



## **USA Gymnastics**

### **Consolidated Financial Statements** Years Ended December 31, 2020 and 2019

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



# **USA Gymnastics**

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Consolidated Financial Statements  
Years Ended December 31, 2020 and 2019

# USA Gymnastics

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## Independent Auditor's Report

Board of Directors  
USA Gymnastics  
Indianapolis, Indiana

### *Opinion*

We have audited the accompanying consolidated financial statements of USA Gymnastics and its subsidiary (the Organization), which comprise the consolidated statements of financial position as of December 31, 2020, and 2019, and the related consolidated statements of activities and changes in net assets/deficit, functional expenses, and cash flows for the years then ended, and the related notes to consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2020, and 2019 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Emphasis of Matters*

#### *Going Concern*

The accompanying consolidated financial statements have been prepared assuming that the Organization will continue as a going concern. As described in Note 2 to the consolidated financial statements, USA Gymnastics filed for bankruptcy in December of 2018, and at that same time, was also a defendant in a variety of lawsuits and subject to other investigations, inquiries and claims. The estimate of potential impact related to the majority of the litigation is \$263 million, which is based on the estimate included in the plan of reorganization accepted by the United States Bankruptcy Court for the Southern District of Indiana in December of 2021, as discussed in Note 2. These factors raised substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters, including resolution of the lawsuits, are also described in Note 2. Our opinion is not modified with respect to this matter.

#### *Other Matter - Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and the changes in net assets/deficit of the individual entities and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, P.C.  
Cleveland, OH  
August 31, 2023

## **Consolidated Financial Statements**

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# USA Gymnastics (Debtor-in-Possession)

## Consolidated Statements of Financial Position

<i>December 31,</i>	2020	2019
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 12,956,296	\$ 9,407,020
Investments	5,583,237	12,362,984
Accounts receivable, net	345,355	101,873
Insurance receivable	263,260,561	263,260,561
Inventories	86,032	104,755
Prepaid expenses and other assets	526,608	502,729
<b>Total Current Assets</b>	<b>282,758,089</b>	<b>285,739,922</b>
<b>Property and Equipment, net</b>	<b>223,425</b>	<b>377,595</b>
<b>Total Assets</b>	<b>\$ 282,981,514</b>	<b>\$ 286,117,517</b>
<b>Liabilities and Net Assets/Deficit</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 6,065,473	\$ 4,274,163
Funds held for others	2,985,724	3,769,880
Deferred revenue	6,624,953	7,507,345
<b>Total Current Liabilities</b>	<b>15,676,150</b>	<b>15,551,388</b>
<b>Liabilities Subject to Compromise</b>		
Accounts payable and accrued expenses	1,735,335	1,850,753
Contingent liability	269,410,561	269,410,561
<b>Total Liabilities Subject to Compromise</b>	<b>271,145,896</b>	<b>271,261,314</b>
<b>Long Term Liabilities</b>		
Notes payable - long term	808,721	-
<b>Total Liabilities and Liabilities Subject to Compromise</b>	<b>287,630,767</b>	<b>286,812,702</b>
<b>Net Assets/Deficit</b>		
Without donor restrictions	(5,639,416)	(1,629,929)
With donor restrictions	990,163	934,744
<b>Total Net Assets/Deficit</b>	<b>(4,649,253)</b>	<b>(695,185)</b>
<b>Total Liabilities and Net Assets/Deficit</b>	<b>\$ 282,981,514</b>	<b>\$ 286,117,517</b>

*See accompanying notes to consolidated financial statements.*

**USA Gymnastics**  
**(Debtor-in-Possession)**  
**Consolidated Statement of Activities and Changes**  
**in Net Assets/Deficit**  
**Year Ended December 31, 2020**

