

**USA WEIGHTLIFTING, INC.
THE U.S. AMATEUR WEIGHTLIFTING FOUNDATION**

**Consolidating Financial Statements
& Supplemental Schedules**

For the Year Ended December 31, 2010

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INDEPENDENT AUDITORS' REPORT

Board of Directors
USA Weightlifting, Inc.
Colorado Springs, Colorado

We have audited the accompanying consolidating statement of financial position of USA Weightlifting, Inc. and The U.S. Amateur Weightlifting Foundation, (nonprofit organizations) as of December 31, 2010, and the related consolidating statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidating financial statements referred to above present fairly, in all material respects, the financial position of USA Weightlifting, Inc. and The U.S. Amateur Weightlifting Foundation as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedules of program services and supporting services for the year ended December 31, 2010 are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to

prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wang & Goodwin, LLP
May 9, 2011

USA WEIGHTLIFTING, INC.
 THE U.S. AMATEUR WEIGHTLIFTING FOUNDATION
 Consolidating Statement of Financial Position
 For the Year Ended December 31, 2010

ASSETS

	USA Weightlifting Inc.	The U.S. Amateur Weightlifting Foundation	Eliminating Entries	Consolidated Totals
CURRENT ASSETS:				
Cash and cash equivalents	\$ 317,126	\$ 2,306	\$	\$ 319,432
Short-term investments	101,327	332,449		433,776
Accounts receivable	74,430			74,430
Inventory	44,634			44,634
Prepaid expenses	<u>16,123</u>			<u>16,123</u>
Total current assets	553,640	334,755		888,395
PROPERTY AND EQUIPMENT,				
at cost:				
Training equipment	353,697			353,697
Office furniture	7,998			7,998
Less accumulated depreciation	<u>(350,067)</u>			<u>(350,067)</u>
Property and equipment - net	<u>11,628</u>			<u>11,628</u>
TOTAL ASSETS	<u>\$ 565,268</u>	<u>\$ 334,755</u>	<u>\$</u>	<u>\$ 900,023</u>
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES:				
Accounts payable	\$ 76,300	\$	\$	\$ 76,300
Accrued liabilities	12,091			12,091
Deferred revenue	<u>254,952</u>			<u>254,952</u>
Total liabilities	343,343			343,343
NET ASSETS:				
Unrestricted	211,642	334,755		546,397
Temporarily restricted	<u>10,283</u>			<u>10,283</u>
Total net assets	<u>221,925</u>	<u>334,755</u>		<u>556,680</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 565,268</u>	<u>\$ 334,755</u>	<u>\$</u>	<u>\$ 900,023</u>

See Notes to Financial Statements

USA WEIGHTLIFTING, INC.
 THE U.S. AMATEUR WEIGHTLIFTING FOUNDATION
 Consolidating Statement of Activities and Changes in Net Assets
 For the Year Ended December 31, 2010

	USA Weightlifting, Inc.		The U.S. Amateur Weightlifting Foundation		Eliminating Entries	Totals
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted		
REVENUE:						
USOC revenue:						
Grants	\$ 240,159	\$	\$	\$	\$	240,159
Content license agreement	75,000					75,000
National coaching clinics	519,018					519,018
Membership	293,079					293,079
Merchandise sales	141,509					141,509
Less cost of goods sold	(83,429)					(83,429)
Unrealized gain on investments	11,486		46,310			57,796
Sponsorship	78,188					78,188
Event revenue	84,425					84,425
Contributions	7,254	11,800				19,054
Interest income	2,049					2,049
Miscellaneous income	3,600		4,930			8,530
VIK sponsorship	17,409					17,409
Realized loss on investments	(3,928)		(14,849)			(18,777)
Satisfied program restrictions	10,000	(10,000)				
Total revenue	1,395,819	1,800	36,391			1,434,010
EXPENSES:						
Program services:						
Development and athlete programs	678,297					678,297
Membership services	274,707					274,707
International events	176,014					176,014
National events	75,835					75,835
Total program services	1,204,853					1,204,853
Supporting services:						
National headquarters	157,998					157,998
Fundraising	85,480					85,480
Board of Directors	11,966					11,966
Total supporting services	255,444					255,444
Total expenses	1,460,297					1,460,297
CHANGE IN NET ASSETS	(64,478)	1,800	36,391			(26,287)
NET ASSETS, beginning of year	276,120	8,483	298,364			582,967
NET ASSETS, end of year	\$ 211,642	\$ 10,283	\$ 334,755	\$	\$	\$ 556,680

