

Reports from our National Officers



President
Vice President
Secretary
Treasurer
Financial Report of USATF

Report from your President...

As I near the halfway point of my second term as your president, I am going to break from my longstanding and very traditional report format. Each year, I have gone through a litany of where I've been and to what purpose. To me, it's been a good recap of what I've accomplished, since I don't like to take trips just to go somewhere.

And I've taken a few trips since we last met; spent a few nights in airports or on very late night/early morning shuttles to get to inconveniently-timed (but cheaper) flights. I've performed a lot of business for you at all levels -- grassroots, high performance, and international.

You could say that an indicator of my year would be my budget -- I'm probably going to be over! Part of that is what we all experienced this year: fuel, airfares, and hotel nights creeping up in cost. Part of that is the demand of the job, with more people wanting me to come and be a part of their meetings, events, conferences, and other experiences. Sadly, this busy schedule did not include a youth or masters event (other than my own many local events). When the time came to determine whether I could go to (for example) Baltimore or Charlotte, I knew already I wouldn't have the budget!

But rather than report on what has been in the recent past, I would like to take a look forward to the future of our sport and our organization. As we face a year in which restructuring will once again take center stage, I'd like you to focus -- as I have tried to do -- on where we want our sport to be in ten or twenty years...

- ...I'd like us to be more popular as an elite sport. I'd like people in general and talented athletes in particular to move away from "fad" sports. In order for that to happen, we probably must change some of the ways we have done things for decades, particularly in meet scheduling and presentation.
- ...I'd like more people to watch our sport on television and/or the Internet. To that end, we must continue to offer events for broadcast, and tailor them to the television audience (but not get so 'up close and personal' that we lose the hard-core track & field fan).
- ...I'd like more people to be in our sport, particularly at the grassroots level. More all-

comers meets and series should be held in more cities. More of the 1.3 million high school athletes should have the opportunity to compete after high school. Particularly important, more post-collegiate athletes -- who at the age of 22 or 23 have not peaked in their career -- should have clubs to support them and keep them in the sport just a few more years.

- ...I'd like our sport to be drug-free. As we all know, having implemented doping control within our federation in 1989, this is easier said than done. We need to return to the days when we were an inspiring sport, not one under a constant cloud of suspicion, and we are working hard to that end.
- ...Most important to me, as a devoted national servant to our sport for over 30 years, I want all of these things, but not at an increased cost of administration. I truly believe our structure can be leaner, more efficient and effective, and just as reflective of "all things to all people" as our current structure. This is why I believe that our restructuring efforts must yield real change.

I know many of you share one or more of these visions with me, because not very many of these ideas are original thoughts with me.

How do we do these things? And how will restructuring help us do these things -- or will it?

Certainly the first three items on my wish list can be done using our present structure. The fourth is out of our complete control, but we must continue to make every effort to get athletes, coaches, agents, managers, and medical support personnel who cheat a suitable punishment. That leaves more effective governance.

I first started in this organization when it was part of AAU. When we separated from them to form TAC/USA, rejoicing among the diehard track & field folks was rampant -- no longer would we have to put up with boxers debating lane line violations. We could imagine equal enthusiasm in every sport area, with swimmers no longer have stroke rules debated by wrestlers, and judo's championships having to be approved by basketballers.

We face much of that within our own sport, due to our nature as a sport and the breadth of our organization. We have rules for one age group being determined by everyone. More important, we have a limited discretionary budget. Even with increased membership fees enhancing those areas of the sport where membership is important, we continue to have to make hard decisions about where our limited funding should go.

Should elite athletes determine the direction of youth athletics, or hurdle heights for masters? Should officials determine the scope of prize money in grand prix events? Should race walkers have a say in whether a meet holds a mile or a 1500-meters? I know that many of us delve into multiple areas of our sport, me included. But work in many areas does not mean an expertise in all of them. We are lucky if we become experts in a single area during our lifetimes in our sport -- or maybe two!

I envision a structure for our sport which first makes sure the entire community of our sport is represented. We have bits and pieces of that scattered throughout our current structure, but there doesn't seem to be a coherent or effective way in which this happens. Certainly an Association structure works well for our youth, and officials. But does pulling a track and field person from each Association to make high performance decisions make sense -- do they have the expertise to know what makes an athlete move from emerging elite to the world podium?

