

USA GYMNASTICS
CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013 and 2012

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
USA Gymnastics
Indianapolis, Indiana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of USA Gymnastics (the Organization), which comprise the consolidated statements of financial position as of December 31, 2013 and 2012, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

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

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

(Continued)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of USA Gymnastics as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary 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 and the changes in net assets of the individual entities, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Crowe Horwath LLP
Crowe Horwath LLP

Indianapolis, Indiana
August 4, 2014

USA GYMNASTICS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 9,401,643	\$ 5,694,457
Investments (Note 5)	13,330,166	12,279,587
Accounts receivable	750,682	1,765,339
Inventories	201,293	72,817
Prepaid expenses and other assets	692,567	668,655
Furnishings and equipment (net of accumulated depreciation of \$995,715 and \$844,147 for 2013 and 2012)	<u>350,340</u>	<u>377,193</u>
Total assets	<u>\$ 24,726,691</u>	<u>\$ 20,858,048</u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,706,647	\$ 1,511,351
Funds held for others (Note 11)	2,909,546	2,422,544
Deferred revenue (Note 4)	<u>5,075,798</u>	<u>4,476,891</u>
Total liabilities	9,691,991	8,410,786
Net assets:		
Unrestricted	14,013,260	11,501,128
Temporarily restricted (Note 7)	<u>1,021,440</u>	<u>946,134</u>
Total net assets	<u>15,034,700</u>	<u>12,447,262</u>
Total liabilities and net assets	<u>\$ 24,726,691</u>	<u>\$ 20,858,048</u>

See accompanying notes to consolidated financial statements

USA GYMNASTICS
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended December 31, 2013 with summary totals for the year ended December 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2013</u>	<u>2012</u>
Revenue:				
Contributions	\$ -	\$ 178,267	\$ 178,267	\$ 156,647
Marketing and events	4,442,707	-	4,442,707	9,437,259
Communications and publications	489,778	-	489,778	391,251
Post-Olympic Tour, net	-	-	-	1,667,480
Program:				
Women's gymnastics	2,527,859	-	2,527,859	903,514
Men's gymnastics	199,958	-	199,958	170,469
Trampoline and tumbling	965,664	-	965,664	927,270
Acrobatic gymnastics	452,189	-	452,189	354,559
Rhythmic gymnastics	287,184	-	287,184	245,894
Gymnastics for All	<u>35,583</u>	<u>-</u>	<u>35,583</u>	<u>-</u>
Total program	4,468,437	-	4,468,437	2,601,706
Member services	10,300,454	-	10,300,454	8,854,642
Administrative:				
United States Olympic Committee (Note 3)	2,376,993	-	2,376,993	3,295,583
Other	246,979	-	246,979	445,653
Releases from restriction	<u>102,961</u>	<u>(102,961)</u>	<u>-</u>	<u>-</u>
Total administrative	<u>2,726,933</u>	<u>(102,961)</u>	<u>2,623,792</u>	<u>3,741,236</u>
Total revenue	22,428,309	75,306	22,503,615	26,850,221
Expenses:				
Program services:				
Marketing and events	3,666,201	-	3,666,201	9,444,469
Member services	4,033,487	-	4,033,487	3,260,661
Communications	1,446,922	-	1,446,922	1,727,677
Women's gymnastics	4,045,241	-	4,045,241	3,785,895
Men's gymnastics	2,016,835	-	2,016,835	1,794,771
Trampoline and tumbling	1,414,844	-	1,414,844	1,250,377
Acrobatic gymnastics	607,768	-	607,768	480,992
Rhythmic gymnastics	654,480	-	654,480	715,988
Gymnastics for All	23,522	-	23,522	38,327
International relations	<u>188,786</u>	<u>-</u>	<u>188,786</u>	<u>196,211</u>
Total program services expense	18,098,086	-	18,098,086	22,695,368
Supporting services:				
Administrative	2,966,325	-	2,966,325	3,147,249
Governance	<u>44,632</u>	<u>-</u>	<u>44,632</u>	<u>43,030</u>
Total supporting services expense	<u>3,010,957</u>	<u>-</u>	<u>3,010,957</u>	<u>3,190,279</u>
Total expenses	<u>21,109,043</u>	<u>-</u>	<u>21,109,043</u>	<u>25,885,647</u>
Changes in net assets, before investment returns	1,319,266	75,306	1,394,572	964,574
Investment returns (Note 5)	<u>1,192,866</u>	<u>-</u>	<u>1,192,866</u>	<u>695,211</u>
Changes in net assets	2,512,132	75,306	2,587,438	1,659,785
Net assets, beginning of year	<u>11,501,128</u>	<u>946,134</u>	<u>12,447,262</u>	<u>10,787,477</u>
Net assets, end of year	<u>\$ 14,013,260</u>	<u>\$ 1,021,440</u>	<u>\$ 15,034,700</u>	<u>\$ 12,447,262</u>

