

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

**Consolidating Financial Statements  
& Supplemental Schedules**

**For the Year Ended December 31, 2012**

## TABLE OF CONTENTS

Independent Auditors' Report . . . . .	1
Consolidating Statement of Financial Position . . . . .	3
Consolidating Statement of Activities and Changes in Net Assets . . . . .	4
Consolidating Statement of Cash Flows . . . . .	5
Notes to Consolidating Financial Statements . . . . .	6
Schedule of Program Services . . . . .	14
Schedule of Supporting Services . . . . .	15



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidating financial statements of USA Weightlifting, Inc. and The U.S. Amateur Weightlifting Foundation (nonprofit organizations), which comprise the consolidating statement of financial position as of December 31, 2012, and the related consolidating statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidating 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 entity'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 financial statements.

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

### **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, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental schedules of program services and supporting services on the final pages are presented for purposes of additional analysis and are not a required part of the consolidating 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 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidating 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 consolidated financial statements as a whole.

*Wright & Goodwin, LLP*  
Colorado Springs, Colorado  
April 30, 2013

USA WEIGHTLIFTING, INC.  
THE U.S. AMATEUR WEIGHTLIFTING FOUNDATION  
Consolidating Statement of Financial Position  
For the Year Ended December 31, 2012

ASSETS

	USA Weightlifting Inc.	The U.S. Amateur Weightlifting Foundation	Eliminating Entries	Consolidated Totals
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$ 142,556	\$ 2,133	\$	\$ 144,689
Short-term investments	852,779	365,569		1,218,348
Accounts receivable	22,763			22,763
Inventory	23,184			23,184
Prepaid expenses	16,525			16,525
<b>Total current assets</b>	<b>1,057,807</b>	<b>367,702</b>		<b>1,425,509</b>
<b>PROPERTY AND EQUIPMENT,</b>				
at cost:				
Training equipment	360,115			360,115
Office furniture	10,214			10,214
Less accumulated depreciation	(358,189)			(358,189)
<b>Property and equipment - net</b>	<b>12,140</b>			<b>12,140</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,069,947</b>	<b>\$ 367,702</b>	<b>\$</b>	<b>\$ 1,437,649</b>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES:</b>				
Accounts payable	\$ 80,185	\$	\$	\$ 80,185
Accrued liabilities	35,613			35,613
Current deferred revenue	406,096			406,096
<b>Total current liabilities</b>	<b>521,894</b>			<b>521,894</b>
<b>LONG-TERM DEFERRED REVENUE</b>	<b>21,665</b>			<b>21,665</b>
<b>Total liabilities</b>	<b>543,559</b>			<b>543,559</b>
<b>NET ASSETS:</b>				
Unrestricted	485,332	367,702		853,034
Temporarily restricted	41,056			41,056
<b>Total net assets</b>	<b>526,388</b>	<b>367,702</b>		<b>894,090</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,069,947</b>	<b>\$ 367,702</b>	<b>\$</b>	<b>\$ 1,437,649</b>

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, 2012

	USA Weightlifting, Inc.		The U.S. Amateur Weightlifting Foundation		Eliminating Entries	Totals
	Unrestricted	Temporarily Restricted	\$	\$	\$	\$
<b>REVENUE:</b>						
National coaching clinics	1,198,990		\$			\$ 1,198,990
Membership	562,375					562,375
USOC revenue:						
Grants	161,880					161,880
Content license agreement	75,000					75,000
Investment income	36,073					36,073
Sponsorship & contributions	30,698	41,773		41,817		77,890
Event revenue	63,715					63,715
Merchandise sales	18,064					18,064
Less cost of goods sold	(27,162)					(27,162)
VIK sponsorship	12,744					12,744
Miscellaneous income	11,671					11,671
Satisfied program restrictions	11,000	(11,000)				
<b>Total revenue</b>	<b>2,155,048</b>	<b>30,773</b>		<b>41,817</b>		<b>2,227,638</b>
<b>EXPENSES:</b>						
Program services:						
Development and						
athlete programs	998,440					998,440
Membership services	329,421					329,421
International events	228,073					228,073
National events	78,356					78,356
<b>Total program services</b>	<b>1,634,290</b>					<b>1,634,290</b>
Supporting services:						
National headquarters	148,147			2,681		150,828
Organizational development	91,903					91,903
Governance	27,440					27,440
<b>Total supporting services</b>	<b>267,490</b>			<b>2,681</b>		<b>270,171</b>
<b>Total expenses</b>	<b>1,901,780</b>			<b>2,681</b>		<b>1,904,461</b>
<b>CHANGE IN NET ASSETS</b>	<b>253,268</b>	<b>30,773</b>		<b>39,136</b>		<b>323,177</b>
<b>NET ASSETS, beginning of year</b>	<b>232,064</b>	<b>10,283</b>		<b>328,566</b>		<b>570,913</b>
<b>NET ASSETS, end of year</b>	<b>\$ 485,332</b>	<b>\$ 41,056</b>		<b>\$ 367,702</b>		<b>\$ 894,090</b>