I envision a structure which gives each distinct area of our sport the governance control of their area. This includes the ability to make some budget priorities, to perform their own strategic planning, and to have ultimate responsibility for the development of their area.

Development -- there's a key word with many meanings. In the world of the USATF Foundation, development is the art of fundraising. In a youth setting, development programs would most likely enhance our opportunities for youth by creating more clubs and competitions.

In officials, it may mean developing a broader base among the thousands of local, uncertified officials working the myriad of middle and high school events each week during the spring.

Development at the high performance level and with the USOC means the development pipeline. Answering the questions of how athletes come to our sport and at what ages and with what sporting experiences, how we nurture them with critical knowledge and skills, how we support them during their journey from beginner to elite, and how we get them from being just another body with talent to the steps of the Olympic and world podium -- those are the solutions to the complex puzzle of athlete support.

I envision a Board which knows its job as a board -- policy maker, employer of the CEO, planner, advocate, monitor, and evaluator -- and knows the difference between management and governance; which teaches its members about ethics, liability, and conflict of interest; which evaluates itself and makes changes to improve itself through ongoing board development; and which knows what board members should and should not do for your organization.

I personally think that we can -- at the highest levels of USATF governance -- retain the broad representation of the current Board through an effective group of people who serve just below the level of Board member, but above the level of "advisor." This would enable access to a smaller board with issues and concerns, but ensure that those sitting at the board table are going to make decisions with the greater good of the federation in mind, and not a narrower, politically correct, opinion poll driven, focus.

Management of this type has been advocated by the USOC time and time again, and is the model the USOC used in its own restructuring. But, I assure you, I do not advocate a change to the way the USOC currently governs itself at the top just because they did it or want it. I sat in on their meetings, and heard from the same experts in management process that they heard, and have read extensively in the literature on the topic. I was swayed by the experts, just as they were. You don't think it was tough for the 123 members of the old USOC board to give up that title and direct access to the highest level of governance and decision-making? It was, but -- in the end -- the vote was nearly unanimous.

Again this year, I challenge you to each look at our sport as if we as an organization did not exist today. Not having us around does little to change the landscape of our sport. There would still be

the schools, clubs, parks and recreation programs, and organizations of officials, coaches, and athletes. There would still be the mandate to have a USOC member for our sport, and an IAAF member. We would still need an organization to put our international teams on the field of play, and staff them with the most capable leadership available. If we were charged today with creating an organization to serve the main purposes of the Ted Stevens Amateur Sports Act of 1998, what would it look like? How would we best serve our sport?

That is a fundamental question I think everyone should consider, and contribute ideas during the coming year, leading up to our Honolulu Annual Meeting and decisions on the proposals which will come next August from the Restructuring Task Force.

At this annual meeting, the Restructuring Task Force – once again led by our treasurer, Ed Koch – will hear from you. I know I'll hear from you. I want to hear from you, and don't just limit your input to the hallways and meeting rooms – e-mail continues to be an effective way to reach me, and my address at bill.roe@usatf.org – should be easy for you to remember. Consider me an open pipeline to the task force if you have something to share.

While in the process of writing this report, I mentioned to a colleague that my “format” would be different than previous years. I was advised to at least do a brief recap, since it will keep a consistent framework from my previous reports.

December

- Junior Olympics cross country in Providence, RI

January

- USATF Board conference call
- PNTF and Club Northwest board meetings (monthly all year, with one or two months off)
- Coaching middle distance and distance men and women at Western Washington (continuing through May)

February

- 99th Millrose Games, New York, NY
- USATF Foundation board meeting, New York, NY

- Running USA annual conference in San Diego, CA
- Board meeting, along with indoor nationals, in Boston, MA
- Office visit, Indianapolis, IN
- Winter cross country in New York, and team sign-up for the World Cross
- Memorial service for Dean Ingram, founding secretary of TAC/USA, in Seattle, WA

March

- Road Runners Club of America convention in Houston, TX
- Second NACAC cross country championships in Orlando, FL
- World Cross Country Championships in Fukuoka, Japan (travel commenced in March, competition dates April 1-2)

