

**UNITED STATES BIATHLON ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

# UNITED STATES BIATHLON ASSOCIATION, INC.

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of United States Biathlon Association, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

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

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

### *Auditors' Responsibility*

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United States Biathlon Association, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Going Concern***

The accompanying financial statements have been prepared assuming that the Association will continue as a going concern. As discussed in Note 18 to the financial statements, the Association's significant operating deficit and deficiency in working capital raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are also described in Note 18. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

*Marcum LLP*

January 13, 2022  
Portland, ME

# UNITED STATES BIATHLON ASSOCIATION, INC.

## STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 83,332	\$ 56,493
Accounts receivable	137,650	109,081
Promises to give, net of an unamortized discount of \$0 at June 30, 2021 and 2020, respectively	--	1,760
Inventory	13,884	32,826
Prepaid expenses	<u>19,035</u>	<u>28,237</u>
<b>Total Current Assets</b>	<u>253,901</u>	<u>228,397</u>
<b>Property and Equipment</b>		
Office furniture and equipment	37,423	34,579
Vehicles	25,963	25,963
Training equipment	<u>233,268</u>	<u>233,268</u>
	296,654	293,810
Less: accumulated depreciation	<u>(274,462)</u>	<u>(258,881)</u>
<b>Net Property and Equipment</b>	<u>22,192</u>	<u>34,929</u>
<b>Other Assets</b>		
Due from United States Biathlon Foundation	45,125	52,670
Beneficial interest in charitable remainder unitrust, net of an unamortized discount of \$33,585 and \$16,732 at June 30, 2021 and 2020, respectively	255,924	206,613
Security deposit	1,399	1,399
Investments	<u>61,321</u>	<u>54,497</u>
<b>Total Other Assets</b>	<u>363,769</u>	<u>315,179</u>
<b>Total Assets</b>	<u>\$ 639,862</u>	<u>\$ 578,505</u>

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

# UNITED STATES BIATHLON ASSOCIATION, INC.

## STATEMENTS OF FINANCIAL POSITION (CONTINUED)

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 100,518	\$ 161,158
Credit cards payable	18,160	1,556
Accrued payroll and related expenses	15,905	63,221
Prize money payable	215,813	215,813
Deferred revenue	12,500	12,500
Paycheck Protection Program loan	132,650	141,605
Current portion of long-term debt	<u>20,900</u>	<u>36,497</u>
<b>Total Current Liabilities</b>	<u>516,446</u>	<u>632,350</u>
<b>Long-Term Debt, Net of Current Portion</b>	<u>43,809</u>	<u>85,165</u>
<b>Net Assets (Deficiency)</b>		
Without donor restrictions	(176,317)	(347,763)
With donor restrictions	<u>255,924</u>	<u>208,753</u>
<b>Total Net Assets (Deficiency in Net Assets)</b>	<u>79,607</u>	<u>(139,010)</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 639,862</u>	<u>\$ 578,505</u>

