

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

**Consolidating Financial Statements
& Supplemental Schedules**

For the Year Ended December 31, 2014

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, 2014, 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 consolidating 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 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 audits 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, 2014, 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 Matters

Our audit was conducted for the purpose of forming an opinion on the consolidating financial statements as a whole. The supplemental schedules of program services and supporting services on pages 14 and 15 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.

Waugh & Goodwin, LLP

Colorado Springs, Colorado
July 26, 2015

USA WEIGHTLIFTING, INC.
THE U.S. AMATEUR WEIGHTLIFTING FOUNDATION
Consolidating Statement of Financial Position
For the Year Ended December 31, 2014

ASSETS

	<u>USA Weightlifting Inc.</u>	<u>The U.S. Amateur Weightlifting Foundation</u>	<u>Eliminating Entries</u>	<u>Consolidated Totals</u>
CURRENT ASSETS:				
Cash and cash equivalents	\$ 275,183	\$ 3,138	\$	\$ 278,321
Short-term investments	1,419,512			1,419,512
Accounts receivable	61,360			61,360
Inventory	8,088			8,088
Prepaid expenses	<u>21,066</u>			<u>21,066</u>
Total current assets	1,785,209	3,138		1,788,347
LONG TERM INVESTMENTS	1,023,683	873,255		1,896,938
PROPERTY AND EQUIPMENT, at cost:				
Training equipment	374,980			374,980
Office furniture	10,214			10,214
Less accumulated depreciation	<u>(365,677)</u>			<u>(365,677)</u>
Property and equipment - net	<u>19,517</u>			<u>19,517</u>
TOTAL ASSETS	<u>\$ 2,828,409</u>	<u>\$ 876,393</u>	<u>\$</u>	<u>\$ 3,704,802</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:				
Accounts payable	\$ 260,090	\$	\$	\$ 260,090
Accrued liabilities	59,786			59,786
Current portion of deferred revenue	<u>795,959</u>			<u>795,959</u>
Total current liabilities	1,115,835			1,115,835
LONG-TERM DEFERRED REVENUE	<u>51,194</u>			<u>51,194</u>
Total liabilities	1,167,029			1,167,029
NET ASSETS:				
Unrestricted	1,625,111	876,393		2,501,504
Temporarily restricted	<u>36,269</u>			<u>36,269</u>
Total net assets	<u>1,661,380</u>	<u>876,393</u>		<u>2,537,773</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,828,409</u>	<u>\$ 876,393</u>	<u>\$</u>	<u>\$ 3,704,802</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, 2014

	USA Weightlifting, Inc.		The U.S. Amateur Weightlifting Foundation		Eliminating Entries	Totals
	Unrestricted	Temporarily Restricted	\$	\$	\$	\$
REVENUE:						
National coaching clinics	2,589,110		\$		\$	2,589,110
Membership	1,002,527					1,002,527
USOC revenue:						
Grants	213,651					213,651
Digital media agreement	75,000					75,000
Event revenue	240,910					240,910
Investment income (loss)	101,209	4,798		27,035		133,042
Marketing revenue	67,510					67,510
VIK sponsorship	55,910					55,910
Sponsorship & contributions	50,026	1,500				51,526
Miscellaneous income	28,482					28,482
Merchandise sales	31,478					31,478
Less cost of goods sold	(8,120)					(8,120)
Satisfied program restrictions	1,000	(1,000)				
Total revenue	4,448,693	5,298		27,035		4,481,026
EXPENSES:						
Program services:						
Development and						
athletic programs	1,267,144					1,267,144
Coaching education	1,181,996					1,181,996
Membership services	508,750					508,750
Events	340,489					340,489
Total program services	3,298,379					3,298,379
Supporting services:						
National headquarters	228,686			1,875		230,561
Organizational development	37,000					37,000
Governance	7,442					7,442
Total supporting services	273,128			1,875		275,003
Total expenses	3,571,507			1,875		3,573,382
CHANGE IN NET ASSETS	877,186	5,298		25,160		907,644
TRANSFERS	(200,000)			200,000		
NET ASSETS, beginning of year	947,925	30,971		651,233		1,630,129
NET ASSETS, end of year	1,625,111	36,269	\$	876,393	\$	2,537,773