April

- MMRF Run, San Francisco, CA
- Olympic Trials Marathon bid meeting, Boston, MA
- Audit Committee meeting, Chicago, IL

May

- 30th Bloomsday Run, Spokane, WA (start line announcer, never missed this event!)
- USATF Board conference call Special meeting of the Board with organizational management expert, Denver, CO
- National Club Relay Championships, Denver, CO
- Running USA board meeting, Denver, CO Prefontaine Classic, Eugene, OR
- Bolder Boulder Road Run International Team Challenge, Boulder, CO
- Start of my 38th year of staging all-comers track & field events – this year, I did not miss a single meet in our series of 12 – events continued through August 16

June

- Board meeting and office visit, Indianapolis, IN
- Outdoor nationals in Indianapolis
- National 10k Trail Run in Vail, CO
- Meeting with Craig Masback and USOC's Jim Scherr and Jay Warwick, Colorado Springs, CO

July

- Memorial service for Helio Rico, Croton-on-Hudson, NY
- National Club Track & Field, Walnut, CA
- National 50-mile Trail Run, Mount Rainier, WA

August

- USATF Board conference call dealing with Zero tolerance issues
- First PAA Road to 2008 meet, Eugene, OR
- Associations Workshop, Pittsburgh, PA
- Restructuring Task Force meeting, Pittsburgh, PA
- Office visit, Indianapolis, IN

September

- Coaching cross country at Western Washington (continuing through November)
- World Cup of Track & Field, Athens, Greece
- USATF Board conference call
- Twin Cities Marathon (national men's and women's championship) and exhibit presenter, Minneapolis/St. Paul, MN
- Instigated and attended the first PNTF "Annual Convention," a day-long series of meetings in Seattle, WA

October

- Rules Committee conference call
- Board meeting and office visit, Indianapolis, IN
- Meeting with Peter Ueberroth, USOC President, Newport Beach, CA
- Budget Committee meeting, Indianapolis, IN
- Telephone communications to our Hall of Fame inductees

November

- ING New York City Marathon, New York, NY
- Running USA board meeting, New York, NY

I am still as involved at the grassroots level as ever. I continue to work as a member of the Club Northwest board, and staging events in my community. In the Puget Sound area, I attended over 30 events in 2006. And I attend more Association board meetings than I miss!

Finally, let me finish by once again thanking you for the honor of serving as the longest-tenured president in our federation's history. After nearly

six years in this position, and eighteen years as a national officer, I am continually inspired by the passion and commitment of all of you.

Best regards,

Bill Roe

... Your Vice President

Final preparations for our Annual Meeting have been placed in motion. The countdown has begun. Our Annual Meeting is just around the corner. I sense the energy and enthusiasm we will share at committee, taskforce, and board meetings as we celebrate our sport.

As they should, Board of Directors decisions usually involve a substantial amount of discussion. The USATF Code of Ethics and Membership Fee Increase were definitely a challenge, but we passed them. Updating our strategic plan was a useful exercise. And now, we are preparing to develop a Restructuring model for our Federation. With input from all levels of our organization, I am convinced we can streamline our structure and function more effectively. It's a matter of choice.

Like many of you, I am involved at all levels of our sport. I served as a referee for the NCAA Championships, Drake Relays, the SEC Outdoor Championships, and the NJCAA Outdoor Championships. Locally, I serve as Certification Chair for our Association and as co-meet director for one of the largest high school meets in the area, the O.J. Jensen Kiwanis Track Meet. See you at the track or field!

In August, the Associations Workshop was held in Pittsburg. The weekend is packed with timely and helpful information to aid in the administration of an Association; be it large or small. Attendance is always excellent. The implementation of the Child Protection Program in Associations will be of benefit to our young athletes as well as our sport. On a less serious note, will the actors/actresses in the "grievance hearing" drama be brought back by popular demand next year? Time will tell!

The IAAF Women's Committee held their meetings in conjunction with the Grand Prix Finale in Stuttgart, Germany on September 9-10.

Our focus is on opportunities and participation for female athletes, coaches, officials, and administrators. A proactive strategy that encourages, recruits, mentors, and educates women to successfully integrate into all areas of our sport is needed. Four women will be elected to the IAAF Council and each committee will elect two women creating 20% participation.