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

# UNITED STATES BIATHLON ASSOCIATION, INC.

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<b>2021</b>			<b>2020</b>		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>						
Contributions	\$ 444,751	\$ 22,000	\$ 466,751	\$ 360,548	\$ 2,140	\$ 362,688
In-kind supplies and services	334,896	--	334,896	265,318	--	265,318
United States Olympic Committee	1,069,315	--	1,069,315	1,087,601	--	1,087,601
International Biathlon Union	546,748	--	546,748	448,052	--	448,052
Sponsorships and marketing agreements	317,892	--	317,892	206,614	--	206,614
Membership dues	43,610	--	43,610	43,386	--	43,386
Fundraising income	--	--	--	19,778	--	19,778
Program fees and other revenue	1,184	--	1,184	9,366	--	9,366
PPP loan forgiveness of debt	141,605	--	141,605	--	--	--
Forgiveness of debt	3,727	--	3,727	--	--	--
Interest and dividends	998	--	998	479	--	479
Unrealized gains (losses) on investments	1,604	--	1,604	(2,963)	--	(2,963)
Realized gains on sale of investments	4,222	--	4,222	3,444	--	3,444
Foreign currency income (loss)	2,768	--	2,768	(1,473)	--	(1,473)
Change in beneficial interest in charitable remainder unitrust	--	49,311	49,311	--	(9,643)	(9,643)
Net assets released from restrictions	24,140	(24,140)	--	6,898	(6,898)	--
<b>Total Revenue and Support, and Net Assets Released from Restriction</b>	<u>2,937,460</u>	<u>47,171</u>	<u>2,984,631</u>	<u>2,447,048</u>	<u>(14,401)</u>	<u>2,432,647</u>
<b>Expenses</b>						
Program services	2,175,784	--	2,175,784	1,906,198	--	1,906,198
Management and general	390,075	--	390,075	369,821	--	369,821
Marketing and fundraising	200,155	--	200,155	192,694	--	192,694
<b>Total Expenses</b>	<u>2,766,014</u>	<u>--</u>	<u>2,766,014</u>	<u>2,468,713</u>	<u>--</u>	<u>2,468,713</u>
<b>Excess (Deficiency) of Revenue and Support over Expenses</b>	171,446	47,171	218,617	(21,665)	(14,401)	(36,066)
<b>Excess (Deficiency) in Net Assets - Beginning of Year</b>	<u>(347,763)</u>	<u>208,753</u>	<u>(139,010)</u>	<u>(326,098)</u>	<u>223,154</u>	<u>(102,944)</u>
<b>Excess (Deficiency) in Net Assets - End of Year</b>	<u>\$ (176,317)</u>	<u>\$ 255,924</u>	<u>\$ 79,607</u>	<u>\$ (347,763)</u>	<u>\$ 208,753</u>	<u>\$ (139,010)</u>

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

# UNITED STATES BIATHLON ASSOCIATION, INC.

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 218,617	\$ (36,066)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	15,581	21,430
Realized and unrealized gains on investments	(6,345)	(481)
Beneficial interest in charitable remainder unitrust	(49,311)	9,643
Forgiveness of debt	(141,605)	--
Changes in operating assets and liabilities:		
Accounts receivable	(28,569)	(79,901)
Promises to give	1,760	33,386
Inventory	18,942	(27,376)
Prepaid expenses	9,202	(10,588)
Due from United States Biathlon Foundation	7,545	(17,225)
Accounts payable	(60,640)	36,301
Credit cards payable	16,604	(5,496)
Accrued payroll	(47,316)	58,915
Prize money payable	--	(33,914)
Due to related party	--	(70,000)
<b>Total Adjustments</b>	(264,152)	(85,306)
<b>Net Cash Used in Operating Activities</b>	(45,535)	(121,372)
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(2,844)	(17,261)
Reinvestment of interest and dividends	(479)	(479)
<b>Net Cash Used in Investing Activities</b>	(3,323)	(17,740)
<b>Cash Flows from Financing Activities</b>		
Proceeds from Paycheck Protection Program loan	132,650	141,605
Principal payments on long-term debt	(56,953)	(34,842)
<b>Net Cash Provided by Financing Activities</b>	75,697	106,763
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	26,839	(32,349)
<b>Cash and Cash Equivalents - Beginning of Year</b>	56,493	88,842
<b>Cash and Cash Equivalents - End of Year</b>	\$ 83,332	\$ 56,493

