		<u>154,912</u>		<u>154,912</u>
Total long-term liabilities	<u>479,625</u>	<u>154,912</u>	<u>—</u>	<u>634,537</u>
<b>TOTAL LIABILITIES</b>	<b><u>7,136,617</u></b>	<b><u>311,492</u></b>	<b><u>(104,168)</u></b>	<b><u>7,343,941</u></b>
<b>NET ASSETS</b>				
Without donor restrictions	12,114,111	(101,820)		12,012,291
With donor restrictions		<u>487,663</u>		<u>487,663</u>
Total net assets	<u>12,114,111</u>	<u>385,843</u>	<u>—</u>	<u>12,499,954</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 19,250,728</u></b>	<b><u>\$ 697,335</u></b>	<b><u>\$ (104,168)</u></b>	<b><u>\$ 19,843,895</u></b>

# USA TRIATHLON OF COLORADO AND USA TRIATHLON FOUNDATION

## CONSOLIDATING STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2021

	USA Triathlon of Colorado Without Donor Restrictions	USA Triathlon Foundation Without Donor Restrictions	USA Triathlon Foundation With Donor Restrictions	Eliminating Entries	Consolidated Totals
<b>REVENUE</b>					
Adult and youth memberships	\$ 7,499,680				\$ 7,499,680
Sponsorship	2,453,439				2,453,439
Team USA and national events	1,640,481				1,640,481
Value-in-kind contributions	1,361,081	\$ 372,079		\$ (288,276)	1,444,884
USOPC grants	1,378,157				1,378,157
Contributions	106,500	761,173	\$ 532,828	(526,500)	874,001
Investment income, net of expenses	422,397	4,305			426,702
Camps and clinics	23,890				23,890
Other revenue	1,147,485	4,905		(219,069)	933,321
Net assets released from restrictions		178,182	(178,182)		—
<b>Total revenue</b>	<b><u>16,033,110</u></b>	<b><u>1,320,644</u></b>	<b><u>354,646</u></b>	<b><u>(1,033,845)</u></b>	<b><u>16,674,555</u></b>
<b>EXPENSES</b>					
<b>PROGRAM SERVICES</b>					
Events	4,622,209				4,622,209
High performance	3,057,144				3,057,144
Sport Programs	1,445,886			(425,000)	1,020,886
Constituent Relationships	861,979				861,979
Foundation programs		777,418		(101,500)	675,918
<b>Total program services</b>	<b>9,987,218</b>	<b>777,418</b>	<b>—</b>	<b>(526,500)</b>	<b>10,238,136</b>
Supporting services	5,545,395	637,188		(507,345)	5,675,238
<b>Total expenses</b>	<b><u>15,532,613</u></b>	<b><u>1,414,606</u></b>	<b><u>—</u></b>	<b><u>(1,033,845)</u></b>	<b><u>15,913,374</u></b>
Operating gain (loss)	500,497	(93,962)	354,646	—	761,181
Gain from extinguishment of debt	1,601,199	25,775			1,626,974
Gain on disposal of asset	2,250				2,250
<b>CHANGE IN NET ASSETS</b>	<b>2,103,946</b>	<b>(68,187)</b>	<b>354,646</b>	<b>—</b>	<b>2,390,405</b>
<b>NET ASSETS, Beginning of year</b>	<b><u>10,010,165</u></b>	<b><u>(33,633)</u></b>	<b><u>133,017</u></b>		<b><u>10,109,549</u></b>
<b>NET ASSETS, End of year</b>	<b><u>\$ 12,114,111</u></b>	<b><u>\$ (101,820)</u></b>	<b><u>\$ 487,663</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 12,499,954</u></b>