From grassroots to Masters programs, we witness an incredible display of talent from our athletes, coaches, and officials. They are part of some very special events. My heartfelt thanks to our leadership, the National Staff, and everyone from the Association level to our national championships, who share their time and talents to make us the great sport we are.

Have a great convention!

All the best,

Dee Jensen

... Your Secretary

As the USATF Secretary I have drafted minutes of all of the meetings and conference calls for the Board of Directors this year. In addition I attended the Associations Workshop in August and participated in numerous officer calls. I will again assemble attendance lists for the annual meetings based on association and organization submissions. 2007 looks to be the same as 2006.

It is a pleasure to serve USATF – I hope everyone has a productive annual meeting.

Lynn Cannon
Secretary

... and Your Treasurer

My activities as USATF Treasurer have kept me busy this year.

The USATF financial reports distributed this week show how our organization has moved forward in the last few years. The accumulated deficits of the late 1990's are gone and USATF once again has a positive net worth on its balance sheet.

The 2005 audited financial statements released earlier this year indicate that the post-Olympic year was excellent financially. Meanwhile, we have been operating with a tight budget for 2006 and have shown a modest loss for the first eight months of this calendar year. As of this writing, it appears that USATF will not quite be able to finish the calendar year with net income for yet another year. However, we do project that USATF is on track to finish with net income for the entire current Olympiad.

The 2006 loss is due primarily to unanticipated costs in fielding our USA teams in international competition, especially the World Indoor Championships and World Junior Championships. While the organization always keeps a close eye on expenses, we will not compromise the effort to put our best USA teams on the track and in the field. Meanwhile our revenues in 2006 have been on target.

Our long-term goal is to build the USATF net worth to at least six months of operating revenues to protect USATF from any future economic downturns.

Much of the credit for our improved long-term financial position goes to the National Office (especially Jim Elias and Gina Miller) and the Budget Committee under the leadership of Larry James. It continues to be a pleasure working with all of them.

As the USATF Treasurer, I am a member of the Board of Directors and have participated in all of its meetings and conference calls this year. I am a member of the Budget Committee, Audit Committee, and officer liaison to the Associations Committee. I have participated in all three committees and also attended this year's Associations Workshop, leading two of its panels.

I have also served this year as the Chair of the USATF Restructuring Task Force which started its deliberations early this year and is scheduled to make recommendations to be considered at next year's annual meeting in Hawaii. We have been busy gathering information and analyzing the current USATF committee and Board structure. We will be meeting this week at Indianapolis to continue our work.

My officiating assignments continue to include both national and local events. Among other assignments in 2005, I served as Acting Referee at the Millrose Games, a clerk at the USA Outdoor Nationals, Associate Chief Clerk at the Penn Relays, Chief Clerk at the IC4A Outdoor Championships, as Track Referee at the USATF-NJ Indoor and Outdoor Men's, Women's & Masters Championships, and as an official in many local youth meets.

Locally, I continue to serve as Parliamentarian for USATF-NJ elections and attend USATF-NJ Board of Trustees meetings as an invited guest to offer my advice and historical perspective.

Most importantly, Cora and I continue to raise our two future Junior Olympians Eddie and Billy.

I look forward to seeing many of you during the week in Indianapolis.

Respectfully Submitted,

Edward R. Koch
USATF Treasurer

Financial Report for USA Track & Field, Inc.

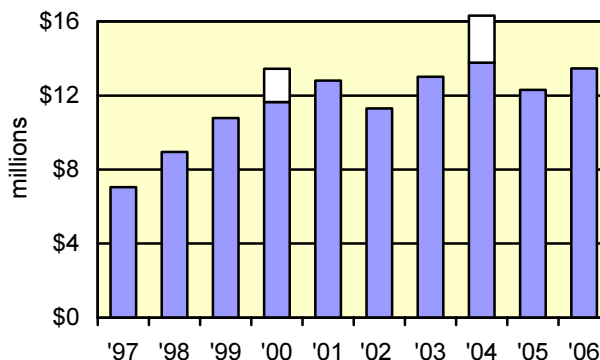
Summary

This report summarizes USA Track & Field, Inc.'s 2006 financial events and audited 2005 financial statements (which are included in this booklet) and provides a brief overview of the 2007 budget.

