

UNITED STATES GYMNASTICS FEDERATION

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008

UNITED STATES GYMNASTICS FEDERATION

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008

CONTENTS

REPORT OF INDEPENDENT AUDITORS	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	2
CONSOLIDATED STATEMENTS OF ACTIVITIES	3
CONSOLIDATED STATEMENTS OF CASH FLOWS	4
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	5
SUPPLEMENTARY INFORMATION	
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION - 2009	14
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION – 2008	15
CONSOLIDATING SCHEDULE OF ACTIVITIES - 2009	16
CONSOLIDATING SCHEDULE OF ACTIVITIES – 2008	17
CONSOLIDATING SCHEDULE OF CASH FLOWS - 2009	18
CONSOLIDATING SCHEDULE OF CASH FLOWS – 2008	19



Crowe Horwath LLP
Independent Member Crowe Horwath International

REPORT OF INDEPENDENT AUDITORS

Board of Directors
United States Gymnastics Federation
Indianapolis, Indiana

We have audited the accompanying consolidated statements of financial position of the United States Gymnastics Federation (the Federation) as of December 31, 2009 and 2008 and the related consolidated statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Federation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Federation as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The consolidating information, as listed in the table of contents, is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, change in net assets, and cash flows of the individual companies. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Crowe Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
December 7, 2010

UNITED STATES GYMNASTICS FEDERATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 2,404,152	\$ 6,988,384
Investments (Note 5)	10,438,137	3,605,635
Accounts receivable	246,839	780,219
Inventories	73,876	72,422
Prepaid expenses and other assets	773,489	804,456
Furnishings and equipment (net of accumulated depreciation of \$307,549 and \$269,022 for 2009 and 2008)	<u>557,283</u>	<u>484,496</u>
Total assets	<u>\$ 14,493,776</u>	<u>\$ 12,735,612</u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 654,484	\$ 752,817
Deferred revenue (Note 4)	<u>3,870,849</u>	<u>3,911,959</u>
Total liabilities	4,525,333	4,664,776
Net assets:		
Unrestricted	9,213,031	7,429,214
Temporarily restricted (Note 7)	<u>755,412</u>	<u>641,622</u>
Total net assets	<u>9,968,443</u>	<u>8,070,836</u>
Total liabilities and net assets	<u>\$ 14,493,776</u>	<u>\$ 12,735,612</u>

See accompanying notes to financial statements

UNITED STATES GYMNASTICS FEDERATION
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
UNRESTRICTED NET ASSETS		
Revenue:		
Marketing and events	\$ 3,728,563	\$ 7,223,916
Communications and publications	499,064	549,868
Program:		
Women's gymnastics	1,030,577	823,308
Men's gymnastics	154,071	140,079
Trampoline and tumbling	576,025	483,798
Sports acrobatics	499,520	369,805
Rhythmic gymnastics	159,162	116,932
General gymnastics	<u>80,735</u>	<u>41,891</u>
Total program	2,500,090	1,975,813
Member services	7,694,978	7,630,472
Administrative:		
United States Olympic Committee (Note 3)	1,899,067	2,833,347
Investment returns (Note 5)	1,201,506	(1,377,162)
Other	<u>228,963</u>	<u>117,584</u>
Total administrative	3,329,536	1,573,769
Total revenue	17,752,231	18,953,838
Expenses:		
Program services:		
Marketing and events	2,601,170	5,746,762
Member services	3,069,101	2,977,587
Communications	1,443,190	1,539,948
Women's gymnastics	2,785,750	3,107,752
Men's gymnastics	1,323,597	1,650,785
Trampoline and tumbling	930,748	835,215
Sports acrobatics	606,821	487,466
Rhythmic gymnastics	740,724	608,745
General gymnastics	169,164	139,950
International relations	<u>133,107</u>	<u>147,182</u>
Total program services expense	13,803,372	17,241,392
Supporting services:		
Administrative	2,115,400	2,110,197
Governance	<u>49,642</u>	<u>53,635</u>
Total supporting services expense	2,165,042	2,163,832
Total expenses	15,968,414	19,405,224
Change in unrestricted net assets	1,783,817	(451,386)
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	\$ 125,613	\$ 74,822
Releases from restriction	<u>(11,823)</u>	<u>(17,877)</u>
Change in temporarily restricted net assets	<u>113,790</u>	<u>56,945</u>
Change in net assets	1,897,607	(394,441)
Net assets, beginning of year	<u>8,070,836</u>	<u>8,465,277</u>
Net assets, end of year	<u>\$ 9,968,443</u>	<u>\$ 8,070,836</u>

