

**USA GYMNASTICS**

**CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2017 and 2016

USA GYMNASTICS

CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2017 and 2016

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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, 2017 and 2016, 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.

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(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, 2017 and 2016, 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.

## ***Emphasis of Matter***

As discussed in Note 12 to the consolidated financial statements, USA Gymnastics is a defendant in a variety of lawsuits and also subject to other investigations, inquiries and claims. The estimated range of potential impact related to the majority of the litigation is \$75 million to \$150 million. USA Gymnastics has recorded the low end of the range as no other amount within the range represents a better estimate. Our opinion is not modified with respect to this matter.

## ***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 LLP*

Crowe LLP

Indianapolis, Indiana  
August 20, 2018

USA GYMNASTICS  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 11,070,264	\$ 11,076,770
Investments (Note 5)	19,049,182	18,355,451
Accounts receivable, net	1,058,687	1,320,124
Insurance receivable (Note 12)	75,000,000	75,000,000
Inventories	115,297	123,919
Prepaid expenses and other assets	1,019,177	1,036,713
Furnishings and equipment (net of accumulated depreciation of \$1,375,106 and \$1,211,787 for 2017 and 2016)	<u>506,945</u>	<u>552,851</u>
Total assets	<u>\$ 107,819,552</u>	<u>\$ 107,465,828</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,988,776	\$ 2,095,728
Contingent liability (Note 12)	75,000,000	75,000,000
Funds held for others (Note 11)	5,660,778	5,038,003
Deferred revenue (Note 4)	<u>6,947,880</u>	<u>6,808,583</u>
Total liabilities	89,597,434	88,942,314
Net assets:		
Unrestricted	17,133,742	17,421,052
Temporarily restricted (Note 7)	<u>1,088,376</u>	<u>1,102,462</u>
Total net assets	<u>18,222,118</u>	<u>18,523,514</u>
Total liabilities and net assets	<u>\$ 107,819,552</u>	<u>\$ 107,465,828</u>

See accompanying notes to consolidated financial statements.

**USA GYMNASTICS**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
Year ended December 31, 2017 with summary totals for the year ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2017</u>	<u>2016</u>
<b>Revenue</b>				
Contributions	\$ 100	\$ 123,527	123,627	\$ 141,710
Marketing and events	4,537,477	-	4,537,477	11,775,232
Post-Olympic Tour (net of direct expense of \$0 and \$7,309,117 for 2017 and 2016)	-	-	-	2,629,801
Communications and publications	357,147	-	357,147	478,732
Program:				
Women's gymnastics	817,106	-	817,106	549,937
Men's gymnastics	244,537	-	244,537	256,616
Trampoline and tumbling	593,825	-	593,825	432,532
Acrobatic gymnastics	311,916	-	311,916	280,169
Rhythmic gymnastics	459,009	-	459,009	401,871
Gymnastics for All	18,559	-	18,559	19,646
Total program	<u>2,444,952</u>	<u>-</u>	<u>2,444,952</u>	<u>1,940,771</u>
Member services	14,272,314	-	14,272,314	13,556,317
Administrative:				
United States Olympic Committee (Note 3)	2,896,626	-	2,896,626	3,533,147
Other	53,958	-	53,958	276,458
Releases from restriction	137,613	(137,613)	-	-
Total administrative	<u>3,088,197</u>	<u>(137,613)</u>	<u>2,950,584</u>	<u>3,809,605</u>
Total revenue	24,700,187	(14,086)	24,686,101	34,332,168
<b>Expenses</b>				
Program:				
Marketing and events	4,929,082	-	4,929,082	11,888,489
Member services	5,615,360	-	5,615,360	4,838,963
Communications	1,852,190	-	1,852,190	1,747,415
Women's gymnastics	3,048,854	-	3,048,854	3,860,021
Men's gymnastics	1,936,630	-	1,936,630	2,303,934
Trampoline and tumbling	1,121,650	-	1,121,650	960,519
Acrobatic gymnastics	501,366	-	501,366	478,946
Rhythmic gymnastics	982,517	-	982,517	938,897
Multi Discipline	902,142	-	902,142	1,022,800
Gymnastics for All	21,101	-	21,101	20,349
International relations	71,656	-	71,656	142,245
Total program expense	<u>20,982,548</u>	<u>-</u>	<u>20,982,548</u>	<u>28,202,578</u>
Supporting services:				
Administrative	5,932,537	-	5,932,537	4,666,000
Governance	116,652	-	116,652	62,763
Total supporting services expense	<u>6,049,189</u>	<u>-</u>	<u>6,049,189</u>	<u>4,728,763</u>
Total expenses	<u>27,031,737</u>	<u>-</u>	<u>27,031,737</u>	<u>32,931,341</u>
Changes in net assets, before investment returns	(2,331,550)	(14,086)	(2,345,636)	1,400,827
Investment returns (Note 5)	2,044,240	-	2,044,240	1,341,752
<b>Changes in net assets</b>	(287,310)	(14,086)	(301,396)	2,742,579
Net assets, beginning of year	17,421,052	1,102,462	18,523,514	15,780,935
<b>Net assets, end of year</b>	<u>\$ 17,133,742</u>	<u>\$ 1,088,376</u>	<u>\$ 18,222,118</u>	<u>\$ 18,523,514</u>