See accompanying notes to consolidated financial statements

USA GYMNASTICS
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended December 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2012</u>
Revenue:			
Contributions	\$ -	\$ 156,647	\$ 156,647
Marketing and events	9,437,259	-	9,437,259
Communications and publications	391,251	-	391,251
Post-Olympic Tour, net of direct expense of \$7,205,468 for 2012	1,667,480	-	1,667,480
Program:			
Women's gymnastics	903,514	-	903,514
Men's gymnastics	170,469	-	170,469
Trampoline and tumbling	927,270	-	927,270
Acrobatic gymnastics	354,559	-	354,559
Rhythmic gymnastics	245,894	-	245,894
Gymnastics for All	-	-	-
Total program	2,601,706	-	2,601,706
Member services	8,854,642	-	8,854,642
Administrative:			
United States Olympic Committee (Note 3)	3,295,583	-	3,295,583
Other	445,653	-	445,653
Releases from restriction	53,132	(53,132)	-
Total administrative	3,794,368	(53,132)	3,741,236
Total revenue	26,746,706	103,515	26,850,221
Expenses:			
Program services:			
Marketing and events	9,444,469	-	9,444,469
Member services	3,260,661	-	3,260,661
Communications	1,727,677	-	1,727,677
Women's gymnastics	3,785,895	-	3,785,895
Men's gymnastics	1,794,771	-	1,794,771
Trampoline and tumbling	1,250,377	-	1,250,377
Acrobatic gymnastics	480,992	-	480,992
Rhythmic gymnastics	715,988	-	715,988
Gymnastics for All	38,327	-	38,327
International relations	196,211	-	196,211
Total program services expense	22,695,368	-	22,695,368
Supporting services:			
Administrative	3,147,249	-	3,147,249
Governance	43,030	-	43,030
Total supporting services expense	3,190,279	-	3,190,279
Total expenses	25,885,647	-	25,885,647
Changes in net assets, before investment returns	861,059	103,515	964,574
Investment returns (Note 5)	695,211	-	695,211
Changes in net assets	1,556,270	103,515	1,659,785
Net assets, beginning of year	9,944,858	842,619	10,787,477
Net assets, end of year	\$ 11,501,128	\$ 946,134	\$ 12,447,262

See accompanying notes to consolidated financial statements

USA GYMNASTICS
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Change in net assets	\$ 2,587,438	\$ 1,659,785
Adjustments to reconcile change in net assets to net cash from operating activities:		
Realized gain on sale of investments	(591,332)	(211,111)
Unrealized gain on investments	(219,441)	(116,227)
Gain on disposal of fixed assets	(480)	-
Depreciation expense	159,847	182,796
Changes in assets and liabilities		
Accounts receivable	1,014,657	(1,240,065)
Inventories	(128,476)	-
Prepaid expenses and other assets	(23,912)	507,548
Accounts payable and accrued expenses	195,296	520,372
Funds held for others	487,002	516,334
Deferred revenue	<u>598,907</u>	<u>(112,918)</u>
Net cash from operating activities	4,079,506	1,706,514
Cash flows from investing activities		
Purchases of investments	(10,324,479)	(7,837,141)
Proceeds from sales or maturity of investments	10,084,673	8,155,483
Purchases of furnishing and equipment	(138,513)	(136,265)
Proceeds from sale of fixed assets	<u>6,000</u>	<u>-</u>
Net cash from investing activities	<u>(372,320)</u>	<u>182,077</u>
Increase in cash and cash equivalents	3,707,186	1,888,591
Cash and cash equivalents, beginning of year	<u>5,694,457</u>	<u>3,805,866</u>
Cash and cash equivalents, end of year	<u>\$ 9,401,643</u>	<u>\$ 5,694,457</u>
Supplemental cash flows information		
Non-cash transactions:		
In-kind contributions	\$ 425,855	\$ 479,265