See accompanying notes to financial statements

UNITED STATES GYMNASTICS FEDERATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Change in net assets	\$ 1,897,607	\$ (394,441)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized loss on sale of investments	7,838	162,517
Unrealized (gain) loss on investments	(994,751)	1,456,994
Depreciation expense	160,254	130,640
Changes in assets and liabilities		
Accounts receivable	533,380	358,777
Inventories	(1,454)	-
Prepaid expenses and other assets	30,969	(20,718)
Accounts payable and accrued expenses	(98,334)	69,906
Deferred revenue	<u>(41,110)</u>	<u>(277,922)</u>
Net cash provided by operating activities	1,494,399	1,485,753
Cash flows from investing activities		
Purchases of investments	(7,845,601)	(3,143,091)
Proceeds of sale or maturity of investments	2,000,014	1,758,759
Purchases of furnishing and equipment	<u>(233,044)</u>	<u>(349,221)</u>
Net cash used in investing activities	<u>(6,078,631)</u>	<u>(1,733,553)</u>
Decrease in cash and cash equivalents	(4,584,232)	(247,800)
Cash and cash equivalents, beginning of year	<u>6,988,384</u>	<u>7,236,184</u>
Cash and cash equivalents, end of year	<u>\$ 2,404,152</u>	<u>\$ 6,988,384</u>
Supplemental cash flows information		
Non-cash transactions:		
In-kind contributions and expense	\$ 366,588	\$ 263,000

See accompanying notes to financial statements

UNITED STATES GYMNASTICS FEDERATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 1 - ORGANIZATION

The United States Gymnastics Federation (the Federation) is the designated National Governing Body of the Olympic sport of gymnastics. The Federation was so designated by the United States Olympic Committee (the USOC) and is a Group A member of the USOC. The Federation is also the United States representative to the Federation Internationale De Gymnastique (FIG), an organization whose purpose is to promote the development of the sport of gymnastics throughout the world. In addition to organizing the United States Olympic Gymnastics Team and other national teams, the Federation supports and promotes the sports of gymnastics through athlete and coach development, event sanctioning, safety, and education. The Federation also organizes and operates national and international amateur competition in the sports of trampoline, double mini-tramp, power tumbling, and sports acrobatics.

As a National Governing Body, the Federation may discipline individuals or organizations for violations of its rules. Individuals or organizations who are disciplined may seek administrative and civil remedies, including arbitration or litigation.

In 1988, the Federation formed The National Gymnastics Foundation, Inc., (the Foundation) to further the Olympic sport of gymnastics through educational grants and other support activities governed by an independent Board of Directors.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation: The consolidated financial statements include the accounts of the Federation and the Foundation. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period and could differ from actual results.

Revenue Recognition: Membership services revenue is recognized ratably over the membership period. Program-related revenues, including television rights, fees, gate receipts, event sponsorships and other event revenue, are recognized upon completion of the respective tour or event. National sponsorships are recognized ratably over the sponsorship period.

The Federation records the value of in-kind goods and services as revenue and expense when the in-kind contribution relates to events and programs under the Federation's control. In-kind sponsorships, which are recognized at the fair value of the non-cash consideration received, totaled approximately \$366,588 and \$263,000 for 2009 and 2008. The revenue and corresponding expense recognized represent an objective estimate of the goods and services provided.

(Continued)

UNITED STATES GYMNASTICS FEDERATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions: Contributions are recorded at fair value at the date the pledge or contribution is received. Contributions received that may be expended only as designated by the donor are recorded as additions to temporarily restricted net assets in the accompanying consolidated financial statements.

Cash and Cash Equivalents: Cash and cash equivalents consist of bank deposits in accounts that are federally insured up to \$250,000 per financial institution. Additionally, for purposes of the statement of cash flows, the Federation considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The first \$250,000 of deposits per financial institution is insured by a government agency. The Federation periodically has balances in excess of this limit.