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

# UNITED STATES BIATHLON ASSOCIATION, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

**FOR THE YEAR ENDED JUNE 30, 2021**

Expenses	Program Service Expenses					
	Team Trials, Training, and Competition	Athlete Development Programs	Total Program Services	Management and General	Marketing and Fundraising	Total
Salaries and wages	\$ 201,468	\$ 271,962	\$ 473,430	\$ 142,027	\$ 86,732	\$ 702,189
Payroll taxes and employee benefits	52,334	70,646	122,980	36,894	22,530	182,404
Payroll processing	--	--	--	2,516	--	2,516
Travel, lodging and meals	446,100	20,276	466,376	132	64,375	530,883
Supplies and equipment	613,491	439	613,930	--	--	613,930
Contract labor	247,363	--	247,363	--	--	247,363
Health management services and supplies	55,851	--	55,851	--	--	55,851
Athlete assistance	178,758	--	178,758	--	--	178,758
Awards	1,515	--	1,515	--	--	1,515
Media expenses	--	--	--	--	26,518	26,518
Miscellaneous	--	--	--	9,192	--	9,192
Insurance	--	--	--	53,389	--	53,389
Rent and utilities	--	--	--	27,716	--	27,716
Bank charges	--	--	--	10,831	--	10,831
Telephone	--	--	--	15,488	--	15,488
Legal and professional	--	--	--	70,308	--	70,308
Postage and shipping	--	--	--	4,895	--	4,895
Interest expense	--	--	--	7,184	--	7,184
Dues and subscriptions	--	--	--	7,954	--	7,954
Printing and copying	--	--	--	278	--	278
Repairs and maintenance	--	--	--	1,271	--	1,271
Depreciation	15,581	--	15,581	--	--	15,581
<b>Total Expenses</b>	<b>\$ 1,812,461</b>	<b>\$ 363,323</b>	<b>\$ 2,175,784</b>	<b>\$ 390,075</b>	<b>\$ 200,155</b>	<b>\$ 2,766,014</b>

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

# UNITED STATES BIATHLON ASSOCIATION, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

**FOR THE YEAR ENDED JUNE 30, 2020**

	Program Service Expenses					Total
	Team Trials, Training, and Competition	Athlete Development Programs	Total Program Services	Management and General	Marketing and Fundraising	
<b>Expenses</b>						
Salaries and wages	\$ 214,750	\$ 262,018	\$ 476,768	\$ 107,494	\$ 71,874	\$ 656,136
Payroll taxes and employee benefits	57,055	69,614	126,669	28,559	19,096	174,324
Payroll processing	--	--	--	2,554	--	2,554
Travel, lodging and meals	337,828	57,340	395,168	49,989	90,109	535,266
Supplies and equipment	475,536	5,379	480,915	--	--	480,915
Contract labor	243,038	--	243,038	--	--	243,038
Event support	--	244	244	--	--	244
Health management services and supplies	33,083	--	33,083	--	--	33,083
Athlete assistance	118,500	--	118,500	--	--	118,500
Awards	10,383	--	10,383	--	--	10,383
Media expenses	--	--	--	--	11,615	11,615
Miscellaneous	--	--	--	4,765	--	4,765
Insurance	--	--	--	50,437	--	50,437
Rent and utilities	--	--	--	26,203	--	26,203
Bank charges	--	--	--	12,496	--	12,496
Telephone	--	--	--	18,732	--	18,732
Legal and professional	--	--	--	41,445	--	41,445
Postage and shipping	--	--	--	4,364	--	4,364
Interest expense	--	--	--	11,156	--	11,156
Dues and subscriptions	--	--	--	8,436	--	8,436
Repairs and maintenance	--	--	--	1,312	--	1,312
Bad debt	--	--	--	1,879	--	1,879
Depreciation	21,430	--	21,430	--	--	21,430
<b>Total Expenses</b>	<u>\$ 1,511,603</u>	<u>\$ 394,595</u>	<u>\$ 1,906,198</u>	<u>\$ 369,821</u>	<u>\$ 192,694</u>	<u>\$ 2,468,713</u>

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

# UNITED STATES BIATHLON ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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

#### *NATURE OF ACTIVITIES*

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

#### *BASIS OF ACCOUNTING*

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

#### *CLASSIFICATION OF NET ASSETS*

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

##### *NET ASSETS WITHOUT DONOR RESTRICTIONS*

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

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

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

# UNITED STATES BIATHLON ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2020

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

##### *NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)*

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

##### *RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS*

In May 2014, the FASB issued a new comprehensive revenue recognition framework, “ASC 606”, which requires Entities to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Association expects to be entitled in exchange for those goods and services (ASU 2014-09). The FASB also issued implementation guidance in March 2016, April 2016 and May 2016 - ASU’s 2016-08, 2016-10 and 2016-12, respectively. The Association adopted the requirements of the new revenue recognition guidance as of July 1, 2020, utilizing the modified retrospective transition method. A practical expedient was applied for contracts that began and ended in the same year. Though these contracts were not restated, the effect of applying this practical expedient was not significant to the financial statements. Revenue for the year ended June 30, 2020 was accounted for under ASC 605.

