

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

Consolidating Financial Statements

For the Year Ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the 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, 2018, and the related consolidating statements of activities and changes in net assets, functional expenses, 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.

Auditor's 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, 2018, and the changes in their net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited USA Weightlifting, Inc. and the U.S. Amateur Weightlifting Foundation's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 21, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As described in Note A to the financial statements, in 2018, USA Weightlifting, Inc. adopted Accounting Standards Update (ASU) 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. Our opinion is not modified with respect to this matter.

Waugh & Goodwin, LLP

Colorado Springs, Colorado
October 25, 2019

USA WEIGHTLIFTING, INC.
THE U.S. AMATEUR WEIGHTLIFTING FOUNDATION
Consolidating Statement of Financial Position
December 31, 2018
(With Comparative Totals for 2017)

ASSETS

	USA Weightlifting Inc.	The U.S. Amateur Weightlifting Foundation	2018 Consolidated Totals	2017 Consolidated Totals
CURRENT ASSETS:				
Cash and cash equivalents	\$ 204,484	\$ 7,820	\$ 212,304	\$ 300,993
Short-term investments	1,391,737		1,391,737	1,532,208
Accounts receivable, net	138,437		138,437	184,330
Prepaid expenses	<u>51,858</u>		<u>51,858</u>	<u>19,259</u>
Total current assets	1,786,516	7,820	1,794,336	2,036,790
DESIGNATED CASH	124,708		124,708	177,191
LONG TERM INVESTMENTS	1,205,095	1,125,298	2,330,393	2,403,591
PROPERTY AND EQUIPMENT, at cost:				
Training equipment	334,548		334,548	320,011
Office furniture	41,080		41,080	45,535
Less accumulated depreciation	<u>(138,795)</u>		<u>(138,795)</u>	<u>(102,579)</u>
Property and equipment, net	<u>236,833</u>		<u>236,833</u>	<u>262,967</u>
TOTAL ASSETS	<u>\$ 3,353,152</u>	<u>\$ 1,133,118</u>	<u>\$ 4,486,270</u>	<u>\$ 4,880,539</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:				
Accounts payable	\$ 382,347	\$	\$ 382,347	\$ 356,277
Accrued liabilities	63,876		63,876	37,024
Deferred revenue	<u>1,218,861</u>		<u>1,218,861</u>	<u>1,211,528</u>
Total current liabilities	1,665,084		1,665,084	1,604,829
LONG-TERM ACCRUED EVENT EXPENSES	<u>50,000</u>		<u>50,000</u>	<u>100,000</u>
Total liabilities	1,715,084		1,715,084	1,704,829
NET ASSETS:				
Without donor restrictions	1,472,534	1,133,118	2,605,652	2,957,901
Without donor restrictions - board designated	124,708		124,708	177,191
With donor restrictions	<u>40,826</u>		<u>40,826</u>	<u>40,618</u>
Total net assets	<u>1,638,068</u>	<u>1,133,118</u>	<u>2,771,186</u>	<u>3,175,710</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,353,152</u>	<u>\$ 1,133,118</u>	<u>\$ 4,486,270</u>	<u>\$ 4,880,539</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, 2018
(With Comparative Totals for 2017)

	USA Weightlifting, Inc.		The U.S. Amateur	Eliminating Entries	2018	2017
	Without donor restrictions	With donor restrictions	Weightlifting Foundation		Consolidated Totals	Consolidated Totals
REVENUE AND SUPPORT:						
Membership	\$ 2,452,425	\$	\$	\$	\$ 2,452,425	\$ 2,005,986
National coaching clinics	2,099,681				2,099,681	1,978,896
Event revenue	842,909				842,909	1,003,148
USOPC revenue:						
Digital media agreement	150,000				150,000	150,000
Grants	90,453				90,453	83,673
Sponsorship and contributions	200,914	1,500	10,000	(10,000)	202,414	128,249
VIK sponsorship	60,000				60,000	50,054
Marketing revenue	59,164				59,164	45,034
Committee income	38,379				38,379	109,519
Merchandise sales, net of costs of \$6,908 and \$8,863	26,785				26,785	25,876
Miscellaneous income	9,311				9,311	1,361
Gain (loss) on disposal of assets	(228)				(228)	15,790
Investment income (loss), net of fees of \$13,169 and \$11,498	(76,631)	308	(35,344)		(111,667)	450,347
Satisfied program restrictions	1,600	(1,600)				
Total revenue and support	5,954,762	208	(25,344)	(10,000)	5,919,626	6,047,933
EXPENSES:						
Program services:						
Development and athlete programs	2,544,001			(10,000)	2,534,001	2,645,119
Membership services	1,329,359				1,329,359	715,648
Coaching education	1,176,919				1,176,919	1,100,222
Events	922,026				922,026	1,142,397
Total program services	5,972,305			(10,000)	5,962,305	5,603,386
Supporting services:						
National headquarters	170,673		3,228		173,901	147,002
Governance	137,919				137,919	77,633
Organizational development	50,025				50,025	71,670
Total supporting services	358,617		3,228		361,845	296,305
Total expenses	6,330,922		3,228	(10,000)	6,324,150	5,899,691
CHANGE IN NET ASSETS	(376,160)	208	(28,572)		(404,524)	148,242
NET ASSETS, beginning of year	1,973,402	40,618	1,161,690		3,175,710	2,963,037
TRANSFER OF NET ASSETS						64,431
NET ASSETS, end of year	\$ 1,597,242	\$ 40,826	\$ 1,133,118	\$	\$ 2,771,186	\$ 3,175,710

