

USA GYMNASTICS

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015 and 2014

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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, 2015 and 2014, 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, 2015 and 2014, 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
November 23, 2016

USA GYMNASTICS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 9,530,094	\$ 11,337,754
Investments (Note 5)	16,929,687	13,770,823
Accounts receivable	787,994	936,980
Inventories	116,431	204,773
Prepaid expenses and other assets	973,449	918,845
Furnishings and equipment (net of accumulated depreciation of \$1,211,787 and \$1,067,602 for 2015 and 2014)	<u>494,534</u>	<u>449,943</u>
Total assets	<u>\$ 28,832,189</u>	<u>\$ 27,619,118</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,429,655	\$ 1,507,857
Funds held for others (Note 11)	4,664,418	3,818,263
Deferred revenue (Note 4)	<u>6,957,181</u>	<u>6,135,540</u>
Total liabilities	13,051,254	11,461,660
Net assets:		
Unrestricted	14,718,138	15,012,532
Temporarily restricted (Note 7)	<u>1,062,797</u>	<u>1,144,926</u>
Total net assets	<u>15,780,935</u>	<u>16,157,458</u>
Total liabilities and net assets	<u>\$ 28,832,189</u>	<u>\$ 27,619,118</u>

See accompanying notes to consolidated financial statements.

USA GYMNASTICS
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended December 31, 2015 with summary totals for the year ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2015</u>	<u>2014</u>
Revenue				
Contributions	\$ -	\$ 118,864	\$ 118,864	\$ 196,986
Marketing and events	6,122,195	-	6,122,195	7,111,484
Communications and publications	339,601	-	339,601	393,140
Program:				
Women's gymnastics	454,160	-	454,160	511,490
Men's gymnastics	162,264	-	162,264	171,691
Trampoline and tumbling	613,489	-	613,489	597,685
Acrobatic gymnastics	333,096	-	333,096	292,584
Rhythmic gymnastics	269,453	-	269,453	230,373
Gymnastics for All	<u>38,919</u>	<u>-</u>	<u>38,919</u>	<u>39,688</u>
Total program	8,333,177	118,864	8,452,041	1,843,511
Member services	12,603,814	-	12,603,814	11,600,683
Administrative:				
United States Olympic Committee (Note 3)	2,476,405	-	2,476,405	2,446,978
Other	89,366	-	89,366	34,382
Releases from restriction	<u>200,993</u>	<u>(200,993)</u>	<u>-</u>	<u>-</u>
Total administrative	<u>2,766,764</u>	<u>(200,993)</u>	<u>2,565,771</u>	<u>2,481,360</u>
Total revenue	23,703,755	(82,129)	23,621,626	23,627,164
Expenses				
Program:				
Marketing and events	5,460,669	-	5,460,669	6,372,619
Member services	4,453,855	-	4,453,855	4,366,242
Communications	1,440,269	-	1,440,269	1,459,313
Women's gymnastics	4,073,969	-	4,073,969	3,413,143
Men's gymnastics	2,172,458	-	2,172,458	2,226,415
Trampoline and tumbling	1,153,768	-	1,153,768	1,127,118
Acrobatic gymnastics	416,103	-	416,103	429,908
Rhythmic gymnastics	732,234	-	732,234	709,660
Gymnastics for All	26,138	-	26,138	29,553
International relations	<u>166,629</u>	<u>-</u>	<u>166,629</u>	<u>162,167</u>
Total program expense	20,096,092	-	20,096,092	20,296,138
Supporting services:				
Administrative	3,324,877	-	3,324,877	2,948,269
Governance	<u>56,858</u>	<u>-</u>	<u>56,858</u>	<u>47,750</u>
Total supporting services expense	<u>3,381,735</u>	<u>-</u>	<u>3,381,735</u>	<u>2,996,019</u>
Total expenses	<u>23,477,827</u>	<u>-</u>	<u>23,477,827</u>	<u>23,292,157</u>
Changes in net assets, before investment returns	225,928	(82,129)	143,799	335,007
Investment returns (Note 5)	<u>(520,322)</u>	<u>-</u>	<u>(520,322)</u>	<u>787,751</u>
Changes in net assets	(294,394)	(82,129)	(376,523)	1,122,758
Net assets, beginning of year	<u>15,012,532</u>	<u>1,144,926</u>	<u>16,157,458</u>	<u>15,034,700</u>
Net assets, end of year	<u>\$ 14,718,138</u>	<u>\$ 1,062,797</u>	<u>\$ 15,780,935</u>	<u>\$ 16,157,458</u>

See accompanying notes to consolidated financial statements.