The attached statements reflect the most significant component of USATF's financial performance; however, significant elements of the organization's performance are not shown in our income statements. These include USOC direct athlete support programs, such as athlete insurance and cash grants, and spending by Visa Championship Series (VCS) partners. The growth of these programs is very significant as USATF has been able to leverage these partners to deliver additional benefits (over \$2.5 million in both 2005 and 2006) to our athletes. These external arrangements are integral to achieving strategic plan goals and objectives.

Since December 31, 2005, our financial results have not been as positive, as we project a net loss for 2006 – our first net loss since 1999. Our 2006 results of operations are detailed below.

Revenue Trend 1997 - 2006



2006 amounts are projected. 2000 and 2004 include \$1.8 and \$2.5 million, respectively, in Olympic Trials' revenue that is shaded separately.

2006 Financial Report (through August 31, 2006)

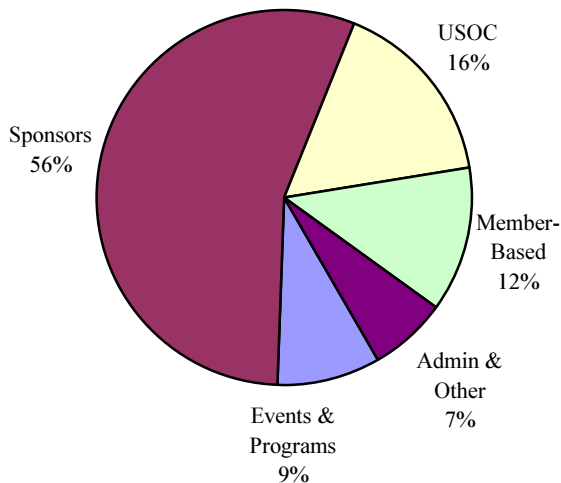
USATF recorded revenues of \$10.4 million and expenses of \$10.9 million through August 31, resulting in a net loss of \$424,000. Since our revenues are earned and expenses are incurred in different patterns over the course of the year, this is not necessarily the best indicator of USATF's financial results for the year; however, we can now project how many of USATF's largest projects and expect revenue to compare to our full year budget expectations. While we expect most expense line items to come at or even under budget, international teams will exceed budget by more than \$300,000. This overage was caused by a variety of factors: higher than anticipated travel costs, larger than budgeted team sizes, unfavorable foreign currency rates, and excessive discretionary spending. Ultimately, this overage will hit the organization's bottom line with a net loss for 2006.

Revenues – Sponsor revenue represented \$5.8 million of total revenue for the period with USOC grants bringing in another \$1.7 million. Event and athlete program revenue contributed another \$1 million primarily from Millrose Games ticket sales and other Millrose-related revenue. Memberships

and sanctions added another \$1.3 million in revenue while merchandise sales, coaching education revenues, VIK and interest income rounding out most of the balance.

Overall, we anticipate that revenues will finish the year as planned with several variances offsetting one another. Additional favorable variances in areas such as interest income and merchandise sales will help offset lower sponsor revenue.

Actual Revenue Through August 31, 2006

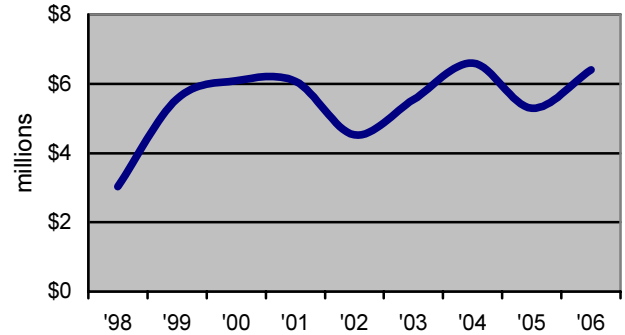


Expenses – On the expense side, elite athlete competitions accounted for \$5.7 million of total expense with High Performance Programs and Member-Based Programs posting \$2 million and \$1.1 million, respectively. Other programs such as Grass Roots and Program Support rounded out the balance along with administrative and governance costs.