See accompanying notes to consolidated financial statements

USA GYMNASTICS
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 1 - ORGANIZATION

The USA Gymnastics (Organization) is the designated National Governing Body of the Olympic sport of gymnastics. The Organization was so designated by the United States Olympic Committee (the USOC) and is a Group A member of the USOC. The Organization 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. The Organization promotes and develops the sport of gymnastics in its multiple disciplines; women's and men's artistic, trampoline and tumbling, rhythmic, acrobatic gymnastics, and Gymnastics for All. In addition to identifying and developing the National and Olympic teams and coaches, activities include hosting and sanctioning national and international events, safety education, continuing education for professional members (coaches and judges), development of age group athletes, and overall promotion of the sport.

As a National Governing Body, the Organization 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 Organization 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 Board of Directors. The consolidated financial statements include the results of the Foundation.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation: The consolidated financial statements include the accounts of the Organization 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 Organization 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 Organization's control. In-kind sponsorships, which are recognized at the fair value of the non-cash consideration received, totaled \$425,855 and \$479,265 for 2013 and 2012. The revenue and corresponding expense recognized represent an objective estimate of the goods and services provided.

Contributions: Contributions are recorded at fair value at the date the unconditional 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.

(Continued)

USA GYMNASTICS
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Organization 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 Organization 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. The Board has a policy to designate an allocation of unrestricted investment returns consistent with certain temporarily restricted net assets purposes 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, 2013 and 2012, 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.

Impairment of Long-Lived Assets: On an ongoing basis, the Organization reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may be overstated. The Organization recognizes impairment losses if the undiscounted cash flows expected to be generated are less than the carrying value of the related asset. If impaired, the assets are adjusted to fair value based on the discounted cash flows. No impairment was recorded for 2013 or 2012.

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.

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 Organization personnel.

(Continued)

USA GYMNASTICS
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Organization. The unrestricted net assets may be used to support the Organization'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 Organization 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. The nature of the Organization's temporarily restricted net assets is disclosed in Note 7.

Permanently Restricted Net Assets - The permanently restricted net asset class includes assets of the Organization 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 Organization did not have any permanently restricted net assets at December 31, 2013 and 2012.

Income Tax Status: The Internal Revenue Service has ruled that both the Organization 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 Organization and Foundation are subject to federal tax on any unrelated business taxable income.

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 Organization and Foundation are generally no longer subject to examination by taxing authorities for years before 2010, and do not expect the total amount of unrecorded tax benefits to significantly change in the next 12 months. The Organization and Foundation recognize interest and/or penalties related to income tax matters in income tax expense, and did not have any amounts accrued for interest and penalties at December 31, 2013 or 2012.

Litigation: The Organization is involved in various legal proceedings, administrative actions and claims arising in the normal course of business. In the opinion of management, the Organization's liability, if any, under pending litigation and administrative actions will not materially affect its financial statements.

Reclassifications: Certain reclassifications have been made to present last year's financial statements on a basis comparable to the current year's financial statements. These reclassifications had no effect on the change in net assets or total net assets.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to December 31, 2013, to determine the need for any adjustments or disclosures to the audited financial statements for the year ended December 31, 2013. Management has performed their analysis through August 4, 2014, the date the financial statements were available to be issued.