USA GYMNASTICS
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2014</u>
Revenue			
Contributions	\$ -	\$ 196,986	\$ 196,986
Marketing and events	7,111,484	-	7,111,484
Communications and publications	393,140	-	393,140
Program:			
Women's gymnastics	511,490	-	511,490
Men's gymnastics	171,691	-	171,691
Trampoline and tumbling	597,685	-	597,685
Acrobatic gymnastics	292,584	-	292,584
Rhythmic gymnastics	230,373	-	230,373
Gymnastics for All	<u>39,688</u>	<u>-</u>	<u>39,688</u>
Total program	1,843,511	-	1,843,511
Member services	11,600,683	-	11,600,683
Administrative:			
United States Olympic Committee (Note 3)	2,446,978	-	2,446,978
Other	34,382	-	34,382
Releases from restriction	<u>73,500</u>	<u>(73,500)</u>	<u>-</u>
Total administrative	<u>2,554,860</u>	<u>(73,500)</u>	<u>2,481,360</u>
Total revenue	23,503,678	123,486	23,627,164
Expenses			
Program:			
Marketing and events	6,372,619	-	6,372,619
Member services	4,366,242	-	4,366,242
Communications	1,459,313	-	1,459,313
Women's gymnastics	3,413,143	-	3,413,143
Men's gymnastics	2,226,415	-	2,226,415
Trampoline and tumbling	1,127,118	-	1,127,118
Acrobatic gymnastics	429,908	-	429,908
Rhythmic gymnastics	709,660	-	709,660
Gymnastics for All	29,553	-	29,553
International relations	<u>162,167</u>	<u>-</u>	<u>162,167</u>
Total program expense	20,296,138	-	20,296,138
Supporting services:			
Administrative	2,948,269	-	2,948,269
Governance	<u>47,750</u>	<u>-</u>	<u>47,750</u>
Total supporting services expense	<u>2,996,019</u>	<u>-</u>	<u>2,996,019</u>
Total expenses	<u>23,292,157</u>	<u>-</u>	<u>23,292,157</u>
Changes in net assets, before investment returns	211,521	123,486	335,007
Investment returns (Note 5)	<u>787,751</u>	<u>-</u>	<u>787,751</u>
Changes in net assets	999,272	123,486	1,122,758
Net assets, beginning of year	<u>14,013,260</u>	<u>1,021,440</u>	<u>15,034,700</u>
Net assets, end of year	<u>\$ 15,012,532</u>	<u>\$ 1,144,926</u>	<u>\$ 16,157,458</u>

See accompanying notes to consolidated financial statements.

USA GYMNASTICS
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Change in net assets	\$ (376,523)	\$ 1,122,758
Adjustments to reconcile change in net assets to net cash from operating activities:		
Realized gain on sale of investments	(192,656)	(546,103)
Unrealized loss on investments	1,318,181	255,997
Depreciation expense	144,185	142,460
Changes in assets and liabilities		
Accounts receivable	148,986	(186,298)
Inventories	88,342	(3,480)
Prepaid expenses and other assets	(54,604)	(226,277)
Accounts payable and accrued expenses	(78,202)	(198,790)
Funds held for others	846,155	908,717
Deferred revenue	<u>821,641</u>	<u>1,059,742</u>
Net cash from operating activities	<u>2,665,505</u>	<u>2,328,726</u>
Cash flows from investing activities		
Purchases of investments	(12,262,103)	(8,268,987)
Proceeds from sales or maturity of investments	7,977,715	8,118,435
Purchases of furnishing and equipment	<u>(188,777)</u>	<u>(242,063)</u>
Net cash from investing activities	<u>(4,473,165)</u>	<u>(392,615)</u>
Change in cash and cash equivalents	(1,807,660)	1,936,111
Cash and cash equivalents, beginning of year	<u>11,337,754</u>	<u>9,401,643</u>
Cash and cash equivalents, end of year	<u>\$ 9,530,094</u>	<u>\$ 11,337,754</u>
Supplemental cash flows information		
Non-cash transactions:		
In-kind contributions	\$ 407,445	\$ 360,844

See accompanying notes to consolidated financial statements.