Investments: Under GAAP, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value based on quoted market prices or dealer quotes in the statement of financial position. These investments are initially recorded at cost if they were purchased or at their fair value on the date of the gift if they were received as a donation. Investment returns are recorded in the statement of activities.

Interest and dividend income and realized gains and losses derived from temporarily restricted net assets are recorded as unrestricted revenue unless specifically restricted by the donor. Certain temporarily restricted net assets are designated a portion of total unrestricted investment returns based on the percentage of their balances in proportion to the total investments.

Accounts Receivable: Accounts receivable consist of amounts due under sponsorship or other agreements, or in relation to event and other fees, and are recorded at face value net of any allowance for doubtful accounts. The need for an allowance was determined by management by a process involving consideration of past experience and current delinquent account information, and an assessment of the receivables aging. At December 31, 2009 and 2008, no allowance for doubtful accounts was considered necessary. Interest is not charged on outstanding receivables.

Inventories: Promotional material and publication inventories are stated at the lower of cost or market determined on a first-in, first-out basis.

Property and Equipment: Property and equipment with an original cost of \$1,000 or more are recorded at cost or, if donated, at fair value when received. Depreciation is provided by the straight-line method over the estimated useful lives of the respective assets. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

Deferred Revenue: Prepaid amounts received pursuant to sponsorship agreements or from prepaid memberships are recorded as deferred revenue and recognized in subsequent periods when the corresponding programs are conducted or expenses are incurred.

(Continued)

UNITED STATES GYMNASTICS FEDERATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses: The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the program and supporting services categories based on the actual direct expenditures and cost allocations based upon estimates by Federation personnel.

Net Asset Classifications: The financial statements have been prepared in accordance with GAAP. GAAP requires, among other things, that the financial statements report the changes in and total of each of the net asset classes, based upon donor restrictions, as applicable. Net assets are to be classified as unrestricted, temporarily restricted, and permanently restricted. The following classes of net assets are used to reflect donor intent:

Unrestricted Net Assets - The unrestricted net asset class includes general assets and liabilities of the Federation. The unrestricted net assets may be used to support the Federation's purposes and operations. As disclosed in Note 7, certain unrestricted net assets have been designated by the Board of Directors for specific purposes.

Temporarily Restricted Net Assets - The temporarily restricted net asset class includes assets of the Federation related to contributions and grants with explicit donor-imposed restrictions that have not been met as to specified purpose, or to later periods of time or after specified dates.

Permanently Restricted Net Assets - The permanently restricted net asset class includes assets of the Federation which the donor has stipulated be maintained in perpetuity. Donor-imposed restrictions limiting the use of the assets or its economic benefit neither expire with the passage of time nor can be removed by satisfying a specific purpose. The Federation did not have any permanently restricted net assets at December 31, 2009 and 2008.

Income Tax Status: The Internal Revenue Service has ruled that both the Federation and Foundation qualify under Section 501(c)(3) of the Internal Revenue Code and are, therefore, generally not subject to income taxation under present income tax laws. However, the Federation and Foundation are subject to federal tax on any unrelated business taxable income.

Adoption of New Accounting Standards: The Federation adopted guidance issued by the FASB with respect to accounting for uncertainty in income taxes as of January 1, 2009. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit will be recorded. The adoption had no effect on the Federation's financial statements.

(Continued)

UNITED STATES GYMNASTICS FEDERATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Federation is generally no longer subject to examination by taxing authorities for years before 2006. The Federation does not expect the total amount of unrecorded tax benefits to significantly change in the next 12 months. The Federation recognizes interest and/or penalties related to income tax matters in income tax expense. The Federation did not have any amounts accrued for interest and penalties at December 31, 2009.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to December 31, 2009, to determine the need for any adjustments or disclosures to the audited financial statements for the year ended December 31, 2009. Management has performed their analysis through December 7, 2010, the date the financial statements were available to be issued.

