



USA CYCLING, INC.

USA CYCLING BV

Consolidated Financial Statements

For the Six Months Ended June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
USA Cycling, Inc.
USA Cycling BV
Colorado Springs, Colorado

Opinion

We have audited the accompanying consolidated financial statements of USA Cycling, Inc. (a nonprofit organization), and USA Cycling BV (subsidiary), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the six months then ended, and the related notes to the consolidated financial statements.

In our opinion the consolidated financial statements referred to above present fairly, in all material respects, the financial position of USA Cycling, Inc. and subsidiary as of June 30, 2024, and the changes in their net assets and their cash flows for the six months 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of USA Cycling, Inc. and subsidiary, 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 consolidated 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 consolidated 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 USA Cycling, Inc.'s

and subsidiary's ability to continue as going concerns within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether these consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 USA Cycling, Inc.'s, and subsidiary'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 USA Cycling, Inc.'s, and subsidiary'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.

Waugh & Goodwin, LLP

Colorado Springs, Colorado
April 21, 2025

USA CYCLING, INC.
USA CYCLING BV
Consolidated Statement of Financial Position
June 30, 2024

<u>ASSETS</u>	
	<u>2024</u>
CURRENT ASSETS:	
Cash and cash equivalents	\$ 1,623,984
Short-term investments	7,978,798
Accounts receivable, net	105,727
Due from USACDF	309,030
Due from USOPC	2,392
Inventory	433,380
Prepaid expenses	<u>1,531,989</u>
Total current assets	11,985,300
PROPERTY AND EQUIPMENT - at cost:	
Building and improvements	7,027,205
Land	649,145
Office furniture and equipment	1,865,884
Training equipment	576,581
Vehicles	570,847
Leasehold improvements	355,986
Less accumulated depreciation	<u>(6,043,962)</u>
Property and equipment - net	5,001,686
LONG TERM ASSETS:	
Right-of-use asset	305,022
Security deposits	<u>14,867</u>
TOTAL ASSETS	<u><u>\$ 17,306,875</u></u>
<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES:	
Accounts payable	\$ 753,318
Accrued liabilities	1,285,646
Insurance litigation reserves - current	450,000
Deferred revenue - current	3,076,062
Due to USOPC	5,934
Lease liability - current	62,399
Total current liabilities	5,633,359
LONG TERM LIABILITIES:	
Security deposits	15,000
Lease liability long-term	242,623
Insurance litigation reserves long-term	<u>2,932,154</u>
TOTAL LIABILITIES	8,823,136
NET ASSETS:	
Without donor restrictions	8,251,760
With donor restrictions	<u>231,979</u>
Total net assets	<u>8,483,739</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 17,306,875</u></u>

See Notes to Consolidated Financial Statements

USA CYCLING, INC.
USA CYCLING BV
Consolidated Statement of Activities and Changes in Net Assets
For the Six Months Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	2024 Totals
REVENUE:			
Membership dues and fees	\$ 2,706,840	\$	\$ 2,706,840
Insurance and permitting fees	1,280,011		1,280,011
USOPC grants		1,425,857	1,425,857
Events	360,184		360,184
Investment income net of fees of \$15,041	314,717		314,717
Sponsorship, licensing and affinity royalties	277,860		277,860
Value in kind	133,118	55,786	188,904
USA Cycling Development Foundation grants and management fees, net of expenses of \$233,332	2,620	188,835	191,455
Contributions	80,683	73,501	154,184
Other income, net of expenses of \$67,540	130,031		130,031
Merchandise sales, net of costs of sales of \$21,518	7,765		7,765
Net assets released from restrictions	<u>2,596,020</u>	<u>(2,596,020)</u>	
Total revenue	7,889,849	(852,041)	7,037,808
EXPENSES:			
Program services:			
Coaches, training center and athletes	3,519,592		3,519,592
Membership and sanctioning	3,209,798		3,209,798
National and international events	<u>1,186,812</u>		<u>1,186,812</u>
Total program services	7,916,202		7,916,202
Supporting services:			
National office	914,885		914,885
Fundraising	200,147		200,147
Governance	<u>78,147</u>		<u>78,147</u>
Total supporting services	<u>1,193,179</u>		<u>1,193,179</u>
Total expenses	<u>9,109,381</u>		<u>9,109,381</u>
CHANGE IN NET ASSETS	(1,219,532)	(852,041)	(2,071,573)
NET ASSETS, beginning of year	<u>9,471,292</u>	<u>1,084,020</u>	<u>10,555,312</u>
NET ASSETS, end of year	<u>\$ 8,251,760</u>	<u>\$ 231,979</u>	<u>\$ 8,483,739</u>