(Continued)

USA GYMNASTICS
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

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. The USOC makes payments directly to athletes receiving support through the Organization's athlete support program 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>2013</u>	<u>2012</u>
Performance Pool Grants	\$ 1,779,188	\$ 1,705,438
Event Support	-	875,000
Athlete Funding	516,036	525,600
International Relations Grant	25,000	16,000
Training Center Support	31,622	56,410
Grass Roots Grants	25,000	117,135
Royalties	<u>147</u>	<u>-</u>
	<u>\$ 2,376,993</u>	<u>\$ 3,295,583</u>

NOTE 4 - DEFERRED REVENUE

Deferred revenue consists of the following at December 31:

	<u>2013</u>	<u>2012</u>
Memberships	\$ 4,792,240	\$ 4,138,326
Sponsorships and advertising	67,308	58,282
Event revenue	142,920	217,708
Other	<u>73,330</u>	<u>62,575</u>
	<u>\$ 5,075,798</u>	<u>\$ 4,476,891</u>

NOTE 5 - INVESTMENTS

Investments at December 31 consist of the following:

	<u>2013</u>	<u>2012</u>
Common and preferred stock	\$ 6,479,829	\$ 5,438,751
Equity pooled funds	217,650	276,160
Call options	(42,268)	(15,692)
United States government agency notes	2,769,643	2,824,950
Corporate obligations	<u>3,905,312</u>	<u>3,755,418</u>
	<u>\$ 13,330,166</u>	<u>\$ 12,279,587</u>

(Continued)

USA GYMNASTICS
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2013 and 2012

NOTE 5 - INVESTMENTS (Continued)

The following schedule summarizes the components of investment return:

	<u>2013</u>	<u>2012</u>
Dividends and interest	\$ 382,093	\$ 367,873
Net realized gains	591,332	211,111
Net unrealized gains	<u>219,441</u>	<u>116,227</u>
	<u>\$ 1,192,866</u>	<u>\$ 695,211</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.

NOTE 6 - RETIREMENT PLAN

The Organization has established two deferred compensation retirement plans; a 401k plan for all eligible employees who elect participation, and a 457b plan for the President. The Organization's contribution to the 401k plan was equal to 6% of each participant's eligible salary totaling \$196,380 and \$153,562 in 2013 and 2012. Elective deferred contributions into the 457b plan equaled \$17,500 and \$17,000 in 2013 and 2012, respectively.

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

The Board of Directors of the Foundation designates a portion of the total unrestricted investment returns to temporarily restricted funds, to be used consistent with 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.

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

	<u>2013</u>		
	<u>Temporarily Restricted</u>	<u>Board Designated</u>	<u>Total</u>
Zimpfer Fund	\$ 165,292	\$ 100,777	\$ 266,069
Men's Scholarship Fund	513,478	261,597	775,075
T&T Scholarship Fund	103,766	27,894	131,660
Women's Collegiate Fund	87,529	89,767	177,296
Liukin Fund	<u>151,375</u>	<u>23,745</u>	<u>175,120</u>
Total	<u>\$ 1,021,440</u>	<u>\$ 503,780</u>	<u>\$ 1,525,220</u>

(Continued)

USA GYMNASTICS
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2013 and 2012

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS (Continued)

	<u>2012</u>		
	<u>Temporarily Restricted</u>	<u>Board Designated</u>	<u>Total</u>
Zimpfer Fund	\$ 153,082	\$ 73,877	\$ 226,959
Men's Scholarship Fund	482,617	182,736	665,353
T&T Scholarship Fund	108,959	13,392	122,351
Women's Collegiate Fund	85,158	71,231	156,389
Liukin Fund	<u>116,318</u>	<u>8,904</u>	<u>125,222</u>
Total	<u>\$ 946,134</u>	<u>\$ 350,140</u>	<u>\$ 1,296,274</u>

Temporarily restricted net assets released from restriction during the years ended December 31, 2013 and 2012 totaled \$102,961 and \$53,132.

NOTE 8 - OPERATING LEASES

The Organization 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.

In 2011, the Organization entered in an operating lease for training facilities expiring on January 2, 2021. Monthly rental payments are based on the actual usage of the facilities and subject to annual adjustments.