##### *CASH AND CASH EQUIVALENTS*

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

##### *USE OF ESTIMATES*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### *ACCOUNTS RECEIVABLE*

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

# UNITED STATES BIATHLON ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2020

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

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

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

The Association does not charge interest on balances considered past due. The Association had \$2,560 and \$3,400 of accounts receivable that exceeded 60 days old as of June 30, 2021 and 2020, respectively.

At June 30, 2021 and 2020, accounts receivable had net balances in the amount of \$137,650 and \$109,081, respectively, net of an allowance for bad debts of \$0.

##### *INVESTMENTS*

The Association's investments are carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 7 for discussion of fair value measurements.

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

##### *INVENTORY*

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

##### *DEFERRED REVENUE*

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

# UNITED STATES BIATHLON ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2020

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

##### *IN-KIND SERVICES AND MATERIALS*

The Association receives ammunition, clothing, ski equipment, and other products in exchange for marketing rights with certain vendors. The value of these in-kind products is recorded at the estimated value at which the Association would have paid for those items. Estimated value of in-kind services and materials received for the years ended June 30, 2021 and 2020 totaled \$334,896 and \$265,318, respectively.

##### *PROPERTY AND EQUIPMENT*

The Association records property and equipment at cost, or fair market value if donated. Costs that do not significantly increase the useful life of an asset are charged to repairs and maintenance. Depreciation is computed using modified accelerated cost recovery method over the useful lives of the respective assets, which range from three to seven years. Depreciation expense for the years ended June 30, 2021 and 2020 were \$15,581 and \$21,430, respectively.

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

Donations of property and equipment are recorded as contributions at their estimated value at the date of the donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions.

##### *IMPAIRMENT OF LONG-LIVED ASSETS*

Long-lived assets to be held and used by the Association are reviewed for impairment when events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. The fair value of the asset is measured using either available market prices or estimated discounted cash flows. There were no impairment charges taken during the years ended June 30, 2021 and 2020, respectively.

# UNITED STATES BIATHLON ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2020

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

##### *REVENUE RECOGNITION*

The Association adopted Accounting Standards Codification (“ASC”) Topic 606 using the modified retrospective method provision of this standard effective July 1, 2020, which required the Association to apply the new revenue standard to (i) all new revenue contracts entered into after July 1, 2020 and (ii) all existing revenue contracts as of July 1, 2020 through a cumulative adjustment to net assets.

In accordance with this approach, there was no material impact which required a cumulative effect adjustment. Revenue recognition is evaluated through the following five steps: (i) identification of the contract, or contracts, with a customer; (ii) identification of the performance obligations in the contract; (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligations in the contract; (v) recognition of revenue when or as a performance obligation is satisfied.

- (i) *Identification of the contract, or contracts, with a customer* - a contract with a customer exists when the Association enters into an enforceable contract with a customer, typically a service agreement initiated by the customer, that defines each party’s rights regarding the services to be provided, identifies the payment terms related to these services, and that the customer has both the ability and intent to pay.
- (ii) *Identification of the performance obligations in the contract* - performance obligations promised in a contract are identified based on the services that will be provided to the customer that are distinct, whereby the customer can benefit from the services on their own or together with other resources that are readily available from third parties or from the Association.
- (iii) *Determination of the transaction price* - the transaction price is determined based on the consideration to which the Association will be entitled in exchange for transferring goods or services to the customer.
- (iv) *Allocation of the transaction price to the performance obligations in the contract* - If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. This applies to the Association as there is only one performance obligation, which is to provide service.

# UNITED STATES BIATHLON ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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

##### *REVENUE RECOGNITION (CONTINUED)*

- (v) *Recognition of revenue when, or as, the Association satisfies a performance obligation -* the Association satisfies performance obligations at a point in time when control of the goods and services transfers to the customer. Determining the point in time when control transfers requires judgment. Indicators considered in determining whether the customer has obtained control of a good include:
- a. The Association has a present right to payment
  - b. The customer has the significant risks and rewards of ownership of the services provided
  - c. The customer has accepted the services provided

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

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

##### *FUNCTIONAL ALLOCATION OF EXPENSES*

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

# UNITED STATES BIATHLON ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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

##### *INCOME TAXES*

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

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

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

#### NOTE 2 – PROMISES TO GIVE

Promises to give are recorded when the donor makes a promise to give to the Association. Promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Significant promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received. As of June 30, 2021 and 2020, unrestricted promises to give are \$0 and \$1,760, respectively and were net of unamortized discount of \$0. All promises to give are due within one year.