See Notes to Consolidated Financial Statements

USA CYCLING, INC.
USA CYCLING BV
Consolidated Statement of Functional Expenses
For the Six Months Ended June 30, 2024

	Coaches, Training Center & Athletes	Membership & Sanctioning	National & International Events	Merchandise Sales	Total Program Services
Advertising & promotion	\$	\$ 35,073	\$		\$ 35,073
Auto expenses	66,740	197	12,568		79,505
Bank & credit card processing fees	6,577	81,798			88,375
Conferences & meetings	22,454	5,981	849		29,284
Consulting & contract fees	731,986	125,272	622,506		1,479,764
Cost of merchandise				21,519	21,519
Depreciation	57,010	21,007	10,451		88,468
Dues, subscriptions & fees	16,898	932	127		17,957
Employee benefits	138,687	165,768	33,054		337,509
Fulfillment costs		251,996			251,996
Foreign exchange loss	796	548	190		1,534
Gear, equipment, clothing & supplies	118,978	10,742	70,318		200,038
Gifts & grants	23,158	79,081			102,239
Insurance	13,924	516,167			530,091
Insurance - event liability reserve		417,374			417,374
Local rebates & promoter incentives		51,996			51,996
Medals, awards & prizes		17,587	13,872		31,459
Occupancy expenses	155,825	11,673	4,043		171,541
Office expense, supplies, photos, prints & artwork	19,456	5,035	846		25,337
Other expenses	29,766	266			30,032
Payroll taxes	78,033	75,058	19,460		172,551
Postage	5,845	5,109	1,774		12,728
Professional fees	10,965				10,965
Race entry fees	17,663		90		17,753
Rental expense	97,556	2,319	26,979		126,854
Salaries	890,706	883,650	216,551		1,990,907
Software & hosting	23,412	38,463			61,875
Taxes & VAT	(20,530)		1,045		(19,485)
Telephone	3,578	2,766	858		7,202
Travel	964,622	62,972	151,231		1,178,825
Value in kind	83,118	50,000			133,118
Total expenses	3,557,223	2,918,830	1,186,812	21,519	7,684,384
Less expenses shown net of revenue on statement of activities				(21,519)	(21,519)
Expenses on statement of activities	\$ 3,557,223	\$ 2,918,830	\$ 1,186,812	\$	\$ 7,662,865

	National Office	Fundraising	Governance	Tenant Services	USA Cycling Development Foundation	Total Supporting Services	Total Expenses
Advertising & promotion	\$			\$	\$	\$	\$ 35,073
Auto expenses	8,880			90		8,970	88,475
Bank & credit card processing fees	1,001			10		1,011	89,386
Conferences & meetings	1,678	21		17		1,716	31,000
Consulting & contract fees	182,039	9,130	5,870	2,165		199,204	1,678,968
Cost of merchandise							21,519
Depreciation	12,545	3,084		30,301		45,930	134,398
Dues, subscriptions & fees	13,973	382		141		14,496	32,453
Employee benefits	38,897	22,100	7,484	744	35,944	105,169	442,678
Fulfillment costs							251,996
Foreign exchange loss	358	89		1,081		1,528	3,062
Gear, equipment, clothing & supplies	223		60	2		285	200,323
Gifts & grants	6,619		603	67		7,289	109,528
Insurance	157,498			1,591		159,089	689,180
Insurance - event liability reserve							417,374
Local rebates & promoter incentives							51,996
Medals, awards & prizes							31,459
Occupancy expenses	7,630	1,891		23,020		32,541	204,082
Office expense, supplies, photos, prints & artwork	5,809		33	59		5,901	31,238
Other expenses	(14,422)			(146)		(14,568)	15,464
Payroll taxes	21,256	13,449	5,049	490	15,137	55,381	227,932
Postage	2,638	64		26		2,728	15,456
Professional fees	60,455			611		61,066	72,031
Race entry fees							17,753
Rental expense							126,854
Salaries	246,185	145,086	52,805	5,638	182,250	631,964	2,622,871
Software & hosting	111,551			1,127		112,678	174,553
Taxes & VAT	2,299			23		2,322	(17,163)
Telephone	3,922			40		3,962	11,164
Travel	43,851	4,851	6,243	443		55,388	1,234,213
Value in kind							133,118
Total expenses	914,885	200,147	78,147	67,540	233,331	1,494,050	9,178,434
Less expenses shown net of revenue on statement of activities				(67,540)	(233,331)	(300,871)	(322,390)
Expenses on statement of activities	<u>\$ 914,885</u>	<u>\$ 200,147</u>	<u>\$ 78,147</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,193,179</u>	<u>\$ 8,856,044</u>