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
<b>Revenue</b>			
Contributions	\$ 21,088	\$ 97,449	\$ 118,537
Marketing and events	1,058,148	-	1,058,148
Communications and creative	143,859	-	143,859
Program:			
Women's gymnastics	18,080	-	18,080
Men's gymnastics	54,954	-	54,954
Trampoline and tumbling	49,947	-	49,947
Acrobatics gymnastics	20,406	-	20,406
Rhythmic gymnastics	5,980	-	5,980
Gymnastics for all	1,270	-	1,270
Multi discipline and medical	71,592	-	71,592
Total program	222,229	-	222,229
Member services	12,357,872	-	12,357,872
General and administrative	591,566	-	591,566
Grants:			
United States Olympic Committee	3,023,445	-	3,023,445
Government Program - ERTC	261,178	-	261,178
Releases from restriction	264,138	(264,138)	-
Total administrative	3,548,761	(264,138)	3,284,623
<b>Total Revenue</b>	<b>\$ 17,943,523</b>	<b>\$ (166,689)</b>	<b>\$ 17,776,834</b>

*See accompanying notes to consolidated financial statements.*

# USA Gymnastics

## (Debtor-in-Possession)

### Consolidated Statement of Activities and Changes in Net Assets/Deficit

**Year Ended December 31, 2020**

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
<b>Expenses</b>			
Program:			
Marketing and events	\$ 1,770,478	\$ -	\$ 1,770,478
Member services	222,138	-	222,138
Communications	289,290	-	289,290
Women's gymnastics	1,766,265	-	1,766,265
Men's gymnastics	1,160,720	-	1,160,720
Trampoline and tumbling	525,319	-	525,319
Rhythmic gymnastics	412,846	-	412,846
Acrobatic gymnastics	26,705	-	26,705
Safe Sport	907,742	-	907,742
Other Programs	737,727		737,727
Total program expense	7,819,230	-	7,819,230
Supporting services:			
Administrative	13,823,440	-	13,823,440
Total supporting services expense	13,823,440	-	13,823,440
<b>Total Expenses</b>	<b>21,642,670</b>	<b>-</b>	<b>21,642,670</b>
Changes in net assets/deficit, before investment (loss) returns, net	(3,699,147)	(166,689)	(3,865,836)
Investment (loss) returns, net	(310,340)	222,108	(88,232)
<b>Changes in net (deficit) assets</b>	<b>(4,009,487)</b>	<b>55,419</b>	<b>(3,954,068)</b>
Net (deficit) assets, beginning of year	(1,629,929)	934,744	(695,185)
<b>Net (deficit) assets, end of year</b>	<b>\$ (5,639,416)</b>	<b>\$ 990,163</b>	<b>\$ (4,649,253)</b>

*See accompanying notes to consolidated financial statements.*

**USA Gymnastics**  
**Consolidated Statement of Activities and Changes**  
**in Net Assets/Deficit**  
**Year Ended December 31, 2019**

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
<b>Revenue</b>			
Contributions	\$ 337,700	\$ 176,703	\$ 514,403
Marketing and events	3,190,907	-	3,190,907
Publications	154,587	-	154,587
Program:			
Women's gymnastics	689,015	-	689,015
Men's gymnastics	160,825	-	160,825
Trampoline and tumbling	346,017	-	346,017
Acrobatics gymnastics	197,412	-	197,412
Rhythmic gymnastics	537,012	-	537,012
Gymnastics for all	68,794	-	68,794
Multi discipline and medical	1,600	-	1,600
Total program	2,000,675	-	2,000,675
Member services	14,161,161	-	14,161,161
General and Administrative	918,147	-	918,147
Grants:			
United States Olympic Committee	2,912,812	-	2,912,812
Other	95,887	-	95,887
Releases from restriction	333,476	(333,476)	-
Total administrative	3,342,175	(333,476)	3,008,699
<b>Total Revenue</b>	<b>\$ 24,105,352</b>	<b>\$ (156,773)</b>	<b>\$ 23,948,579</b>