#### NOTE 3 – BENEFICIAL INTEREST IN CHARITABLE REMAINDER UNITRUST

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

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

# UNITED STATES BIATHLON ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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

At June 30, 2021 and 2020, the fair value of Association’s beneficial interest in the charitable remainder unitrust is as follows:

	<u>2021</u>	<u>2020</u>
Estimated future distribution of unitrust assets	\$ 289,509	\$ 223,345
Present value discount	<u>(33,585)</u>	<u>(16,732)</u>
Present value of future distribution of unitrust assets	<u>\$ 255,924</u>	<u>\$ 206,613</u>

For the years ended June 30, 2021 and 2020, the change in the present value of the split-interest agreement of \$49,311 and \$(9,643), respectively, was included in net assets with donor restrictions.

#### NOTE 4 – COMPENSATED ABSENCES

Employees are entitled to paid personal, sick, and vacation time throughout the year based on length of service. Unused vacation time is paid to employees at the end of employment. Management considered accrued vacation pay at June 30, 2021 and 2020 to be immaterial and no amount was accrued.

#### NOTE 5 – CONCENTRATION

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

The Association receives a substantial portion of its operating revenue from the United States Olympic Committee (USOC). Total revenue from the USOC in 2021 and 2020 was \$1,069,315 and \$1,087,601, respectively, which represented approximately 38% and 45% of the Association's revenue for each year. Accounts receivable due from the USOC at June 30, 2021 and 2020 was \$0 and \$25,000, respectively.

The Association also receives a substantial portion of its operating revenue from the International Biathlon Union (IBU). Total revenue from the IBU in 2021 and 2020 was \$546,748 and \$448,052, respectively, which represented approximately 19% and 18% of the Association’s revenue for each year. Accounts receivable due from the IBU at June 30, 2021 and 2020 was \$85,565 and \$50,081, respectively.

# UNITED STATES BIATHLON ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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#### NOTE 6 – INVESTMENTS

The Association is a participant in an investment pool with the United States Olympic Foundation. The United States Biathlon Association, Inc.'s portion of the investment pool at market value is comprised of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Domestic equities	\$ 16,397	17,717
Domestic bonds	8,045	2,583
Non-traditional managers	23,701	21,237
International equities	9,903	10,175
International bonds	-	1,439
Cash and cash equivalents	<u>3,275</u>	<u>1,346</u>
Total of investment pool	<u>\$ 61,321</u>	<u>\$ 54,497</u>

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

Investment return is summarized as follows for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividend income	\$ 998	\$ 479
Unrealized gains (losses) on sale of investments	1,604	(2,963)
Realized gains on sale of investments	<u>4,222</u>	<u>3,444</u>
Change in investment pool	<u>\$ 6,824</u>	<u>\$ 960</u>

# UNITED STATES BIATHLON ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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#### NOTE 7 – FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable assets or liabilities (level 3 measurements). The three levels of the fair value measurements under FASB ASC 820 are described as follows:

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

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

- quoted prices for similar assets or liabilities in inactive markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

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

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

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

# UNITED STATES BIATHLON ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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

The following table sets forth by level, within fair value hierarchy, the Association's assets at fair value as of June 30, 2021 and 2020:

	Level 1	Level 2	Level 3	Total
Assets at Fair Values as of June 30, 2021				
Association share of investment pool	\$ --	\$ 61,321	\$ --	\$ 61,321
Beneficial interest in charitable remainder unitrust	--	255,924	--	255,924
	\$ --	\$ 317,245	\$ --	\$ 317,245
	Level 1	Level 2	Level 3	Total
Assets at Fair Values as of June 30, 2020				
Association share of investment pool	\$ --	\$ 54,497	\$ --	\$ 54,497
Beneficial interest in charitable remainder unitrust	--	206,613	--	206,613
	\$ --	\$ 261,110	\$ --	\$ 261,110