Approximate future minimum payments required under various facility and equipment operating leases that have non-cancelable lease terms in excess of one year are as follows:

2014	\$ 611,724
2015	617,842
2016	560,979
2017	565,175
2018	565,175
Thereafter	<u>1,138,744</u>
	<u>\$ 4,059,639</u>

Rent expense was \$1,007,391 and \$891,641 for 2013 and 2012, 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 Organization'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 and equity pooled funds, 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, corporate bonds, and call options (Level 2 input). The market value approach is used for valuation purposes.

(Continued)

USA GYMNASTICS
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

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>				
	<u>2013</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:	<u>Total</u>			
Common stock:				
Consumer	\$ 1,416,794	\$ 1,416,794	\$ -	\$ -
Technology	1,120,023	1,120,023	-	-
Industrial	1,214,975	1,214,975	-	-
Energy	954,357	954,357	-	-
Basic materials	653,259	653,259	-	-
Financial services	205,756	205,756	-	-
Healthcare	702,451	702,451	-	-
Utilities	68,494	68,494	-	-
Telecommunications	143,720	143,720	-	-
Equity pooled funds	217,650	217,650	-	-
Call options	(42,268)	-	(42,268)	-
United States government agency notes	2,769,643	-	2,769,643	-
Corporate obligations	<u>3,905,312</u>	<u>-</u>	<u>3,905,312</u>	<u>-</u>
	<u>\$ 13,330,166</u>	<u>\$ 6,697,479</u>	<u>\$ 6,632,687</u>	<u>\$ -</u>

<u>Fair Value Measurements at Reporting Date Using</u>				
	<u>2012</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:	<u>Total</u>			
Common stock:				
Consumer	\$ 1,183,784	\$ 1,183,784	\$ -	\$ -
Technology	917,844	917,844	-	-
Industrial	741,399	741,399	-	-
Energy	868,483	868,483	-	-
Basic materials	413,777	413,777	-	-
Financial services	321,733	321,733	-	-
Healthcare	837,278	837,278	-	-
Utilities	48,433	48,433	-	-
Telecommunications	106,020	106,020	-	-
Equity pooled funds	276,160	276,160	-	-
Call options	(15,692)	-	(15,692)	-
United States government agency notes	2,824,950	-	2,824,950	-
Corporate obligations	<u>3,755,418</u>	<u>-</u>	<u>3,755,418</u>	<u>-</u>
	<u>\$ 12,279,587</u>	<u>\$ 5,714,911</u>	<u>\$ 6,564,676</u>	<u>\$ -</u>

(Continued)

USA GYMNASTICS
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 10 - RELATED PARTY TRANSACTIONS

The Organization 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 - FUNDS HELD FOR OTHERS

USA Gymnastics States and Regions have established bank accounts under the Organization's tax identification number. All funds are maintained for the benefit of the States and Regions. The Organization executes financial control of these funds as fiscal agent for a portion of the States and Regions, and a liability of \$2,780,438 and \$2,222,703 has been recorded on the Statement of Financial Position as of December 31, 2013 and 2012, respectively.

In February 2012, USA Gymnastics assumed financial control of cash attributable to the Pan American Gymnastics Union (PAGU), and periodically makes deposits and disbursements at the direction of PAGU elected officers and the FIG. Balances held, along with a liability are recorded on the Statement of Financial position as of December 31, 2013 and 2012 in the amount of \$129,108 and \$199,841, respectively.

SUPPLEMENTARY INFORMATION

USA GYMNASTICS
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
December 31, 2013