*See accompanying notes to consolidated financial statements.*

# USA Gymnastics

## Consolidated Statement of Activities and Changes in Net Assets/Deficit

Year Ended December 31, 2019

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
<b>Expenses</b>			
Program:			
Marketing and events	\$ 3,153,991	\$ -	\$ 3,153,991
Member services	1,716,298	-	1,716,298
Communications	675,060	-	675,060
Women's gymnastics	3,759,552	-	3,759,552
Men's gymnastics	1,980,180	-	1,980,180
Trampoline and tumbling	1,038,141	-	1,038,141
Rhythmic gymnastics	1,103,221	-	1,103,221
Acrobatic gymnastics	394,713	-	394,713
Safe Sport	1,036,666	-	1,036,666
Other	916,627	-	916,627
Total program expense	15,774,449	-	15,774,449
Supporting services:			
General & Administrative	16,665,254	-	16,665,254
Total supporting services expense	16,665,254	-	16,665,254
<b>Total Expenses</b>	<b>32,439,703</b>	<b>-</b>	<b>32,439,703</b>
Changes in net assets, before investment returns	(8,334,351)	(156,773)	(8,491,124)
Investment returns (losses), net	2,534,163	-	2,534,163
<b>Changes in net assets</b>	<b>(5,800,188)</b>	<b>(156,773)</b>	<b>(5,956,961)</b>
Net assets, beginning of year	4,170,259	1,091,517	5,261,776
<b>Net assets, end of year</b>	<b>\$ (1,629,929)</b>	<b>\$ 934,744</b>	<b>\$ (695,185)</b>

See accompanying notes to consolidated financial statements.

**USA Gymnastics and Subsidiaries**

**(Debtor-in-Possession)**

**Consolidated Statement of Functional Expenses**

<i>For the Year Ended December 31, 2020</i>	Program Services										Supporting Services		
	Marketing and Events	Member Services	Communications	Women's Gymnastics	Men's Gymnastics	Trampoline and Tumbling	Rhythmic Gymnastics	Acrobatic Gymnastics	Safe Sport	Other Programs	Total Program Services	General and Administrative	Total Expenses
Salaries and benefits	\$ 508,447	\$ 60,980	\$ 13,170	\$ 496,181	\$ 380,778	\$ 112,461	\$ 125,690	\$ -	\$ 405,685	\$ 170,555	\$ 2,273,947	\$ 2,628,240	\$ 4,902,187
Travel and meals	142,178	4,305	10,026	329,691	139,232	177,625	120,871	12,784	1,700	54,648	993,060	133,226	1,126,286
Athlete, club, and coach support	108,920	-	-	482,911	538,976	120,913	22,250	-	-	247,182	1,521,152	-	1,521,152
Contract labor and professional fees	50,000	8,555	199,844	19,308	55,262	32,297	62,642	7,250	490,042	49,500	974,700	277,231	1,251,931
Cost of facilities and expensed equipment	27,971	(2,800)	14,620	248,876	2,421	22,035	17,448	-	-	-	330,571	259,949	590,520
Legal	-	-	-	-	-	-	-	-	-	-	-	5,860,401	5,860,401
Insurance	-	-	8,049	-	-	-	-	-	-	2,819	10,868	3,775,114	3,785,982
Honorarium and gifts	26,789	90,345	7,750	121,931	37,104	9,947	40,614	4,025	-	68,228	406,733	20,275	427,008
Event production	743,100	16,230	358	12,242	8,193	10,333	4,069	309	-	325	795,159	16,017	811,176
Printing, postage, phone, apparel and supplies	54,023	2,555	1,223	13,053	2,198	22,270	17,091	(1,356)	229	90,604	201,890	154,673	356,563
Administrative services	109,050	35,794	34,250	42,072	(3,444)	17,438	2,171	3,693	10,086	53,866	304,976	544,875	849,851
State and region rebates	-	6,174	-	-	-	-	-	-	-	-	6,174	(12,179)	(6,005)
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-	165,618	165,618
<b>Total Expenses</b>	<b>\$ 1,770,478</b>	<b>\$ 222,138</b>	<b>\$ 289,290</b>	<b>\$ 1,766,265</b>	<b>\$ 1,160,720</b>	<b>\$ 525,319</b>	<b>\$ 412,846</b>	<b>\$ 26,705</b>	<b>\$ 907,742</b>	<b>\$ 737,727</b>	<b>\$ 7,819,230</b>	<b>\$ 13,823,440</b>	<b>\$ 21,642,670</b>

