

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

**Consolidating Financial Statements
& Supplemental Schedules**

For the Year Ended December 31, 2011

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidating statement of financial position of USA Weightlifting, Inc. and The U.S. Amateur Weightlifting Foundation, (nonprofit organizations) as of December 31, 2011, and the related consolidating statements of activities and changes in net assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidating financial statements referred to above present fairly, in all material respects, the financial position of USA Weightlifting, Inc. and The U.S. Amateur Weightlifting Foundation as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of program services and supporting services are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling

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

Waugh & Goodwin, LLP

May 25, 2012

USA WEIGHTLIFTING, INC.
THE U.S. AMATEUR WEIGHTLIFTING FOUNDATION
Consolidating Statement of Financial Position
For the Year Ended December 31, 2011

ASSETS

	USA Weightlifting Inc.	The U.S. Amateur Weightlifting Foundation	Eliminating Entries	Consolidated Totals
CURRENT ASSETS:				
Cash and cash equivalents	\$ 355,396	\$ 2,309	\$	\$ 357,705
Short-term investments	296,475	326,257		622,732
Accounts receivable	58,719			58,719
Inventory	29,919			29,919
Prepaid expenses	<u>13,193</u>			<u>13,193</u>
Total current assets	753,702	328,566		1,082,268
PROPERTY AND EQUIPMENT,				
at cost:				
Training equipment	360,115			360,115
Office furniture	7,998			7,998
Less accumulated depreciation	<u>(354,373)</u>			<u>(354,373)</u>
Property and equipment - net	<u>13,740</u>			<u>13,740</u>
TOTAL ASSETS	<u>\$ 767,442</u>	<u>\$ 328,566</u>	<u>\$</u>	<u>\$ 1,096,008</u>
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES:				
Accounts payable	\$ 83,495	\$	\$	\$ 83,495
Accrued liabilities	31,007			31,007
Deferred revenue	<u>410,593</u>			<u>410,593</u>
Total liabilities	525,095			525,095
NET ASSETS:				
Unrestricted	232,064	328,566		560,630
Temporarily restricted	<u>10,283</u>			<u>10,283</u>
Total net assets	<u>242,347</u>	<u>328,566</u>		<u>570,913</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 767,442</u>	<u>\$ 328,566</u>	<u>\$</u>	<u>\$ 1,096,008</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, 2011

	<u>USA Weightlifting, Inc.</u>		The U.S. Amateur Weightlifting Foundation	Eliminating Entries	Totals
	Unrestricted	Temporarily Restricted			
REVENUE:					
USOC revenue:					
Grants	\$ 160,454	\$	\$	\$	\$ 160,454
Content license agreement	75,000				75,000
National coaching clinics	862,367				862,367
Membership	385,912				385,912
Merchandise sales	23,971				23,971
Less cost of goods sold	(21,458)				(21,458)
Investment loss	(733)		(6,189)		(6,922)
Sponsorship	52,883				52,883
Event revenue	56,312				56,312
Miscellaneous income	11,613				11,613
VIK sponsorship	10,984				10,984
Total revenue	<u>1,617,305</u>		<u>(6,189)</u>		<u>1,611,116</u>
EXPENSES:					
Program services:					
Development and athlete programs	792,816				792,816
Membership services	272,422				272,422
International events	172,730				172,730
National events	21,128				21,128
Total program services	<u>1,259,096</u>				<u>1,259,096</u>
Supporting services:					
National headquarters	211,578				211,578
Fundraising	88,556				88,556
Board of Directors	37,653				37,653
Total supporting services	<u>337,787</u>				<u>337,787</u>
Total expenses	<u>1,596,883</u>				<u>1,596,883</u>
CHANGE IN NET ASSETS	20,422		(6,189)		14,233
NET ASSETS, beginning of year	<u>211,642</u>	<u>10,283</u>	<u>334,755</u>		<u>556,680</u>
NET ASSETS, end of year	<u>\$ 232,064</u>	<u>\$ 10,283</u>	<u>\$ 328,566</u>	<u>\$</u>	<u>\$ 570,913</u>

