

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

**Consolidating Financial Statements
& Supplemental Schedules**

For the Year Ended December 31, 2015

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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, 2015, 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, 2015, 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

June 17, 2016

USA WEIGHTLIFTING, INC.
THE U.S. AMATEUR WEIGHTLIFTING FOUNDATION
Consolidating Statement of Financial Position
For the Year Ended December 31, 2015

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	\$ 6,346	\$ 86,183	\$	\$ 92,529
Short-term investments	1,837,494			1,837,494
Accounts receivable	44,424			44,424
Inventory	23,375			23,375
Prepaid expenses	<u>49,953</u>			<u>49,953</u>
Total current assets	1,961,592	86,183		2,047,775
LONG TERM INVESTMENTS	<u>1,015,726</u>	<u>866,468</u>		<u>1,882,194</u>
PROPERTY AND EQUIPMENT,				
at cost:				
Training equipment	486,803			486,803
Office furniture	10,214			10,214
Less accumulated depreciation	<u>(369,945)</u>			<u>(369,945)</u>
Property and equipment - net	<u>127,072</u>			<u>127,072</u>
TOTAL ASSETS	<u>\$ 3,104,390</u>	<u>\$ 952,651</u>	<u>\$</u>	<u>\$ 4,057,041</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:				
Accounts payable	\$ 279,857	\$	\$	\$ 279,857
Accrued liabilities	29,690			29,690
Current portion of deferred revenue	<u>976,359</u>			<u>976,359</u>
Total current liabilities	1,285,906			1,285,906
LONG-TERM DEFERRED REVENUE	<u>5,038</u>			<u>5,038</u>
Total liabilities	1,290,944			1,290,944
NET ASSETS:				
Unrestricted	1,770,372	952,651		2,723,023
Temporarily restricted	<u>43,074</u>			<u>43,074</u>
Total net assets	<u>1,813,446</u>	<u>952,651</u>		<u>2,766,097</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,104,390</u>	<u>\$ 952,651</u>	<u>\$</u>	<u>\$ 4,057,041</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, 2015

	USA Weightlifting, Inc.		The U.S. Amateur Weightlifting Foundation	Eliminating Entries	Totals
	Unrestricted	Temporarily Restricted			
REVENUE AND SUPPORT:					
National coaching clinics	\$ 2,277,477	\$	\$	\$	\$ 2,277,477
Membership	1,200,518				1,200,518
Event revenue	506,650				506,650
USOC revenue:					
Digital media agreement	225,000				225,000
Grants	84,262				84,262
VIK sponsorship	121,288				121,288
Marketing revenue	46,395				46,395
Sponsorship & contributions	41,443	1,860	3,000		46,303
Miscellaneous income	41,604				41,604
Merchandise sales	34,472				34,472
Less cost of goods sold	(15,751)				(15,751)
Investment income (loss)	(30,552)	5,945	(6,780)		(31,387)
Grant to USA Weightlifting	18,000			(18,000)	
Satisfied program restrictions	1,000	(1,000)			
Total revenue and support	4,551,806	6,805	(3,780)	(18,000)	4,536,831
EXPENSES:					
Program services:					
Development and athlete programs	1,452,425				1,452,425
Coaching education	1,028,521				1,028,521
Membership services	781,790				781,790
Events	715,529				715,529
Grant to USA Weightlifting			18,000	(18,000)	
Total program services	3,978,265		18,000	(18,000)	3,978,265
Supporting services:					
National headquarters	273,136		1,962		275,098
Governance	33,836				33,836
Organizational development	21,308				21,308
Total supporting services	328,280		1,962		330,242
Total expenses	4,306,545		19,962	(18,000)	4,308,507
CHANGE IN NET ASSETS	245,261	6,805	(23,742)		228,324
TRANSFERS	(100,000)		100,000		
NET ASSETS, beginning of year	1,625,111	36,269	876,393		2,537,773
NET ASSETS, end of year	\$ 1,770,372	\$ 43,074	\$ 952,651	\$	\$ 2,766,097

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, 2015

	USA Weightlifting Inc.	The U.S. Amateur Weightlifting Foundation	Eliminating Entries	Consolidated Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in net assets	\$ 252,066	\$ (23,742)	\$	\$ 228,324
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation	4,268			4,268
Unrealized loss on investments	116,123			116,123
Changes in assets and liabilities:				
Decrease in accounts receivable	16,936			16,936
Increase in inventory	(15,287)			(15,287)
Increase in prepaid expenses	(28,887)			(28,887)
Decrease in accounts payable and accrued liabilities	(10,329)			(10,329)
Increase in deferred revenue	134,244			134,244
Total adjustments	<u>217,068</u>			<u>217,068</u>
Net cash provided (used) by operating activities	469,134	(23,742)		445,392
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of equipment	(111,823)			(111,823)
Transfers to the Foundation	(100,000)	100,000		
Net change in investments	<u>(526,148)</u>	<u>6,787</u>		<u>(519,361)</u>
Net cash used by investing activities	<u>(737,971)</u>	<u>106,787</u>		<u>(631,184)</u>
NET INCREASE (DECREASE) IN CASH	(268,837)	83,045		(185,792)
CASH AND CASH EQUIVALENTS, beginning of year	<u>275,183</u>	<u>3,138</u>		<u>278,321</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 6,346</u>	<u>\$ 86,183</u>	<u>\$</u>	<u>\$ 92,529</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, 2015

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, 2015, there was a grant from the Foundation to the Association in the amount of \$18,000.

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, 2015 was \$4,268.