See Notes to Financial Statements

USA WEIGHTLIFTING, INC.
THE U.S. AMATEUR WEIGHTLIFTING FOUNDATION
Consolidating Statement of Functional Expenses
For the Year Ended December 31, 2018
(With Comparative Totals for 2017)

	Development and Athlete Programs	Membership Services	Coaching Education	Events	Eliminating Entries	Total Consolidated Program Services
Advertising & promotion	\$	\$ 24,267	\$ 30,000	\$ 18,964	\$	\$ 73,231
Airfare & accommodations	855,658	53,278	77,153	171,900		1,157,989
Apparel & outfitting	97,279	480		3,610		101,369
Athlete incentives	845,955	500				846,455
Background screening	2,049	49,529				51,578
Bad debt expense						
Committee expenses		49,797				49,797
Contract personnel & honorariums	41,346	20,845	544,611	197,263		804,065
Contributions	10,000				(10,000)	
Cost of merchandise sales		6,908				6,908
Database & transaction fees		44,307		149,838		194,145
Depreciation	2,164	2,724	2,436	34,070		41,394
Dues & fees	161,614		6,905	18,150		186,669
Education			280			280
Event expenses						
Facilities & equipment rental	9,652	11,538	5,832	65,123		92,145
Gifts & awards	5,694	3,254	1,915	24,794		35,657
Insurance	5,391	197,052	2,050	1,156		205,649
Internet fees	5,445	237,394		2,826		245,665
Legal & professional fees	47,586	144,239	21,775	35,171		248,771
Other expense						
Personnel expenses:						
Employee benefits	54,427	29,640	23,843	16,092		124,002
Payroll taxes	24,421	15,586	11,395	6,957		58,359
Salaries & wages	336,574	198,025	154,879	87,301		776,779
Postage & shipping	12,165	6,315	4,867	45,595		68,942
Printing & publications	998	3,448	1,836	7,678		13,960
Rebates		226,651	273,973			500,624
Royalty payment	7,409					7,409
Small equipment	815			160		975
Supplies & materials	12,831	7,249	9,496	30,441		60,017
Telephone	4,528	3,241	3,673	4,937		16,379
Total expenses	2,544,001	1,336,267	1,176,919	922,026	(10,000)	5,969,213
Less expenses shown net of revenue on statement of activities		(6,908)				(6,908)
Expenses on statement of activities	\$ 2,544,001	\$ 1,329,359	\$ 1,176,919	\$ 922,026	\$ (10,000)	\$ 5,962,305