	USA Gymnastics	National Gymnastics Foundation	Eliminations	Consolidated
ASSETS				
Cash and cash equivalents	\$ 8,859,302	\$ 542,341	\$ -	\$ 9,401,643
Investments	3,842,827	9,487,339	-	13,330,166
Accounts receivable	747,648	3,034	-	750,682
Inventories	201,293	-	-	201,293
Prepaid expenses and other assets	691,247	1,320	-	692,567
Amount due from USA Gymnastics	-	853,914	(853,914)	-
Furnishings and equipment, net	<u>350,340</u>	<u>-</u>	<u>-</u>	<u>350,340</u>
Total assets	<u>\$ 14,692,657</u>	<u>\$10,887,948</u>	<u>\$ (853,914)</u>	<u>\$ 24,726,691</u>
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable and accrued expenses	\$ 1,550,828	\$ 155,819	\$ -	\$ 1,706,647
Funds held for others	2,909,546	-	-	2,909,546
Amounts due to National Gymnastics Foundation	853,914	-	(853,914)	-
Deferred revenue	<u>5,075,798</u>	<u>-</u>	<u>-</u>	<u>5,075,798</u>
Total liabilities	10,390,086	155,819	(853,914)	9,691,991
Net assets:				
Unrestricted	4,302,571	9,710,689	-	14,013,260
Temporarily restricted	<u>-</u>	<u>1,021,440</u>	<u>-</u>	<u>1,021,440</u>
Total net assets	<u>4,302,571</u>	<u>10,732,129</u>	<u>-</u>	<u>15,034,700</u>
Total liabilities and net assets	<u>\$ 14,692,657</u>	<u>\$10,887,948</u>	<u>\$ (853,914)</u>	<u>\$ 24,726,691</u>

See accompanying independent auditor's report.

USA GYMNASTICS
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
December 31, 2012

	USA Gymnastics	National Gymnastics Foundation	Eliminations	Consolidated
ASSETS				
Cash and cash equivalents	\$ 4,987,121	\$ 707,336	\$ -	\$ 5,694,457
Investments	4,128,396	8,151,191	-	12,279,587
Accounts receivable	1,755,323	10,016	-	1,765,339
Inventories	72,817	-	-	72,817
Prepaid expenses and other assets	667,394	1,261	-	668,655
Amount due from National Gymnastics Foundation	321,504	-	(321,504)	-
Furnishings and equipment, net	<u>377,193</u>	<u>-</u>	<u>-</u>	<u>377,193</u>
Total assets	<u>\$ 12,309,748</u>	<u>\$ 8,869,804</u>	<u>\$ (321,504)</u>	<u>\$ 20,858,048</u>
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable and accrued expenses	\$ 1,371,429	\$ 139,922	\$ -	\$ 1,511,351
Funds held for others	2,422,544	-	-	2,422,544
Amounts due to USA Gymnastics	-	321,504	(321,504)	-
Deferred revenue	<u>4,476,891</u>	<u>-</u>	<u>-</u>	<u>4,476,891</u>
Total liabilities	8,270,864	461,426	(321,504)	8,410,786
Net assets:				
Unrestricted	4,038,884	7,462,244	-	11,501,128
Temporarily restricted	<u>-</u>	<u>946,134</u>	<u>-</u>	<u>946,134</u>
Total net assets	<u>4,038,884</u>	<u>8,408,378</u>	<u>-</u>	<u>12,447,262</u>
Total liabilities and net assets	<u>\$ 12,309,748</u>	<u>\$ 8,869,804</u>	<u>\$ (321,504)</u>	<u>\$ 20,858,048</u>

See accompanying independent auditor's report.

