

INSTRUCTIONS FOR FILING

Form BCO-10

For the Year Ended – December 31, 2022

TAXPAYER: Velodrome Fund, Inc.

1. Sign and date your return on page one by an authorized signor (if applicable):
2. **\$ 150.00** Tax to be paid by you. Draw check for full amount to Commonwealth of Pennsylvania and attach it to the return.
 \$ _____ will be refunded.
 \$ _____ will be credited to your 2018 estimated tax payments.
 No Amount of tax due or refundable

3. Mail return (with check, if any) to:

**Pennsylvania Department of State
Bureau of Corporations and Charitable Organizations
207 North Office Building
Harrisburg, PA 17120**

We suggest you send your return certified mail and retain the receipt to avoid any disputes with the local taxing authorities as to when and if your tax return was filed.

4. These filing instructions and the attached copy of the return are for your files.

Mail to:
Pennsylvania Department of State
Bureau of Corporations and Charitable Organizations
207 North Office Building
Harrisburg, PA 17120

See www.dos.pa.gov/charities for more information

Charitable Organization Registration Statement

BCO-10 (rev. 2/2022)

Fee: See instructions

Read all instructions prior to completing form.

Certificate number: 13863
(N/A if initial registration)

Fiscal year ended: 12/31/2022
MM DD YYYY

FEIN: 2 3 2 8 3 1 4 7 0

If this is a voluntary registration, check and complete the applicable box(es). For a registration to be voluntary, at least one of the following must apply:

Organization is exempt from registration because

Organization does not solicit contributions in Pennsylvania

1. Legal name of organization: VELODROME FUND, INC.

Check if name change and give previous name _____

2. All other names used to solicit contributions: VALLEY PREFERRED CYCLING CENTER

3. Contact person: WENDY MOYER-DRABICK Contact's e-mail: WDRABICK@MDASSOCIATES.NET

4. Principal address of organization: 1151 MOSSER RD
BREINIGSVILLE, PA18031
Mailing address (if different than principal address): PO BOX 880
TREXLERTOWN, PA 18087

County: LEHIGH Phone number: (610) 395-7000

800 number: _____ Fax number: (610) 395-7393

Email (if different than Contact's email): _____

Website: THEVELODROME.COM

5. Type of organization (e.g. non-profit corporation, unincorporated association, etc.):
CORPORATION

Where established: PENNSYLVANIA Date established:* 12/28/1995

*Initial registrants must submit copies of organizational documents such as charter, articles of incorporation, constitution or other organizational instrument and by-laws.

6. Name and addresses of all offices, chapters, branches, auxiliaries, affiliates or other subordinate units located in Pennsylvania, which share in the contributions or other revenue raised in the Commonwealth: (Attach a separate sheet if necessary)
VELODROME FUND, INC.

1151 MOSSER ROAD

BREINIGSVILLE, PA 18031

7. Short form registration applicability – Specified types of charitable organizations described in §162.7(a) of the Act may file a short form registration, which permits the organization to register without filing a financial report. Check the section that describes the organization. If the organization does not meet any of the criteria below for short form registration, check “Not Applicable”:

- §162.7(a)(1) – Persons or organizations which solicit contributions for the relief of a specific individual, when all of the contributions collected are turned over to the named beneficiary for his/her use without any deductions and provided that all contributions collected shall be held in trust
- §162.7(a)(2) – Organizations which only solicit within the membership of the organization by other members of the organization. The term “membership” shall not include those persons who are granted a membership solely upon making a contribution as the result of solicitation. “Member” means a person having membership in a nonprofit corporation, or other organization, in accordance with the provisions of its articles of incorporation, bylaws or other instruments creating its form and organization and having bona fide rights and privileges in the organization such as the right to vote, to elect officers and directors, to hold office or position as ordinarily conferred on members of such organizations.
- §162.7(a)(3) – Organizations which receive gross contributions of no more than \$25,000 per fiscal year whose fundraising activities are carried on only by volunteers, members, officers or permanent employees and only permanent employees are compensated for those fundraising activities
- §162.7(a)(4) – Veterans organizations chartered under Federal law, organizations of volunteer firemen, ambulance associations, rescue squad associations and their auxiliaries or affiliates, which are not exempt from registration, did not receive gross contributions in excess of \$100,000 and did not use a professional solicitor.
- Not Applicable

Charitable organizations which check boxes §162.7(a)(1) – §162.7(a)(4) are not required to file a financial report with this registration. If “Not Applicable” is checked, the charitable organization must submit financial reports which are audited, reviewed, compiled or internally prepared. See Instructions.