	National Headquarters	Governance	Organizational Development	Total Consolidated Supporting Services	2018 Consolidated Totals	2017 Consolidated Totals
Advertising & promotion	\$	\$	\$	\$	\$ 73,231	\$ 80,216
Airfare & accommodations	32,033	98,803	3,353	134,189	1,292,178	1,284,202
Apparel & outfitting					101,369	54,464
Athlete incentives					846,455	673,237
Background screening	167			167	51,745	22,051
Bad debt expense	18,754			18,754	18,754	
Committee expenses					49,797	17,576
Contract personnel & honorariums	7,406			7,406	811,471	791,162
Contributions						585
Cost of merchandise sales					6,908	8,863
Database & transaction fees					194,145	21,528
Depreciation	289	131	183	603	41,997	40,829
Dues & fees	24,951	677	360	25,988	212,657	196,853
Education					280	147
Event expenses						173,000
Facilities & equipment rental	1,076	490	686	2,252	94,397	265,661
Gifts & awards	212	1,535	135	1,882	37,539	71,918
Insurance	1,779	361	440	2,580	208,229	224,269
Internet fees	2,905		371	3,276	248,941	188,017
Legal & professional fees	3,375	1,171	1,639	6,185	254,956	209,196
Other expense	3,928			3,928	3,928	11,845
Personnel expenses:						
Employee benefits	10,379	4,953	5,989	21,321	145,323	163,833
Payroll taxes	3,538	2,047	2,498	8,083	66,442	57,996
Salaries & wages	46,894	27,268	33,227	107,389	884,168	765,107
Postage & shipping	356	380	226	962	69,904	84,621
Printing & publications	3,757			3,757	17,717	20,320
Rebates					500,624	333,798
Royalty payment					7,409	27,500
Small equipment	1,647			1,647	2,622	25,344
Supplies & materials	10,228		774	11,002	71,019	72,326
Telephone	227	103	144	474	16,853	22,090
Total expenses	173,901	137,919	50,025	361,845	6,331,058	5,908,554
Less expenses shown net of revenue on statement of activities					(6,908)	(8,863)
Expenses on statement of activities	\$ 173,901	\$ 137,919	\$ 50,025	\$ 361,845	\$ 6,324,150	\$ 5,899,691

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, 2018
(With Comparative Totals for 2017)

	USA Weightlifting Inc.	The U.S. Amateur Weightlifting Foundation	2018 Consolidated Totals	2017 Consolidated Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in net assets	\$ (375,952)	\$ (28,572)	\$ (404,524)	\$ 148,242
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:				
Depreciation	41,997		41,997	40,829
Unrealized (gains) losses on investments	175,886		175,886	(145,549)
(Gain) loss on disposal of assets	228		228	(15,790)
Decrease (increase) in assets:				
Accounts receivable, net	45,893		45,893	(17,085)
Prepaid expenses	(32,599)		(32,599)	55,114
Increase (decrease) in liabilities:				
Accounts payable	26,070		26,070	(15,158)
Accrued liabilities	26,852		26,852	13,896
Deferred revenue	7,333		7,333	115,558
Accrued event expenses	(50,000)		(50,000)	100,000
Total adjustments	<u>241,660</u>		<u>241,660</u>	<u>131,815</u>
Net cash provided (used) by operating activities	(134,292)	(28,572)	(162,864)	280,057
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of equipment	(26,091)		(26,091)	(43,031)
Proceeds from sale of equipment	10,000		10,000	15,790
Change in investments, net	<u>2,437</u>	<u>35,346</u>	<u>37,783</u>	<u>(104,798)</u>
Net cash provided (used) by investing activities	(13,654)	35,346	21,692	(132,039)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Transfers of net assets				<u>64,431</u>
Net cash provided by financing activities				<u>64,431</u>
NET INCREASE (DECREASE) IN CASH	(147,946)	6,774	(141,172)	212,449
CASH AND CASH EQUIVALENTS, beginning of year	<u>477,138</u>	<u>1,046</u>	<u>478,184</u>	<u>265,735</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 329,192</u>	<u>\$ 7,820</u>	<u>\$ 337,012</u>	<u>\$ 478,184</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, 2018

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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.

Accounting Standards Update

On August 18, 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Association has adjusted the presentation of the financial statements, accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the Association's financial statements:

- The temporarily restricted and permanently restricted net asset classes, have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements now include a presentation of expenses that describes both the functional nature of the expenses and their natural classification according to the actual usage of resources.
- The financial statements include a new disclosure about liquidity and availability of resources (Note B).

Notes to Consolidating Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Standards Update - continued

The changes have the following effect on net assets at December 31, 2017:

<u>Net Asset Class</u>	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted net assets	\$ 2,957,901	\$
Unrestricted - board designated	177,191	
Temporarily restricted net assets	40,618	
Net assets without donor restrictions		2,957,901
Net assets without donor restrictions - board designated		177,191
Net assets with donor restrictions		<u>40,618</u>
Total net assets	<u>\$ 3,175,710</u>	<u>\$ 3,175,710</u>

In addition, certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Prior-Year Comparisons

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional expense classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association and Foundation's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

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".

Notes to Consolidating Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation - continued

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, 2018, there were contributions of \$10,000 from the Association to the Foundation. There were no grants or contributions during the year ended December 31, 2017.