See Notes to Financial Statements

USA WEIGHTLIFTING, INC.
THE U.S. AMATEUR WEIGHTLIFTING FOUNDATION
Consolidating Statement of Cash Flows
For the Year Ended December 31, 2010

	USA Weightlifting Inc.	The U.S. Amateur Weightlifting Foundation	Eliminating Entries	Consolidated Totals
CASH FLOWS FROM OPERATING				
ACTIVITIES:				
Change in net assets	\$ (62,678)	\$ 36,391	\$	\$ (26,287)
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation	6,492			6,492
Realized and unrealized gain on investments	(7,558)			(7,558)
Changes in assets and liabilities:				
Increase in accounts receivable	(40,569)			(40,569)
Decrease in inventory	1,041			1,041
Decrease in prepaid expenses	24,322			24,322
Increase in accounts payable and accrued liabilities	24,132			24,132
Increase in deferred revenue	75,880			75,880
Total adjustments	<u>83,740</u>			<u>83,740</u>
Net cash provided by operating activities	21,062	36,391		57,453
CASH FLOWS FROM INVESTING				
ACTIVITIES:				
Net change in short-term investments	20,614	(36,388)		(15,774)
Net cash provided (used) by investing activities	<u>20,614</u>	<u>(36,388)</u>		<u>(15,774)</u>
NET INCREASE IN CASH	41,676	3		41,679
CASH AND CASH EQUIVALENTS, beginning of year	<u>275,450</u>	<u>2,303</u>		<u>277,753</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 317,126</u>	<u>\$ 2,306</u>	<u>\$</u>	<u>\$ 319,432</u>

See Notes to Financial Statements

USA WEIGHTLIFTING, INC.
THE U.S. AMATEUR WEIGHTLIFTING FOUNDATION
Notes to Consolidating Financial Statements
For the Year Ended December 31, 2010

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of USA Weightlifting, Inc. are being presented on a consolidated basis with The U.S. Amateur Weightlifting Foundation in order to conform to the requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 810, "Consolidation". The statement requires consolidation when one nonprofit has a financial interest and controls the appointment of a majority of board of directors of another nonprofit entity.

Transactions between the two entities are shown as eliminating entries and removed in order to properly reflect consolidated totals.

Organization

USA Weightlifting, Inc. (the Association) is the national governing body for weightlifting, making it responsible for the conduct and administration of weightlifting in the United States. The Association's major objective is to identify, train and field a team of outstanding athletes to compete in the worldwide Olympic Games.

The Association qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and accordingly, is not subject to federal income tax.

The U.S. Amateur Weightlifting Foundation (the Foundation) was incorporated in 1985. The purpose of the Foundation is to raise funds and acquire assets that will enable USA Weightlifting, Inc. to encourage, improve and promote weightlifting in the United States. The Foundation is not a private Foundation.

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and accordingly, is not subject to federal income tax.

Notes to Consolidating Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Financial Statements

The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily or permanently restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Accounts Receivable

Accounts receivable are stated at the amount the Association expects to collect from balances outstanding at year-end. Based on the Association's experience with individuals and businesses having outstanding balances, it has concluded that any losses on balances outstanding at year-end will not be material. Therefore, no allowance for doubtful accounts is considered necessary.

Inventory

Inventory consists of promotional items, clothing, and publications which are stated at the lower of cost (first-in, first-out method) or market.

Membership Registrations

Membership registrations consist of annual, two-year, three-year and four-year registrations. Annual registrations are recognized as revenue ratably over the membership period. Registrations relating to future years are recorded as deferred revenue and recognized as they are earned.

Depreciation

Depreciation is recorded for office furniture and equipment and training equipment using the straight-line method over estimated useful lives of 3 to 10 years. Depreciation expense for the year ended December 31, 2010 was \$1,849.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in the Association's and the Foundation's checking and money market accounts.