See Notes to Consolidated Financial Statements

USA CYCLING, INC.
USA CYCLING BV
Consolidated Statement of Cash Flows
For the Six Months Ended June 30, 2024

	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (2,071,573)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	134,398
Net unrealized and realized (gains) losses on investments	(223,525)
(Increase) decrease in assets:	
Accounts receivable	1,300,503
Due from USACDF	59,046
Due from USOC	3,177
Inventory	(41,298)
Prepaid expenses	(872,243)
Security deposits	10,000
Right-of-use assets	30,124
Increase (decrease) in liabilities:	
Accounts payable & accrued liabilities	(179,370)
Insurance litigation reserves	505,606
Deferred revenue	450,501
Lease liabilities	(30,124)
Due to USOPC	<u>5,934</u>
Net cash used by operating activities	(918,844)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sale of investments	625,790
Purchases of investments	(334,823)
Proceeds from sale of property & equipment	
Acquisition of property & equipment	<u>(248,258)</u>
Net cash provided by investing activities	<u>42,709</u>
NET DECREASE IN CASH	(876,135)
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,500,119</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 1,623,984</u></u>

See Notes to Consolidated Financial Statements

USA CYCLING, INC.
USA CYCLING BV
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

USA Cycling, Inc. (the Corporation) is the national governing body for cycling, making it responsible for the conduct and administration of amateur and professional cycling in the United States. The mission of USA Cycling is to achieve sustained success in international cycling competition and to grow competitive cycling in America.

Beginning January 1, 2024, the Corporation adopted a fiscal year-end of June. Some revenues, such as event fees, are not earned ratably and therefore the short period is not reflective of the annual earnings cycle.

During the year ended December 31, 2013, USA Cycling established an international wholly owned for-profit subsidiary, USA Cycling BV (the Subsidiary), to support ongoing program activities of the Corporation in Europe. USA Cycling BV's financial statements have been consolidated with the Corporation.

Foreign Currency Translation

The Corporation's wholly owned for-profit subsidiary is in the Netherlands. The functional currency is the U.S. dollar. All statement of financial position accounts are translated, where applicable, using the exchange rate in effect at the statement of financial position dates. Foreign currency translation adjustments resulted in losses of \$3,062 during the six months ended June 30, 2024, and is included in program services in the consolidated statements of activities and reported separately on the consolidated statement of functional expenses.

Donated Assets, Property and Equipment, and Services

The Corporation's policy related to donated assets is to utilize the assets given to carry out the mission of the Corporation. If an asset is provided that does not allow the Corporation to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

Notes to Consolidated Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Donated Assets, Property and Equipment, and Services -continued

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Corporation.

A substantial number of volunteers donated time to the Corporation's program services; however, the estimated value was not recorded because they did not meet the criteria for recognition described above.

Contributions

Contributions are recorded when received as without donor restrictions, with donor restrictions - temporary, or with donor restrictions - perpetual depending on the existence or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions include amounts from United States Olympic and Paralympic Committee (USOPC).

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in the Corporation's checking, savings, and money market accounts.

The Corporation maintains its cash and cash equivalents in a commercial bank and credit union. In the unlikely event of an institution failure, the Corporation could suffer a loss to the extent its deposits exceed the respective institution's insurance limits.