NOTE 3 – USOC SUPPORT

USOC provides support for sport development, international competition, and team preparation through advances, reimbursements, and contractual agreements. Such revenue is recognized concurrently with the related expenses. Expenditures are recorded in the program-related accounts. In 2005, USOC began making payments directly to athletes receiving support through the Federation's athlete support program that in previous years had been paid to the Federation for disbursements to the athletes. Amounts related to athlete support are recognized both as USOC support and corresponding program expense in the consolidated statement of activities for the year ended December 31:

	<u>2009</u>	<u>2008</u>
Performance Pool Grants	\$ 1,475,053	\$ 1,528,080
Olympic Trials	-	850,000
Athlete Funding	424,014	435,267
International Relations Grant	-	20,000
	<u>\$ 1,899,067</u>	<u>\$ 2,833,347</u>

NOTE 4 – DEFERRED REVENUE

Deferred revenue consists of the following at December 31:

	<u>2009</u>	<u>2008</u>
Memberships	\$ 3,638,542	\$ 3,427,634
Sponsorships and advertising	119,354	351,617
Other	112,953	132,708
	<u>\$ 3,870,849</u>	<u>\$ 3,911,959</u>

(Continued)

UNITED STATES GYMNASTICS FEDERATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 5 – INVESTMENTS

Investments at December 31 consist of the following:

	<u>2009</u>	<u>2008</u>
Certificates of deposit	\$ 570,253	\$ -
Common stock	3,427,632	2,799,068
United States government agency notes	3,815,540	-
Corporate obligations	<u>2,624,712</u>	<u>806,567</u>
	<u>\$10,438,137</u>	<u>\$ 3,605,635</u>

The following schedule summarizes the components of investment return:

	<u>2009</u>	<u>2008</u>
Dividends and interest	\$ 214,593	\$ 242,349
Net realized losses	(7,838)	(162,517)
Net unrealized gains (losses)	<u>994,751</u>	<u>(1,456,994)</u>
	<u>\$ 1,201,506</u>	<u>\$ (1,377,162)</u>

The various investments in equities and fixed income investments are exposed to a variety of uncertainties, including interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in the values of these investments could occur in the near term. Such changes could materially affect the amounts reported in the financial statements of the Federation.

NOTE 6 – RETIREMENT PLAN

The Federation has established a defined-contribution retirement plan for all eligible employees who elected participation. The Federation's contribution was equal to 6% of each participant's salary for 2009 and 2008. Total expense for the retirement plan was \$159,915 and \$144,890 for 2009 and 2008, respectively.

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

The Board of Directors of the National Gymnastics Foundation designates a portion of the total unrestricted investment returns to temporarily restricted funds, to be used for each respective fund's donor purpose. Investment returns are allocated based on the percentage of each fund's balance in proportion to the total investments.

(Continued)

UNITED STATES GYMNASTICS FEDERATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS (Continued)

Temporarily restricted net assets, including the effect of cumulative designated portion of unrestricted investment returns, consisted of the following at December 31:

	<u>2009</u>	<u>2008</u>
Zimpfer Fund	\$ 164,188	\$ 122,737
Men's Scholarship Fund	580,231	414,857
T&T Scholarship Fund	50,216	-
Other Funds	<u>113,957</u>	<u>89,345</u>
	908,592	626,939
Cumulative designation of unrestricted investment losses (returns)	<u>(153,180)</u>	<u>14,683</u>
Temporarily restricted net assets	<u>\$ 755,412</u>	<u>\$ 641,622</u>

Temporarily restricted net assets released from restriction during the years ended December 31, 2009 and 2008 totaled \$11,823 and \$17,877.

NOTE 8 – OPERATING LEASES

In early 2009, the Federation entered into an operating lease for office facilities expiring on December 31, 2020. This lease has fluctuating rent payments. In order to properly recognize rent expense on a straight-line basis over the life of the lease, a deferred rent liability was recorded on the statement of financial position. Approximate future minimum payments required under operating leases that have non-cancelable lease terms in excess of one year are as follows:

2010	\$ 271,624
2011	254,122
2012	242,582
2013	229,633
2014	199,258
Thereafter through year 2020	<u>1,240,158</u>
	<u>\$2,437,377</u>

Rent expense was \$215,522 and \$191,845 for 2009 and 2008, respectively.

(Continued)

NOTE 9 - DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Federation's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

GAAP establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The fair values of investments that are readily marketable, such as common stock, are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or by matrix pricing models for United States government agency notes and corporate bonds. (Level 2 input).