Items 8 and 9 are required to be completed by initial registrants only

8. Date organization first solicited contributions from Pennsylvania residents: / /
MM DD YYYY
Other _____
9. If organization solicited Pennsylvania residents and received gross* contributions totaling more than \$25,000 in any given fiscal year, provide the date the organization first received contributions totaling more than \$25,000. / /
MM DD YYYY
Other _____

*Includes contributions received both within and outside Pennsylvania before any deductions or expenses.

10. Has the organization been granted IRS tax-exempt status? Yes No

A. If "Yes," under which IRS code section: 501(C)3 and attach a copy of the IRS exemption letter if not previously submitted.

B. Has the organization's tax-exempt status ever been denied, revoked or modified? Yes No (If "Yes," attach a copy of the denial, revocation or modification and subsequent reinstatement, if any, and if not previously submitted.)

11. Was the organization required to file any type of IRS 990 return, including 990, 990EZ, 990PF or 990N and applicable schedules, for its most recently completed fiscal year? Yes No (If "Yes," attach a copy of the most recently filed 990, 990EZ, 990PF or 990N and include all schedules. DO NOT INCLUDE SCHEDULE B UNLESS YOU FILE 990 PF.

If "No," attach an explanation of why the organization is exempt from filing an IRS 990 return. An organization that is not required to file an IRS 990 return or an organization that files a 990N, 990EZ or 990PF, must file a Pennsylvania public disclosure form (BCO-23).

12. Manner in which contributions are solicited (e.g. direct mail, telephone, internet, etc.):

TELEPHONE AND IN PERSON

13. A clear description of the specific programs for which contributions are used or will be used, and a statement describing whether such programs are planned or in existence.

OPERATION OF COMPETITIVE CYCLING RACES AND EVENTS

OPERATION OF YOUTH AND ADULT CYCLING EDUCATION PROGRAMS -

YOUTH, ADULT, AND COMMUNITY WELLNESS PROGRAMS

Yes No (If "Yes," list all states and municipalities. Attach a separate sheet if necessary.)

14. Is the organization registered to solicit contributions in any other state or municipality?

15. Is any person compensated, or does the organization intend to compensate any person, who solicits contributions in Pennsylvania, including, but not limited to, employees of the organization and professional solicitors? (Do not check "Yes" if the organizations only uses or intend to only use a professional fundraising counsel.) Yes No

If "Yes," give the date the person or entity started or will start soliciting contributions from Pennsylvania residents: _____ / _____ / _____
Month Day Year

16. Names, addresses, and telephone numbers of all professional solicitors the organization uses or intends to use to solicit contributions from Pennsylvania residents. For each entry, include the beginning and ending dates of all contracts and dates Pennsylvania residents were first solicited, or will be solicited: (Attach a separate sheet if necessary)

NONE

17. Names, addresses, and telephone numbers of all professional fundraising counsel the organizations uses or intends to use to provide services with respect to the solicitation of contributions from Pennsylvania residents. For each entry, include the beginning and ending dates of all contracts and dates services began, or will begin, with respect to soliciting contributions from Pennsylvania residents: (Attach a separate sheet if necessary)

NONE

18. Names, addresses, and telephone numbers of any commercial coventurers under contract with the organization: (Attach a separate sheet if necessary)

NONE

19. If the registering charity is a parent organization located in Pennsylvania, does the organization elect to file a combined registration covering all of its Pennsylvania affiliates? (See note "Affiliate and Parent Organization") Yes No Not Applicable

If "Yes," give all names and certificate numbers of the affiliate organizations:

(Each affiliate whose parent organization files an IRS 990 group return must submit a copy of the parent organization's 990 group return and file a public disclosure form (BCO-23) for each affiliate.)