Supplemental Cash Flow Information

During the six months ended June 30, 2024, the Corporation did not pay any interest or income taxes.

Notes to Consolidated Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounts Receivable

Accounts receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. Management provides for probable uncollectible amounts through an allowance so that the net amount reflects the amount that management expects to collect. In developing that allowance, management determines statistics for the probability of loss. These statistics are based on the Corporation's historical collection experience, adjusted for management's expectations about current and future economic conditions. There was no allowance for credit losses at June 30, 2024.

Gross amounts of accounts receivable from contracts with customers was \$406,440 and \$48,762 as of the beginning and end of the six months ended June 30, 2024, respectively.

Inventory

Inventory consists primarily of competitive clothing, bicycles, and bicycle parts, which are stated at the lower of cost (first-in, first-out method) or net realizable value. These items are used internally as well as held for sale. Some inventory items are non-cash contributions which are budget relieving in nature. The Corporation's policy is to record as revenue, value-in-kind merchandise received that is budget relieving and to expense these items as they are used.

Property and Equipment

Property and equipment with estimated useful lives over one year are recorded at cost or at fair value, if donated, at the date of acquisition. The Corporation's capitalization policy states that property and equipment with an initial cost of \$1,500 or more will be capitalized. Cost of repairs and maintenance, which do not materially prolong the useful lives of the assets, are charged to expense when incurred.

Depreciation is recorded using the straight-line method over estimated useful lives as follows:

Software	1.5-3 years
Office furniture and equipment, training equipment and vehicles	3-10 years
Building and improvements	4-39 years

Depreciation expense for the six months ended June 30, 2024 amounted to \$134,398.

Notes to Consolidated Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue from Contracts with Customers

Membership Dues Revenue - Revenue from contracts with members for dues is reported at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing membership to its members. Revenue is recognized as performance obligations are satisfied, which generally is ratably over the membership term. Membership dues are nonrefundable.

Fees, Sales and Other Income - The Corporation receives revenue from fees and sales related to program services, and merchandise for the sport. These activities include competitions, athlete programs, national teams, sport development, sanctioning, education, and other similar activities. Revenue is recognized at the time the performance obligations are met which is when services are provided, or goods provided or delivered to the customers.

Sponsorship, Licensing and Royalties - The Corporation recognizes revenue from contracts with both sponsors and suppliers. Performance obligations in such contracts are satisfied as services are rendered, and therefore, the Corporation will recognize revenue over time. Sponsorship revenue related to specific events is recognized at the time the event occurs. For sponsorship not related to a specific event, the Corporation has 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. Licensing and royalty revenue related to merchandise sales are recognized at the time of the related merchandise sale. For any fixed or guaranteed licensing or royalty amount the Corporation has 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.

Income Taxes

The Corporation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income tax for income related to its exempt purpose. Accordingly, no income tax provision has been recorded.

Notes to Consolidated Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes - continued

The Corporation's form 990, Return of Organization Exempt from Income Tax, is subject to examination by various taxing authorities, generally for three years after the date filed. Management of the Corporation believes that it does not have any uncertain tax positions that are material to the financial statements.

The Subsidiary is required to file income tax returns and pay the appropriate tax to the Netherlands.

Use of Estimates

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

Functional Allocation of Expenses

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Corporation. 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 management. Depreciation expense is allocated based upon respective assets that benefit each program or supporting service.

Date of Management's Review

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through April 21, 2025, the date that the financial statements were available to be issued.

B. AVAILABLE RESOURCES AND LIQUIDITY

The Corporation strives to maintain liquid financial assets sufficient to cover approximately two months of operating expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market funds, and other short-term investments.

Notes to Consolidated Financial Statements

B. AVAILABLE RESOURCES AND LIQUIDITY - Continued

In the normal course of business, 5% of the three-year average of portfolio assets are incorporated in the annual budget. Portfolio capital assets are also available for extraordinary expenditures and for strategic initiatives.