USA GYMNASTICS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 1 - ORGANIZATION

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 a 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 \$407,445 and \$360,844 for 2015 and 2014. 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 CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015 and 2014

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 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 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, 2015 and 2014, 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 2015 or 2014.

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 CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015 and 2014

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. Temporarily restricted net assets are primarily held for various program related activities and scholarships funds. The nature of the Organization's temporarily restricted net assets is disclosed in Note 7. Amounts are released from restriction during the period in which the Organization incurs expenditures that meet the donor requirements.

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, 2015 and 2014.

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 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, 2015 or 2014.

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.

(Continued)

USA GYMNASTICS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to December 31, 2015, to determine the need for any adjustments or disclosures to the audited financial statements for the year ended December 31, 2015. Management has performed their analysis through November 23, 2016, 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. 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>2015</u>	<u>2014</u>
Performance Pool Grants	\$ 1,869,884	\$ 1,761,613
Athlete Funding	555,000	545,600
International Relations Grant	25,000	27,710
Training Center Support	11,521	72,873
Grass Roots Grants	15,000	25,000
Royalties	<u>-</u>	<u>14,182</u>
	<u>\$ 2,476,405</u>	<u>\$ 2,446,978</u>

NOTE 4 - DEFERRED REVENUE

Deferred revenue consists of the following at December 31:

	<u>2015</u>	<u>2014</u>
Memberships	\$ 5,872,239	\$ 5,603,096
Sponsorships and advertising	343,012	239,970
Event revenue	689,808	234,390
Other	<u>52,122</u>	<u>58,084</u>
	<u>\$ 6,957,181</u>	<u>\$ 6,135,540</u>

(Continued)

USA GYMNASTICS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 5 - INVESTMENTS

Investments at December 31 consist of the following:

	<u>2015</u>	<u>2014</u>
Common and preferred stock	\$ 9,444,032	\$ 7,177,265
Equity pooled funds	130,294	184,500
Call options	(23,479)	(56,984)
United States government agency notes	1,838,461	2,278,353
Corporate obligations	<u>5,540,379</u>	<u>4,187,689</u>
	<u>\$ 16,929,687</u>	<u>\$ 13,770,823</u>

The following schedule summarizes the components of investment return:

	<u>2015</u>	<u>2014</u>
Dividends and interest	\$ 605,203	\$ 497,645
Net realized gains	192,656	546,103
Net unrealized loss	<u>(1,318,181)</u>	<u>(255,997)</u>
	<u>\$ (520,322)</u>	<u>\$ 787,751</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. Investment expenses totaled \$142,949 and \$125,535 in 2015 and 2014, respectively.

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 \$225,882 and \$202,781 in 2015 and 2014. Elective deferred contributions into the 457b plan equaled \$17,500 in 2015 and 2014, respectively.

(Continued)

USA GYMNASTICS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 7 - TEMPORARILY RESTRICTED AND BOARD DESIGNATED 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. The cumulative investment returns allocated to the temporarily restricted funds are reported as unrestricted net assets in the statements of financial position. 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 unrestricted, designated portion of investment returns, consisted of the following at December 31:

	<u>2015</u>		
	<u>Temporarily Restricted</u>	<u>Board Designated</u>	<u>Total</u>
Zimpfer Fund	\$ 171,737	\$ 103,487	\$ 275,224
Men's Scholarship Fund	577,367	268,375	845,742
T&T Scholarship Fund	110,898	28,712	166,308
Women's Collegiate Fund	65,785	91,810	157,595
Liukin Fund	<u>137,010</u>	<u>23,699</u>	<u>258,827</u>
Total	<u>\$ 1,062,797</u>	<u>\$ 516,083</u>	<u>\$ 1,703,696</u>