20. Is the registering charity a Pennsylvania affiliate of a parent organization, which elected to file a combined registration on the registering charity's behalf? (See note "Affiliate and Parent Organization") Yes No Not Applicable

If "Yes," provide the name and, if available, certificate number of the parent organization.

(Each affiliate whose parent organization files an IRS 990 group return must submit a copy of the parent organization's 990 group return and file a public disclosure form (BCO-23) for each affiliate.)

Legal name of parent organization

Pennsylvania certificate number

21. Provide the names and addresses of all officers, directors, trustees and principal salaried executive staff officers. (Attach separate sheet if necessary. A reference to the 990 or the BCO-23 is not sufficient.)

SEE ATTACHED

22. Names of the individuals or officers of the organization who: (Attach a separate sheet if necessary)

A. Are in charge of solicitation activities:

WENDY MOYER-DRABICK

B. Have final responsibility for the custody of contributions:

WENDY MOYER-DRABICK

C. Have final responsibility for final distribution of contributions:

WENDY MOYER-DRABICK

D. Are responsible for custody of financial records:

WENDY MOYER-DRABICK

23. Are any officers, directors, trustees, or employees related by blood, marriage, or adoption to:

A. Any other officer, director, trustee, or employee? Yes No

B. Any officer, agent, or employee of any professional fundraising counsel or solicitor under contract with organization? ** Yes No

C. Any officers, agents or employees of any supplier or vendor providing goods or services? **
 Yes No

** (this includes any officer, director, trustee, or employee of the charitable organization who is also an officer, director, trustee, employee or owner of a professional fundraising counsel, professional solicitor, supplier or vendor)

If "Yes" is checked to any of the above, attach a list of related individuals including names, business, and residence addresses of related parties.

24. Has the organization or any of its present officers, directors, executive personnel or trustees ever:

A. Been found to have engaged in unlawful practices in the solicitation of contributions or administration of charitable assets or been enjoined from soliciting contributions or currently has such proceedings pending in this or any other jurisdiction? Yes No

B. Had its registration or license to solicit contributions denied, suspended, or revoked by any governmental agency? Yes No

C. Entered into any legally enforceable agreement (such as a consent agreement, an assurance of voluntary compliance or discontinuance or any similar agreement) with any district attorney, Office of Attorney General, or other local or state governmental agency? Yes No

(If "Yes" is checked in response to any of the above, attach a written explanation, including the reasons for actions, and copies of all relevant documents.)

Certification – This registration statement must be signed by two different officers of the organization, one of whom shall be the chief fiscal officer or the equivalent.

I certify that the information provided in this registration, including all statements and attached documentation, is true and correct to the best of my knowledge, information and belief. I understand that the falsification of any statement or documentation made is subject to the penalties of 18 Pa.C.S. §4904 (relating to unsworn falsification to authorities) and 10 P.S. §162.17 (relating to administrative enforcement and penalties).

Signature of Chief Fiscal Officer

Date

Type or print name and title of Chief Fiscal Officer

Signature of Other Authorized Officer

Date

Type or print name and title of Other Authorized Officer

Checklist for registration:

- Completed registration statement properly signed and dated.
- A copy of the IRS 990/990EZ/990PF/990N Return and required schedules, signed and dated by an authorized officer
- Public Disclosure Form BCO-23 (if required)
- Applicable Financial Statements (audited, reviewed, compiled or internally prepared)
- Registration fee and any late filing fees
- Initial Registrants Only: IRS determination letter, articles of incorporation or charter and by-laws.

See Instructions for more information on completing this form and attachments.

From client's website.

Officers/Executive Committee

Name	Position
Rick Beuttel, Bloom Energy	Chairman of the Board
Heidi Rodale, Rodale Family Foundation	Vice-Chair
Jonathan Witte, Consultant	Secretary
Chris Teakle, F45 Training	Treasurer

Board of Directors

Chip Berezny – T-Town Masters
Zack Grice, Outside Inc.
Elspeth Huyett, Pillar4 Media
Bobby Lea, Backbone Media, LLC
Brian Leader, Lehigh Valley Health Network
Michelle Lee, Protocol Labs.
Bob Martin, Lehigh County Representative
Cheryl Gloster Osborne, Department of Homeland Security.
Ed Slaughter, Merck
Dr. Neal Stansbury, Lehigh Valley Physicians Group
Fran Taloricco, Bike Works

Lifetime Honorary Members

Jack Parmer
Ardath Rodale
Tom Stoneback

VELODROME FUND, INC.

FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021

VELODROME FUND, INC.

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Brian T. Regan, CPA

Martin C. Levin, CPA, CVA, MBA

William E. Bloss, CPA

Jeffrey S. Berdahl, CPA/PFS, CSEP

Philip D. Pope, CPA

Darian Allen, CPA, CITP

Joel A. Ronco, CPA
*Director*Frank M. Brown, CPA
*Emeritus*John A. Savchak, CPA, CVA
*Emeritus*Jay H. Fasnacht, CPA
*1935 - 2018***INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

To the Board of Directors
Velodrome Fund, Inc.
Trexlerstown, PA

We have reviewed the accompanying financial statements of Velodrome Fund, Inc. (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Velodrome Fund, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Basis for Qualified Conclusion

As explained in Note 3 to the financial statements, Velodrome Fund, Inc. leases the Velodrome facility at a notional sum, the contributed value of which is not determinable due to the uniqueness of the venue.

Qualified Conclusion

Based on our reviews, except for the issue noted in the Basis for Qualified Conclusion paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Regan, Levin, Bloss, Brown & Sauchak, P.C.

Allentown, Pennsylvania
November 1, 2023

VELODROME FUND, INC.**Statements of Financial Position
December 31, 2022 and 2021**

Assets	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 52,742	\$ 290,239
Accounts receivable, net of allowance	180,210	14,610
Retail inventory	9,706	7,535
Investments	1,272,158	1,483,243
Property and equipment, net of accumulated depreciation	<u>38,947</u>	<u>49,269</u>
Total assets	<u>\$ 1,553,763</u>	<u>\$ 1,844,896</u>
Liabilities		
Accounts payable	\$ 31,124	\$ 12,663
Payroll tax payable	—	861
Credit cards	398	2,659
Deferred revenue	<u>700</u>	<u>1,500</u>
Total liabilities	<u>32,222</u>	<u>17,683</u>
Net Assets		
Without donor restrictions	(138,577)	(18,763)
With donor restrictions	<u>1,660,118</u>	<u>1,845,976</u>
Total net assets	<u>1,521,541</u>	<u>1,827,213</u>
Total liabilities and net assets	<u>\$ 1,553,763</u>	<u>\$ 1,844,896</u>

See accompanying notes to financial statements.

VELODROME FUND, INC.**Statements of Activities**

Year Ended December 31, 2022, with Comparative Totals for the Year Ended December 31, 2021

	Net Assets	Net Assets	Total	
	Without Donor Restrictions	With Donor Restrictions	2022	2021
Support and revenues:				
Contributions	\$ 8,146	\$ —	\$ 8,146	\$ 31,795
Sponsorships	352,370	24,000	376,370	406,650
Interest and dividends, net of fees	9	33,323	33,332	43,840
Net appreciation (depreciation) of investments	—	(276,143)	(276,143)	122,909
Racing:				
Ticket sales	35,630	—	35,630	69,501
Rider fees	160,628	—	160,628	161,245
Concessions	33,064	—	33,064	34,363
Retail sales	17,996	—	17,996	16,717
Special events:				
Ticket sales	38,615	—	38,615	10,800
Facility rentals	13,837	—	13,837	7,775
	<u>660,295</u>	<u>(218,820)</u>	<u>441,475</u>	<u>905,595</u>
Other revenue:				
Paycheck protection program (PPP) loan forgiveness	—	—	—	48,917
Grant income	33,500	—	33,500	105,325
Cares relief funds	17,338	—	17,338	—
Miscellaneous income	3,204	—	3,204	—
	<u>54,042</u>	<u>—</u>	<u>54,042</u>	<u>154,242</u>
Expenses:				
Racing	512,620	—	512,620	576,666
Development	141,913	—	141,913	148,748
Non-cycling	1,815	—	1,815	2,213
General and administrative	131,683	—	131,683	193,932
Fund-raising	13,158	—	13,158	13,592
	<u>801,189</u>	<u>—</u>	<u>801,189</u>	<u>935,151</u>
Transfer of donor restricted net assets	(32,962)	32,962	—	—
Change in net assets	(119,814)	(185,858)	(305,672)	124,686
Beginning net assets	(18,763)	1,845,976	1,827,213	1,702,527
Ending net assets	<u>\$ (138,577)</u>	<u>\$ 1,660,118</u>	<u>\$ 1,521,541</u>	<u>\$ 1,827,213</u>

See accompanying notes to financial statements.