Cash and Cash Equivalents

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

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, the Association has concluded that an allowance for doubtful accounts in the amount of \$25,000 and \$6,246 is necessary for the years ending December 31, 2018 and 2017, respectively.

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 years ended December 31, 2018 and 2017 was \$41,997 and \$40,829, respectively.

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.

Membership Registrations

Membership registrations primarily consist of annual registrations. Annual registrations are recognized as revenue ratably over the membership period.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributions

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of donated assets.

When a restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Donated Services

The Association recognizes donated services that create or enhance non-financial assets or that require specialized skills and would typically need to be purchased if not provided by donation. For the years ended December 31, 2018 and 2017, there were no donated services recorded.

A number of volunteers donated time to the Association's program services; however, the estimated value was not recorded, because they did not meet the criteria described above.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Association. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Certain costs and expenses are allocated among the various programs and supporting service expenses based on salary, time and effort spent, and dedicated resources.

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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Supplemental Cash Flow Information

During the years ended December 31, 2018 and 2017, the Association and Foundation did not pay any interest or income taxes.

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 October 25, 2019, the date that the financial statements were available to be issued.

B. AVAILABLE RESOURCES AND LIQUIDITY

USA Weightlifting, Inc. and The U.S. Amateur Weightlifting Foundation regularly monitor liquidity required to meet their operating needs and other commitments, while also striving to effectively invest funds by protecting and strengthening the financial position of the Association and Foundation. The Association and Foundation have various sources of liquidity at their disposal, including cash and cash equivalents, accounts receivable, and investments. The Association and Foundation currently do not have an investment policy that govern the management of the respective portfolios; however, Management and the Board of Directors oversee all investment decisions.

In addition to financial assets available to meet general expenditures over the next 12 months, the Association strives to produce a conservative budget and anticipates collecting revenue from conducting its program services to adequately cover operating expenses.

The following table reflects the Association and Foundation's financial assets as of December 31, 2018 and 2017. Additionally, the Association has funds designated by the Board of Directors for the benefit of the regional Local Weightlifting Committees, as well as the USA Masters Weightlifting Committee (Note E), and funds designated by donors for the benefit of various program services (Note F).

Notes to Consolidating Financial Statements

B. AVAILABLE RESOURCES AND LIQUIDITY - Continued

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 337,012	\$ 478,184
Accounts receivable, net	138,437	184,330
Investments	<u>3,722,130</u>	<u>3,935,799</u>
Total financial assets	4,197,579	4,598,313
Less amounts with Board restrictions (Note E)	(124,708)	(177,191)
Less amounts with donor restrictions (Note F)	<u>(40,826)</u>	<u>(40,618)</u>
Financial assets available within one year	<u>\$ 4,032,045</u>	<u>\$ 4,380,504</u>

C. 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 Association recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

C. FAIR VALUE MEASUREMENTS

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2018 and 2017:

Assets at Fair Value as of December 31, 2018

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market	\$ 40,422	\$	\$	\$ 40,422
Equity mutual funds and ETFs	352,515			352,515
Fixed income mutual funds	957,786			957,786
REITs		41,014		41,014
United States Olympic Endowment		2,330,393		2,330,393
	<u>\$ 1,350,723</u>	<u>\$ 2,371,407</u>	<u>\$</u>	<u>\$ 3,722,130</u>

Assets at Fair Value as of December 31, 2017

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market	\$ 41,994	\$	\$	\$ 41,994
Equity mutual funds and ETFs	436,004			436,004
Fixed income mutual funds	1,001,892			1,001,892
REITs		44,228		44,228
Common stock	8,090			8,090
United States Olympic Endowment		2,403,591		2,403,591
	<u>\$ 1,487,980</u>	<u>\$ 2,447,819</u>	<u>\$</u>	<u>\$ 3,935,799</u>

Investment income (loss) in the accompanying statement of activities consists of the following for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 61,616	\$ 53,777
Investment fees	(13,169)	(11,498)
Realized gains	87,105	188,993
Unrealized gains (losses)	<u>(247,219)</u>	<u>219,075</u>
	<u>\$ (111,667)</u>	<u>\$ 450,347</u>

C. FAIR VALUE MEASUREMENTS - Continued

The United States Olympic Endowment (USOE) investment consists of units in a pooled portfolio managed by the USOE. At December 31, 2018, the USOE portfolio consisted of the following types of securities:

Alternative investments	39.11%
Domestic equities	29.31
International equities	18.32
Domestic bonds	6.77
International bonds	3.64
Cash & cash equivalents	<u>2.85</u>
	<u>100.00%</u>

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.