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, 2012

	USA Weightlifting Inc.	The U.S. Amateur Weightlifting Foundation	Eliminating Entries	Consolidated Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Change in net assets	\$ 284,041	\$ 39,136	\$	\$ 323,177
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation	3,816			3,816
Unrealized gain on investments	(19,791)			(19,791)
Changes in assets and liabilities:				
Decrease in accounts receivable	35,956			35,956
Decrease in inventory	6,735			6,735
Increase in prepaid expenses	(3,332)			(3,332)
Increase in accounts payable and accrued liabilities	1,296			1,296
Increase in deferred revenue	17,168			17,168
Total adjustments	41,848			41,848
Net cash provided by operating activities	325,889	39,136		365,025
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchase of equipment	(2,216)			(2,216)
Net change in short-term investments	(536,513)	(39,312)		(575,825)
Net cash used by investing activities	(538,729)	(39,312)		(578,041)
<b>NET DECREASE IN CASH</b>	(212,840)	(176)		(213,016)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	355,396	2,309		357,705
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 142,556	\$ 2,133	\$	\$ 144,689

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, 2012

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. During the year ended December 31, 2012, there were no transactions between the two entities.

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 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, 2012 was \$3,816.

#### 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

The Association and Foundation qualify as a tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and, accordingly, are not subject to federal income tax. Accordingly, no income tax provision has been recorded.

The Association and Foundation's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2009 to 2012 are subject to examination by various taxing authorities, generally for three years after the date they were filed. Management of the Association and Foundation believe that they do not have any uncertain tax positions that are material to the financial statements.

#### 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 the Foundation have evaluated events and transactions for potential recognition or disclosure through April 30, 2013, 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 table presents assets that are measured at fair value on a recurring basis at December 31, 2012:

Assets at Fair Value as of December 31, 2012

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market	\$ 19,440	\$	\$	\$ 19,440
Equities	603,662			603,662
Mutual funds	4,806			4,806
United States Olympic Foundation			590,440	590,440
	<u>\$ 627,908</u>	<u>\$</u>	<u>\$ 590,440</u>	<u>\$ 1,218,348</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, 2012:

Beginning balance	\$ 433,258
Interest and dividends	6,874
Contributions	97,500
Net realized and unrealized gains included in the statement	<u>52,808</u>
Ending balance	<u>\$ 590,440</u>
Gain included in the statement of activities attributable to the change in unrealized gains relating to assets still held at December 31, 2012	<u>\$ 45,313</u>

Investment income in the accompanying statement of activities consists of the following for the year ended December 31, 2012:

Interest and dividends	\$ 17,811
Unrealized gains	52,366
Realized gains	<u>7,713</u>
	<u>\$ 77,890</u>

The United States Olympic Foundation (USOF) investment consists of units in a pooled portfolio managed by the USOF. At December 31, 2012, the USOF portfolio consisted of the following types of securities:

Alternative investments	35.99%
International equities	23.66
Domestic equities	23.49
Domestic bonds	9.48
Cash & cash equivalents	3.69
International bonds	3.13
Convertible securities	<u>.56</u>
	<u>100.00%</u>

Notes to Consolidating Financial Statements

C. DEFERRED REVENUE

Deferred revenue consists of the following at December 31, 2012:

Membership registrations	\$ 289,826
Coaching courses	122,930
Recertification fees	8,555
Event fees	450
Bid fees	<u>6,000</u>
	<u>\$ 427,761</u>

D. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2012 consist of amounts received that are restricted for the following programs:

Glen Middleton award	\$ 19,123
Jennifer Roy medal fund	11,000
NMU Coach support	10,000
Jack Hughes award	<u>933</u>
	<u>\$ 41,056</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the year ended December 31, 2012, temporarily restricted net assets were released for the following programs:

NMU Coach support	\$ 10,000
Glen Middleton award	<u>1,000</u>
	<u>\$ 11,000</u>

E. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2012, the United States Olympic Committee (USOC) provided grants to the Association under the following project categories:

NGB funding	\$ 100,000
Matching challenge grant	24,526
VIK room and board	23,760
International relations	9,220
VIK rent	<u>4,374</u>
	<u>\$ 161,880</u>

Notes to Consolidating Financial Statements

E. RELATED PARTY TRANSACTIONS - Continued

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 2012 under this agreement. In addition, the USOC provided United Airlines VIK in the amount of \$4,500. This amount is included in sponsorship revenue.

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

The USOC provides the Corporation with a portion of its current office facilities at no cost, which has been valued at at \$4,374 for the year ended December 31, 2012.

Excluding value-in-kind, rent paid to the USOC for the year ended December 31, 2012 amounted to \$11,388.

The Association may, from time to time, compensate Board Members for services provided for Association events pursuant to normal compensation practices for the services provided. No Board Members receive compensation for their service on the Board of Directors.

F. LEASES

As mentioned in Note 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 per year for the office space. The Association does not pay for the use of the common space, and has recorded value in kind in the amount of \$4,374, or three dollars a square foot, for use of this space.

The Association has also signed a lease agreement to provide housing for its national coach. The lease agreement commenced October 15, 2011 and expired May 31, 2012. Monthly lease payments were \$750. 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, 2012 under these lease agreements are as follows:

2013	\$ 18,215
2014	15,762
2015	5,254

## Notes to Consolidating Financial Statements

### G. 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, 2012 were \$9,546.

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

Schedule of Program Services

For the Year Ended December 31, 2012

	Development and Athlete Programs			Membership Services		International Events		National Events		Total
	\$	\$	\$	\$	Events	Events	Events	Events		
Advertising & promotion						206				206
Airfare & accommodations	156,674				140,008			12,146		308,828
Apparel & outfitting	4,272				17,107			816		22,195
Athlete incentives	65,552				9,860					75,412
Contract personnel	16,703		795							17,498
Database & transaction fees			60,184		531					60,715
Discounts & allowances	26,937									26,937
Dues & fees	34,931				12,218			33,600		80,749
Education	3,510									3,510
Gifts & awards					1,344			1,987		3,331
Honorariums	117,345									117,345
Insurance			157,083							157,083
Other expense	1,532		1,780		2,372			5,596		11,280
Personnel expenses:										
Employee benefits	48,984		13,766		10,167			4,589		77,506
Payroll taxes	19,623		3,118		2,628			1,038		26,407
Salaries	226,597		36,842		29,467			12,281		305,187
Postage & shipping	12,681				1,312			1,887		15,880
Printing & publications	1,304									1,304
Rebates	199,347		55,853							255,200
Rent	7,650									7,650
Small equipment	1,906							4,199		6,105
Supplies & materials	50,143							217		50,492
Telephone	2,749									3,470
	<u>\$ 998,440</u>	<u>\$ 329,421</u>	<u>\$ 228,073</u>	<u>\$ 78,356</u>						<u>\$ 1,634,290</u>

See Notes to Financial Statements



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

Schedule of Supporting Services

For the Year Ended December 31, 2012

	National Headquarters	Organizational Development	Governance	Total
Advertising & promotion	6,701			6,701
Airfare & accommodations	3,943	2,340	3,852	10,135
Bad debt expense	645			645
Bank charges	1,917			1,917
Contract personnel	22,270			22,270
Depreciation	3,816			3,816
Dues & fees	3,032	21		3,053
Gifts & awards	435			435
Insurance			5,360	5,360
IT support	7,560			7,560
Legal & professional fees	31,488			31,488
Other expense	1,042		244	1,286
Personnel expenses:				
Employee benefits	9,177	22,943	4,589	36,709
Payroll service fee	2,141			2,141
Payroll taxes	2,079	5,196	1,039	8,314
Salaries	24,561	61,403	12,281	98,245
Postage & shipping	2,579		75	2,654
Printing & publications	1,702			1,702
Rent	15,762			15,762
Small equipment	2,834			2,834
Supplies & materials	2,709			2,709
Telephone	1,754			1,754
	<u>\$ 148,147</u>	<u>\$ 91,903</u>	<u>\$ 27,440</u>	<u>\$ 267,490</u>

See Notes to Financial Statements