	<u>2014</u>		
	<u>Temporarily Restricted</u>	<u>Board Designated</u>	<u>Total</u>
Zimpfer Fund	\$ 173,622	\$ 115,850	\$ 289,472
Men's Scholarship Fund	563,923	305,506	869,429
T&T Scholarship Fund	120,147	35,353	155,500
Women's Collegiate Fund	87,529	99,811	187,340
Liukin Fund	<u>199,705</u>	<u>33,666</u>	<u>233,371</u>
Total	<u>\$ 1,144,926</u>	<u>\$ 590,186</u>	<u>\$ 1,735,112</u>

Temporarily restricted net assets released from restriction during the years ended December 31, 2015 and 2014 totaled \$200,993 and \$73,500, respectively.

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 is recorded within accrued expenses 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.

(Continued)

USA GYMNASTICS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 8 - OPERATING LEASES (Continued)

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:

2016	\$ 607,419
2017	611,615
2018	565,175
2019	569,372
2020	<u>569,372</u>
	<u>\$ 2,922,953</u>

Rent expense was \$1,136,114 and \$1,152,158 for 2015 and 2014, respectively.

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 obligations, and call options (Level 2 input). The market value approach is used for valuation purposes.

(Continued)

USA GYMNASTICS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015 and 2014

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 December 31, 2015</u>				
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Common stock:				
Consumer	\$ 2,224,876	\$ 2,224,876	\$ -	\$ -
Technology	1,762,724	1,762,724	-	-
Industrial	1,750,823	1,750,823	-	-
Energy	892,930	892,930	-	-
Basic materials	521,538	521,538	-	-
Financial services	488,046	488,046	-	-
Healthcare	1,335,968	1,335,968	-	-
Telecommunications	153,550	153,550	-	-
Real Estate	217,177	217,177	-	-
Specialty/Sector	96,400	96,400	-	-
Equity pooled funds	130,294	130,294	-	-
Call options	(23,479)	-	(23,479)	-
United States government agency notes	1,838,461	-	1,838,461	-
Corporate obligations	5,540,379	-	5,540,379	-
	<u>\$ 16,929,687</u>	<u>\$ 9,574,326</u>	<u>\$ 7,355,361</u>	<u>\$ -</u>

<u>Fair Value Measurements at December 31, 2014</u>				
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Common stock:				
Consumer	\$ 2,002,878	\$ 2,002,878	\$ -	\$ -
Technology	1,094,335	1,094,335	-	-
Industrial	1,285,084	1,285,084	-	-
Energy	770,229	770,229	-	-
Basic materials	412,945	412,945	-	-
Financial services	209,234	209,234	-	-
Healthcare	1,097,354	1,097,354	-	-
Utilities	85,032	85,032	-	-
Telecommunications	220,174	220,174	-	-
Equity pooled funds	184,500	184,500	-	-
Call options	(56,984)	-	(56,984)	-
United States government agency notes	2,278,353	-	2,278,353	-
Corporate obligations	4,187,689	-	4,187,689	-
	<u>\$ 13,770,823</u>	<u>\$ 7,361,765</u>	<u>\$ 6,409,058</u>	<u>\$ -</u>

(Continued)

USA GYMNASTICS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015 and 2014

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 approved by the Organization.

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 \$4,569,440 and \$3,612,423 has been recorded on the Statement of Financial Position as of December 31, 2015 and 2014, respectively.

In 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, 2015 and 2014 in the amount of \$94,978 and \$205,840, respectively.

SUPPLEMENTARY INFORMATION

USA GYMNASTICS
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
December 31, 2015