VELODROME FUND, INC.**Statements of Functional Expenses**

Year Ended December 31, 2022, with Comparative Totals for the Year Ended December 31, 2021

	Program Services			General and Administrative	Fund- Raising	Total	
	Racing	Development	Non-Cycling			2022	2021
Personnel	\$ 75,993	\$ 111,134	\$ —	\$ 45,000	\$ 12,348	\$ 244,475	\$ 272,756
Payroll taxes	3,387	4,953	—	2,006	550	10,896	20,783
Employee benefits	45,250	—	—	—	—	45,250	43,907
Supplies	3,874	—	—	—	—	3,874	2,705
Facilities supplies	55,940	—	—	30,121	—	86,061	73,132
Concessions	18,303	—	—	—	—	18,303	20,080
Merchandise	9,258	—	—	—	—	9,258	5,901
Bad debt	—	—	—	1,605	—	1,605	—
Awards and rider expense	46,360	—	—	—	—	46,360	56,368
Advertising and promotion	23,703	—	—	1,248	—	24,951	65,435
Insurance	12,989	4,075	1,299	7,793	260	26,416	33,831
Occupancy and utilities	20,203	20,203	—	11,397	—	51,803	58,187
Program expenses	55,577	—	—	—	—	55,577	42,754
Purchased services	125,012	—	—	23,764	—	148,776	180,994
Travel and lodging	—	—	—	593	—	593	3,224
Other expenses	11,610	—	—	—	—	11,610	33,504
Bank and payment processing fees	—	—	—	4,363	—	4,363	4,465
Grant expense	—	—	—	696	—	696	6,259
Depreciation	5,161	1,548	516	3,097	—	10,322	10,866
	<u>\$ 512,620</u>	<u>\$ 141,913</u>	<u>\$ 1,815</u>	<u>\$ 131,683</u>	<u>\$ 13,158</u>	<u>\$ 801,189</u>	<u>\$ 935,151</u>

See accompanying notes to financial statements.

VELODROME FUND, INC.**Statements of Cash Flows**
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ (305,672)	\$ 124,686
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Bad debt expense	1,605	—
Depreciation	10,322	10,866
PPP loan forgiveness	—	(48,917)
Net (appreciation) depreciation of investments	276,143	(122,909)
(Increase) decrease in accounts receivable	(167,205)	138,560
(Increase) decrease in retail inventory	(2,171)	3,511
Increase (decrease) in accounts payable	18,461	(1,548)
Increase (decrease) in payroll tax payable	(861)	861
Increase (decrease) in credit cards	(2,261)	1,635
Increase (decrease) in deferred revenue	(800)	(21,131)
Net cash provided by (used) in operating activities	<u>(172,439)</u>	<u>85,614</u>
Cash flows from investing activities:		
Proceeds from sales of investments	814,787	517,239
Purchases of investments	<u>(879,845)</u>	<u>(421,680)</u>
Net cash provided by investing activities	<u>(65,058)</u>	<u>95,559</u>
Cash flows from financing activities:		
PPP loan proceeds	<u>—</u>	<u>48,917</u>
Net cash provided by financing activities	<u>—</u>	<u>48,917</u>
Net increase (decrease) in cash and cash equivalents	(237,497)	230,090
Cash and cash equivalents, beginning	<u>290,239</u>	<u>60,149</u>
Cash and cash equivalents, ending	<u>\$ 52,742</u>	<u>\$ 290,239</u>
Supplemental disclosure of non-cash financing activities:		
PPP loan forgiveness	<u>\$ —</u>	<u>\$ 48,917</u>

See accompanying notes to financial statements.

VELODROME FUND, INC.