The fair values of certificates of deposit are estimated to approximate deposit account balances, payable on demand, as no discounts for credit quality or liquidity were determined to be applicable (Level 2 inputs).

(Continued)

UNITED STATES GYMNASTICS FEDERATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 9 - DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Assets measured at fair value on a recurring basis are summarized below:

	<u>Fair Value Measurements at Reporting Date Using</u>			
	2009 <u>Total</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Certificates of deposit	\$ 570,253	\$ -	\$ 570,253	\$ -
Common stock:				
Consumer	1,072,644	1,072,644	-	-
Technology	721,506	721,506	-	-
Industrial	562,905	562,905	-	-
Energy	500,987	500,987	-	-
Basic materials	190,014	190,014	-	-
Financial services	254,870	254,870	-	-
Utilities	124,706	124,706	-	-
United States government agency notes	3,815,540	-	3,815,540	-
Corporate obligations	<u>2,624,712</u>	<u>-</u>	<u>2,624,712</u>	<u>-</u>
	<u>\$10,438,137</u>	<u>\$3,427,632</u>	<u>\$7,010,505</u>	<u>\$ -</u>

	<u>Fair Value Measurements at Reporting Date Using</u>			
	2008 <u>Total</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Common stock	\$ 2,799,068	\$2,799,068	\$ -	\$ -
United States government agency notes	-	-	-	-
Corporate obligations	<u>806,567</u>	<u>-</u>	<u>806,567</u>	<u>-</u>
	<u>\$ 3,605,635</u>	<u>\$2,799,068</u>	<u>\$ 806,567</u>	<u>\$ -</u>

(Continued)

NOTE 10 – RELATED PARTY TRANSACTION

USA Gymnastics may draw on its professional membership and Board of Directors for services in connection with fulfilling its stated mission, such as presentations at clinics and Congress, training camp staffing, elite clinician services, FIG representation, and educational materials development. Board members may be compensated for these services outside of their designated Board of Directors role at rates commensurate with the marketplace.

NOTE 11 – STATE AND REGIONAL CHAPTERS

USA Gymnastics State and Regional Chapters have established bank accounts under the Federation's tax identification number. All funds are maintained for the benefit of the Chapters. As of December 31, 2009 and 2008, these funds are not under the financial control of the Foundation and have not been included in the consolidated financial statements. In May 2010, the Federation executed financial control of these funds, as a fiscal agent, and they will be included in the financial statements in future years.

SUPPLEMENTARY INFORMATION

UNITED STATES GYMNASTICS FEDERATION
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
December 31, 2009

	U.S. Gymnastics Federation	National Gymnastics Foundation	Eliminations	Consolidated
ASSETS				
Cash and cash equivalents	\$ 2,248,568	\$ 155,584	\$ -	\$ 2,404,152
Investments	5,566,610	4,871,527	-	10,438,137
Accounts receivable	237,512	9,327	-	246,839
Inventories	73,876	-	-	73,876
Prepaid expenses and other assets	772,156	1,333	-	773,489
Amount due from National Gymnastics Foundation	145,432	-	(145,432)	-
Furnishings and equipment, net	<u>557,283</u>	<u>-</u>	<u>-</u>	<u>557,283</u>
Total assets	<u>\$ 9,601,437</u>	<u>\$5,037,771</u>	<u>\$ (145,432)</u>	<u>\$14,493,776</u>
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable and accrued expenses	\$ 642,414	12,070	-	\$ 654,484
Amounts due to US Gymnastics Federation	-	145,432	(145,432)	-
Deferred revenue	<u>3,870,849</u>	<u>-</u>	<u>-</u>	<u>3,870,849</u>
Total liabilities	4,513,263	157,502	(145,432)	4,525,333
Net assets:				
Unrestricted	5,087,574	4,125,457	-	9,213,031
Temporarily restricted	<u>600</u>	<u>754,812</u>	<u>-</u>	<u>755,412</u>
Total net assets	<u>5,088,174</u>	<u>4,880,269</u>	<u>-</u>	<u>9,968,443</u>
Total liabilities and net assets	<u>\$ 9,601,437</u>	<u>\$5,037,771</u>	<u>\$ (145,432)</u>	<u>\$14,493,776</u>