	USA Gymnastics	National Gymnastics Foundation	Eliminations	Consolidated
ASSETS				
Cash and cash equivalents	\$ 8,484,382	\$ 1,045,712	\$ -	\$ 9,530,094
Investments	2,365,860	14,563,827	-	16,929,687
Accounts receivable	787,994	-	-	787,994
Inventories	116,431	-	-	116,431
Prepaid expenses and other assets	972,013	1,436	-	973,449
Amount due from NGF	616,716	-	(616,716)	-
Furnishings and equipment, net	<u>494,534</u>	<u>-</u>	<u>-</u>	<u>494,534</u>
 Total assets	 <u>\$ 13,837,930</u>	 <u>\$ 15,610,975</u>	 <u>\$ (616,716)</u>	 <u>\$ 28,832,189</u>
 LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable and accrued expenses	\$ 1,276,836	\$ 152,819	\$ -	\$ 1,429,655
Funds held for others	4,664,418	-	-	4,664,418
Amounts due to USA Gymnastics	-	616,716	(616,716)	-
Deferred revenue	<u>6,957,181</u>	<u>-</u>	<u>-</u>	<u>6,957,181</u>
Total liabilities	12,898,435	769,535	(616,716)	13,051,254
Net assets:				
Unrestricted	939,495	13,720,844	-	14,593,322
Temporarily restricted	<u>-</u>	<u>1,120,596</u>	<u>-</u>	<u>1,187,613</u>
Total net assets	<u>939,495</u>	<u>14,841,440</u>	<u>-</u>	<u>15,780,935</u>
 Total liabilities and net assets	 <u>\$ 13,837,930</u>	 <u>\$ 15,610,975</u>	 <u>\$ (616,716)</u>	 <u>\$ 28,832,189</u>

See accompanying independent auditor's report.

USA GYMNASTICS
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
December 31, 2014

	USA Gymnastics	National Gymnastics Foundation	Eliminations	Consolidated
ASSETS				
Cash and cash equivalents	\$ 10,205,019	\$ 1,132,735	\$ -	\$ 11,337,754
Investments	2,920,014	10,850,809	-	13,770,823
Accounts receivable	936,980	-	-	936,980
Inventories	204,773	-	-	204,773
Prepaid expenses and other assets	917,409	1,436	-	918,845
Amount due from USA Gymnastics	-	4,256,565	(4,256,565)	-
Furnishings and equipment, net	449,943	-	-	449,943
Total assets	<u>\$ 15,634,138</u>	<u>\$16,241,545</u>	<u>\$ (4,256,565)</u>	<u>\$ 27,619,118</u>
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable and accrued expenses	\$ 1,339,907	\$ 167,950	\$ -	\$ 1,507,857
Funds held for others	3,818,263	-	-	3,818,263
Amounts due to National Gymnastics Foundation	4,256,565	-	(4,256,565)	-
Deferred revenue	6,135,540	-	-	6,135,540
Total liabilities	<u>15,550,275</u>	<u>167,950</u>	<u>(4,256,565)</u>	<u>11,461,660</u>
Net assets:				
Unrestricted	83,863	14,928,669	-	15,012,532
Temporarily restricted	-	1,144,926	-	1,144,926
Total net assets	<u>83,863</u>	<u>16,073,595</u>	<u>-</u>	<u>16,157,458</u>
Total liabilities and net assets	<u>\$ 15,634,138</u>	<u>\$16,241,545</u>	<u>\$ (4,256,565)</u>	<u>\$ 27,619,118</u>

See accompanying independent auditor's report.