USA GYMNASTICS
CONSOLIDATING SCHEDULE OF ACTIVITIES
Year ended December 31, 2013

	-----USA Gymnastics-----			-----National Gymnastics Foundation-----			Eliminations	Consolidated
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total		
Revenue:								
Contributions	\$ -	\$ -	\$ -	\$ -	\$ 178,267	\$ 178,267	\$ -	\$ 178,267
Marketing and events	4,442,707	-	4,442,707	-	-	-	-	4,442,707
Communications and publications	489,778	-	489,778	-	-	-	-	489,778
Program:								
Women's gymnastics	2,527,859	-	2,527,859	-	-	-	-	2,527,859
Men's gymnastics	199,958	-	199,958	-	-	-	-	199,958
Trampoline and tumbling	965,664	-	965,664	-	-	-	-	965,664
Acrobatic gymnastics	452,189	-	452,189	-	-	-	-	452,189
Rhythmic gymnastics	287,184	-	287,184	-	-	-	-	287,184
Gymnastics for All	35,583	-	35,583	-	-	-	-	35,583
Total program	4,468,437	-	4,468,437	-	-	-	-	4,468,437
Member services	10,300,454	-	10,300,454	-	-	-	-	10,300,454
Administrative:								
United States Olympic Committee	2,376,993	-	2,376,993	-	-	-	-	2,376,993
Foundation/ Organization grants	310,000	-	310,000	1,500,000	-	1,500,000	(1,810,000)	-
Other	243,525	-	243,525	3,454	-	3,454	-	246,979
Releases from restriction	-	-	-	102,961	(102,961)	-	-	-
Total administrative	2,930,518	-	2,930,518	1,606,415	(102,961)	1,504,454	(1,810,000)	2,623,792
Total revenue	22,631,894	-	22,631,894	1,606,415	75,306	1,682,721	(1,810,000)	22,503,615
Expenses:								
Program services:								
Marketing and events	3,666,201	-	3,666,201	-	-	-	-	3,666,201
Member services	4,033,487	-	4,033,487	-	-	-	-	4,033,487
Communications	1,446,922	-	1,446,922	-	-	-	-	1,446,922
Women's gymnastics	4,044,245	-	4,044,245	996	-	996	-	4,045,241
Men's gymnastics	1,970,815	-	1,970,815	46,020	-	46,020	-	2,016,835
Trampoline and tumbling	1,358,899	-	1,358,899	55,945	-	55,945	-	1,414,844
Acrobatic gymnastics	607,768	-	607,768	-	-	-	-	607,768
Rhythmic gymnastics	654,480	-	654,480	-	-	-	-	654,480
Gymnastics for All	23,522	-	23,522	-	-	-	-	23,522
International relations	188,786	-	188,786	-	-	-	-	188,786
Total program services expense	17,995,125	-	17,995,125	102,961	-	102,961	-	18,098,086
Supporting services:								
Administrative	2,848,883	-	2,848,883	117,442	-	117,442	-	2,966,325
Foundation/ Organization grants	1,500,000	-	1,500,000	310,000	-	310,000	(1,810,000)	-
Governance	40,816	-	40,816	3,816	-	3,816	-	44,632
Total supporting services expense	4,389,699	-	4,389,699	431,258	-	431,258	(1,810,000)	3,010,957
Total expenses	22,384,824	-	22,384,824	534,219	-	534,219	(1,810,000)	21,109,043
Change in net assets, before investment returns	247,070	-	247,070	1,072,196	75,306	1,147,502	-	1,394,572
Investment returns	16,617	-	16,617	1,176,249	-	1,176,249	-	1,192,866
Change in net assets	263,687	-	263,687	2,248,445	75,306	2,323,751	-	2,587,438
Net assets, beginning of year	4,038,884	-	4,038,884	7,462,244	946,134	8,408,378	-	12,447,262
Net assets, end of year	\$ 4,302,571	\$ -	\$ 4,302,571	\$ 9,710,689	\$ 1,021,440	\$ 10,732,129	\$ -	\$ 15,034,700

See accompanying independent auditor's report.