Notes to Financial Statements December 31, 2022 and 2021

1. Nature of Activities:

Velodrome Fund, Inc. (the Organization) is a nonprofit organization which operates, supports, and maintains the Velodrome facility and venue (a Lehigh County-owned facility) located in Trexlertown, Pennsylvania.

2. Summary of Significant Accounting Policies:

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions or law.

With Donor Restrictions – Net assets subject to donor-imposed restrictions. Donor-imposed restrictions may be temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are permanent, where the donor stipulates that resources be maintained in perpetuity.

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.

Property and Equipment

Acquisitions of property and equipment in excess of \$2,500 are capitalized. Property and equipment are carried at cost or, if donated, at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the property and equipment.

Revenue Recognition

Contributions received are recorded as with restrictions or without restrictions depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restrictions are reclassified

(Continued)

VELODROME FUND, INC.

Notes to Financial Statements December 31, 2022 and 2021

to net assets without restrictions and reported in the statement of activities as net assets released from restrictions.

Accounts Receivable

Accounts receivable are reported at the amount the Organization expects to collect from outstanding balances. Differences between the amount due and the amount the Organization expects to collect are reported in the results of operations of the year in which those differences are determined, with an offsetting entry to a valuation allowance for accounts receivable. Balances that are still outstanding after the Organization has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of December 31, 2022 and 2021, no amounts were deemed uncollectible.

Retail Inventory Valuation

Retail inventory is valued at the lower of cost (first-in, first-out) or market.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$24,951 and \$65,435 for the years ended December 31, 2022 and 2021, respectively.

Accounting for Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever circumstances and situations change such that there is an indication that the carrying amounts may not be recoverable. The Organization believes that there has been no impairment of its long-lived assets during 2022 or 2021.

Contributed Services

Velodrome Fund, Inc. receives services donated by its sponsors. No amounts have been reflected in the financial statements for those services because they do not meet the criteria for recognition under Financial Accounting Standards Board's Accounting Standard Codification (FASB ASC) 958, Not-for-Profit Entities.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Expenses that can be identified with a specific program or supporting service are allocated directly according to their natural expenditure classification. Certain other costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include payroll taxes (based on wages

(Continued)

VELODROME FUND, INC.

Notes to Financial Statements December 31, 2022 and 2021

incurred), facilities supplies, advertising, insurance, occupancy and utilities, and depreciation (allocated based on historical estimates of usage between program and support functions).

Taxes

Velodrome Fund, Inc. is a not-for-profit corporation that is exempt from income taxes under Internal Revenue Code Section 501(c)(3). The Organization has adopted the provisions of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FASB ASC) 740-10. The Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings in determining any uncertain tax positions. The Organization files its Form 990 with the United States Internal Revenue Service and with the Bureau of Charitable Organizations in Pennsylvania. The Organization is no longer subject to examination by the Internal Revenue Service for years prior to 2019.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in bank accounts and highly-liquid investments with an initial maturity of three months or less.

Credit Risks

The Organization maintains its cash accounts in several depository accounts which, at times, may exceed federally-insured limits. The Organization has not experienced losses in such accounts. The Organization believes it is not exposed to significant credit risk.

The Organization maintains a significant portion of its assets in investments, which are subject to fluctuations in value. Further, the Organization is subject to risks associated with each investment, such as compliance of the issuer with certain contractual obligations.

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without restrictions if the restrictions are met (either by the passage of time or by use) in the reporting period in which the income and gains are recognized.

(Continued)

VELODROME FUND, INC.

Notes to Financial Statements December 31, 2022 and 2021

Subsequent Events

Management of the Organization has evaluated events and transactions subsequent to December 31, 2022, for items that could potentially be recognized or disclosed in these financial statements. The evaluation was conducted through November 1, 2023, the date these financial statements were available to be issued.

3. Facilities Agreement:

The County of Lehigh has leased a portion of the Bob Rodale Cycling and Fitness Park to Velodrome Fund, Inc. The Park is used for staging of cycling races and conducting training and cycling related events in accordance with the terms and restrictions of the lease agreement. The lease originally had a term of 20 years commencing on January 2, 1998 and terminating on January 1, 2018. It has subsequently been extended for an additional 20-year term through January 1, 2038. Rent is due annually in the notional sum of \$1. Due to the uniqueness of the venue, valuation of this contribution is not determinable; no provision for fair rental value of the facility has been made in the financial statements reflective of the annual contributed value. See note 4 for discussion of an amendment to the lease.