The table below reflects the Corporation's financial assets as of June 30, 2024, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal Board designations. Amounts not available include a Board-designated special projects fund that is intended to fund special Board initiatives not considered in the annual operating budget. In the event the need arises to utilize the Board-designated funds for liquidity purposes, the reserves could be drawn upon through Board resolution. The Corporation also has a line of credit available, see Note K. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

Cash and cash equivalents	\$ 1,623,984
Short-term investments	7,978,798
Accounts receivable, net	105,727
Due from USACDF	309,030
Due from USOPC	<u>2,392</u>
Total liquid financial assets	10,019,931
Less amounts not available to to be used within one year:	
Assets with donor restrictions (Note H)	<u>(231,979)</u>
Financial assets available within one year	<u>\$ 9,787,952</u>

C. FAIR VALUE MEASUREMENTS

The Corporation applies 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.

Notes to Consolidated Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

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 has 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 following tables present assets that are measured at fair value on a recurring basis at June 30, 2024:

<u>Assets at Fair Value as of June 30, 2024</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities:				
Mutual funds and ETFs	\$ 3,992,665	\$	\$	\$ 3,992,665
Stocks	<u>3,986,133</u>	<u></u>	<u></u>	<u>3,986,133</u>
Total	<u>\$ 7,978,798</u>	<u>\$</u>	<u>\$</u>	<u>\$ 7,978,798</u>

Notes to Consolidated Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

Investment income (loss) in the accompanying statement of activities consists of the following for the six months ended June 30, 2024:

Unrealized gains (losses)	\$ (35,316)
Realized gains	258,841
Interest and dividends	106,233
Investment fees	<u>(15,041)</u>
	<u>\$ 314,717</u>

D. DEFERRED REVENUE

Deferred revenue consists of the following at June 30, 2024:

Club, membership and permit fees	\$ 2,972,929
Marketing royalties, sponsorship	69,468
Other	<u>33,665</u>
	<u>\$ 3,076,062</u>

E. IN-KIND GOODS AND SERVICES

The fair value of donated goods and services included as contributions in the financial statements and the corresponding expense categories for the six months ended June 30, 2024:

Tangible goods:	
Clothing	<u>\$ 55,786</u>
Total goods	55,786
Services	
Insurance brokerage	50,000
Travel	<u>83,118</u>
Total services	<u>133,118</u>
Total goods and services	<u>\$ 188,904</u>

The tangible goods and travel are primarily used in the coaches, training center and athletics program. The insurance brokerage services is utilized by membership and sanctioning.

Notes to Consolidated Financial Statements

F. NET ASSETS WITH DONOR RESTRICTIONS - TEMPORARY

Net assets with temporary donor restrictions at June 30, 2024, consist of contributions received for the following purposes:

Sports Performance	\$ 164,123
Historically black colleges & universities	39,125
Diversity, equity, & inclusion	20,000
Trail tune-up	<u>8,731</u>
	<u>\$ 231,979</u>

During the year ended December 31, 2007, the Corporation was the recipient of donated land and building valued at \$3,895,000. The donor has stipulated that as a condition of this gift, the Corporation must use the property as its national headquarters until December 31, 2027.

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose or the passage of time. During the six months ended June 30, 2024, net assets were released from restrictions for satisfying the following purposes:

	<u>2024</u>
USOPC programs	\$ 1,595,722
Sports performance	762,417
Search for Speed	166,335
Diversity, equity, & inclusion	24,455
Cyclocross	20,000
Armando fund program	16,980
Historically black colleges & universities	7,611
U23 road	<u>2,500</u>
	<u>\$ 2,596,020</u>

Notes to Consolidated Financial Statements

G. NET ASSETS WITH DONOR RESTRICTIONS - PERPETUAL

Net assets with perpetual donor restrictions, consisted entirely of the Armando fund, which is restricted in perpetuity (Note H).

Earnings on these net assets are subject to donor restrictions that stipulate that the original principal of the gift is to be held and invested by the Corporation indefinitely and income from the fund is to be used for racing in the Northeast area of the United States.

The amount of endowment does not provide sufficient investment income to make any meaningful grants. During the six months ended June 30, 2024, the Corporation distributed the funds in accordance with the donor restrictions.

At June 30, 2024, the balance of the endowment fund is zero.

H. ENDOWMENT FUNDS

In accordance with generally accepted accounting principles, net assets associated with endowment funds are classified as funds with donor restrictions based on the existence of donor-imposed designations.