UNITED STATES GYMNASTICS FEDERATION
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
December 31, 2008

	U.S. Gymnastics Federation	National Gymnastics Foundation	Eliminations	Consolidated
ASSETS				
Cash and cash equivalents	\$ 6,289,136	\$ 699,248	\$ -	\$ 6,988,384
Investments	-	3,605,635	-	3,605,635
Accounts receivable	770,190	10,029	-	780,219
Inventories	72,422	-	-	72,422
Prepaid expenses and other assets	803,271	1,185	-	804,456
Amount due from National Gymnastics Foundation	407,344	-	(407,344)	-
Furnishings and equipment, net	<u>484,496</u>	<u>-</u>	<u>-</u>	<u>484,496</u>
Total assets	<u>\$ 8,826,859</u>	<u>\$ 4,316,097</u>	<u>\$ (407,344)</u>	<u>\$ 12,735,612</u>
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable and accrued expenses	\$ 743,782	\$ 9,035	\$ -	\$ 752,817
Amounts due to US Gymnastics Federation	-	407,344	(407,344)	-
Deferred revenue	<u>3,911,959</u>	<u>-</u>	<u>-</u>	<u>3,911,959</u>
Total liabilities	4,655,741	416,379	(407,344)	4,664,776
Net assets:				
Unrestricted	4,169,438	3,259,776	-	7,429,214
Temporarily restricted	<u>1,680</u>	<u>639,942</u>	<u>-</u>	<u>641,622</u>
Total net assets	<u>4,171,118</u>	<u>3,899,718</u>	<u>-</u>	<u>8,070,836</u>
Total liabilities and net assets	<u>\$ 8,826,859</u>	<u>\$ 4,316,097</u>	<u>\$ (407,344)</u>	<u>\$ 12,735,612</u>

UNITED STATES GYMNASTICS FEDERATION
CONSOLIDATING SCHEDULE OF ACTIVITIES
Year ended December 31, 2009

	U.S. Gymnastics Federation	National Gymnastics Foundation	Eliminations	Consolidated
Unrestricted net assets				
Revenue:				
Marketing and events	\$ 3,728,563	\$ -	\$ -	\$ 3,728,563
Communications and publications	499,064	-	-	499,064
Program:				
Women's gymnastics	1,030,577	-	-	1,030,577
Men's gymnastics	154,071	-	-	154,071
Trampoline and tumbling	576,025	-	-	576,025
Sports acrobatics	499,520	-	-	499,520
Rhythmic gymnastics	159,162	-	-	159,162
General gymnastics	<u>80,735</u>	<u>-</u>	<u>-</u>	<u>80,735</u>
Total program	2,500,090	-	-	2,500,090
Member services	7,694,978	-	-	7,694,978
Administrative:				
United States Olympic Committee	1,899,067	-	-	1,899,067
Foundation/ Federation grants	184,000	-	(184,000)	-
Investment returns	91,895	1,109,611	-	1,201,506
Other	<u>227,567</u>	<u>1,396</u>	<u>-</u>	<u>228,963</u>
Total administrative	<u>2,402,529</u>	<u>1,111,007</u>	<u>(184,000)</u>	<u>3,329,536</u>
Total revenue	16,825,224	1,111,007	(184,000)	17,752,231
Expenses:				
Program services:				
Marketing and events	2,601,170	-	-	2,601,170
Member services	3,069,101	-	-	3,069,101
Communications	1,443,190	-	-	1,443,190
Women's gymnastics	2,785,750	-	-	2,785,750
Men's gymnastics	1,323,597	-	-	1,323,597
Trampoline and tumbling	930,748	-	-	930,748
Sports acrobatics	606,821	-	-	606,821
Rhythmic gymnastics	740,724	-	-	740,724
General gymnastics	169,164	-	-	169,164
International relations	<u>133,107</u>	<u>-</u>	<u>-</u>	<u>133,107</u>
Total program services expense	13,803,372	-	-	13,803,372
Supporting services:				
Administrative	2,056,190	59,210	-	2,115,400
Foundation/ Federation grants	-	184,000	(184,000)	-
Governance	<u>47,525</u>	<u>2,117</u>	<u>-</u>	<u>49,642</u>
Total supporting services expense	<u>2,103,715</u>	<u>245,327</u>	<u>(184,000)</u>	<u>2,165,042</u>
Total expenses	<u>15,907,087</u>	<u>245,327</u>	<u>(184,000)</u>	<u>15,968,414</u>
Change in unrestricted net assets	918,137	865,680	-	1,783,817
Temporarily restricted net assets				
Contributions	\$ 1,400	\$ 124,213	\$ -	\$ 125,613
Releases from restriction	<u>(2,481)</u>	<u>(9,342)</u>	<u>-</u>	<u>(11,823)</u>
Change in temporarily restricted net assets	<u>(1,081)</u>	<u>114,871</u>	<u>-</u>	<u>113,790</u>
Change in net assets	917,056	980,551	-	1,897,607
Net assets, beginning of year	<u>4,171,118</u>	<u>3,899,718</u>	<u>-</u>	<u>8,070,836</u>
Net assets, end of year	<u>\$ 5,088,174</u>	<u>\$ 4,880,269</u>	<u>\$ -</u>	<u>\$ 9,968,443</u>