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 June 17, 2016, 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, 2015:

Assets at Fair Value as of December 31, 2015

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market	\$ 43,219	\$	\$	\$ 43,219
Equity funds	1,794,275			1,794,275
United States Olympic Endowment		<u>1,882,194</u>		<u>1,882,194</u>
	<u>\$ 1,837,494</u>	<u>\$ 1,882,194</u>	<u>\$</u>	<u>\$ 3,719,668</u>

Notes to Consolidating Financial Statements

B. FAIR VALUE MEASUREMENTS - Continued

Investment loss in the accompanying statement of activities consists of the following for the year ended December 31, 2015:

Realized gains	\$ 78,752
Interest and dividends	51,376
Unrealized losses	<u>(161,515)</u>
	<u>\$ (31,387)</u>

The United States Olympic Endowment (USOE) investment consists of units in a pooled portfolio managed by the USOE. At December 31, 2015, the USOE portfolio consisted of the following types of securities:

Alternative investments	35.58%
Domestic equities	30.05
International equities	23.80
Domestic bonds	6.46
International bonds	2.84
Cash & cash equivalents	<u>1.27</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.

Notes to Consolidating Financial Statements

C. DEFERRED REVENUE

Deferred revenue consists of the following at December 31, 2015:

Membership registrations	\$ 615,807
Coaching courses	180,820
Recertification fees	170,245
Event fees	<u>14,525</u>
	<u>\$ 981,397</u>

D. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2015 consist of amounts received that are restricted for the following programs:

Glen Middleton award	\$ 23,941
Jennifer Roy medal fund	18,200
Jack Hughes award	<u>933</u>
	<u>\$ 43,074</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the year ended December 31, 2015, 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, 2015, the United States Olympic Committee (USOC) provided grants to the Association under the following project categories:

Digital Media agreement	\$ 225,000
International relations	65,000
Other grants	14,645
VIK rent	<u>4,617</u>
	<u>\$ 309,262</u>

At December 31, 2015, the USOC owed the Association \$12,500 and the Association owed the USOC \$17,390.

Notes to Consolidating Financial Statements

E. RELATED PARTY TRANSACTIONS - Continued

In 2013 the Association 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 \$225,000 in 2015 under this agreement.

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, 2015.

Excluding value-in-kind, rent paid to the USOC for the year ended December 31, 2015 amounted to \$12,021. In addition, the Association paid \$10,662 to the USOC for IT Services during the year ended December 31, 2015.

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. 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 has 1,898 square feet of usable office space and 1,458 square feet of common space. The Association paid \$6.00 per square foot per year for the office space through April 30, 2015, and \$6.50 per square foot pursuant to the renewed lease. 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 for the years ended December 31, 2015 under these lease agreements are as follows:

2016	\$	17,076
2017		17,076
2018		17,076
2019		17,076
2020		5,692

Notes to Consolidating Financial Statements

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, 2015 were \$42,070.

USA WEIGHTLIFTING, INC.
THE U.S. AMATEUR WEIGHTLIFTING FOUNDATION
Schedule of Program Services
For the Year Ended December 31, 2015

	Development and Athlete Programs	Coaching Education	Membership Services	Events	Total
Advertising & promotion	\$ 599	\$ 2,390	\$	\$ 115	\$ 3,104
Airfare & accommodations	553,334	139,518	17,133	163,066	873,051
Apparel & outfitting	29,703	6,368	87		36,158
Athlete incentives	462,504				462,504
Bad debt expense	28,458	990	205	3,790	33,443
Contract personnel & honorariums	10,407	341,378	37,301	134,777	523,863
Contributions	4,557		49,000		53,557
Database & transaction fees			83,558		83,558
Discounts & allowances		195			195
Dues & fees	65,647	66,900		18,599	151,146
Education		1,810			1,810
Gifts & awards	1,431		5,200	37,070	43,701
Insurance	5,478		155,298	3,408	164,184
Internet fees			105,988	13	106,001
Legal & professional fees	14,550			11,623	26,173
Other expense	6,198			36,515	42,713
Personnel expenses:					
Employee benefits	38,720	14,473	45,949	16,011	115,153
Payroll taxes	14,078	8,643	11,084	4,896	38,701
Salaries & wages	184,773	112,891	153,955	68,788	520,407
Postage & shipping	9,229	17	43	82,565	91,854
Printing & publications	57	2,865	1,035	120	4,077
Rebates		323,456	115,685	4,446	443,587
Rent	150	5,854		92,764	98,768
Small equipment	14,023				14,023
Supplies & materials	6,157	295	269	36,196	42,917
Telephone	2,372	478		767	3,617
	<u>\$ 1,452,425</u>	<u>\$ 1,028,521</u>	<u>\$ 781,790</u>	<u>\$ 715,529</u>	<u>\$ 3,978,265</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, 2015

	National Headquarters	Governance	Organizational Development	Total
Advertising & promotion	\$ 2,708	\$ 652	\$ 150	\$ 3,510
Apparel & outfitting			25	25
Airfare & accommodations	2,702	21,412	389	24,503
Bad debt expense	1,250		4,572	5,822
Contract personnel	360		3,550	3,910
Contributions			585	585
Depreciation	4,268			4,268
Dues & fees	30,245	9	1,372	31,626
Gifts & awards	320			320
Internet expense	10,662			10,662
Insurance	14,462	6,560		21,022
Legal & professional fees	25,000	5,000		30,000
Personnel expenses:				
Employee benefits	26,724		9,925	36,649
Payroll taxes	2,249			2,249
Salaries & wages	109,444			109,444
Postage & shipping	10,364	113		10,477
Printing & publications	11,282	55	26	11,363
Rent	15,689			15,689
Small equipment	147			147
Supplies & materials	3,522	35	225	3,782
Telephone	3,700		489	4,189
	<u>\$ 275,098</u>	<u>\$ 33,836</u>	<u>\$ 21,308</u>	<u>\$ 330,242</u>

See Notes to Financial Statements