

USA TRACK & FIELD, INC.
Indianapolis, Indiana

FINANCIAL STATEMENTS
December 31, 2013 and 2012

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of USA Track & Field, Inc. (USATF), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the 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 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 from 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 auditors' 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 financial statements referred to above present fairly, in all material respects, the financial position of USA Track & Field, Inc. as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

Indianapolis, Indiana
September 17, 2014

USA TRACK & FIELD, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2013 and 2012

ASSETS

	<u>2013</u>	<u>2012</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,709,884	\$ 6,113,034
Investments	3,531,589	-
Accounts receivable, net of allowance for doubtful accounts of \$32,610 and \$15,240, respectively	417,541	1,078,751
Inventory	815,090	997,977
Prepaid expenses and other assets	<u>639,377</u>	<u>550,072</u>
Total current assets	9,113,481	8,739,834
 PROPERTY AND EQUIPMENT, NET	 <u>208,857</u>	 <u>157,558</u>
 TOTAL ASSETS	 <u><u>\$ 9,322,338</u></u>	 <u><u>\$ 8,897,392</u></u>

LIABILITIES AND NET ASSETS

	<u>2013</u>	<u>2012</u>
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 2,517,225	\$ 1,695,598
Deferred revenue	<u>2,482,320</u>	<u>2,217,336</u>
Total current liabilities	<u>4,999,545</u>	<u>3,912,934</u>
Total liabilities	<u>4,999,545</u>	<u>3,912,934</u>
 NET ASSETS		
Unrestricted	4,085,575	4,922,240
Temporarily restricted	<u>237,218</u>	<u>62,218</u>
Total net assets	<u>4,322,793</u>	<u>4,984,458</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 9,322,338</u></u>	 <u><u>\$ 8,897,392</u></u>

The accompanying notes are an integral part of the financial statements.

USA TRACK & FIELD, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
CHANGES IN UNRESTRICTED NET ASSETS:		
Revenues, gains and public support:		
Sponsorships, net	\$ 9,947,023	\$ 10,580,266
United States Olympic Committee grants	2,882,483	3,107,896
Events and athlete programs	1,089,510	4,285,313
Member-based programs	3,328,577	3,122,566
Merchandise sales	1,703,080	1,704,214
Other revenue	<u>640,651</u>	<u>607,085</u>
Total revenues, gains, and public support	<u>19,591,324</u>	<u>23,407,340</u>
Net assets released from restrictions:		
Satisfaction of program restrictions	<u>-</u>	<u>7,500</u>
Total net assets released from restrictions	<u>-</u>	<u>7,500</u>
Total unrestricted revenues, gains and other support	<u>19,591,324</u>	<u>23,414,840</u>
Expenses:		
Program expenses		
Elite athlete competitions	6,964,661	10,049,792
Sports Performance	3,543,976	4,044,458
Grass roots programs	1,568,001	950,363
Member-based programs	1,975,114	1,961,926
Program support	1,779,184	2,194,078
Cost of goods sold	<u>1,813,114</u>	<u>1,589,370</u>
Total program expenses	17,644,050	20,789,987
Administration and governance	<u>2,783,939</u>	<u>1,291,288</u>
Total expenses	<u>20,427,989</u>	<u>22,081,275</u>
Increase (decrease) in unrestricted net assets	<u>(836,665)</u>	<u>1,333,565</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
Contributions	175,000	35,500
Net assets released from restrictions	<u>-</u>	<u>(7,500)</u>
Increase in temporarily restricted net assets	<u>175,000</u>	<u>28,000</u>
CHANGE IN NET ASSETS	(661,665)	1,361,565
NET ASSETS, BEGINNING OF YEAR	<u>4,984,458</u>	<u>3,622,893</u>
NET ASSETS, END OF YEAR	<u>\$ 4,322,793</u>	<u>\$ 4,984,458</u>

The accompanying notes are an integral part of the financial statements.