See accompanying notes to consolidated financial statements.

USA GYMNASTICS  
CONSOLIDATED STATEMENT OF ACTIVITIES  
Year ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2016</u>
<b>Revenue</b>			
Contributions	\$ -	\$ 141,710	\$ 141,710
Marketing and events	11,775,232		11,775,232
Post-Olympic Tour, net of direct expense of \$7,309,117	2,629,801	-	2,629,801
Communications and publications Program:	478,732	-	478,732
Women's gymnastics	549,937	-	549,937
Men's gymnastics	256,616	-	256,616
Trampoline and tumbling	432,532	-	432,532
Acrobatic gymnastics	280,169	-	280,169
Rhythmic gymnastics	401,871	-	401,871
Gymnastics for All	<u>19,646</u>	<u>-</u>	<u>19,646</u>
Total program	1,940,771	-	1,940,771
Member services	13,556,317	-	13,556,317
Administrative:			
United States Olympic Committee (Note 3)	3,533,147	-	3,533,147
Other	276,458	-	276,458
Releases from restriction	<u>102,045</u>	<u>(102,045)</u>	<u>-</u>
Total administrative	<u>3,911,650</u>	<u>-</u>	<u>3,809,605</u>
Total revenue	34,292,503	39,665	34,332,168
<b>Expenses</b>			
Program:			
Marketing and events	11,888,489	-	11,888,489
Member services	4,838,963	-	4,838,963
Communications	1,747,415	-	1,747,415
Women's gymnastics	3,860,021	-	3,860,021
Men's gymnastics	2,303,934	-	2,303,934
Trampoline and tumbling	960,519	-	960,519
Acrobatic gymnastics	478,946	-	478,946
Rhythmic gymnastics	938,897	-	938,897
Multi Discipline	1,022,800	-	1,022,800
Gymnastics for All	20,349	-	20,349
International relations	<u>142,245</u>	<u>-</u>	<u>142,245</u>
Total program expense	28,202,578	-	28,202,578
Supporting services:			
Administrative	4,666,000	-	4,666,000
Governance	<u>62,763</u>	<u>-</u>	<u>62,763</u>
Total supporting services expense	<u>4,728,763</u>	<u>-</u>	<u>4,728,763</u>
Total expenses	<u>32,931,341</u>	<u>-</u>	<u>32,931,341</u>
Changes in net assets, before investment returns	1,361,162	39,665	1,400,827
Investment returns (Note 5)	<u>1,341,752</u>	<u>-</u>	<u>1,341,752</u>
<b>Changes in net assets</b>	2,702,914	39,665	2,742,579
Net assets, beginning of year	<u>14,718,138</u>	<u>1,062,797</u>	<u>15,780,935</u>
<b>Net assets, end of year</b>	<u>\$ 17,421,052</u>	<u>\$ 1,102,462</u>	<u>\$ 18,523,514</u>

See accompanying notes to consolidated financial statements.