Through August, a majority of the elite athlete competitions (VCS, championships, and most international team competitions) were complete. In this area, most programs came in as expected; however, budget overages on several international teams – including IAAF World Indoor and World Junior Championships – will result in an projected \$300,000 overall unfavorable budget variance for the year. Other elite athlete programs, such as high performance programs and development, are less predictable with significant activities in the final months of the year; so it is more difficult to project final results. Grass Roots, Member-Based, Program Support and Administration & Governance are all reasonably predictable.

Additional comments on specific expense statement line items:

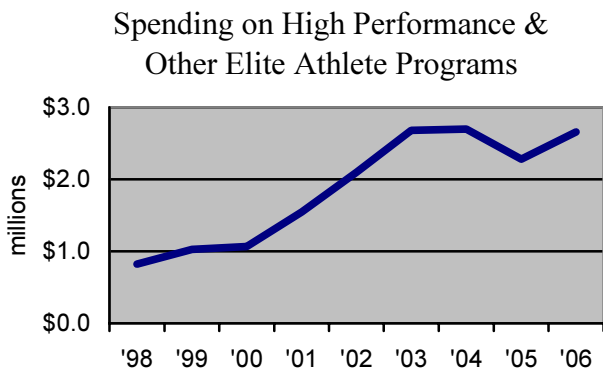
Spending on National Championships, Elite Meets & International Teams



2006 is projected. 1998 and 2002 were "light" years internationally.

Elite Competitions – The \$5.7 million spent in this area was split into championships (\$1.1 million), international teams (\$2.0 million), and the VCS (\$2.6 million). Across these areas, over \$1.1 million was spent on athletes at national championships and the VCS in the form of prize money and travel support (excluding USOC athlete support). Both championships and the VCS are expected to come in at or under 2006 budget. As noted above, international teams will finish the year over budget due to higher than expected travel costs and greater number of athletes on teams (compared to budget).

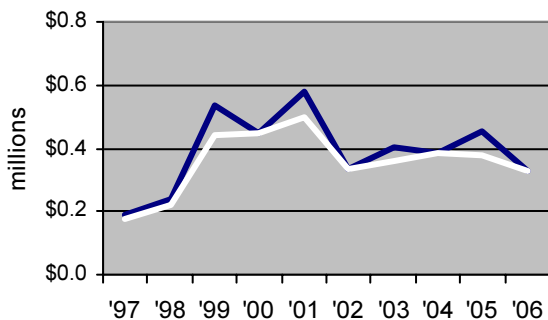
High Performance Programs – Much of our high performance spending is in our "PPF" programs (so-called because they are the focus of the USOC's Performance Pool Funding grant). Since PPF is a reimbursement grant, USOC revenues always match related expenses. Of the \$2.0 million spent on high performance programs in the first eight months of 2006, 44% was for high performance programs (athlete development, sport science, and competitive opportunities); 36% was elite athlete programs including athlete support; 8% was anti-doping related; and, 12% was for coaching education programs. Across all high performance programs, we project total expense to come in at budget.



Note: 2006 is projected.

Grass Roots – These costs include youth, LDR, and Masters Programs. Youth programs comprise 66% of Grass Roots spending in the first eight months of 2006 with youth’s emphasis on the Junior Olympic and Youth Athletics competitions. All Grass Roots programs are consistent with budget and prior years.

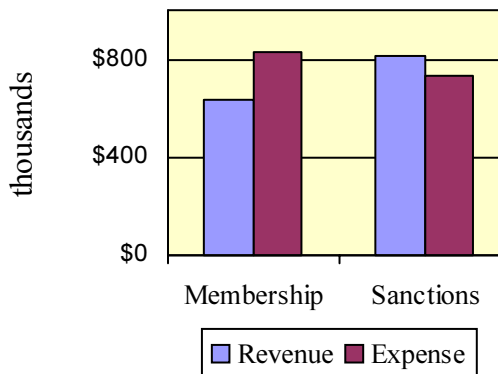
Spending on Youth Programs



Note: Amounts include the cost of the World Youth Championships in the odd years, thereby increasing yearly spending over “base” program levels (indicated by the lighter line). Higher spending from 1999 to 2001 was driven by sponsored programs.