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, 2011

	USA Weightlifting Inc.	The U.S. Amateur Weightlifting Foundation	Eliminating Entries	Consolidated Totals
CASH FLOWS FROM OPERATING				
ACTIVITIES:				
Change in net assets	\$ 20,422	\$ (6,189)	\$	\$ 14,233
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:				
Depreciation	4,306			4,306
Unrealized loss on investments	8,265			8,265
Changes in assets and liabilities:				
Decrease in accounts receivable	15,711			15,711
Decrease in inventory	14,715			14,715
Decrease in prepaid expenses	2,930			2,930
Increase in accounts payable and accrued liabilities	26,111			26,111
Increase in deferred revenue	155,641			155,641
Total adjustments	<u>227,679</u>			<u>227,679</u>
Net cash provided (used) by operating activities	248,101	(6,189)		241,912
CASH FLOWS FROM INVESTING				
ACTIVITIES:				
Purchase of equipment	(6,418)			(6,418)
Net change in short-term investments	<u>(203,413)</u>	<u>6,192</u>		<u>(197,221)</u>
Net cash provided (used) by investing activities	<u>(209,831)</u>	<u>6,192</u>		<u>(203,639)</u>
NET INCREASE IN CASH	38,270	3		38,273
CASH AND CASH EQUIVALENTS, beginning of year	<u>317,126</u>	<u>2,306</u>		<u>319,432</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 355,396</u>	<u>\$ 2,309</u>	<u>\$</u>	<u>\$ 357,705</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, 2011

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, 2011, 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 or permanently restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Accounts Receivable

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

Inventory

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

Membership Registrations

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

Depreciation

Depreciation is recorded for office furniture and equipment and training equipment using the straight-line method over estimated useful lives of 3 to 10 years. Depreciation expense for the year ended December 31, 2011 was \$4,306.

Cash and Cash Equivalents

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

Notes to Consolidating Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Compensated Absences

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

Income Taxes

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

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

The Association and Foundation's income tax filings are subject to audit by various taxing authorities. The Association and Foundation's open audit periods are 2008 to 2011. The Association and Foundation believe that their operations have been conducted in accordance with their tax-exempt status.

Use of Estimates

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

Date of Management's Review

In preparing the financial statements, the Association and the Foundation have evaluated events and transactions for potential recognition or disclosure through May 25, 2012, 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, 2011:

Assets at Fair Value as of December 31, 2011

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market	\$ 7,267	\$	\$	\$ 7,267
Equities	177,955			177,955
Mutual funds	4,252			4,252
United States Olympic Foundation			433,258	433,258
	<u>\$ 189,474</u>	<u>\$</u>	<u>\$ 433,258</u>	<u>\$ 622,732</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, 2011:

Beginning balance	\$ 415,860
Interest and dividends	8,340
Contributions	27,664
Net realized and unrealized losses included in the statement	<u>(18,606)</u>
Ending balance	<u>\$ 433,258</u>
Loss included in the statement of activities attributable to the change in unrealized losses relating to assets still held at December 31, 2011	<u>\$ (27,616)</u>

Investment income (loss) in the accompanying statement of activities consists of the following for the year ended December 31, 2011:

Interest and dividends	\$ 11,984
Unrealized losses	(27,916)
Realized gains	<u>9,010</u>
	<u>\$ (6,922)</u>

The United States Olympic Foundation (USOF) investment consists of units in a pooled portfolio managed by the USOF. At December 31, 2011, the USOF portfolio consisted of the following types of securities:

Alternative investments	37.01%
Domestic equities	23.29
International equities	21.55
Domestic bonds	10.41
Cash & cash equivalents	4.13
International bonds	2.99
Convertible securities	<u>.62</u>
	<u>100.00%</u>

Notes to Consolidating Financial Statements

C. DEFERRED REVENUE

Deferred revenue consists of the following at December 31, 2011:

Membership registrations	\$ 225,823
Coaching courses	114,070
Recertification fees	43,413
Event fees	14,050
Bid fees	11,000
Miscellaneous fees	<u>2,237</u>
	<u>\$ 410,593</u>

D. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2011 consist of amounts received that are restricted for the following programs:

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

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the year ended December 31, 2011, no net assets were released from restrictions.

E. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2011, the United States Olympic Committee (USOC) provided grants to the Association under the following project categories:

NGB funding	\$ 150,400
International relations	5,680
VIK rent	<u>4,374</u>
	<u>\$ 160,454</u>

In 2007 the Corporation entered into a content license agreement with the USOC. The term of the agreement is July 1, 2007 through December 31, 2012. The Association received \$75,000 in 2011 under this agreement. In addition, the USOC provided United Airlines VIK in the amount of \$9,600. 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.

Notes to Consolidating Financial Statements

E. RELATED PARTY TRANSACTIONS - Continued

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, 2011.

Excluding value-in-kind, rent paid to the USOC for the year ended December 31, 2011 amounted to \$11,388.

F. RETIREMENT PLAN

The Association has established a tax sheltered annuity program qualified under Section 403(b) of the Internal Revenue Code in which the employer contributes 7.5% of eligible compensation. Employees are eligible to participate in the plan after completing 90 days of service. Employer contributions for the year ended December 31, 2011 were \$16,464.

G. 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 expires May 31, 2012. Monthly lease payments are \$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, 2011 under these lease agreements are as follows:

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

USA WEIGHTLIFTING, INC.
THE U.S. AMATEUR WEIGHTLIFTING FOUNDATION
Schedule of Program Services
For the Year Ended December 31, 2011

	Development and Athlete Programs	Membership Services	International Events	National Events	Total
Airfare & accommodations	\$ 123,863	\$	\$ 137,294	\$	\$ 261,157
Apparel & outfitting			14,581		14,581
Contract personnel	2,044				2,044
Discounts & allowances	9,956				9,956
Dues & fees	23,949	62,010	17,766	10,081	113,806
Honorariums	66,343				66,343
Incentives	44,475				44,475
Insurance		129,370			129,370
Other expense	8,325	2,737	2,175		13,237
Postage & shipping	16,913		914	11,047	28,874
Printing & publications	867				867
Rebates	150,593	46,062			196,655
Rent	10,943	1,292			12,235
Salaries	200,529	23,674			224,203
Payroll taxes	15,691	1,852			17,543
Employee benefits	45,952	5,425			51,377
Small equipment	673				673
Supplies & materials	70,558				70,558
Telephone	1,142				1,142
	<u>\$ 792,816</u>	<u>\$ 272,422</u>	<u>\$ 172,730</u>	<u>\$ 21,128</u>	<u>\$ 1,259,096</u>

USA WEIGHTLIFTING, INC.
THE U.S. AMATEUR WEIGHTLIFTING FOUNDATION
Schedule of Supporting Services
For the Year Ended December 31, 2011

	National Headquarters	Fundraising	Board of Directors	Total
Bad debt expense	\$ 534	\$	\$	\$ 534
Advertising & promotion	4,304			4,304
Airfare & accommodations	16,693		7,844	24,537
Bank charges	1,566			1,566
CEO relocation expense	10,000			10,000
Contract personnel	53,110			53,110
Depreciation	4,306			4,306
Dues & fees	1,971			1,971
Gifts & awards	113			113
IT support	8,055			8,055
Legal & professional fees	27,974			27,974
Other expense	957		276	1,233
Postage & shipping	8,788			8,788
Printing & publications	2,425			2,425
Rent	2,443	3,548	1,183	7,174
Salaries	44,767	65,020	21,684	131,471
Payroll taxes	3,503	5,088	1,697	10,288
Payroll service fee	2,142			2,142
Employee benefits	10,259	14,900	4,969	30,128
Small equipment	3,176			3,176
Supplies & materials	2,338			2,338
Telephone	2,154			2,154
	<u>\$ 211,578</u>	<u>\$ 88,556</u>	<u>\$ 37,653</u>	<u>\$ 337,787</u>