USA GYMNASTICS
CONSOLIDATING SCHEDULE OF ACTIVITIES
Year ended December 31, 2015

	-----USA Gymnastics-----			-----National Gymnastics Foundation-----			Eliminations	Consolidated
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total		
Revenue								
Contributions	\$ -	\$ -	\$ -	\$ -	\$ 176,663	\$ 176,663	\$ (57,799)*	\$ 118,864
Marketing and events	6,122,195	-	6,122,195	-	-	-	-	6,122,195
Communications and publications	339,601	-	339,601	-	-	-	-	339,601
Program:								
Women's gymnastics	454,160	-	454,160	-	-	-	-	454,160
Men's gymnastics	162,264	-	162,264	-	-	-	-	162,264
Trampoline and tumbling	613,489	-	613,489	-	-	-	-	613,489
Acrobatic gymnastics	333,096	-	333,096	-	-	-	-	333,096
Rhythmic gymnastics	269,453	-	269,453	-	-	-	-	269,453
Gymnastics for All	38,919	-	38,919	-	-	-	-	38,919
Total program	<u>8,333,177</u>	<u>-</u>	<u>8,333,177</u>	<u>-</u>	<u>176,663</u>	<u>176,663</u>	<u>(57,799)</u>	<u>8,452,041</u>
Member services	12,603,814	-	12,603,814	-	-	-	-	12,603,814
Administrative:								
United States Olympic Committee	2,476,405	-	2,476,405	-	-	-	-	2,476,405
Foundation/ Organization grants	602,000	-	602,000	-	-	-	(602,000)	-
Other	88,201	-	88,201	1,165	-	1,165	-	89,366
Releases from restriction	-	-	-	200,993	(200,993)	-	-	-
Total administrative	<u>3,166,606</u>	<u>-</u>	<u>3,166,606</u>	<u>202,158</u>	<u>(200,993)</u>	<u>1,165</u>	<u>(602,000)</u>	<u>2,565,771</u>
Total revenue	24,103,597	-	24,103,597	202,158	(24,330)	177,828	(659,799)	23,621,626
Expenses								
Program:								
Marketing and events	5,505,770	-	5,505,770	-	-	-	(45,101)	5,460,669
Member services	4,453,855	-	4,453,855	10,000	-	10,000	(10,000)	4,453,855
Communications	1,440,269	-	1,440,269	-	-	-	-	1,440,269
Women's gymnastics	4,073,969	-	4,073,969	-	-	-	-	4,073,969
Men's gymnastics	2,100,173	-	2,100,173	102,285	-	102,285	(30,000)	2,172,458
Trampoline and tumbling	1,144,773	-	1,144,773	21,693	-	21,693	(12,698)	1,153,768
Acrobatic gymnastics	416,103	-	416,103	-	-	-	-	416,103
Rhythmic gymnastics	732,234	-	732,234	-	-	-	-	732,234
Gymnastics for All	26,138	-	26,138	-	-	-	-	26,138
International relations	166,629	-	166,629	-	-	-	-	166,629
Total program expense	<u>20,059,913</u>	<u>-</u>	<u>20,059,913</u>	<u>133,978</u>	<u>-</u>	<u>133,978</u>	<u>(97,799)</u>	<u>20,096,092</u>
Supporting services:								
Administrative	3,164,264	-	3,164,264	160,613	-	160,613	-	3,324,877
Foundation/ Organization grants	-	-	-	562,000	-	562,000	(562,000)	-
Governance	46,061	-	46,061	10,797	-	10,797	-	56,858
Total supporting services expense	<u>3,210,325</u>	<u>-</u>	<u>3,210,325</u>	<u>733,410</u>	<u>-</u>	<u>733,410</u>	<u>(562,000)</u>	<u>3,381,735</u>
Total expenses	<u>23,270,238</u>	<u>-</u>	<u>23,270,238</u>	<u>867,388</u>	<u>-</u>	<u>867,388</u>	<u>(659,799)</u>	<u>23,477,827</u>
Change in net assets, before investment returns	833,359	-	833,359	(665,230)	(24,330)	(689,560)	-	143,799
Investment returns	22,273	-	22,273	(542,595)	-	(542,595)	-	(520,322)
Change in net assets	855,632	-	855,632	(1,207,825)	(24,330)	(1,232,155)	-	(376,523)
Net assets, beginning of year	83,863	-	83,863	14,928,669	1,144,926	16,073,595	-	16,157,458
Net assets, end of year	<u>\$ 939,495</u>	<u>\$ -</u>	<u>\$ 939,495</u>	<u>\$ 13,720,844</u>	<u>\$ 1,120,596</u>	<u>\$ 14,841,440</u>	<u>\$ -</u>	<u>\$ 15,780,935</u>

*This elimination is of temporarily restricted revenue on the Foundation granted by USA Gymnastics. The amount is eliminated from temporarily restricted net assets on the consolidated statements.

See accompanying independent auditor's report.