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, 2014

	USA Weightlifting Inc.	The U.S. Amateur Weightlifting Foundation	Eliminating Entries	Consolidated Totals
CASH FLOWS FROM OPERATING				
ACTIVITIES:				
Change in net assets	\$ 882,484	\$ 25,160	\$	\$ 907,644
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation	4,060			4,060
Unrealized gain on investments	(20,447)			(20,447)
Changes in assets and liabilities:				
Decrease in accounts receivable	7,829			7,829
Decrease in inventory	3,522			3,522
Increase in prepaid expenses	(1,224)			(1,224)
Increase in accounts payable and accrued liabilities	161,895			161,895
Increase in deferred revenue	81,256			81,256
Total adjustments	<u>236,891</u>			<u>236,891</u>
Net cash provided by operating activities	1,119,375	25,160		1,144,535
CASH FLOWS FROM INVESTING				
ACTIVITIES:				
Purchase of equipment	(11,305)			(11,305)
Transfers to the Foundation	(200,000)	200,000		
Net change in investments	<u>(735,560)</u>	<u>(227,031)</u>		<u>(962,591)</u>
Net cash used by investing activities	<u>(946,865)</u>	<u>(27,031)</u>		<u>(973,896)</u>
NET INCREASE (DECREASE) IN CASH	172,510	(1,871)		170,639
CASH AND CASH EQUIVALENTS, beginning of year	<u>102,673</u>	<u>5,009</u>		<u>107,682</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 275,183</u>	<u>\$ 3,138</u>	<u>\$</u>	<u>\$ 278,321</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, 2014

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 standard 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, 2014, 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 restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

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, 2014 was \$4,060.

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 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, 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 July 26, 2015, 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, 2014:

Assets at Fair Value as of December 31, 2014

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market	\$ 38,145	\$	\$	\$ 38,145
Equity funds	1,381,367			1,381,367
United States Olympic Endowment		1,896,938		1,896,938
	<u>\$ 1,419,512</u>	<u>\$ 1,896,938</u>	<u>\$</u>	<u>\$ 3,316,450</u>

Notes to Consolidating Financial Statements

B. FAIR VALUE MEASUREMENTS - Continued

Investment income in the accompanying statement of activities consists of the following for the year ended December 31, 2014:

Realized gains	\$ 66,163
Interest and dividends	47,093
Unrealized gains	<u>19,786</u>
	<u>\$ 133,042</u>

The United States Olympic Endowment (USOE) investment consists of units in a pooled portfolio managed by the USOE. At December 31, 2014, the USOE portfolio consisted of the following types of securities:

Alternative investments	32.11%
Domestic equities	29.40
International equities	24.02
Domestic bonds	6.20
Cash & cash equivalents	5.45
International bonds	<u>2.82</u>
	<u>100.00%</u>

The alternative investments include hedge equity funds, private equity funds, real estate funds and limited partnerships. Additional consideration was given to inputs available for USOE funds, and based on this information, these assets were reclassified from level 3 to level 2.

Investments in equity securities fluctuate in value in response to many factors, such as the activities and financial condition of individual companies, general business and industry market conditions and the state or perceived direction of the economy. The values of debt securities fluctuate in response to changing interest rates, credit worthiness of issuers, and overall economic policies that impact market conditions. The values of certain investments, such as hedge funds, can fluctuate in response to direct market conditions and other factors that may or may not have a high correlation to overall market direction. Though the market values of investments are subject to fluctuation, management and the investment committee believe that the investment policy is prudent for the long-term welfare of the portfolio.

Notes to Consolidating Financial Statements

C. DEFERRED REVENUE

Deferred revenue consists of the following at December 31, 2014:

Membership registrations	\$ 606,634
Coaching courses	140,940
Recertification fees	81,554
Event fees	17,025
Bid fees	<u>1,000</u>
	<u>\$ 847,153</u>

D. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2014 consist of amounts received that are restricted for the following programs:

Glen Middleton award	\$ 18,996
Jennifer Roy medal fund	16,400
Jack Hughes award	<u>873</u>
	<u>\$ 36,269</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the year ended December 31, 2014, temporarily restricted net assets were released for the following programs:

Glen Middleton award	\$ <u>1,000</u>
	<u>\$ 1,000</u>

E. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2014, the United States Olympic Committee (USOC) provided grants to the Association under the following project categories:

VIK room and board	\$ 131,220
Digital Media agreement	75,000
NGB funding	40,000
Matching challenge grant	30,000
Other grants	7,814
VIK rent	<u>4,617</u>
	<u>\$ 288,651</u>

Notes to Consolidating Financial Statements

E. RELATED PARTY TRANSACTIONS - Continued

In 2013 the Corporation entered into a digital media agreement with the USOC. The term of the agreement is January 1, 2013 through December 31, 2016. The Association received \$75,000 in 2014 under this agreement. In addition, the USOC provided United Airlines VIK in the amount of \$2,400. This amount is included in VIK sponsorship revenue.