USA GYMNASTICS  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
Years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (301,396)	\$ 2,742,579
Adjustments to reconcile change in net assets to net cash from operating activities:		
Realized loss (gain) on sale of investments	(76,318)	913,776
Unrealized gain on investments	(1,272,212)	(1,609,505)
Depreciation expense	179,975	163,319
Changes in assets and liabilities		
Accounts receivable	261,437	(483,212)
Inventories	8,622	(7,488)
Prepaid expenses and other assets	17,536	(63,264)
Accounts payable and accrued expenses	(106,952)	621,786
Funds held for others	622,775	373,585
Deferred revenue	<u>139,297</u>	<u>(148,598)</u>
Net cash from operating activities	<u>(527,236)</u>	<u>2,502,978</u>
<b>Cash flows from investing activities</b>		
Purchases of investments	(4,971,638)	(6,226,488)
Proceeds from sales or maturity of investments	5,626,438	5,496,449
Purchases of furnishing and equipment	<u>(134,070)</u>	<u>(226,263)</u>
Net cash from investing activities	<u>520,730</u>	<u>(956,302)</u>
<b>Change in cash and cash equivalents</b>	(6,506)	1,546,676
Cash and cash equivalents, beginning of year	<u>11,076,770</u>	<u>9,530,094</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 11,070,264</u>	<u>\$ 11,076,770</u>
<b>Supplemental cash flows information</b>		
Non-cash transactions:		
In-kind contributions	\$ 415,385	\$ 434,583
Contingent liability	-	75,000,000
Insurance receivable	-	75,000,000

See accompanying notes to consolidated financial statements.

USA GYMNASTICS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2017 and 2016

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**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, including the insurance receivable and contingent liability disclosed in Note 12, 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 \$415,385 and \$434,583 for 2017 and 2016. 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.

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(Continued)

USA GYMNASTICS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2017 and 2016

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**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 as board designated net assets. These returns are allocated 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, 2017, the Organization had recorded an allowance for doubtful accounts of \$284,524. At December 31, 2016, an allowance for doubtful accounts was not 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 2017 or 2016.

Accrued Expenses: Accrued expense liability consists of the Organization's obligations incurred but not yet paid as of the fiscal year-end date. This liability includes any severance liabilities payable to former employees, which are expensed and accrued when an employment termination agreement is executed, and the former employee is no longer required to perform any services to the Organization. Such liabilities total \$854,944 and \$0 at December 31, 2017 and 2016.

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.

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(Continued)

USA GYMNASTICS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2017 and 2016

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**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 Organization 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 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, 2017 and 2016.

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, 2017 or 2016.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to December 31, 2017, to determine the need for any adjustments or disclosures to the audited financial statements for the year ended December 31, 2017. We direct your attention to Note 12 –Contingencies, for additional disclosures. Management has performed their analysis through August 20, 2018, the date the financial statements were available to be issued.

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(Continued)

USA GYMNASTICS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2017 and 2016

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**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>2017</u>	<u>2016</u>
Performance Pool Grants	\$ 2,278,317	\$ 2,095,651
Athlete Funding	593,309	555,000
International Relations Grant	25,000	25,000
Olympic Trials Support	-	850,000
Other	-	7,496
	<u>\$ 2,896,626</u>	<u>\$ 3,533,147</u>

**NOTE 4 - DEFERRED REVENUE**

Deferred revenue consists of the following at December 31:

	<u>2017</u>	<u>2016</u>
Memberships	\$ 6,605,835	\$ 6,459,540
Sponsorships and advertising	9,336	78,014
Event revenue	295,950	224,871
Other	36,759	46,158
	<u>\$ 6,947,880</u>	<u>\$ 6,808,583</u>

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(Continued)

USA GYMNASTICS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 5 - INVESTMENTS**

Investments at December 31 consist of the following:

	<u>2017</u>	<u>2016</u>
Common and preferred stock	\$ 11,072,060	\$ 10,292,279
Call options	(58,851)	(76,228)
United States government agency notes	1,780,960	1,823,194
Corporate obligations	<u>6,255,013</u>	<u>6,316,206</u>
	<u>\$ 19,049,182</u>	<u>\$ 18,355,451</u>

The following schedule summarizes the components of investment return:

	<u>2017</u>	<u>2016</u>
Dividends and interest	\$ 695,710	\$ 646,207
Net realized gain (loss)	76,318	(913,776)
Net unrealized gain	<u>1,272,212</u>	<u>1,609,505</u>
	<u>\$ 2,044,240</u>	<u>\$ 1,341,752</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 \$153,831 and \$143,752 in 2017 and 2016, respectively.