The Corporation's donor restricted net assets - perpetual consist of an endowment gift received from one donor. The gift instrument does not require that a percentage of the annual income, including realized and unrealized gains, be added to the original gift as a hedge against the effects of inflation. As of January 1, 2024, the original gift was equal to the fair market value of the net assets with donor restrictions - perpetual.

The effects of inflation and decreased investment return left the annual investment income too low to provide any meaningful annual support of racing in the Northeast United States. The Corporation distributed the principal in accordance with the donor restrictions.

Notes to Consolidated Financial Statements

H. ENDOWMENT FUNDS - Continued

	With donor restrictions: <u>temporary</u>	With donor restrictions: <u>perpetual</u>	<u>Total</u>
Endowment net assets, December 31, 2023	\$	\$ 16,980	\$ 16,980
Expenditures	<u> </u>	<u>(16,980)</u>	<u>(16,980)</u>
Endowment net assets, June 30, 2024	<u>\$</u>	<u>\$</u>	<u>\$</u>

I. LINE OF CREDIT

In April 2020, the Corporation entered into a line of credit arrangement with Stifel Bank & Trust. The maximum amount available under this line is \$2,500,000 and is secured by the Corporation's investment portfolio. Interest accrues at 1.75% plus 30-day LIBOR on any outstanding amount. At June 30, 2024, there were no outstanding balances.

J. INSURANCE SURCHARGE

Costs for athlete accident medical and general liability insurance are charged to the different expense categories as applicable. Premiums for these policies are based on a formula which takes into account prior losses, the number of events and the number of members. In addition to the insurance costs reported in the statement of functional expenses, there are significant indirect costs associated with administering this insurance program. The Corporation collects an insurance surcharge when athletes register for road, track, mountain bike and cyclocross events. The Corporation also collects insurance surcharges and fees from event organizers, clubs, mechanics, and coaches. This income, which is included in sanction and entry fees, is recorded when received and amounted to \$1,103,923, for the six months ended June 30, 2024.

K. RETIREMENT PLANS

Effective July 1, 2007, the Corporation adopted a Safe Harbor 403(b) plan. The Corporation's non-elective Safe Harbor contribution matches 100% of each employee's elective deferrals up to 4% of eligible compensation. The Corporation may also make employer supplemental contributions at its discretion which will be allocated among all eligible employees, whether or not they make contributions.

Notes to Consolidated Financial Statements

K. RETIREMENT PLANS - Continued

Employer contributions to the 403(b) plan for the six months ended June 30, 2024, were \$140,657. The Corporation's contributions are fully funded.

L. RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2024, the United States Olympic and Paralympic Committee (USOPC) provided grants to the Corporation under the following project categories:

NGB funding	\$ 1,419,357
International relations	6,500
VIK	<u>55,786</u>
	<u>\$ 1,481,643</u>

The USOPC also paid stipends, performance bonuses and tuition support of \$210,000 directly to athletes or on their behalf during the six months ended June 30, 2024.

In addition, at June 30, 2024, the Corporation owed the USOPC \$84,469. The USOPC owed the Corporation \$2,392, at June 30, 2024.

The USA Cycling Development Foundation (USACDF) was formed to operate exclusively for the benefit and support of the Corporation. The purpose of the USACDF is to raise funds and acquire assets that will enable the Corporation to encourage, improve and promote cycling in the United States. The Corporation does not control the USACDF and therefore does not prepare consolidated financial statements with the Foundation.

During the six months ended June 30, 2024, the Foundation provided grants in support of USA Cycling, Inc.'s programs in the amount of \$191,455.

The Corporation also provided administrative services to the USACDF. Total gross revenue for these services for the six months ended June 30, 2024, amounted to \$233,331. Revenues that exceed expenses paid are considered grants from the USACDF for work performed by the Foundation on the Corporation's program services. The Corporation also provides administrative services and office space to the USACDF at no cost. During the six months ended June 30, 2024, \$25,000 was recorded as in-kind services by the USACDF.

The USACDF owed the Corporation \$315,006 at June 30, 2024.

Notes to Consolidated Financial Statements

L. RELATED PARTY TRANSACTIONS - Continued

The Corporation is economically dependent upon grants from the USOPC and the USACDF in order to maintain its programs at current levels.