USA GYMNASTICS
CONSOLIDATING SCHEDULE OF ACTIVITIES
Year ended December 31, 2012

	-----USA Gymnastics-----			-----National Gymnastics Foundation-----			Eliminations	Consolidated
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total		
Revenue:								
Contributions	\$ -	\$ -	\$ -	\$ -	\$ 156,647	\$ 156,647	\$ -	\$ 156,647
Marketing and events	9,437,259	-	9,437,259	-	-	-	-	9,437,259
Communications and publications	391,251	-	391,251	-	-	-	-	391,251
Post-Olympic Tour, net of direct expense of \$7,205,468 for 2012 Program:	1,667,480	-	1,667,480	-	-	-	-	1,667,480
Women's gymnastics	903,514	-	903,514	-	-	-	-	903,514
Men's gymnastics	170,469	-	170,469	-	-	-	-	170,469
Trampoline and tumbling	927,270	-	927,270	-	-	-	-	927,270
Acrobatic gymnastics	354,559	-	354,559	-	-	-	-	354,559
Rhythmic gymnastics	245,894	-	245,894	-	-	-	-	245,894
Gymnastics for All	-	-	-	-	-	-	-	-
Total program	<u>2,601,706</u>	<u>-</u>	<u>2,601,706</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,601,706</u>
Member services	8,854,642	-	8,854,642	-	-	-	-	8,854,642
Administrative:								
United States Olympic Committee	3,295,583	-	3,295,583	-	-	-	-	3,295,583
Foundation/ Organization grants	359,262	-	359,262	3,000,000	-	3,000,000	(3,359,262)	-
Other	436,501	-	436,501	9,152	-	9,152	-	445,653
Releases from restriction	-	-	-	53,132	(53,132)	-	-	-
Total administrative	<u>4,091,346</u>	<u>-</u>	<u>4,091,346</u>	<u>3,062,284</u>	<u>(53,132)</u>	<u>3,009,152</u>	<u>(3,359,262)</u>	<u>3,741,236</u>
Total revenue	27,043,684	-	27,043,684	3,062,284	103,515	3,165,799	(3,359,262)	26,850,221
Expenses:								
Program services:								
Marketing and events	9,444,469	-	9,444,469	-	-	-	-	9,444,469
Member services	3,260,661	-	3,260,661	-	-	-	-	3,260,661
Communications	1,727,677	-	1,727,677	-	-	-	-	1,727,677
Women's gymnastics	3,785,895	-	3,785,895	-	-	-	-	3,785,895
Men's gymnastics	1,762,933	-	1,762,933	31,838	-	31,838	-	1,794,771
Trampoline and tumbling	1,229,083	-	1,229,083	21,294	-	21,294	-	1,250,377
Acrobatic gymnastics	480,992	-	480,992	-	-	-	-	480,992
Rhythmic gymnastics	715,988	-	715,988	-	-	-	-	715,988
Gymnastics for All	38,327	-	38,327	-	-	-	-	38,327
International relations	196,211	-	196,211	-	-	-	-	196,211
Total program services expense	<u>22,642,236</u>	<u>-</u>	<u>22,642,236</u>	<u>53,132</u>	<u>-</u>	<u>53,132</u>	<u>-</u>	<u>22,695,368</u>
Supporting services:								
Administrative	3,067,402	-	3,067,402	79,847	-	79,847	-	3,147,249
Foundation/ Organization grants	3,000,000	-	3,000,000	359,262	-	359,262	(3,359,262)	-
Governance	40,241	-	40,241	2,789	-	2,789	-	43,030
Total supporting services expense	<u>6,107,643</u>	<u>-</u>	<u>6,107,643</u>	<u>441,898</u>	<u>-</u>	<u>441,898</u>	<u>(3,359,262)</u>	<u>3,190,279</u>
Total expenses	<u>28,749,879</u>	<u>-</u>	<u>28,749,879</u>	<u>495,030</u>	<u>-</u>	<u>495,030</u>	<u>(3,359,262)</u>	<u>25,885,647</u>
Change in net assets, before investment returns	(1,706,195)	-	(1,706,195)	2,567,254	103,515	2,670,769	-	946,574
Investment returns	<u>66,825</u>	<u>-</u>	<u>66,825</u>	<u>628,386</u>	<u>-</u>	<u>628,386</u>	<u>-</u>	<u>695,211</u>
Change in net assets	(1,639,370)	-	(1,639,370)	3,195,640	103,515	3,299,155	-	1,659,785
Net assets, beginning of year	<u>5,678,254</u>	<u>-</u>	<u>5,678,254</u>	<u>4,266,604</u>	<u>842,619</u>	<u>5,109,223</u>	<u>-</u>	<u>10,787,477</u>
Net assets, end of year	<u>\$ 4,038,884</u>	<u>\$ -</u>	<u>\$ 4,038,884</u>	<u>\$ 7,462,244</u>	<u>\$ 946,134</u>	<u>\$ 8,408,378</u>	<u>\$ -</u>	<u>\$ 12,447,262</u>

See accompanying independent auditor's report.