**NOTE 6 - RETIREMENT PLAN**

The Organization has established two deferred compensation plans; a 401K plan for all eligible employees who elect participation, and a 457b plan for the former President. The Organization's contribution to the 401K plan was equal to 6% of each participant's eligible salary totaling \$227,913 and \$251,872 in 2017 and 2016. Elective deferred contributions into the 457b plan equaled \$0 and 17,500 in 2017 and 2016 respectively. The 457b plan was terminated in 2017, resulting in a plan balance return to the organization of \$171,310.

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(Continued)

USA GYMNASTICS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2017 and 2016

**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>2017</u>		
	<u>Temporarily Restricted</u>	<u>Board Designated</u>	<u>Total</u>
Zimpfer Fund	\$ 182,117	\$ 160,627	\$ 342,744
Men's Scholarship Fund	639,404	444,911	1,084,315
T&T Scholarship Fund	111,188	64,149	175,337
Women's Collegiate Fund	13,284	119,905	133,189
Liukin Fund	<u>142,383</u>	<u>82,628</u>	<u>225,011</u>
Total	<u>\$ 1,088,376</u>	<u>\$ 872,220</u>	<u>\$ 1,960,596</u>
	<u>2016</u>		
	<u>Temporarily Restricted</u>	<u>Board Designated</u>	<u>Total</u>
Zimpfer Fund	\$ 185,902	\$ 124,806	\$ 310,708
Men's Scholarship Fund	628,952	333,899	962,851
T&T Scholarship Fund	113,687	41,598	155,285
Women's Collegiate Fund	33,831	104,017	137,848
Liukin Fund	<u>140,090</u>	<u>43,761</u>	<u>183,851</u>
Total	<u>\$ 1,102,462</u>	<u>\$ 648,081</u>	<u>\$ 1,750,543</u>

Temporarily restricted net assets released from restriction during the years ended December 31, 2017 and 2016 totaled \$137,613 and \$102,045, 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. The Organization terminated the training facility lease in January 2018.

(Continued)

USA GYMNASTICS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2017 and 2016

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**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:

2018	\$ 270,045
2019	274,242
2020	<u>274,242</u>
	<u>\$ 818,529</u>

Rent expense was \$967,599 and \$895,507 for 2017 and 2016, 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.

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(Continued)

USA GYMNASTICS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**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, 2017</u>				
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Common stock:				
Consumer	\$ 3,516,815	\$ 3,516,815	\$ -	\$ -
Technology	1,976,063	1,976,063	-	-
Industrial	1,611,271	1,611,271	-	-
Energy	1,119,428	1,119,428	-	-
Basic materials	285,822	285,822	-	-
Financial services	557,008	557,008	-	-
Healthcare	1,606,029	1,606,029	-	-
Telecommunications	150,000	150,000	-	-
Real Estate	249,624	249,624	-	-
Specialty/Sector	-	-	-	-
Call options	(58,851)	-	(58,851)	-
United States government agency notes	1,780,960	-	1,780,960	-
Corporate obligations	6,255,013	-	6,255,013	-
	<u>\$ 19,049,182</u>	<u>\$ 11,072,060</u>	<u>\$ 7,977,122</u>	<u>\$ -</u>

<u>Fair Value Measurements at December 31, 2016</u>				
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Common stock:				
Consumer	\$ 2,810,017	\$ 2,810,017	\$ -	\$ -
Technology	1,735,031	1,735,031	-	-
Industrial	1,717,413	1,717,413	-	-
Energy	1,168,044	1,168,044	-	-
Basic materials	352,755	352,755	-	-
Financial services	639,788	639,788	-	-
Healthcare	1,480,241	1,480,241	-	-
Telecommunications	175,150	175,150	-	-
Real Estate	113,040	113,040	-	-
Specialty/Sector	100,800	100,800	-	-
Call options	(76,228)	-	(76,228)	-
United States government agency notes	1,823,194	-	1,823,194	-
Corporate obligations	6,316,206	-	6,316,206	-
	<u>\$ 18,355,451</u>	<u>\$ 10,292,279</u>	<u>\$ 8,063,172</u>	<u>\$ -</u>

(Continued)

USA GYMNASTICS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2017 and 2016

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**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. Such compensation was immaterial during the years ended December 31, 2017 and 2016.

**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 \$5,660,778 and \$5,038,003 has been recorded on the Statement of Financial Position as of December 31, 2017 and 2016, 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. A balance is held, along with a liability and is recorded on the Statement of Financial Position as of December 31, 2017 in the amount of \$2,015. There was no balance held as of December 31, 2016.