Notes to Consolidating Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Compensated Absences

Employees of the Association earn a vested right to compensation for unused vacation. Accordingly, an accrual has been made for vacation compensation that employees have earned but not yet taken.

Income Taxes

No provision for income taxes has been made in the accompanying financial statements because the Association and the Foundation are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986.

The Financial Accounting Standards Board (FASB) issued FASB ASC 740, "Income Taxes", which clarifies the accounting and recognition for income tax positions taken or expected to be taken in the Association and Foundation's income tax returns.

The Association and Foundation's income tax filings are subject to audit by various taxing authorities. The Association and Foundation's open audit periods are 2007 - 2010. The Association and Foundation believe that their operations have been conducted in accordance with their tax-exempt status.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Date of Management's Review

In preparing the financial statements, the Association and FOUNDATION have evaluated events and transactions for potential recognition or disclosure through May 9, 2011, the date that the financial statements were available to be issued.

Notes to Consolidating Financial Statements

B. FAIR VALUE MEASUREMENTS

The Association and Foundation apply Generally Accepted Accounting Principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Association and Foundation have the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following tables present assets that are measured at fair value on a recurring basis at December 31, 2010:

Assets at Fair Value as of December 31, 2010

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market	\$ 1,337	\$	\$	\$ 1,337
Equities	12,343			12,343
Mutual funds	4,236			4,236
United States Olympic Foundation			415,860	415,860
	<u>\$ 17,916</u>	<u>\$</u>	<u>\$ 415,860</u>	<u>\$ 433,776</u>

Notes to Consolidating Financial Statements

B. FAIR VALUE MEASUREMENTS - Continued

Below is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the year ended December 31, 2010:

Beginning balance	\$ 395,636
Interest and dividends	6,205
Withdrawals	(25,000)
Net realized and unrealized gains included in the statement	<u>39,019</u>
Ending balance	<u>\$ 415,860</u>
Gain included in the statement of activities attributable to the change in unrealized gains relating to assets still held at December 31, 2010	<u>\$ 57,796</u>

The United States Olympic Foundation (USOF) investment consists of units in a pooled portfolio managed by the USOF. At December 31, 2010, the USOF portfolio consisted of the following types of securities:

Alternative investments	35.21%
Domestic equities	28.01
International equities	20.41
Domestic bonds	12.09
Cash & cash equivalents	3.77
Convertible securities	<u>.51</u>
	<u>100.00%</u>

C. DEFERRED REVENUE

Deferred revenue consists of the following at December 31, 2010:

Membership registrations	\$ 178,925
Coaching courses	55,495
Recertification fees	19,142
Bid fees	1,000
Event fees	<u>390</u>
	<u>\$ 254,952</u>

Notes to Consolidating Financial Statements

D. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2010 consist of amounts received that are restricted for the following programs:

Jennifer Roy medal fund	\$ 9,350
Jack Hughes award	<u>933</u>
	<u>\$ 10,283</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the year ended December 31, 2010, net assets were released from restrictions for satisfying the following purposes:

WerkSan fund	<u>\$ 10,000</u>
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E. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2010, the United States Olympic Committee (USOC) provided grants to the Association under the following project categories:

NGB funding	\$ 205,915
International relations	8,950
VIK	<u>25,294</u>
	<u>\$ 240,159</u>

In 2007 the Corporation entered into a content license agreement with the USOC. The term of the agreement is July 1, 2007 through December 31, 2012. The Association received \$75,000 in 2010 under this agreement.

The Association is economically dependent upon grants from the USOC in order to maintain its programs at current levels.

The USOC provided the Association with a portion of its previous office facilities at no cost, which has been valued at \$3,112. The Association relocated during 2010. The USOC continues to provide the Corporation with a portion of its current office facilities at no cost, which has been valued at \$2,916 for the 8 months of occupancy at the current facility. In 2010 the USOC also provided 5 months of standard rent, normally paid by the Corporation, at no cost, which has been valued at \$4,745. These amounts have been recorded in the financial statements as value-in-kind revenue from the USOC.