Member-Based Programs – Expenses for the two main components of this line – member/association services and sanctions – are in line with both the budget and revenues earned by these programs.

2006 Membership Economics (projected)



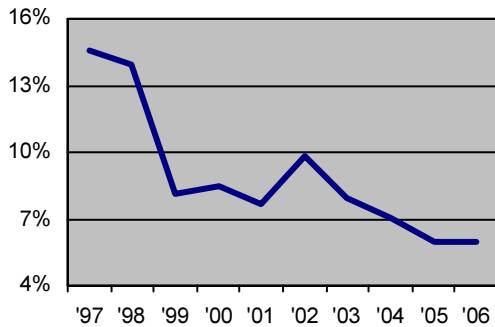
While the above chart shows an operating loss on the membership programs, it does not consider ancillary revenue generated by members (net profit in merchandise sales to members would cover much of the “loss” on membership). In addition, significant membership revenue is flowing to Associations to support local programs. The sanction program has operated at or slightly above break even in recent years as insurance costs have been controlled and we sign up additional fee-paying events.

Program Support – These costs include Communications & Sport Promotion, Marketing & Sponsor Development, and Legal Affairs. Costs in these departments, primarily staff time, are projected to come in at budget. In the last three years, USATF has launched and maintained a number of high-profile communications and marketing efforts, including enhancements to www.usatf.org and promotion of the Visa Championship Series, with minimal incremental cost.

Administration & Governance – Administration refers to the non-programmatic activities required to run the organization such as finance, technology and human resources. Governance includes the oversight and leadership functions of the organization, most notably the Board of Directors. USATF’s administration & governance ratio (“admin ratio”) was below 6% for the first eight months of 2006. This ratio, which is calculated as (administrative + governance costs)/total expenses, is a measure of efficiency. USATF’s admin ratio is favorable as most non-profit organizations consider 10% to be the mark of excellence. With a lower admin ratio, we were able to spend more funds on programs and

strategic activities. The admin rate has leveled off after a steady decline in 1998 and 1999, indicating the cost control initiatives and our focus on athlete and member programs have been successful.

Admin Ratio 1997 - 2006



Note: 2006 is projected

The main drivers of this increased efficiency have been the high percentage of staff time spent on programs and the improved cost structure at the national office. In addition, as programs have grown, non-programs costs have held steady or declined. Essentially, increased efficiency and cost cutting, especially at the national headquarters, have contributed to the increased program spending. The slight peak in 2002 related to the low-cost year for international teams due to the light IAAF schedule, which not only resulted in staff time being redirected but also contributed to a lower total expense figure, which is the denominator of the calculation.

2005 Financial Results

In the year ended December 31, 2005, USATF recorded revenues of \$12.7 million and expenses of \$12 million in 2005, resulting in net income of \$651,000. Sponsor revenue represented \$6.4 million of total revenue for the period with USOC grants bringing in another \$2.5 million. Event and athlete program revenue contributed another \$1.1 million. Memberships and sanctions added another \$1.8 million in revenue with merchandise sales and VIK revenue rounding out most of the balance. Favorable revenue variances included growth in Visa Championship Series event revenues, new sponsorships and increased media buys, better than planned sanction revenue, and improved interest income.

On the expense side, elite athlete competitions accounted for \$5.3 million of total expense with High Performance Programs and Member-Based Programs posting \$2.3 million and \$1.7 million in expenses, respectively. Growth in Visa Championship Series event revenues and sponsorships led to increases in VCS spending. Other programs such as Grass Roots and Program Support rounded out the balance along with administrative and governance costs.

In summary, most expense lines came in at or under budget – after considering how increased/new revenue offset increased expenses. Several aspects of our strong revenue performance reached the bottom line to generate \$651,000 in net income.

Financial Position – the Balance Sheet

USATF's balance sheet strength built on the significant improvements over the past five years. The organization's overall financial position is more robust than ever. Most notably, our cash position is \$4.3 million and we built overall reserves to \$2.9 million. The high cash balance was largely attributable to advance payments from sponsors for the 2006 contract year (which is shown in deferred sponsorship revenue). Accounts receivable, inventory and other assets are stable and appropriate for our organization. Our current ratio (current assets divided by current liabilities) is now 2.0 and is a very good indicator of our continually improving position – significantly improved from prior year.