USA TRACK & FIELD, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (661,665)	\$ 1,361,565
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	44,661	61,437
Loss on sale of property and equipment	67,082	-
Donated inventory	(1,156,596)	(1,039,059)
Net realized and unrealized (gains) losses on investments	(180,125)	-
Effects of changes in operating assets and liabilities:		
Accounts receivable	661,210	(315,355)
Prepaid expenses and other assets	(89,305)	(170,126)
Inventory	1,339,483	1,162,072
Accounts payable and accrued expenses	821,627	(136,546)
Deferred revenue	<u>264,984</u>	<u>(574,110)</u>
Net cash provided by operating activities	<u>1,111,356</u>	<u>349,878</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(163,042)	(11,603)
Purchase of investments	(3,879,749)	-
Proceeds from sale of investments	<u>528,285</u>	<u>-</u>
Net cash used in investing activities	<u>(3,514,506)</u>	<u>(11,603)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 (2,403,150)	 338,275
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>6,113,034</u>	 <u>5,774,759</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u>\$ 3,709,884</u>	 <u>\$ 6,113,034</u>
 SUPPLEMENTAL DATA		
Non-cash transactions:		
In-kind contributions	<u>\$ 2,445,563</u>	<u>\$ 3,089,040</u>

The accompanying notes are an integral part of the financial statements.

USA TRACK & FIELD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 1 – MISSION AND ORGANIZATION

USA Track & Field, Inc. (USATF) drives competitive excellence and popular engagement in our sport.

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 2,500 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 100,000 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING AND NET ASSET CLASSIFICATION

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.

NET ASSET CLASSIFICATIONS

The financial statements have been prepared in accordance with GAAP. GAAP requires, among other things, that the financial statements report the changes in and total of each of the net asset classes, based upon donor restrictions, as applicable. Net assets are to be classified as unrestricted, temporarily restricted, and permanently restricted. The following classes of net assets are used to reflect donor intent:

UNRESTRICTED NET ASSETS

The unrestricted net asset class includes general assets and liabilities of USATF. The unrestricted net assets may be used to support USATF's purposes and operations.

USA TRACK & FIELD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

NET ASSET CLASSIFICATIONS (continued)

TEMPORARILY RESTRICTED NET ASSETS

The temporarily restricted net asset class includes assets of USATF related to contributions and grants with explicit donor-imposed restrictions that have not been met as to specified purpose, or to later periods of time or after specified dates. Net assets temporarily restricted for the use of supporting specific USATF programs total \$237,218 and \$62,218 at December 31, 2013 and 2012, respectively. There were no temporarily restricted net assets released from restriction due to meeting donor-imposed purpose restrictions during the year ended December 31, 2013. Temporarily restricted net assets released from restriction due to meeting donor-imposed purpose restrictions during the year ended December 31, 2012 totaled \$7,500.

PERMANENTLY RESTRICTED NET ASSETS

The permanently restricted net asset class includes assets of USTAF which the donor has stipulated be maintained in perpetuity. Donor-imposed restrictions limiting the use of the assets or its economic benefit neither expire with the passage of time nor can be removed by satisfying a specific purpose. USATF did not have any permanently restricted net assets at December 31, 2013 and 2012.

INCOME TAXES

The Internal Revenue Service (IRS) has ruled that 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 \$0 for both 2013 and 2012.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by USATF and recognize a tax liability (or asset) if USATF has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by USATF, and has concluded that as of December 31, 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The U.S. federal and state income tax returns of USATF are subject to examination by the IRS and state taxing authorities, generally for three years after they were filed. Filings for tax returns filed for the tax years after 2009 are still subject to examination as of December 31, 2013.

CREDIT RISKS

USATF maintains its checking and savings accounts at various financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Periodically throughout the year, USATF's cash balances may exceed this FDIC insurance coverage limit; however, management does not anticipate non-performance by the institutions.

USA TRACK & FIELD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

USE OF ESTIMATES

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

REVENUE RECOGNITION

Membership revenue is recognized ratably over the membership period. Television rights fees, gate receipts, and other event revenue, including sponsorships, are recognized upon completion of the event. National sponsorships are recognized ratably over the sponsorship period. USATF has entered into marketing agreements with sponsors and other business partners that extend until 2040. Association membership fees collected by USATF and passed through are not shown as revenues or expenses in USATF's financial statements.

In 2013 and 2012, USATF received approximately 63% and 56% of total revenues from two sponsors and the USOC. Agreements with the sponsors include long-term contracts that extend into 2040.

CONTRIBUTIONS

Contributions, which include unconditional pledges, are recognized as revenue in the period received or pledged.