The Corporation made payments to certain non-employee Board Members, Trustees, members of their immediate families and entities whose officers or directors are members of the Corporation's Board during the six months ended June 30, 2024, for the following:

Athlete stipends, prize money, officiating and other	<u>\$ 1,599</u>
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The Corporation does not compensate any non-employee Board Members for their service on the Board of Directors.

M. CONTINGENCIES

The Corporation has been named as a defendant in several lawsuits.

The Corporation has accrued \$3,382,154 at June 30, 2024, for insurance deductibles on its high deductible insurance policy. The accrual was based on historical claim data and will be monitored for adjustment periodically.

N. LEASES

The Corporation assesses whether an arrangement qualifies as a lease at inception and only reassess its determination if the terms and conditions of the arrangement are changed. As the Corporation's leases do not provide an implicit rate, the Corporation uses the risk-free discount rate based on the five-year Treasury bond rate as of the later of the date of adoption of the lease standard or the initial date of lease term in determining the present value of lease payments in determination of the respective right-of-use (ROU) assets and liabilities.

The Corporation has made an accounting policy election to apply the short-term lease recognition exemption for all applicable classes of underlying assets. Leases with a term of 12 months or less that do not include an option to purchase the underlying asset, are not recorded on the balance sheet as ROU assets or lease liabilities. The Corporation has selected to expense the cost of the short-term leases on the straight-line basis in the accompanying Statement of Activities.

Notes to Consolidated Financial Statements

N. LEASES

The Corporation has leased a postage meter under a 60-month operating lease. This lease required monthly payments of \$255 through May 2019. This lease continues on a month-to-month basis.

The Corporation entered into a lease for warehouse space in the Netherlands through February 14, 2018. This lease required annual rent in the amount of 15,300 euros, with annual increases, not to exceed 2.5%. The original five year lease expired February 14, 2018. This lease was extended for an additional five years expiring February 14, 2023 under the same terms as the original lease. The lease expired February, 2023 and is continuing month-to-month while a new lease is negotiated. During 2022, the monthly rent averaged \$5,910 after converting from Euros.

The Corporation entered into a lease In November 2023, for residential accommodations for athletes in the Netherlands through December 31, 2028. This lease requires monthly rent in the amount of 5,950 euros, with possible annual increases, not to exceed the permitted percentage increase for living accommodations with a non-deregulated rent. The lease also requires variable payments for goods and services, internet, and VAT. The original monthly amount for variable payments is 2,290 euros. After the original lease term, an additional six month term is available and after that the lease continues for a consecutive period of indefinite duration. After the end of the initial term, either the Landlord or Tenant may terminate the lease with a notice period of three months.

In addition, prior to the lease described above, the Corporation leased housing facilities in the Netherlands for athletes and coaches on a month-to-month basis.

The Corporation also has short-term lease for a Freestyle Park.

The following summarizes the line items in the statement of activities which include the components of lease expense for the six months ended June 30, 2024:

Notes to Consolidated Financial Statements

N. LEASES - Continued

Operating lease rent, included in:	
Program service expenses	\$ 37,618
Variable payments, included in:	
Program service expenses	18,709
Short-term lease rent, included in	
Program service expenses	<u>78,645</u>
Total lease cost	<u>\$ 134,972</u>

The following summarizes lease term and discount rate for operating leases as of June 30, 2024:

Operating Leases:	
Weighted Average Remaining Lease Term	4.5 years
Weighted Average Discount Rate	4.64%

Maturities of operating leases as June 30, 2024:

2025	\$ 75,236
2026	75,236
2027	75,236
2028	75,236
2029	<u>37,618</u>
Total lease payments	338,562
Less: interest	<u>(33,540)</u>
Present value of lease liabilities	<u>\$ 305,022</u>

Supplemental cash flow information for the six months ended June 30, 2024:

Operating cash flows:	
Cash paid for amounts included in measurement of lease liabilities for operating leases	<u>\$ 37,618</u>

P. UNCERTAINTIES

With the rising cost of inflation and potential risk of recession, it is uncertain what effect these factors may have on operations of the Corporation in the coming year.