*See accompanying notes to consolidated financial statements.*

# USA Gymnastics and Subsidiaries

## Consolidated Statement of Functional Expenses

For the Year Ended December 31, 2019	Program Services										Supporting Services		
	Marketing, Partnerships & Events	Member Services	Communications	Women's Gymnastics	Men's Gymnastics	Trampoline and Tumbling	Rhythmic Gymnastics	Acrobatic Gymnastics	Safe Sport	Other Programs	Total Program Services	General and Administrative	Total Expenses
Salaries and benefits	\$ 426,249	\$ 71,801	\$ 485,618	\$ 439,703	\$ 508,810	\$ 136,221	\$ 149,970	\$ 45,823	\$ 474,746	\$ 269,032	\$ 3,007,973	\$ 1,837,716	\$ 4,845,689
Travel and meals	454,888	307,156	9,158	1,257,103	371,995	549,183	603,796	262,161	12,813	140,834	3,969,087	846,580	4,815,667
Althete, club and coach support	70,713	-	-	537,299	703,155	90,958	28,456	13,000	-	37,655	1,481,236	-	1,481,236
Contract labor and professional fees	53,534	7,500	172,284	206,769	87,717	4,416	70,877	-	530,838	53,803	1,187,738	558,107	1,745,845
Cost of facilities and expensed equipment	119,956	36,981	-	213,506	4,522	28,536	24,473	675	-	-	428,649	411,773	840,422
Legal	-	-	-	-	-	-	-	-	-	-	-	7,242,578	7,242,578
Insurance	-	-	-	-	-	-	-	-	-	859	859	4,435,798	4,436,657
Honorarium and gifts	115,439	322,910	-	763,005	170,456	86,536	166,089	20,427	-	326,225	1,971,087	32,000	2,003,087
Event production	1,612,709	150,908	-	85,835	47,012	2,421	27,756	81	-	320	1,927,042	16,539	1,943,581
Printing, postage, phone, apparel and supplies	132,479	43,265	-	141,354	76,841	74,744	35,195	23,632	8,232	25,011	560,753	349,131	909,884
Administrative and miscellaneous	168,024	75,324	8,000	114,978	9,672	65,126	(3,391)	28,914	10,037	62,888	539,572	760,250	1,299,822
State and region rebates	-	700,453	-	-	-	-	-	-	-	-	700,453	-	700,453
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-	174,782	174,782
<b>Total Expenses</b>	<b>\$ 3,153,991</b>	<b>\$ 1,716,298</b>	<b>\$ 675,060</b>	<b>\$ 3,759,552</b>	<b>\$ 1,980,180</b>	<b>\$ 1,038,141</b>	<b>\$ 1,103,221</b>	<b>\$ 394,713</b>	<b>\$ 1,036,666</b>	<b>\$ 916,627</b>	<b>\$ 15,774,449</b>	<b>\$ 16,665,254</b>	<b>\$ 32,439,703</b>

See accompanying notes to consolidated financial statements.

# USA Gymnastics

## (Debtor-in-Possession)

### Consolidated Statements of Cash Flows

Year Ended December 31,	2020	2019
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (3,954,068)	\$ (5,956,961)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Unrealized and realized loss (gain) on investments	171,409	(2,159,901)
Loss on disposal	55,436	
Depreciation expense	165,618	174,782
Changes in assets and liabilities		
Accounts receivable	(243,482)	(98,623)
Inventories	18,723	2,353
Prepaid expenses and other assets	(23,879)	(133,317)
Accounts payable and accrued expenses	1,791,310	3,601,762
Funds held for others	(784,156)	568,539
Deferred revenue	(882,392)	604,042
Liabilities subject to compromise	(115,418)	226,418
<b>Net Cash Used in Operating Activities</b>	<b>(3,800,899)</b>	<b>(3,170,906)</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of investments	(3,073,883)	(15,493,660)
Proceeds from sales or maturity of investments	9,682,221	20,483,901
Purchases of property and equipment	(66,884)	(137,878)
<b>Net Cash Provided by Investing Activities</b>	<b>6,541,454</b>	<b>4,852,363</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from PPP loan	808,721	-
<b>Net Cash Provided by Financing Activities</b>	<b>808,721</b>	<b>-</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>3,549,276</b>	<b>1,681,457</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>9,407,020</b>	<b>7,725,563</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 12,956,296</b>	<b>\$ 9,407,020</b>

*See accompanying notes to consolidated financial statements.*

# USA Gymnastics

## (Debtor-in-Possession)

### Notes to Consolidated Financial Statements

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#### 1. Summary of Significant Accounting Policies