4. Net Assets With Donor Restrictions:

Expendable Trust – Velodrome Operations Trust Fund

During 1998, the Rodale Press, Inc. established and contributed to the Organization an expendable trust fund in the amount of \$1,500,000. Such funds are restricted in accordance with the directives of the Trust. The purpose of the fund is to provide a source of continuing funds to pay salaries and benefits for key Velodrome Fund, Inc. employees. The Trust Fund is authorized to distribute up to a maximum of \$150,000 annually, adjusted for inflation since 2000, to be used for its prescribed purpose. The Trust Fund is maintained in a separate account under the management of a fund custodian. The fair value of the Fund, excluding restricted cash, was \$1,272,158 and \$1,483,243 at December 31, 2022 and 2021, respectively. \$32,962 of deposits to and \$147,963 of withdrawals from the Fund were transferred in 2022 and 2021, respectively, pursuant to Board resolution. Investment earnings are recorded as additions to net assets with donor restrictions.

Capital Improvements Fund

Effective July 11, 2007, the County of Lehigh, lessor of the Organization's facilities (see note 3), amended the lease to require that twenty percent of monies received by the Organization from the sponsor of the naming rights be set aside to be used

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VELODROME FUND, INC.

Notes to Financial Statements December 31, 2022 and 2021

for capital improvements to the facilities. By common consent of the parties, the annual amount due to the lessor for the stated purpose was limited to \$24,000. In 2007, the Organization paid \$24,000 to the lessor to fund its capital improvements.

No payments have been made subsequently, and \$360,000 remained unpaid at December 31, 2022. In lieu of payment of the amount otherwise due, the lessor and lessee have agreed to allow the lessee to retain the funds with a restricted designation. Expenditure of the restricted funds will occur as needed by the lessor to fund capital improvements to the facilities.

Endowment Account

Certain restricted contributions to the Organization totaling \$6,000 are held in an endowment account. Only earnings derived from such funds may be released from restriction. Earnings are recorded as income with donor restrictions.

Net assets with donor restrictions consisted of the following funds at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Velodrome Operations Trust Fund	\$ 1,300,118	\$ 1,503,976
Capital Improvements Fund	360,000	336,000
Endowment Account	<u>6,000</u>	<u>6,000</u>
	<u>\$ 1,660,118</u>	<u>\$ 1,845,976</u>

5. Investments:

Investments as of December 31, 2022 and 2021, are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
December 31, 2022			
With restrictions:			
Equity mutual funds	\$ 513,922	\$ 714,858	\$ 714,858
Fixed income mutual funds	<u>622,596</u>	<u>557,300</u>	<u>557,300</u>
	<u>\$ 1,136,518</u>	<u>\$ 1,272,158</u>	<u>\$ 1,272,158</u>

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VELODROME FUND, INC.

Notes to Financial Statements December 31, 2022 and 2021

December 31, 2021

With restrictions:

Equity mutual funds	\$ 545,216	\$ 912,855	\$ 912,855
Fixed income mutual funds	<u>579,228</u>	<u>570,388</u>	<u>570,388</u>
	<u>\$ 1,124,444</u>	<u>\$ 1,483,243</u>	<u>\$ 1,483,243</u>

Investment revenues are reported net of brokers' fees, and amounted to \$33,332 in 2022 and \$43,840 in 2021.

6. Fair Value Measurements:

FASB ASC 820-10, Fair Value Measurements and Disclosures, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of quoted prices for similar assets in active markets and quoted prices for identical or similar assets in markets that are not active, and Level 3 inputs are unobservable and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. Fair values of assets measured on a recurring basis at December 31, 2022 and 2021 are as follows:

	Fair Value Measurements at Reporting Date Using	
	Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)
December 31, 2022:		
Equity mutual funds	\$ 714,858	\$ 714,858
Fixed income mutual funds	<u>557,300</u>	<u>557,300</u>
	<u>\$ 1,272,158</u>	<u>\$ 1,272,158</u>
December 31, 2021:		
Equity mutual funds	\$ 912,855	\$ 912,855
Fixed income mutual funds	<u>570,388</u>	<u>570,388</u>
	<u>\$ 1,483,243</u>	<u>\$ 1,483,243</u>

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VELODROME FUND, INC.