# UNITED STATES BIATHLON ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

#### NOTE 8 – LONG-TERM DEBT

At June 30, 2021 and 2020, long-term debt consisted of the following:

	2021	2020
Note payable to VW Credit, Inc., with monthly principal and interest installments of \$454 through May 2022. The note bears interest at 2.9%. Secured by a vehicle.	\$ 4,920	\$ 10,139
Note payable to TD Bank, N.A. with monthly principal and interest installments of \$1,451 through June 2022. The note bears interest at 5.74%. Paid off in 2021.	--	32,804
Note payable to Eagle Realty Assets, LLC with monthly principal and interest installments of \$1,519 through March 2025. The note bore interest at 4.0%. Modified in year-ended June 30, 2021 with \$3,727 forgiven and bearing interest at 2.0%.	59,789	78,719
Total debt	64,709	121,662
Less current portion of long-term debt	20,900	36,497
	\$ 43,809	\$ 85,165

Future maturities of long-term debt at June 30, 2021 are as follows:

Years Ending June 30,	Amount
2022	\$ 20,900
2023	16,632
2024	17,309
2025	9,868
	\$ 64,709

# UNITED STATES BIATHLON ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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#### NOTE 9 – PAYCHECK PROTECTION PROGRAM LOAN

The Association entered into a Promissory Note dated April 20, 2020 (the “PPP Note”) with TD Bank as the lender (the “Lender”), pursuant to which the Lender agreed to make a loan to the Association under the Paycheck Protection Program (the “PPP Loan”) offered by the U.S. Small Business Administration (the “SBA”) in a principal amount of \$141,605 pursuant to Title 1 of the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”).

The PPP Loan proceeds are available to be used to pay for payroll costs, including salaries, commissions, and similar compensation, group health care benefits, and paid leaves; rent; utilities; and interest on certain other outstanding debt. The amount that will be forgiven will be calculated in part with reference to the Association’s full time headcount during the 24 week period following the funding of the PPP Loan.

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

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

On March 26, 2021, the Association received formal approval from the U.S. Small Business Administration for the forgiveness of the PPP Loan.

The Association entered into a second Promissory Note dated April 30, 2021 (the “PPP Note 2”) with TD Bank as the lender (the “Lender”), pursuant to which the Lender agreed to make a second loan to the Foundation under the Paycheck Protection Program (the “PPP Loan”) offered by the U.S. Small Business Administration (the “SBA”) in a principal amount of \$132,650 pursuant to Title 1 of the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”) and the Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act.

The PPP Loan proceeds are available to be used to pay for payroll costs, including salaries, commissions, and similar compensation, group health care benefits, and paid leaves; rent; utilities; and interest on certain other outstanding debt. The amount that will be forgiven will be calculated in part with reference to the Association’s full time headcount during the 24 week period following the funding of the PPP Loan.

# UNITED STATES BIATHLON ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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#### **NOTE 9 – PAYCHECK PROTECTION PROGRAM LOAN (CONTINUED)**

The interest rate on the PPP Note is a fixed rate of 1% per annum. To the extent that the amounts owed under the PPP Loan, or a portion of them, are not forgiven, the Association will be required to make principal and interest payments in monthly installments beginning seven months from April 2021. The PPP Note matures in five years.

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

On October 20, 2021, the Association received formal approval from the U.S. Small Business Administration for the forgiveness of the PPP Loan.

#### **NOTE 10 – RELATED PARTY TRANSACTIONS**

At June 30, 2019, \$70,000 was due to an individual charged with governance within the Association from a short term advance. No formal repayment terms exist. Interest is being accrued at a rate of 0%. Balance was paid during the year ended June 30, 2020.

At June 30, 2021 and 2020, the Association was due \$45,125 and \$52,670, respectively, from the United States Biathlon Foundation.

#### **NOTE 11 - LEASES**

The Association rents office space in New Gloucester, Maine from a third party under an operating lease expiring in January 2022. The agreement calls for monthly base rent of \$1,671 per month plus an allocation of common area expenses and utilities. Total rent expense for the years ended June 30, 2021 and 2020, was \$27,716 and \$26,203, respectively.