**NOTE 12 - CONTINGENCIES**

USA Gymnastics is named and involved in various claims and legal actions, principally related to matters related to a former volunteer. In approximately June 2015, an initial report came to USAG's attention that a medical professional, Dr. Larry Nassar, had potentially engaged in performing inappropriate medical procedures on gymnasts. USAG promptly commenced an investigation into these matters and while neither of the gymnasts reported abuse, USAG learned that at least one other gymnast had been subjected to inappropriate contact by Nassar. USAG reported the matter to the FBI. In November 2017, Nassar ultimately pled guilty to sexual assault and other crimes, resulting in his conviction and sentencing to life in prison.

Nassar was employed by Michigan State University (MSU) but was a volunteer with USAG. As a volunteer, he provided medical assistance to gymnasts at various events and camps, including those held at the then National Team Training Center. The occurrences of alleged abuse involving Nassar range over two decades.

Presently, more than approximately 330 individuals have brought suit in Michigan and California against MSU and other defendants. Through August 13, 2018, approximately 220 individuals in the Michigan and California cases have named USAG as a defendant. Some individuals have also asserted claims against the United States Olympic Committee (USOC). There are also two lawsuits against USAG pending in Texas. Currently, the Michigan and California litigation are being mediated as a consolidated group. USAG is committed to working to achieve a mediated settlement of the consolidated group of claims subject to insurance proceeds to cover any such potential settlement. Amounts claimed could increase if other cases are identified or circumstances change.

Additionally, there are other inquiries and hearings on-going related to the above-referenced matter. Such inquiries include the independent investigation commenced by the USOC being conducted by the Ropes & Gray law firm, as well as three Congressional Committees. In addition, there are investigations that have

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(Continued)

USA GYMNASTICS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2017 and 2016

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**NOTE 12 – CONTINGENCIES** (Continued)

been opened by the Indiana Attorney General and the Texas Rangers.

USAG has insurance coverage encompassing numerous policies covering approximately 30 years, which in total provides substantial amounts of coverage.

USAG considers the current range of potential impact to be between \$75 million and \$150 million and has concluded it is probable a liability has been incurred and, accordingly, has recorded a provision in the amount of \$75 million in its consolidated financial statements for the year ended December 31, 2016. This is in accordance with the accounting principles generally accepted in the United States (GAAP) on contingencies (ASU 450) which states that a provision should be made when both of the following conditions are met:

- Information available before the financial statements are issued or are available to be issued indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements. It is implicit in this condition that it must be probable that one or more future events will occur confirming the fact of the loss.
- The amount of loss can be reasonably estimated.

USAG has no information, at the present time, to conclude that any amount within the range noted above is a better estimate than any other amount within the range. Since no amount within the range is a better estimate than any other amount, USAG has recorded an amount reflecting the low end of the range of \$75 million. Also, in accordance with GAAP on contingencies, USAG has recorded a receivable for insurance coverage equal to \$75 million since USAG concludes such insurance coverage is probable since it is part of the mediation process.

USAG recorded the impacts in the fiscal year ended December 31, 2016, the earliest year being reported upon since the occurrences arose prior and information that arose subsequent to December 31, 2016 but prior to release of the 2016 consolidated financial statements has indicated the estimated impacts. USAG will update the estimated amounts periodically as new information is available.

As noted above, there are other on-going inquiries. These matters are at an early stage and have not advanced to a level that any amount, such as the possibility of fines or settlements, can be determined. Therefore, these matters do not meet the threshold for recording of amounts.

USAG's accounting policy with respect to legal fees is to record as legal expense as services are performed. Significant legal representation has been provided and substantially all of the legal fees of USAG are covered by its insurers.