DEFERRED REVENUE

Amounts received pursuant to sponsorship agreements or from memberships are recorded as deferred revenue and recognized in subsequent periods when the corresponding programs are conducted or expenses are incurred.

USOC FUNDS

The USOC provides funding to USATF for approved programs through either advances or reimbursements. Such revenue is recognized concurrently with the related expenses. Expenditures are recorded in the program-related accounts.

VALUE OF IN-KIND AND DONATED SERVICES

Volunteers and sponsors donate their goods and services to USATF. Value in-kind includes team uniforms, merchandise for resale, office equipment and furniture, legal services, and publication printing and mailing. In-kind revenue recognized in 2013 and 2012 of \$2,445,563 and \$3,089,040, represents an estimate of the goods and services provided. This amount is included under sponsorship revenue, United States Olympic Committee grants, and other revenue on the Statements of Activities. No revenue or expense is recognized when the value of the services provided cannot be objectively or reasonably estimated.

USA TRACK & FIELD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the program and administrative and governance categories based on the actual direct expenditures and cost allocations based upon estimates by management.

CASH AND CASH EQUIVALENTS

USATF considers all highly liquid investments with a maturity of three months or less to be cash equivalents. Deposits at each financial institution are insured up to a specified amount by a government agency.

INVESTMENTS AND INCOME RECOGNITION

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value in the financial statements in accordance with accounting principles generally accepted in the United States of America, as discussed in Note 6. Changes in fair value are recorded as unrealized gains (losses). Realized gains (losses) are recorded upon the sale of the investments. Investment gains pertaining to certain restricted net assets are recorded as temporarily restricted or permanently restricted in accordance with the applicable gift instruments. Interest income is recognized under the accrual basis and dividend income on the ex-dividend date.

Investments are exposed to various risks such as interest rate, market and credit risks. It is reasonably possible that changes in values of investments will occur in the near term and that such changes could materially affect the amounts reported.

ACCOUNTS RECEIVABLE

USATF's accounts receivable balance consists of amounts billed or billable under contracts, sponsorship agreements, or for products or services provided. Interest is not charged on outstanding accounts receivable. Management determines the net collectability of accounts receivable by establishing an allowance for doubtful accounts. The allowance is determined by management based on USATF's historical losses, specific payer circumstances, general economic conditions, and results of collection activities.

INVENTORY

Inventory is comprised of USATF merchandise for resale which is donated and appropriately valued with in-kind donations. Inventory value at receipt is estimated based on the merchandise received. The inventory is stated at the lower of cost or market on a first-in, first-out basis (FIFO).

USA TRACK & FIELD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPERTY AND EQUIPMENT

Property and equipment exceeding \$3,000 are recorded at cost at date of acquisition or fair value at date of donation in the case of in-kind gifts. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, based on the following useful lives:

Furniture and fixtures	5 years
Office equipment	7 years
Computer equipment	3 years
Vehicles	3 years
Leasehold improvements	Lease term

Property and equipment balance as of December 31, 2013 and 2012, consisting primarily of furniture and equipment, is shown net of accumulated depreciation of \$382,003 and \$420,662.

IMPAIRMENT OF LONG-LIVED ASSETS

On an ongoing basis, USATF reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may be overstated. USATF recognizes impairment losses if the undiscounted cash flows expected to be generated are less than the carrying value of the related asset. If impaired, the assets are adjusted to fair value based on the discounted cash flows.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 17, 2014, the date the financial statements were available to be issued.

NOTE 3 – ACCOUNTS RECEIVABLE, NET

Accounts receivable consist of the following at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Sponsors	\$ 174,983	\$ 89,133
USOC	-	743,688
USATF Foundation	75,336	31,194
Event Organizers	5,740	5,740
Others	<u>194,092</u>	<u>224,236</u>
	450,151	1,093,991
Allowance for doubtful accounts	<u>(32,610)</u>	<u>(15,240)</u>
	<u><u>\$ 417,541</u></u>	<u><u>\$ 1,078,751</u></u>

USA TRACK & FIELD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 4 – DEFERRED REVENUE

Deferred revenue consists of the following at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Deferred sponsorship revenue	\$ 1,363,250	\$ 1,191,667
Deferred USOC revenue	-	80,000
Rights fees for future events	301,500	204,000
Deferred membership revenue	508,388	427,999
Other deferred revenue	309,182	313,670
	<u>\$ 2,482,320</u>	<u>\$ 2,217,336</u>