D. DEFERRED REVENUE

Deferred revenue consists of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Memberships	\$ 780,026	\$ 864,948
Recertification fees	175,044	171,904
Coaching courses	131,736	129,920
Event fees	106,555	29,756
Sponsorships	<u>25,500</u>	<u>15,000</u>
	<u>\$ 1,218,861</u>	<u>\$ 1,211,528</u>

Notes to Consolidating Financial Statements

E. NET ASSETS WITHOUT DONOR RESTRICTIONS - BOARD DESIGNATED

A portion of the net assets without donor restrictions has been designated by the Board of Directors to be used for the support of regional Local Weightlifting Committees, as well as the USA Masters Weightlifting Committee. Designations have been made to segregate net assets for the support of the committees that are affiliated with USA Weightlifting, Inc.

F. NET ASSETS WITH DONOR RESTRICTIONS - TEMPORARY

Net assets with temporary donor restrictions at December 31, 2018 and 2017, are available for the following purposes:

	<u>2018</u>	<u>2017</u>
Jennifer Roy medal fund	\$ 23,150	\$ 21,650
Glenn Middleton award	12,343	13,035
Jack Hughes award	<u>5,333</u>	<u>5,933</u>
	<u>\$ 40,826</u>	<u>\$ 40,618</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2018 and 2017, net assets with donor restrictions were released for the following programs:

	<u>2018</u>	<u>2017</u>
Glenn Middleton award	\$ 1,000	\$ 1,000
Jack Hughes award	<u>600</u>	<u> </u>
	<u>\$ 1,600</u>	<u>\$ 1,000</u>

G. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2018 and 2017, the United States Olympic & Paralympic Committee (USOPC) provided revenue to the Association under the following categories:

	<u>2018</u>	<u>2017</u>
High performance support	\$ 45,000	\$
Challenge grants	20,000	20,000
International relations grant	10,000	5,000
VIK rent	8,203	7,336
Other grants	7,000	8,837
Special grant	<u>250</u>	<u>42,500</u>
	<u>\$ 90,453</u>	<u>\$ 83,673</u>

During the years ended December 31, 2018 and 2017, the USOPC owed the Association \$33,328 and \$3,400, and the Association owed the USOPC \$29,637 and \$13,071, respectively.

Notes to Consolidating Financial Statements

G. RELATED PARTY TRANSACTIONS - Continued

In 2013 the Association entered into a digital media agreement with the USOPC. The term of the agreement was January 1, 2013, through December 31, 2016.

During the year ended December 31, 2018, the agreement was extended with the same terms through December 31, 2020. The Association received \$150,000 under this agreement in both of the years ended December 31, 2018 and 2017.

The USOPC provides the Association with a portion of its current office facilities at no cost, which have been valued at \$8,203 and \$7,336 for the years ended December 31, 2018 and 2017, respectively.

Excluding value-in-kind, rent paid to the USOPC for the years ended December 31, 2018 and 2017 amounted to \$21,353 and \$19,099, respectively. In addition, the Association paid \$19,104 and \$20,256, respectively, to the USOPC for IT Services during the years ended December 31, 2018 and 2017.

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.

H. LEASES

As mentioned in Note G, the Association entered into a lease agreement for office space with the USOPC commencing May 1, 2015 and expiring April 30, 2020. The Association will pay \$6.50 a square foot per year for the office space. The Association had 1,898 square feet of usable office space and 1,458 square feet of common space through April 1, 2017. During the year ended December 31, 2017, the Association entered into an amendment to this lease to increase their office space to 3,285 square feet and common space to 2,524 square feet and to extend the term to December 31, 2020. The Association does not pay for the use of the common space and has recorded value in kind in the amount of \$3.25 a square foot for use of this space.

Future minimum lease payments, including in kind, for the years ended December 31 under this lease agreement are as follows:

2019	\$	29,551
2020		29,551

Notes to Consolidating Financial Statements

I. RETIREMENT PLAN

The Association has established a retirement plan qualified under Section 401(k) of the Internal Revenue Code in which the employer contributes a percentage of eligible compensation. Employees are eligible to participate in the plan after completing 90 days of service. Employer contributions for the years ended December 31, 2018 and 2017, were \$59,327 and \$52,018, respectively.

J. TRANSFERS OF NET ASSETS - USA MASTERS WEIGHTLIFTING

During the year ended December 31, 2017, the Association reflected the transfer of net assets from USA Masters Weightlifting, an affiliated committee. The Association has included the activity from this committee in their financial statements.