**SUPPLEMENTARY INFORMATION**

USA GYMNASTICS  
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION  
December 31, 2017

	USA Gymnastics	National Gymnastics Foundation	Eliminations	Consolidated
<b>ASSETS</b>				
Cash and cash equivalents	\$ 9,667,043	\$ 1,403,221	\$ -	\$ 11,070,264
Investments	2,284,001	16,765,181	-	19,049,182
Accounts receivable, net	1,058,687	-	-	1,058,687
Insurance receivable	75,000,000	-	-	75,000,000
Inventories	115,297	-	-	115,297
Prepaid expenses and other assets	1,017,875	1,302	-	1,019,177
Amount due from NGF	1,383,770	-	(1,383,770)	-
Furnishings and equipment, net	<u>506,945</u>	<u>-</u>	<u>-</u>	<u>506,945</u>
 Total assets	 <u>\$ 91,033,618</u>	 <u>\$ 18,169,704</u>	 <u>\$ (1,383,770)</u>	 <u>\$107,819,552</u>
 <b>LIABILITIES AND NET ASSETS</b>				
Liabilities:				
Accounts payable and accrued expenses	\$ 1,864,149	\$ 124,627	\$ -	\$ 1,988,776
Contingent liability	75,000,000	-	-	75,000,000
Funds held for others	5,660,778	-	-	5,660,778
Amounts due to USA Gymnastics	-	1,383,770	(1,383,770)	-
Deferred revenue	<u>6,947,880</u>	<u>-</u>	<u>-</u>	<u>6,947,880</u>
Total liabilities	89,472,807	1,508,397	(1,383,770)	89,597,434
 Net assets:				
Unrestricted	1,560,811	15,387,895	185,036	17,133,742
Temporarily restricted	<u>-</u>	<u>1,273,412</u>	<u>(185,036)</u>	<u>1,088,376</u>
Total net assets	<u>1,560,811</u>	<u>16,661,307</u>	<u>-</u>	<u>18,222,118</u>
 Total liabilities and net assets	 <u>\$ 91,033,618</u>	 <u>\$ 18,169,704</u>	 <u>\$ (1,383,770)</u>	 <u>\$107,819,552</u>

See accompanying independent auditor's report.

USA GYMNASTICS  
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION  
December 31, 2016

	USA Gymnastics	National Gymnastics Foundation	Eliminations	Consolidated
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,818,657	\$ 258,113	\$ -	\$ 11,076,770
Investments	2,337,625	16,017,826	-	18,355,451
Accounts receivable, net	1,320,124	-	-	1,320,124
Insurance receivable	75,000,000	-	-	75,000,000
Inventories	123,919	-	-	123,919
Prepaid expenses and other assets	1,035,277	1,436	-	1,036,713
Amount due from NGF	656,601	-	(656,601)	-
Furnishings and equipment, net	<u>552,851</u>	<u>-</u>	<u>-</u>	<u>552,851</u>
 Total assets	 <u>\$ 91,845,054</u>	 <u>\$ 16,277,375</u>	 <u>\$ (656,601)</u>	 <u>\$107,465,828</u>
<b>LIABILITIES AND NET ASSETS</b>				
Liabilities:				
Accounts payable and accrued expenses	\$ 1,963,610	\$ 132,118	\$ -	\$ 2,095,728
Contingent liability	75,000,000	-	-	75,000,000
Funds held for others	5,038,003	-	-	5,038,003
Amounts due to USA Gymnastics	-	656,601	(656,601)	-
Deferred revenue	<u>6,808,583</u>	<u>-</u>	<u>-</u>	<u>6,808,583</u>
Total liabilities	88,810,196	788,719	(656,601)	88,942,314
Net assets:				
Unrestricted	3,034,858	14,263,939	122,255	17,421,052
Temporarily restricted	<u>-</u>	<u>1,224,717</u>	<u>(122,255)</u>	<u>1,102,462</u>
Total net assets	<u>3,034,858</u>	<u>15,488,656</u>	<u>-</u>	<u>18,523,514</u>
 Total liabilities and net assets	 <u>\$ 91,845,054</u>	 <u>\$16,277,375</u>	 <u>\$ (656,601)</u>	 <u>\$107,465,828</u>

See accompanying independent auditor's report.