##### *Purpose of the Organization*

USA Gymnastics (the Organization) is a non-profit designated as the National Governing Body of the Olympic sport of gymnastics. USA Gymnastics was so designated by the United States Olympic Paralympic Committee (the USOPC) and is a member of the USOPC. USA Gymnastics is also the United States representative to the Federation Internationale De Gymnastique (FIG), an organization whose purpose is to promote the development of the sport of gymnastics throughout the world. USA Gymnastics promotes and develops the sport of gymnastics in its multiple disciplines; women's and men's artistic, trampoline and tumbling, rhythmic, acrobatic gymnastics, parkour and Gymnastics for All. In addition to identifying and developing the National and Olympic teams and coaches, activities include hosting and sanctioning national and international events, safety education, continuing education for professional members (coaches and judges), development of age group athletes, and overall promotion of the sport.

As a National Governing Body, USA Gymnastics 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.

In 1988, The National Gymnastics Foundation, Inc., (the "Foundation") was formed to further the Olympic sport of gymnastics through educational grants and other support activities governed by a Board of Directors. The consolidated financial statements include the financial results of the Foundation.

##### *Reporting Entity*

USA Gymnastics and the Foundation are collectively known as the "Organization" in these notes. Intercompany transactions and balances have been eliminated in consolidation.

#### 2. Financial Condition

##### *Going Concern, Bankruptcy and Sexual Abuse Litigation*

From December 5, 2018 until August 19, 2022, USA Gymnastics operated as a debtor-in-possession under the U.S. bankruptcy code. The Organization had a reduction in net assets of approximately \$(3.8) million, before net investment returns; a reduction in net assets of approximately \$(3.8) million, after net investment returns; and net cash used in operating activities of approximately \$(3.8) million in 2020 with a net deficit position of approximately \$(4.6) million at December 31, 2020, comprised of approximately \$(5.6) million in net (deficit) without donor restrictions and approximately \$1.0 million in net assets with donor restrictions. USA Gymnastics was a defendant in various lawsuits and claims involving allegations of sexual abuse by individuals who were allegedly affiliated with the Organization. The majority of these allegations relate to sexual abuse by Larry Nassar.

Approximately 380 individuals sued USA Gymnastics before the Organization filed for chapter 11 bankruptcy on December 5, 2018. As a result of the bankruptcy, those pre-petition lawsuits were stayed. The bankruptcy court approved a claim form and established a claims bar date. Approximately 510 sexual abuse claims were filed in the bankruptcy, excluding duplicative, withdrawn, untimely, and disallowed claims. Some of these plaintiffs and claimants also allege liability against other defendants, including without limitation Michigan State University and the USOPC.

# USA Gymnastics

## (Debtor-in-Possession)

### Notes to Consolidated Financial Statements

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USA Gymnastics, the USOPC, both organizations' insurers, the Additional Tort Claimants Committee of Sexual Abuse Survivors, and other parties mediated the claims in the context of USA Gymnastics' bankruptcy proceeding, through December 16, 2021. The bankruptcy court appointed two mediators and another bankruptcy judge to facilitate settlement discussions. USA Gymnastics' plan of reorganization, which filed on December 13, 2021, and was confirmed by the bankruptcy court on December 16, 2021, reflects the settlement reached among the parties.

USA Gymnastics had insurance coverage under numerous policies spanning approximately 30 years, which management believed in total would provide substantial amounts of coverage for the abuse claims. In late 2021, the insurance carriers agreed to settlement offers under USA Gymnastics insurance policies totaling approximately \$263.2 million to fund a trust created for the benefit of Abuse Claimants and Future Claimants. As a result of the settlement agreement that was finalized in December of 2021, USA Gymnastics has recorded a receivable from the insurers of \$263.3 million, and a contingent liability of \$269.4 million in the accompanying consolidated financial statements. The difference between the receivable and the contingent liability of \$6.1 million was ultimately funded by a no-interest loan from the USOPC to USA Gymnastics, the proceeds of which USA Gymnastics contributed to the settlement.

As noted above, there are other on-going inquiries. These matters have not advanced to a level that any amount, such as the possibility of fines or settlements, can be determined. Therefore, these matters do not meet the threshold for recording of amounts. USA Gymnastics' accounting policy with respect to legal fees is to record as legal expense as services are performed. Substantially all of the legal fees incurred by USA Gymnastics in defending the claims were covered by its insurers.