Excluding value-in-kind, rent paid to the USOC for the year ended December 31, 2010 amounted to \$2,847.

Notes to Consolidating Financial Statements

F. RETIREMENT PLAN

The Association has established a tax sheltered annuity program qualified under Section 403(b) of the Internal Revenue Code in which the employer contributes 7.5% of eligible compensation. Employees are eligible to participate in the plan after completing 90 days of service. Employer contributions for the year ended December 31, 2010 were \$15,921.

G. LEASES

As mentioned in footnote E, the Association entered into a lease agreement for office space with the USOC commencing May 1, 2010 and expiring April 30, 2015. The Association has 1,898 square feet of usable office space and 1,458 square feet of common space. The Association pays six dollars a square foot for the office space and three dollars a square foot for the common space. The Association does not pay for the use of the common space, and has recorded value in kind in the amount of \$2,916 for use of this space. Value in kind in the amount of \$4,745 has been recorded for the office space, as payments did not commence until October 2010.

The Association has also signed a lease agreement to provide housing for its national coach. The lease agreement commenced July 8, 2010 and expires June 30, 2011. Monthly lease payments are \$625. The Association has also signed a vehicle lease agreement for the national coach. The lease agreement commenced November 15, 2010 and expires November 14, 2013. Monthly lease payments are \$223. Lease payments paid on behalf of the national coach are reimbursed by the employee.

Future minimum lease payments for the years ended December 31, 2010 under these lease agreements are as follows:

2011	\$ 22,188
2012	18,438
2013	18,215
2014	15,762
2015	5,254

USA WEIGHTLIFTING, INC.
 THE U.S. AMATEUR WEIGHTLIFTING FOUNDATION
 Schedule of Program Services
 For the Year Ended December 31, 2010

	Development and Athlete Programs	Membership Services	International Events	National Events	Total
Airfare & other travel	\$ 49,964	\$	\$ 159,947	\$ 16,558	\$ 226,469
Apparel & outfitting	17,228				17,228
Contract personnel	1,796			13,322	15,118
Depreciation	4,643				4,643
Dues & fees	16,351	8,487	14,409	32,058	71,305
Gifts & awards		948	150	1,491	2,589
Honorariums	40,087				40,087
Incentives	39,052				39,052
Insurance		117,455			117,455
Internet expense	14	43,083			43,097
Other expense	11,836		440	3,191	15,467
Postage & shipping	15,671			8,826	24,497
Printing & publications	588				588
Rebates	84,556	37,762			122,318
Rent	14,667	3,374			18,041
Salaries	214,194	49,280			263,474
Payroll taxes	17,778	4,090			21,868
Employee benefits	44,458	10,228			54,686
Small equipment	1,634				1,634
Supplies & materials	102,457		358	389	103,204
Telephone	1,323		710		2,033
	<u>\$ 678,297</u>	<u>\$ 274,707</u>	<u>\$ 176,014</u>	<u>\$ 75,835</u>	<u>\$ 1,204,853</u>

USA WEIGHTLIFTING, INC.
 THE U.S. AMATEUR WEIGHTLIFTING FOUNDATION
 Schedule of Supporting Services
 For the Year Ended December 31, 2010

	National Headquarters	Fundraising	Board of Directors	Total
Bad debt expense	75			75
Airfare & other travel	7,275	14,035	6,934	28,244
Bank charges	901			901
Contract personnel	22,628			22,628
Depreciation	1,849			1,849
Dues & fees	16,074	500		16,574
Gifts & awards	188			188
Insurance	4,624		5,032	9,656
Internet expense	145			145
Legal & professional fees	24,301			24,301
Other expense	3,088	817		3,905
Postage & shipping	13,068			13,068
Printing & publications	458			458
Rent	2,733	3,398		6,131
Repairs & maintenance	1,429			1,429
Salaries	39,913	49,625		89,538
Payroll taxes	3,313	4,119		7,432
Employee benefits	8,284	10,300		18,584
Small equipment	3,343			3,343
Supplies & materials	3,698			3,725
Telephone	611	2,659		3,270
	<u>\$ 157,998</u>	<u>\$ 85,480</u>	<u>\$ 11,966</u>	<u>\$ 255,444</u>