USA GYMNASTICS
CONSOLIDATING SCHEDULE OF ACTIVITIES
Year ended December 31, 2014

	-----USA Gymnastics-----			-----National Gymnastics Foundation-----			Eliminations	Consolidated
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total		
Revenue								
Contributions	\$ -	\$ -	\$ -	\$ -	\$ 196,986	\$ 196,986	\$ -	\$ 196,986
Marketing and events	7,111,484	-	7,111,484	-	-	-	-	7,111,484
Communications and publications	393,140	-	393,140	-	-	-	-	393,140
Program:								
Women's gymnastics	511,490	-	511,490	-	-	-	-	511,490
Men's gymnastics	171,691	-	171,691	-	-	-	-	171,691
Trampoline and tumbling	597,685	-	597,685	-	-	-	-	597,685
Acrobatic gymnastics	292,584	-	292,584	-	-	-	-	292,584
Rhythmic gymnastics	230,373	-	230,373	-	-	-	-	230,373
Gymnastics for All	39,688	-	39,688	-	-	-	-	39,688
Total program	<u>1,843,511</u>	<u>-</u>	<u>1,843,511</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,843,511</u>
Member services	11,600,683	-	11,600,683	-	-	-	-	11,600,683
Administrative:								
United States Olympic Committee	2,446,978	-	2,446,978	-	-	-	-	2,446,978
Foundation/ Organization grants	407,000	-	407,000	5,000,000	-	5,000,000	(5,407,000)	-
Other	28,057	-	28,057	6,325	-	6,325	-	34,382
Releases from restriction	-	-	-	73,500	(73,500)	-	-	-
Total administrative	<u>2,882,035</u>	<u>-</u>	<u>2,882,035</u>	<u>5,079,825</u>	<u>(73,500)</u>	<u>5,006,325</u>	<u>(5,407,000)</u>	<u>2,481,360</u>
Total revenue	23,830,853	-	23,830,853	5,079,825	123,486	5,203,311	(5,407,000)	23,627,164
Expenses								
Program:								
Marketing and events	6,372,619	-	6,372,619	-	-	-	-	6,372,619
Member services	4,366,242	-	4,366,242	-	-	-	-	4,366,242
Communications	1,459,313	-	1,459,313	-	-	-	-	1,459,313
Women's gymnastics	3,408,143	-	3,408,143	5,000	-	5,000	-	3,413,143
Men's gymnastics	2,182,915	-	2,182,915	43,500	-	43,500	-	2,226,415
Trampoline and tumbling	1,102,118	-	1,102,118	25,000	-	25,000	-	1,127,118
Acrobatic gymnastics	429,908	-	429,908	-	-	-	-	429,908
Rhythmic gymnastics	709,660	-	709,660	-	-	-	-	709,660
Gymnastics for All	29,553	-	29,553	-	-	-	-	29,553
International relations	162,167	-	162,167	-	-	-	-	162,167
Total program expense	<u>20,222,638</u>	<u>-</u>	<u>20,222,638</u>	<u>73,500</u>	<u>-</u>	<u>73,500</u>	<u>-</u>	<u>20,296,138</u>
Supporting services:								
Administrative	2,814,920	-	2,814,920	133,349	-	133,349	-	2,948,269
Foundation/ Organization grants	5,000,000	-	5,000,000	407,000	-	407,000	(5,407,000)	-
Governance	36,235	-	36,235	11,515	-	11,515	-	47,750
Total supporting services expense	<u>7,851,155</u>	<u>-</u>	<u>7,851,155</u>	<u>551,864</u>	<u>-</u>	<u>551,864</u>	<u>(5,407,000)</u>	<u>2,996,019</u>
Total expenses	28,073,793	-	28,073,793	625,364	-	625,364	(5,407,000)	23,292,157
Change in net assets, before investment returns	(4,242,940)	-	(4,242,940)	4,454,461	123,486	4,577,947	-	335,007
Investment returns	24,232	-	24,232	763,519	-	763,519	-	787,751
Change in net assets	(4,218,708)	-	(4,218,708)	5,217,980	123,486	5,341,466	-	1,122,758
Net assets, beginning of year	4,302,571	-	4,302,571	9,710,689	1,021,440	10,732,129	-	15,034,700
Net assets, end of year	<u>\$ 83,863</u>	<u>\$ -</u>	<u>\$ 83,863</u>	<u>\$ 14,928,669</u>	<u>\$ 1,144,926</u>	<u>\$ 16,073,595</u>	<u>\$ -</u>	<u>\$ 16,157,458</u>

See accompanying independent auditor's report.