

**USA TRACK & FIELD, INC.**

**FINANCIAL STATEMENTS**

December 31, 2008 and 2007

USA TRACK & FIELD, INC.  
FINANCIAL STATEMENTS  
December 31, 2008 and 2007

CONTENTS

REPORT OF INDEPENDENT AUDITORS .....	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION .....	2
STATEMENTS OF ACTIVITIES .....	3
STATEMENTS OF CASH FLOWS .....	4
NOTES TO FINANCIAL STATEMENTS.....	5



Crowe Horwath LLP  
Member Horwath International

## REPORT OF INDEPENDENT AUDITORS

Board of Directors  
USA Track & Field, Inc.  
Indianapolis, Indiana

We have audited the accompanying statements of financial position of USA Track & Field, Inc. (USATF) as of December 31, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the USATF's management. Our responsibility is to express an opinion on these 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of USA Track & Field, Inc. as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Crowe Horwath LLP*

Crowe Horwath LLP

Indianapolis, Indiana  
June 24, 2009

USA TRACK & FIELD, INC  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2008 and 2007

---

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,410,040	\$ 3,703,063
Accounts receivable, net	2,079,833	1,151,385
Inventory	413,332	316,836
Prepaid expenses and other assets	627,390	1,188,478
Property and equipment, net	<u>158,786</u>	<u>135,858</u>
	<u>\$ 6,689,381</u>	<u>\$ 6,495,620</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 1,444,537	\$ 1,606,586
Deferred revenue	<u>1,153,853</u>	<u>2,154,018</u>
Total liabilities	<u>2,598,390</u>	<u>3,760,604</u>
Net Assets		
Unrestricted	4,056,152	2,701,165
Temporarily restricted	<u>34,839</u>	<u>33,851</u>
Total net assets	<u>4,090,991</u>	<u>2,735,016</u>
	<u>\$ 6,689,381</u>	<u>\$ 6,495,620</u>

---

See accompanying notes to financial statements.

USA TRACK & FIELD, INC  
STATEMENTS OF ACTIVITIES  
Year ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b>UNRESTRICTED NET ASSETS</b>		
Revenue and support:		
Sponsorships, net	\$ 7,226,989	\$ 8,014,045
United States Olympic Committee grants	1,863,710	2,277,906
Events and athlete programs	4,108,804	1,141,089
Member-based programs	2,274,385	2,050,768
Merchandise sales	803,377	570,419
Other revenue	692,839	486,562
Net assets released from restriction	<u>14,971</u>	<u>226,001</u>
Total revenue and support	16,985,075	14,766,790
Expenses:		
Program expenses		
Elite athlete competitions	7,786,654	6,432,559
Elite athlete support and development	2,250,502	2,819,800
Grass roots programs	637,908	922,869
Member-based programs	1,842,934	1,876,527
Program support	1,042,926	1,150,571
Cost of goods sold	<u>464,067</u>	<u>344,046</u>
Total program expenses	14,024,991	13,546,372
Administration and governance	1,593,005	877,311
Other expenses	<u>12,092</u>	<u>4,222</u>
Total expenses	<u>15,630,088</u>	<u>14,427,905</u>
Change in unrestricted net assets	1,354,987	338,885
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	15,794	194,372
Interest income	165	500
Net assets released from restriction	<u>(14,971)</u>	<u>(226,001)</u>
Change in temporarily restricted net assets	<u>988</u>	<u>(31,129)</u>
Total change in net assets	1,355,975	307,756
Net assets at beginning of year	<u>2,735,016</u>	<u>2,427,260</u>
Net assets at end of year	<u>\$ 4,090,991</u>	<u>\$ 2,735,016</u>

See accompanying notes to financial statements.

USA TRACK & FIELD, INC  
 STATEMENTS OF CASH FLOWS  
 Year ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 1,355,975	\$ 307,756
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	66,259	47,385
Changes in operating assets and liabilities		
Accounts receivable	(928,448)	(3,185)
Inventory	(96,496)	(23,417)
Prepaid expenses and other assets	561,088	(455,863)
Accounts payable and accrued expenses	(162,049)	333,517
Deferred revenue	<u>(1,000,165)</u>	<u>757,085</u>
Net cash from operating activities	<u>(203,836)</u>	<u>963,278</u>
<b>Cash flows from investing activities</b>		
Acquisitions of property and equipment	<u>(89,187)</u>	-
Net cash from investing activities	<u>(89,187)</u>	-
Net increase (decrease) in cash and cash equivalents	(293,023)	963,278
Cash and cash equivalents at beginning of year	<u>3,703,063</u>	<u>2,739,785</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 3,410,040</u>	<u>\$ 3,703,063</u>
 Supplemental cash flows information		
Non-cash transactions:		
In-kind contributions and expense	\$ 1,303,436	\$ 1,396,939

See accompanying notes to financial statements.

USA TRACK & FIELD, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008 and 2007

---

**NOTE 1 - MISSION AND ORGANIZATION**

USA Track & Field, Inc. (USATF) is the national governing body for track and field, long-distance running, race walking, and cross-country running. USATF is the United States' representative member of the International Association of Athletics Federations (IAAF), the world governing body for athletics, as well as a Group A member of the United States Olympic Committee (USOC).

Through its national membership of over 2,000 clubs, schools and other organizations interested in track and field, long-distance running, and race walking, USATF promotes programs of training and competition for all ages, protects the interests and eligibility of its more than 85,000 registered athletes, and establishes and maintains the sports' rules of competition.

As a governing body, USATF may discipline individuals or organizations for violations of its rules. Individuals or organizations who are disciplined may seek administrative and civil remedies, including arbitration or litigation.

Revenue to support these programs is generated primarily by sponsorships, USOC grants, events, and memberships.

In 2008 and 2007, USATF received approximately 49% and 50% of total revenues from one sponsor and the USOC. Agreements with the sponsor include a long-term contract that extends through 2009.

**NOTE 2 -SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation: Revenue and expenses are reported as an increase or decrease, respectively, in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Temporarily restricted net assets are assets whose use by USATF has been limited by donors to a specific time period or purpose. However, if a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

Income Tax Status: The Internal Revenue Service has ruled the USATF qualifies under Section 501(c) (3) of the Internal Revenue Code and is, therefore, not subject to income taxation under present income tax laws. USATF is subject to tax on the sale of merchandise which is considered unrelated to its tax-exempt purpose. Unrelated business income tax expense totaled \$14,846 and \$10,818 for 2008 and 2007.

---

(Continued)