USA GYMNASTICS  
CONSOLIDATING SCHEDULE OF ACTIVITIES  
Year ended December 31, 2017

	-----USA Gymnastics-----			-----National Gymnastics Foundation-----			Eliminations	Consolidated
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total		
<b>Revenue</b>								
Contributions	\$ -	\$ -	\$ -	\$ 100	\$ 186,308	\$ 186,408	\$ (62,781)*	\$ 123,627
Marketing and events	4,537,477	-	4,537,477	-	-	-	-	4,537,477
Post-Olympic Tour net of direct expense of \$0 and \$7,309,117 for 2017 and 2016)	-	-	-	-	-	-	-	-
Communications and publications Program:	357,147	-	357,147	-	-	-	-	357,147
Women's gymnastics	817,106	-	817,106	-	-	-	-	817,106
Men's gymnastics	244,537	-	244,537	-	-	-	-	244,537
Trampoline and tumbling	593,825	-	593,825	-	-	-	-	593,825
Acrobatic gymnastics	311,916	-	311,916	-	-	-	-	311,916
Rhythmic gymnastics	459,009	-	459,009	-	-	-	-	459,009
Gymnastics for All	18,559	-	18,559	-	-	-	-	18,559
Total program	<u>2,444,952</u>	<u>-</u>	<u>2,444,952</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,444,952</u>
Member services	14,272,314	-	14,272,314	-	-	-	-	14,272,314
Administrative:								
United States Olympic Committee	2,896,626	-	2,896,626	-	-	-	-	2,896,626
Foundation/ Organization grants	739,374	-	739,374	-	-	-	(739,374)	-
Other	53,958	-	53,958	-	-	-	-	53,958
Releases from restriction	-	-	-	137,613	(137,613)	-	-	-
Total administrative	<u>3,689,958</u>	<u>-</u>	<u>3,689,958</u>	<u>137,613</u>	<u>(137,613)</u>	<u>-</u>	<u>(739,374)</u>	<u>2,950,584</u>
Total revenue	25,301,848	-	25,301,848	137,713	48,695	186,408	(802,155)	24,686,101
<b>Expenses</b>								
Program:								
Marketing and events	4,975,716	-	4,975,716	-	-	-	(46,634)	4,929,082
Member services	5,615,360	-	5,615,360	-	-	-	-	5,615,360
Communications	1,852,190	-	1,852,190	-	-	-	-	1,852,190
Women's gymnastics	3,048,854	-	3,048,854	-	-	-	-	3,048,854
Men's gymnastics	1,829,017	-	1,829,017	107,613	-	107,613	-	1,936,630
Trampoline and tumbling	1,107,797	-	1,107,797	30,000	-	30,000	(16,147)	1,121,650
Acrobatic gymnastics	501,366	-	501,366	-	-	-	-	501,366
Rhythmic gymnastics	982,517	-	982,517	-	-	-	-	982,517
Multi Discipline	902,142	-	902,142	-	-	-	-	902,142
Gymnastics for All	21,101	-	21,101	-	-	-	-	21,101
International relations	71,656	-	71,656	-	-	-	-	71,656
Total program expense	<u>20,907,716</u>	<u>-</u>	<u>20,907,716</u>	<u>137,613</u>	<u>-</u>	<u>137,613</u>	<u>(62,781)</u>	<u>20,982,548</u>
Supporting services:								
Administrative	5,773,230	-	5,773,230	159,307	-	159,307	-	5,932,537
Foundation/ Organization grants	-	-	-	739,374	-	739,374	(739,374)	-
Governance	116,652	-	116,652	-	-	-	-	116,652
Total supporting services expense	<u>5,889,882</u>	<u>-</u>	<u>5,889,882</u>	<u>898,681</u>	<u>-</u>	<u>898,681</u>	<u>(739,374)</u>	<u>6,049,189</u>
Total expenses	26,797,598	-	26,797,598	1,036,294	-	1,036,294	(802,155)	27,031,737
Change in net assets, before investment returns	(1,495,750)	-	(1,495,750)	(898,581)	48,695	(849,886)	-	(2,345,636)
Investment returns	21,703	-	21,703	2,022,537	-	2,022,537	-	2,044,240
<b>Change in net assets</b>	(1,474,047)	-	(1,474,047)	1,123,956	48,695	1,172,651	-	(301,396)
Net assets, beginning of year	3,034,858	-	3,034,858	14,263,939	1,224,717	15,488,656	-	18,523,514
<b>Net assets, end of year</b>	<u>\$ 1,560,811</u>	<u>\$ -</u>	<u>\$ 1,560,811</u>	<u>\$ 15,387,895</u>	<u>\$ 1,273,412</u>	<u>\$ 16,661,307</u>	<u>\$ -</u>	<u>\$ 18,222,118</u>

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

See accompanying independent auditor's report.