During the year ended December 31, 2014, the USOC provided \$402,220 in value-in-kind to support the resident athlete program at the Olympic Training Center. \$131,220 of this value-in-kind has been recorded and is reflected as grant revenue from the USOC in the accompanying financial statements.

The USOC provides the Association with a portion of its current office facilities at no cost, which has been valued at \$4,617 for the year ended December 31, 2014.

Excluding value-in-kind, rent paid to the USOC for the year ended December 31, 2014 amounted to \$11,388. In addition, the Association paid \$10,489 to the USOC for IT Services during the year ended December 31, 2014.

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 \$4,617, or three dollars a square foot, for use of this space.

This lease was renewed May 1, 2015 and expires April 30, 2020. The Association will pay \$6.50 a square foot per year for the office space. The Association will not pay for the use of the common space, and will record value in kind in the amount of \$4,739, or \$3.25 a square foot, for use of this space.

Notes to Consolidating Financial Statements

F. LEASES - Continued

Future minimum lease payments for the years ended December 31, 2014 under these lease agreements are as follows:

2015	\$	16,638
2016		17,076
2017		17,076
2018		17,076
Thereafter		22,767

G. RETIREMENT PLAN

The Association has established a retirement plan qualified under Section 401(k) 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, 2014 were \$19,031.

USA WEIGHTLIFTING, INC.
 THE U.S. AMATEUR WEIGHTLIFTING FOUNDATION
 Schedule of Program Services

For the Year Ended December 31, 2014

	Development and Athlete Programs	Coaching Education	Membership Services	Events	Total
Airfare & accommodations	\$ 642,003	\$ 125,042	\$ 20,525	\$ 66,536	\$ 854,106
Apparel & outfitting	36,567		704		37,271
Athlete incentives	253,572				253,572
Contract personnel & honorariums	13,614	346,008	15,000	28,253	402,875
Database & transaction fees			63,881		63,881
Discounts & allowances		9,895			9,895
Drug testing				3,150	3,150
Dues & fees	33,820	124,465		10,877	169,162
Gifts & awards	2,169			9,524	11,693
Hosting	16,639				16,639
Insurance			138,810	3,308	142,118
Internet fees	60				60
Other expense	3,270	2,087	600	9,641	15,598
Personnel expenses:					
Employee benefits	34,980	22,662	42,430	9,424	109,496
Payroll taxes	21,411	12,241	7,868	2,904	44,424
Salaries & wages	182,789	113,577	117,762	39,096	453,224
Postage & shipping	18,027	4,951	44	32,011	55,033
Printing & publications	60	14,605			14,665
Production expense				19,796	19,796
Rebates		384,196	101,126		485,322
Rent		6,438			6,438
Small equipment	628	74		5,144	11,582
Supplies & materials	5,144	15,546		75,404	76,106
Telephone	2,391	209		25,421	46,111
	<u>\$ 1,267,144</u>	<u>\$ 1,181,996</u>	<u>\$ 508,750</u>	<u>\$ 340,489</u>	<u>\$ 3,298,379</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, 2014

	National Headquarters	Organizational Development	Governance	Total
Advertising & promotion	\$ 16,538	\$		\$ 16,538
Airfare & accommodations	3,556		1,602	5,158
Bad debt expense	8			8
Contract personnel	63,530			63,530
Depreciation	4,060			4,060
Dues & fees	4,306			4,306
Gifts & awards	1,776			1,776
Insurance	6,325		5,840	12,165
IT support	10,489			10,489
Legal & professional fees	24,213			24,213
Other expense	3,076			3,076
Personnel expenses:				
Employee benefits	8,093			8,093
Payroll service fee	5,675			5,675
Payroll taxes	16,362	9,000		25,362
Salaries & wages	26,755	28,000		54,755
Postage & shipping	7,051			7,051
Printing & publications	2,454			2,454
Rent	16,005			16,005
Small equipment	2,501			2,501
Supplies & materials	3,320			3,320
Telephone	4,468			4,468
	\$ 230,561	\$ 37,000	\$ 7,442	\$ 275,003

See Notes to Financial Statements