Notes to Financial Statements December 31, 2022 and 2021

Following is a description of the valuation methodology used for mutual funds measured at fair value.

Level 1 mutual funds are valued at the daily closing price as reported by the fund. Such mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The level 1 mutual funds held by the Organization are deemed to be actively traded.

7. Property and Equipment:

Property and equipment consisted of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Building	\$ 290,155	\$ 290,155
Equipment and furniture	<u>152,467</u>	<u>152,467</u>
	442,622	442,622
Less accumulated depreciation	<u>403,675</u>	<u>393,353</u>
Property and equipment, net	\$ <u>38,947</u>	\$ <u>49,269</u>

8. Liquidity:

The following reflects the Organization's financial assets, consisting of cash, accounts receivable, inventory and investments as of December 31, 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial assets at year end	\$1,514,816
Less funds unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions	<u>1,660,118</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>(145,302)</u>

As discussed in Note 4, the Organization also has access to a maximum of \$150,000 annually in its Expendable Trust, which can be used to fund certain operating expenses with proper approval.

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VELODROME FUND, INC.

Notes to Financial Statements December 31, 2022 and 2021

In 2023, the Velodrome Fund, Inc. was informed by the County of Lehigh that track resurfacing repairs to the leased facility (described in note 3) had been completed and that the County was requesting reimbursement of repair costs from the Velodrome Fund's Capital Improvements Fund discussed in note 4. The requested reimbursement amounting to \$286,443 is expected to be disbursed from the \$360,000 balance in the Capital Improvements Fund during 2023.

9. Contingencies:

In October 2018, the former executive director filed an employment related claim against the Velodrome Fund, Inc. and a member of its Board of Directors with a court. The claim against both parties has been voluntarily discontinued by the plaintiff. As no accrual for potential damages had previously been included in the financial statements in accordance with FASB Accounting Standards Codification subtopic 450-20, Contingencies: Loss Contingencies, there is no effect on the financial statements resulting from such discontinuance.

10. Related Party Transactions:

The Organization received sponsorships and regularly purchased products and services from companies affiliated with various board members. Sponsorships, dues and other support received from related parties during the years ended December 31, 2022 and 2021 totaled \$45,000 and \$120,000, respectively. The total cost of products and services purchased from related parties amounted to \$0 and \$0 for the years ended December 31, 2022 and 2021, respectively. The Organization had no balances due to or due from related parties at December 31, 2022 and 2021.

11. Retirement Plan:

Effective January 1, 2021, the Corporation sponsors a qualified employee benefit plan under Internal Revenue Code 408(p) Simple. The plan covers substantially all employees who meet certain service requirements. Annual employee elective deferred contributions cannot exceed \$13,500. The Corporation has elected to make a matching contribution based on the employee salary reduction to a maximum of 3% of the employee's eligible earnings or \$13,500 (age 50 and over \$16,500), whichever is less. The Corporation made matching contributions of 3% for the year ended December 31, 2022. Total employer contribution expense relating to the plan was \$3,306 and \$5,942 for the years ended December 31, 2022 and 2021, respectively.

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VELODROME FUND, INC.

**Notes to Financial Statements
December 31, 2022 and 2021**

12. Other Revenue:

During 2022, the Organization received grants in the amount of \$33,500, which consisted of \$8,500 from the County of Lehigh, and \$25,000 in other grants. The Organization also received CARES Act Funds totaling \$17,338.

During 2021, the Organization received grants in the amount of \$105,325, which consisted of \$25,325 from the County of Lehigh, and \$80,000 in other grants.

During 2021, the Organization also received the proceeds of a \$48,917 Paycheck Protection Program (PPP) loan in accordance with the CARES Act. Prior to the end of the year, the Organization was granted forgiveness of this PPP loan by the Small Business Administration (SBA) in the amount of \$48,917. Accordingly, the SBA has repaid the lender, and the Organization recognized a gain on PPP loan forgiveness which is reflected in Other Revenue in the Statement of Activities for the year ended December 31, 2021.