Future minimum lease payments required under the above operating lease agreements for the year ending June 30, 2022 are \$11,697.

# UNITED STATES BIATHLON ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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#### NOTE 12 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2021 and 2020 may be expended for specific purpose:

	<u>2021</u>	<u>2020</u>
Beneficial interest in charitable remainder unitrust	\$ 255,924	\$ 206,613
Award programs	<u>          --</u>	<u>          2,140</u>
	<u>\$ 255,924</u>	<u>\$ 208,753</u>

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

#### NOTE 13 – NET ASSETS RELEASED FROM DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Purpose Restrictions Accomplished:		
Award programs	\$ 3,140	\$ 6,898
Debt repayment	<u>          21,000</u>	<u>          --</u>
Total Net Assets Released From Donor Restrictions	<u>\$ 24,140</u>	<u>\$ 6,898</u>

#### NOTE 14 – DIRECT ATHLETE SUPPORT

As part of its annual Performance Partnership Agreement with the Association, the United States Olympic Committee (USOC) pays direct support to athletes according to certain eligibility and performance requirements. While these funds are paid directly to the athletes by the USOC, the Association is providing a service to the USOC by governing the program and athlete compliance. Accordingly, the direct athlete support received annually is included as revenue and support and as a corresponding functional expense within the Association's financial statements. Total direct athlete support for the years ended June 30, 2021 and 2020, was \$83,500.

# UNITED STATES BIATHLON ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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#### NOTE 15 – PRIZE MONEY PAYABLE

The Association received funding from the International Biathlon Union (IBU) to pay out prize money for the World Cup Biathlon that was held in February of 2016 and 2019. For any international participant, The Association paid the participants their prize money, net of anticipated taxes to be remitted to the Internal Revenue Service. Any remaining prize money will to be paid out to the respective participants. As of June 30, 2021 and 2020, the outstanding prize money and related taxes were \$215,813. The amount due for taxes was remitted to the Internal Revenue Service during the year ended June 30, 2020.

#### NOTE 16 – SUPPLEMENTAL CASH FLOW DISCLOSURES

	<u>2021</u>	<u>2020</u>
Interest and Income Taxes Paid		
Interest paid	\$ 7,184	\$ 11,156

#### NOTE 17 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

	<u>2021</u>	<u>2020</u>
Financial assets available at year-end:		
Cash and cash equivalents	\$ 83,332	\$ 56,493
Accounts receivable	137,650	109,081
Promises to give	<u>--</u>	<u>1,760</u>
Total financial assets available within one year	220,982	167,334
Less:		
Amounts unavailable for general expenditures within one year due to donor restrictions	<u>--</u>	<u>2,140</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 220,982</u>	<u>\$ 165,194</u>

# UNITED STATES BIATHLON ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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#### NOTE 17 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

The Association monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. In addition to financial assets available to meet general expenditures over the year, the Association operates with a balanced budget and anticipates covering its general expenditures by collecting sufficient sponsorships contributions, grants and other revenues, by utilizing resources, as needed. The statements of cash flows identifies the sources and uses of the Association's cash and shows net cash used in operating activities of \$45,535 and \$121,372 for the years ended June 30, 2021 **and 2020**, respectively.

#### NOTE 18 – GOING CONCERN

As shown in the accompanying financial statements, the Association had a deficiency in net assets of approximately \$139,000 as of June 30, 2020. As of June 30, 2021, the Association's current liabilities exceeded its current assets by approximately \$130,000 and has liability for prize money that is multiple years old.

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

#### NOTE 19 – RISKS AND UNCERTAINTIES

Beginning in March 2020, the Covid-19 outbreak in the United States has caused business disruption through mandated and voluntary closings. There is considerable uncertainty around the duration of the closings or their affects. Therefore, the Organization expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time. The Association has been able to continue to operate in a remote environment.

#### NOTE 20 – SUBSEQUENT EVENTS

The Association has evaluated all subsequent events through January 13, 2022, the date the financial statements were available to be issued and has determined that no other material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

As disclosed in Note 9, the Paycheck Protection Program (PPP) loan was forgiven by the U.S. Small Business Administration on October 20, 2021.