NOTE 5 – INVESTMENTS

Investments at December 31, 2013 were as follows:

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>
Equity funds:				
Domestic	\$ 1,267,304	\$ 173,575	\$ 5,962	\$ 1,434,917
International	419,804	19,115	8,727	430,192
Income funds:				
Domestic	746,408	4,057	11,120	739,345
International	370,996	108	14,505	356,599
Alternative investments:				
Hedge funds	256,244	1,417	5,032	252,629
Real estate & infrastructure funds	170,603	2,145	3,297	169,451
Other funds	150,000	-	1,544	148,456
	<u>\$ 3,381,359</u>	<u>\$ 200,417</u>	<u>\$ 50,187</u>	<u>\$ 3,531,589</u>
Total				

USATF had no investment holdings at December 31, 2012.

The following summarizes investment income classified within other revenue in the statements of activities for the year ended December 31, 2013:

Interest and dividend income	\$ 70,033
Unrealized gain on investments	150,230
Realized gain on investments	29,895
Total investment income	<u>\$ 250,158</u>

Investment management fees of \$10,076 are classified within administration and governance expenses in the statements of activities for the year ended December 31, 2013. There was no investment income or investment management fees during 2012, as no investments were held by USATF during 2012.

USA TRACK & FIELD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 6 – FAIR VALUE MEASUREMENTS

In determining fair value, USATF uses various valuation approaches within the Financial Accounting Standard Board's (FASB) generally accepted fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

The accepted framework establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

The definitions of the levels within the hierarchy are based on the reliability of inputs as follows:

- Level 1 - Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 - Valuations based on quoted prices for similar assets or liabilities in active markets, identical assets or liabilities in less active markets, such as dealer or broker markets, inputs other than quoted prices that are observable for assets or liabilities, or inputs that are derived principally from or corroborated by observable market data by correlation or other means; and
- Level 3 - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

The following is a description of the valuation methodologies used for instruments measured at fair value and their classification in the valuation hierarchy.

Equity funds

Equity securities are valued at the closing price reported on the active market on which the individual securities are traded. The fair value of mutual funds is based on quoted net asset values of the underlying assets of shares held by the Plan. Equity securities are valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year-end. Such investments are classified within Level 1 of the valuation hierarchy.

Income funds

Fixed income securities are traded in active markets on national and international securities exchanges are valued at closing prices on the last business day of each period presented. Securities traded in markets that are not considered active are valued based on quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Such investments are classified within Level 1 of the valuation hierarchy.

Alternative investments

Hedge funds and real estate funds are traded in active markets on national and international securities exchanges are valued at closing prices on the last business day of each period presented. Securities traded in markets that are not considered active are valued based on quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Such investments are classified within Level 2 of the valuation hierarchy.

USA TRACK & FIELD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 6 – FAIR VALUE MEASUREMENTS (continued)

Other funds

Forward foreign currency contracts are valued at fair value, as determined by the investment manager's (or independent third parties on behalf of the investment managers), using quoted forward foreign currency exchange rates. At the end of 2013, open contracts are valued at the current forward foreign currency exchange rates, and the change in market value is recorded as an unrealized gain or loss. When the contract is closed or delivery taken, USATF records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. Such investments are classified within Level 2 of the valuation hierarchy.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while USATF believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents assets and liabilities of USATF's investments measured at fair value by classification within the fair value hierarchy as of December 31, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity funds:				
Domestic	\$ 1,434,917	\$ -	\$ -	\$ 1,434,917
International	430,192	-	-	430,192
Income funds:				
Domestic	739,345	-	-	739,345
International	356,599	-	-	356,599
Alternative investments:				
Hedge funds	-	252,629	-	252,629
Real estate & infrastructure funds	-	169,451	-	169,451
Other funds	-	148,456	-	148,456
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 2,961,053</u>	<u>\$ 570,536</u>	<u>\$ -</u>	<u>\$ 3,531,589</u>

USATF had investment holdings at December 31, 2012.