Given the ultimate resolution of these lawsuits, recovery from insurance carriers and the conclusion of the Chapter 11 reorganization in 2022, these consolidated financial statements do not include any liquidation adjustments that may have resulted from the outcome of the Organization's efforts to address these prior uncertainties.

### 3. Summary of Significant Accounting Policies

#### *Basis of Presentation*

On December 5, 2018, USA Gymnastics filed, in the United States Bankruptcy Court for the Southern District of Indiana (the "Bankruptcy Court"), a voluntary petition under Chapter 11 of the United States Bankruptcy Code. Accordingly, these consolidated financial statements have been prepared in accordance with Accounting Standards Codification (ASC) 852, *Reorganizations*. In doing so, the consolidated statement of financial position distinguishes pre-petition liabilities subject to compromise from those that are not, and post-petition liabilities. Further all financial statements have been labeled as "Debtor-in-Possession" until such time as the Organization emerges from bankruptcy.

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# USA Gymnastics

## (Debtor-in-Possession)

### Notes to Consolidated Financial Statements

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The Organization presents its consolidated financial statements according to two classes of net assets, if applicable: without donor restrictions and with donor restrictions.

- ***Without Donor Restrictions*** - Net assets that are not subject to time or donor-imposed stipulations. As disclosed in Note 9, certain net assets without donor restrictions have been designated by the Board of Directors for specific purposes.
- ***With Donor Restrictions*** - Net assets that are perpetually held or limited to use by donor-imposed stipulations that will be met by actions of the Organization or the passage of time. The nature of these restrictions is disclosed in Note 9. Amounts are released from restriction during the period in which the Organization incurs expenditures that meet the donor's requirements.

#### ***Use of Estimates***

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

#### ***Cash and Cash Equivalents***

Cash and cash equivalents consist of bank deposits in accounts that are federally insured up to \$250,000 per financial institution. The Organization periodically has balances in excess of this limit. The Organization places its temporary cash investments with high-quality financial institutions and, by policy, limits the amount of credit exposure to any one institution. Additionally, for purposes of the consolidated statement of cash flows, the Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Included in cash and cash equivalents are funds held by the Organization that legally belong to unrelated entities. Accordingly, these amounts are recorded as both an asset and liability of the Organization. See Note 12.

#### ***Investments***

The Organization's investments in marketable securities, including equity securities, real estate and infrastructure, and exchange traded funds, with readily determinable fair values and all investments in debt securities are reported at fair value based on quoted market prices or dealer quotes in the consolidated statements of financial position. These investments are initially recorded at cost if they were purchased or at their fair value on the date of the gift if they were received as a donation. Investment returns are recorded in the consolidated statements of activities and changes in net assets/deficit.

Interest and dividend income and realized gains and losses derived from net assets with donor restrictions are recorded as revenue without donor restrictions unless specifically restricted by the donor. The Board of Directors has a policy to designate an allocation of investment returns without donor restrictions as board designated net assets. These returns are allocated consistent with certain purposes of net assets with donor restrictions, based on the percentage of their balances in proportion to the total investments.

# USA Gymnastics

## (Debtor-in-Possession)

### Notes to Consolidated Financial Statements

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#### ***Allowance for Doubtful Accounts***

Accounts receivables are reported net of any allowance for doubtful accounts. Management determines the allowance for doubtful accounts based on historical losses and current receivables aging. The Organization determined an allowance was not necessary as of December 31, 2020 and 2019. Interest is not charged on outstanding receivables.

#### ***Inventories***

Promotional material and publication inventories are stated at the lower of cost or market determined on a first-in, first-out basis.

#### ***Property and Equipment***

Property and equipment with costs in excess of \$1,000 are recorded at cost, or, if donated, at fair value when received. Depreciation is provided by the straight-line method over the estimated useful lives of the respective assets. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

Management reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may be overstated. The Organization 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. No impairment was recorded for 2020 or 2019.

#### ***Accrued Expenses***

Accrued expense liability consists of the Organization's obligations incurred but not yet paid as of the fiscal year-end date.