UNITED STATES GYMNASTICS FEDERATION
CONSOLIDATING SCHEDULE OF ACTIVITIES
Year ended December 31, 2008

	U.S. Gymnastics Federation	National Gymnastics Foundation	Eliminations	Consolidated
Unrestricted net assets				
Revenue:				
Marketing and events	\$ 7,223,916	\$ -	\$ -	\$ 7,223,916
Communications and publications	549,868	-	-	549,868
Program:				
Women's gymnastics	823,308	-	-	823,308
Men's gymnastics	140,079	-	-	140,079
Trampoline and tumbling	483,798	-	-	483,798
Sports acrobatics	369,805	-	-	369,805
Rhythmic gymnastics	116,932	-	-	116,932
General gymnastics	41,891	-	-	41,891
Total program	<u>1,975,813</u>	-	-	<u>1,975,813</u>
Member services	7,630,472	-	-	7,630,472
Administrative:				
United States Olympic Committee	2,833,347	-	-	2,833,347
Foundation/ Federation grants	195,305	1,500,000	(1,695,305)	-
Investment returns	86,896	(1,464,058)	-	(1,377,162)
Other	117,224	360	-	117,584
Total administrative	<u>3,232,772</u>	<u>36,302</u>	<u>(1,695,305)</u>	<u>1,573,769</u>
Total revenue	20,612,841	36,302	(1,695,305)	18,953,838
Expenses:				
Program services:				
Marketing and events	5,746,762	-	-	5,746,762
Member services	2,977,587	-	-	2,977,587
Communications	1,539,948	-	-	1,539,948
Women's gymnastics	3,107,752	-	-	3,107,752
Men's gymnastics	1,650,785	-	-	1,650,785
Trampoline and tumbling	835,215	-	-	835,215
Sports acrobatics	487,466	-	-	487,466
Rhythmic gymnastics	608,745	-	-	608,745
General gymnastics	139,950	-	-	139,950
International relations	147,182	-	-	147,182
Total program services expense	<u>17,241,392</u>	-	-	<u>17,241,392</u>
Supporting services:				
Administrative	2,059,031	51,166	-	2,110,197
Foundation/ Federation grants	1,500,000	195,305	(1,695,305)	-
Governance	46,675	6,960	-	53,635
Total supporting services expense	<u>3,605,706</u>	<u>253,431</u>	<u>(1,695,305)</u>	<u>2,163,832</u>
Total expenses	<u>20,847,098</u>	<u>253,431</u>	<u>(1,695,305)</u>	<u>19,405,224</u>
Change in unrestricted net assets	(234,257)	(217,129)	-	(451,386)
Temporarily restricted net assets				
Contributions	\$ -	\$ 74,822	\$ -	\$ 74,822
Releases from restriction	(517)	(17,360)	-	(17,877)
Change in temporarily restricted net assets	(517)	57,462	-	56,945
Change in net assets	(234,774)	(159,667)	-	(394,441)
Net assets, beginning of year	4,405,892	4,059,385	-	8,465,277
Net assets, end of year	<u>\$ 4,171,118</u>	<u>\$ 3,899,718</u>	<u>\$ -</u>	<u>\$ 8,070,836</u>