USA TRACK & FIELD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 7 – OPERATING LEASES

USATF has entered into an operating lease for storage facilities expiring on August 31, 2015 and operating leases for office and parking facilities expiring on December 31, 2020 and March 31, 2018, respectively. These leases have fluctuating rent payments. Approximate future minimum payments required under current operating leases with non-cancelable lease terms in excess of one year are as follows:

Year Ending December 31,

2014	\$ 215,618
2015	204,186
2016	176,186
2017	178,753
2018	151,753
Thereafter	<u>290,641</u>
	<u>\$ 1,217,137</u>

Rent expense under the terms of these leases for the years ended December 31, 2013 and 2012 was \$231,928 and \$228,310, respectively.

NOTE 8 – RETIREMENT PLAN

USATF has a 401(k) plan, allowing both employer and employee contributions. USATF matches 100% of employee contributions up to 5% of compensation, as defined by the plan. Matching contributions are 100% vested. In addition, for all employees with at least one year of service, USATF may contribute additional discretionary employer contributions, as defined by the plan. Discretionary contributions vest ratably over a six-year period. Discretionary employer contributions equaled 5% in both 2013 and 2012.

Retirement plan expense for 2013 and 2012 was \$248,968 and \$216,137, respectively.

NOTE 9 – LINE OF CREDIT

USATF entered into a line of credit agreement with JPMorgan Chase Bank, NA (Bank) on June 25, 2013 for a principal amount of \$1,000,000. There were no borrowings against the line during 2013 or as of December 31, 2013. Amounts due are payable monthly and bear interest at the LIBOR rate plus 1.307% as of December 31, 2013. The line of credit is collateralized by withdrawal limits on USATF's savings account maintained at the Bank and matures January 1, 2015. Under the terms of the line of credit, at least once during each year during the term of the agreement ending on each anniversary date, USATF is required to reduce and maintain the outstanding principal balance to a zero balance for a period of at least thirty consecutive calendar days. USATF subsequently closed the line of credit in 2014.

USA TRACK & FIELD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 10 – RELATED PARTIES

USA TRACK & FIELD FOUNDATION, INC.

The USA Track & Field Foundation, Inc. (the Foundation) was formed in 2002 to attract funding and support new and innovative track and field programs and expand involvement in the sport. The Foundation is classified under the Internal Revenue Service Code as a 501(c)(3) organization. The Foundation is governed by an independent Board of Directors and its net assets and financial results are not included in the USATF financial statements. While the Foundation Board of Directors is independent of USATF, two seats on the Foundation Board are reserved for the USATF CEO and Board President. Also, in 2012 the USATF Board and Foundation Board included two additional common board members. In addition, USATF provides administrative support to the Foundation and the Foundation has provided grants directly to USATF for specific programs as detailed below.

Certain expenses of the Foundation are paid by USATF on behalf of the Foundation. All direct costs incurred by USATF on behalf of the Foundation are reimbursed by the Foundation. Total expenses paid on behalf of the Foundation during 2013 and 2012, respectively, were \$215,250 and \$196,614, of which \$162,893 and \$152,484 were reimbursed by the Foundation. Unreimbursed expenses of \$52,357 and \$44,130 for the years ended December 31, 2013 and 2012, respectively, are personnel and overhead costs of USATF staff support provided to the Foundation. During 2012, the Foundation provided \$20,000 in grants to USATF designated for specific programs supporting youth development through competitive opportunities.

MAX SIEGEL, INC.

Max Siegel, Inc. (MSI) is a marketing and media agency specializing in sports, entertainment, and multicultural marketing. The CEO of USATF also serves as the CEO of MSI. MSI provided CEO outsourcing services to USATF during 2012, prior to USATF's placement of Max Siegel in the role of CEO at USATF. Total amounts paid to MSI during 2012 were \$294,088. No amounts were paid to MSI during 2013. No amounts were receivable from or payable to MSI as of December 31, 2012 or 2013.

NOTE 11 – RISKS AND UNCERTAINTIES

USATF is a defendant in certain lawsuits. Management intends to vigorously contest these cases and does not expect their outcome to have a material effect on USATF's financial position. In addition, management believes its insurance policies are adequate. USATF is party to various contracts and agreements which include future obligations of USATF. USATF could be liable for unfulfilled contractual duties if future events do not take place as planned, but management believes they are adequately safeguarded from material liabilities by negotiating contracts to allow for such contingencies.

This information is an integral part of the accompanying financial statements.