#### ***Liabilities Subject to Compromise***

Liabilities subject to compromise are pre-petition obligations that are not fully secured and that have at least a possibility of not being repaid at the full amount. Under the Bankruptcy Code, most pre-petition claims are not allowed to be paid until after the reorganization plan has been confirmed.

This liability includes any severance liabilities payable to former employees, which are expensed and accrued when an employment termination agreement is executed, and the former employee is no longer required to perform any services to the Organization. Such liabilities were \$340,000 as of December 31, 2020 and 2019. These liabilities are subject to compromise as of December 31, 2020 and 2019, and are recorded within accounts payable and accrued expenses subject to compromise on the consolidated statements of financial position. In conjunction with the plan of reorganization filed on December 13, 2021 and confirmed on December 16, 2021, the aforementioned severance accrual was dismissed, and USA Gymnastics was released from the obligation to pay.

As described in Note 2 to the consolidated financial statements, the contingent liability represents the total amount due under the settlement finalized in December of 2021, to be funded into the survivors' trust.

# USA Gymnastics

## (Debtor-in-Possession)

### Notes to Consolidated Financial Statements

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#### ***Revenue Recognition***

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard is effective January 1, 2020 and is applied to the Organization's contracts that were not completed at the date of the initial application on a modified retrospective basis. No transition adjustment was recorded as a result of the Organization's adoption of the new standard on January 1, 2020. The prior period comparative information has not been restated and continues to be reported under the accounting standards in effect for that year.

Topic 606 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization records the following exchange transactions as revenues in its statement of activities and changes in net assets/deficit: member services, program, marketing and events and event income.

Revenue recognized from exchange transactions occurs when control of the promised goods or services is transferred to the members or customers in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods or services. For each arrangement with a member or customer, the Organization identifies the contract and the associated performance obligation(s) within the contract, determines the transaction price of that contract, allocates the transaction price to each performance obligation, and recognizes revenue as each performance obligation is satisfied. For all contracts with members or customers, the Organization determines the transaction price in the arrangement and allocates the transaction price to each performance obligation identified in the contract. Judgment is applied in determining the appropriate unit of account, and the Organization separates any performance obligations if they are capable of being distinct and are distinct within the context of the contract. The Organization determines the allocation of the transaction price for the performance obligations on a relative standalone selling price basis for the goods or services included in the contract. The transaction price is adjusted for estimates of variable consideration. The satisfaction of performance obligations in a contract is based upon when the member or customer obtains control over the asset. Depending on the nature of the performance obligation, control may transfer either at a particular point in time, or over time which determines the recognition pattern of revenue.

#### ***Member services:***

The Organization recognizes revenue from nonrefundable membership dues ratably over the membership term, which is a one-year period. Deferred revenue from membership dues represents the remaining portion of the membership term following the statement of financial position date to be recognized ratably into revenues.

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# USA Gymnastics

## (Debtor-in-Possession)

### Notes to Consolidated Financial Statements

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#### *Program, marketing and events and event income:*

The Organization generates event income from registration fees and sponsorships for their different events. The Organization recognizes registration fees and sponsorship revenue in the period in which the event occurs, which is when the Organization's performance obligation is met. Registration fees and sponsorships are due in advance of the event. Refunds of registration fees are allowed if received in accordance with the cancellation policy. Registration fees and sponsorships collected in advance of an event are initially recognized as deferred revenue and are only recognized as revenue in the statements of activities and changes in net assets/deficit when the event has occurred.

The Organization records the value of in-kind goods and services as revenue and expense when the in-kind contribution related to the events and programs under the Organization's control occurs. In-kind sponsorships, which are recognized at the fair value of the non-cash consideration received, totaled \$241,900 and \$234,421 for 2020 and 2019, respectively. The revenue and corresponding expense recognized represent an objective estimate of the goods and services provided.

#### ***Contributions***

Contributions, including unconditional promises to give, are recorded when a donor makes a promise to give to the Organization. Contributions are recognized as revenues in the period when unconditional promises to give are received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contribution of assets other than monetary assets are recorded at their estimated fair value at the date of receipt.

#### ***Functional Allocation of Expenses***

The consolidated statements of functional expenses present expenses by both function and natural classification. Certain costs have been allocated among the program and supporting services categories based on the actual direct expenditures and cost allocations based upon estimates by Organization personnel.