USA GYMNASTICS  
CONSOLIDATING SCHEDULE OF ACTIVITIES  
Year ended December 31, 2016

	-----USA Gymnastics-----			-----National Gymnastics Foundation-----			Eliminations	Consolidated
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total		
<b>Revenue</b>								
Contributions	\$ -	\$ -	\$ -	\$ -	\$ 206,166	\$ 206,166	\$ (64,456)*	\$ 141,710
Marketing and events	11,775,232	-	11,775,232	-	-	-	-	11,775,232
Post-Olympic Tour, net of direct Expense of \$7,309,117	2,629,801	-	2,629,801	-	-	-	-	2,629,801
Communications and publications	478,732	-	478,732	-	-	-	-	478,732
Program:								
Women's gymnastics	549,937	-	549,937	-	-	-	-	549,937
Men's gymnastics	256,616	-	256,616	-	-	-	-	256,616
Trampoline and tumbling	432,532	-	432,532	-	-	-	-	432,532
Acrobatic gymnastics	280,169	-	280,169	-	-	-	-	280,169
Rhythmic gymnastics	401,871	-	401,871	-	-	-	-	401,871
Gymnastics for All	19,646	-	19,646	-	-	-	-	19,646
Total program	1,940,771	-	1,940,771	-	206,166	206,166	(64,456)	2,082,481
Member services	13,556,317	-	13,556,317	-	-	-	-	13,556,317
Administrative:								
United States Olympic Committee	3,533,147	-	3,533,147	-	-	-	-	3,533,147
Foundation/ Organization grants	647,500	-	647,500	-	-	-	(647,500)	-
Other	213,352	-	213,352	63,106	-	63,106	-	276,458
Releases from restriction	-	-	-	102,045	(102,045)	-	-	-
Total administrative	4,393,999	-	4,393,999	165,151	(102,045)	63,106	(647,500)	3,809,605
Total revenue	34,774,852	-	34,774,852	165,151	104,121	269,272	(711,956)	34,332,168
<b>Expenses</b>								
Program:								
Marketing and events	11,888,489	-	11,888,489	-	-	-	-	11,888,489
Member services	4,838,963	-	4,838,963	-	-	-	-	4,838,963
Communications	1,747,415	-	1,747,415	-	-	-	-	1,747,415
Women's gymnastics	3,804,386	-	3,804,386	57,135	-	57,135	(1,500)	3,860,021
Men's gymnastics	2,266,524	-	2,266,524	42,410	-	42,410	(5,000)	2,303,934
Trampoline and tumbling	933,019	-	933,019	27,500	-	27,500	-	960,519
Acrobatic gymnastics	478,946	-	478,946	-	-	-	-	478,946
Rhythmic gymnastics	938,897	-	938,897	-	-	-	-	938,897
Multi Discipline	1,022,800	-	1,022,800	-	-	-	-	1,022,800
Gymnastics for All	20,349	-	20,349	-	-	-	-	20,349
International relations	142,245	-	142,245	-	-	-	-	142,245
Total program expense	28,082,033	-	28,082,033	127,045	-	127,045	(6,500)	28,202,578
Supporting services:								
Administrative	4,503,611	-	4,503,611	162,389	-	162,389	-	4,666,000
Foundation/ Organization grants	64,456	-	64,456	641,000	-	641,000	(705,456)	-
Governance	54,318	-	54,318	8,445	-	8,445	-	62,763
Total supporting services expense	4,622,385	-	4,622,385	811,834	-	811,834	(705,456)	4,728,763
Total expenses	32,704,418	-	32,704,418	938,879	-	938,879	(711,956)	32,931,341
Change in net assets, before investment returns	2,070,434	-	2,070,434	(773,728)	104,121	(669,607)	-	1,400,827
Investment returns	24,929	-	24,929	1,316,823	-	1,316,823	-	1,341,752
<b>Change in net assets</b>	2,095,363	-	2,095,363	543,095	104,121	647,216	-	2,742,579
Net assets, beginning of year	939,495	-	939,495	13,720,844	1,120,596	14,841,440	-	15,780,935
<b>Net assets, end of year</b>	<u>\$ 3,034,858</u>	<u>\$ -</u>	<u>\$ 3,034,858</u>	<u>\$ 14,263,939</u>	<u>\$ 1,224,717</u>	<u>\$ 15,488,656</u>	<u>\$ -</u>	<u>\$ 18,523,514</u>

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

See accompanying independent auditor's report.