UNITED STATES GYMNASTICS FEDERATION
CONSOLIDATING SCHEDULE OF CASH FLOWS
Year ended December 31, 2009

	U.S. Gymnastics Federation	National Gymnastics Foundation	Eliminations	Consolidated
Cash flows from operating activities				
Increase in net assets	\$ 917,057	\$ 980,550	\$ -	\$ 1,897,607
Adjustments to reconcile increase in net cash provided by operating activities:				
Realized loss on sale of investments	-	7,838	-	7,838
Unrealized gain on investments	(23,920)	(970,631)	-	(994,551)
Depreciation expense	160,254	-	-	160,254
Changes in operating assets and liabilities:				
Accounts receivable	532,678	702	-	533,380
Amount due from National Gymnastics Foundation, Inc.	261,912	-	(261,912)	-
Inventories	(1,454)	-	-	(1,454)
Prepaid expenses and other assets	31,116	(147)	-	30,969
Accounts payable and accrued expenses	(101,368)	3,034	-	(98,334)
Due to US Gymnastics Federation	-	(261,912)	261,912	-
Deferred revenue	(41,110)	-	-	(41,110)
Net cash provided by (used in) operating activities	1,735,165	(240,566)	-	1,494,599
Cash flows from investing activities				
Purchase of investments	(5,542,690)	(2,303,111)	-	(7,845,801)
Proceeds on sale or maturity of investments	-	2,000,014	-	2,000,014
Purchases of furnishings and equipment	(233,044)	-	-	(233,044)
Net cash used in investing activities	(5,775,734)	(303,097)	-	(6,078,831)
Decrease in cash and cash equivalents	(4,040,569)	(543,663)	-	(4,584,232)
Cash and cash equivalents, beginning of year	6,289,136	699,248	-	6,988,384
Cash and cash equivalents, end of year	<u>\$ 2,248,567</u>	<u>\$ 155,585</u>	<u>\$ -</u>	<u>\$ 2,404,152</u>

UNITED STATES GYMNASTICS FEDERATION
CONSOLIDATING SCHEDULE OF CASH FLOWS
Year ended December 31, 2008

	U.S. Gymnastics Federation	National Gymnastics Foundation	Eliminations	Consolidated
Cash flows from operating activities				
Increase in net assets	\$ (234,774)	\$ (159,667)	\$ -	\$ (394,441)
Adjustments to reconcile increase in net cash provided by (used in) operating activities:				
Realized loss on sale of investments	-	162,517	-	162,517
Unrealized loss on investments	-	1,456,994	-	1,456,994
Depreciation expense	130,640	-	-	130,640
Changes in operating assets and liabilities:				
Accounts receivable	355,638	3,139	-	358,777
Amount due from National Gymnastics Foundation, Inc.	(133,950)	-	133,950	-
Inventories	-	-	-	-
Prepaid expenses and other assets	(22,643)	1,925	-	(20,718)
Accounts payable and accrued expenses	70,663	(757)	-	69,906
Due to US Gymnastics Federation	-	133,950	(133,950)	-
Deferred revenue	<u>(277,922)</u>	<u>-</u>	<u>-</u>	<u>(277,922)</u>
Net cash provided by (used in) operating activities	(112,348)	1,598,101	-	1,485,753
Cash flows from investing activities				
Purchase of investments	-	(3,143,091)	-	(3,143,091)
Proceeds on sale or maturity of investments	-	1,758,759	-	1,758,759
Purchases of furnishings and equipment	(349,221)	-	-	(349,221)
Proceeds from the sale of furniture and equipment	-	-	-	-
Net cash used in investing activities	<u>(349,221)</u>	<u>(1,384,332)</u>	<u>-</u>	<u>(1,733,553)</u>
Increase (decrease) in cash and cash equivalents	(461,569)	213,769	-	(247,800)
Cash and cash equivalents, beginning of year	<u>6,750,705</u>	<u>485,479</u>	<u>-</u>	<u>7,236,184</u>
Cash and cash equivalents, end of year	<u>\$ 6,289,136</u>	<u>\$ 699,248</u>	<u>\$ -</u>	<u>\$ 6,988,384</u>