Cash Flow

In an organization such as USATF, cash flow is a prime indicator of financial efficiency and health. Since 2000, our cash flows have been strong and consistent. This trend stabilized in recent years as the timing of sponsor and USOC revenues matched up closely to related expenditures.

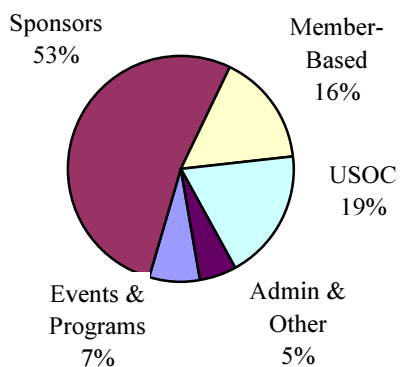
2005 Audited Financial Statements

The 2005 audited financial statements are included in the Attachments to this booklet. Questions regarding the audit or the audited statements can be directed to Ed Koch, Treasurer of the Board of Directors; Pete Rhinehart, Chair of the Audit Committee; or Jim Elias, Chief Financial Officer.

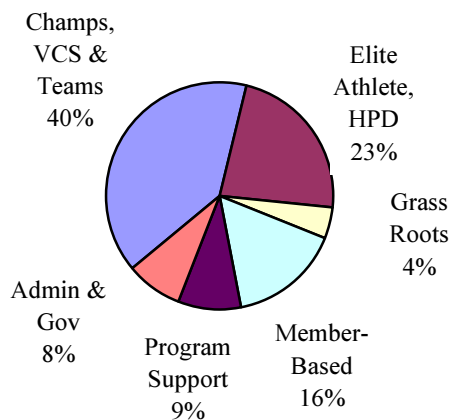
2007 Budget

The Budget Committee met on October 28, 2006 to review 2007 budget proposals from USATF committees, events and programs, and the National Headquarters. Over \$17 million of requests were submitted; however, the Budget Committee projected only \$13.0 million in revenues and had to make adjustments to the requested amounts. The Budget Committee continues to use a conservative approach to project revenues and will work closely with the Board of Directors to allocate any additional revenue in the upcoming year. The 2007 budget is best summarized in graph form:

2007 Budgeted Revenues



2007 Budgeted Expenses



A Look Forward

A year ago, this report noted that USA Track & Field accomplished its financial and business goals for the 2001-2004 quadrennium – the deficit was eliminated and the organization started to repay the Investment Fund; sponsor and other operational revenues increased significantly; programs and events were delivered efficiently and effectively; administrative overhead continued at very low rates; and our balance sheet and cash flow were very strong. Not only had we kept costs in check, but our programs are more entrepreneurial and customer-focused. In addition, USATF has developed valuable properties that generate revenues and serve our athletes. We continued this impressive trend in 2005 with strong bottom line financial performance. 2006 will ultimately end our string of successive years of net income as a loss is looming; however, the Budget Committee has already taken steps to make sure the next two years are balanced, conservative and focused on the same attributes that made 2001-2005 so successful. Among other initiatives, the Budget Committee is budgeting the bottom line over two years to address the significant differences in revenues between the pre-Olympic year and the Olympic year. In the future, the Budget Committee will develop multi-year budgets to better align our programs with our sponsor contracts and other sources of revenue.

Looking forward to the 2009-2012 quad, we must leverage the experience gained and continue our fiscal conservatism. While the deficit is gone – hopefully forever – we now must build our reserves (including an investment fund) by \$5-\$10 million to secure the future. With six month's to one year's worth of reserves, we can smooth out the inevitable ups and downs in revenues and provide a safety net for contingencies. In addition, we need to continue to leverage our own resources with those of our partners – including sponsors, event organizers and the USOC. In many cases, we can maintain or even increase our support to athletes and programs without necessarily increasing our own revenues and expenses. This will require continued investment of our resources, financial and otherwise, but will reap significant long-term returns for our sport.

Submitted:

- Ed Koch, Treasurer
- Larry James, Chair, Budget Committee
- Pete Rhinehart, Chair, Audit Committee
- Jim Elias, COO/CFO
- Gina Miller, Director of Finance