#### ***Income Taxes***

USA Gymnastics and the Foundation qualify under Section 501(c)(3) of the Internal Revenue Code and are, therefore, generally not subject to income taxation under present income tax laws. However, the Organization is subject to federal tax on any unrelated business taxable income.

The Organization accounts for uncertainty in income taxes using the provisions of ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the consolidated financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. A recognized tax position is measured at the largest amount of benefit that has a greater than 50% likelihood of being realized upon settlement. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Organization recognizes interest and/or penalties related to income tax matters in income tax expense and did not have any amounts accrued for interest and penalties at December 31, 2020 and 2019.

# USA Gymnastics

## (Debtor-in-Possession)

### Notes to Consolidated Financial Statements

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#### ***Recently Adopted Accounting Pronouncements***

In June 2018, the FASB issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU was issued to standardize how grants and other contracts received and made are classified across the sector, as either an exchange transaction or a contribution. The standard provides guidance to assist in the determination of whether a transaction is a contribution or an exchange transaction. If the transaction is deemed to be a contribution, the guidance provides factors to consider with regard to whether the contribution is conditional or unconditional. For contributions received, if determined to be an unconditional contribution, the determination will then need to be made as to whether the contribution is restricted. The ASU will assist in the determination of the nature of the transaction which will then govern the revenue and expense recognition methodology and timing of the transaction. The ASU is effective for transactions in which the entity serves as the resource recipient to annual periods beginning after December 15, 2018. The Organization has adopted this ASU effective January 1, 2019. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited consolidated financial statements were required on a retrospective basis.

#### ***Recent Accounting Pronouncements not yet Adopted***

##### *Leases*

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the consolidated statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The ASU is effective for entities with fiscal years beginning after December 15, 2021 with early adoption permitted. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

##### *Credit Losses*

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326)*. ASU 2016-13 changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments from an incurred loss model to an expected loss model. Entities will be required to estimate credit losses over the entire contractual term of an instrument. ASU 2016-13 also includes financial assets recorded at amortized cost basis such as loan receivables, trade and certain other receivables, as well as certain off-balance sheet credit exposures such as loan commitments and financial guarantees. ASU 2016-13 does not apply to financial assets measured at fair value, and loans and receivables between entities under common control.

ASU 2016-13 will be effective for the Organization beginning January 1, 2023 and early adoption is permitted. The Organization is evaluating the accounting, transition and disclosure requirements of ASU 2016-13 and cannot currently estimate the financial statement impact of adoption. The Organization does not intend to adopt the new standard early.

**USA Gymnastics**  
**(Debtor-in-Possession)**

**Notes to Consolidated Financial Statements**

***Subsequent Events***

Management has evaluated events and transactions that occurred between January 1, 2021 and August 31, 2023 which is the date that the consolidated financial statements were available to be issued for possible recognition or disclosure in the consolidated financial statements. See Note 15.

**4. USOPC Support**

USOPC provides support for sport development, international competition, and team preparation through advances, reimbursements, and contractual agreements. Such revenue is recognized concurrently with the related expenses. Expenditures are recorded in the program-related accounts. The USOPC makes payments directly to athletes receiving support through the Organization's athlete support program for disbursements to the athletes. Amounts related to athlete support are recognized both as USOPC support and corresponding program expense in the consolidated statement of activities and changes in net assets/deficit for the years ended December 31:

<i>December 31,</i>	<b>2020</b>	<b>2019</b>
Performance Pool Grants	\$ 2,220,000	\$ 2,109,701
Athlete Funding	771,030	803,111
COVID Grant	32,415	-
	<b>\$ 3,023,445</b>	<b>\$ 2,912,812</b>

**5. Deferred Revenue**

Deferred revenue consisted of the following at December 31:

<i>December 31,</i>	<b>2020</b>	<b>2019</b>
Memberships	\$ 4,926,453	\$ 6,784,667
Event Revenue	1,698,500	709,280
Other	-	13,398
	<b>\$ 6,624,953</b>	<b>\$ 7,507,345</b>

**6. Investments**

Investments at December 31 consist of the following:

<i>December 31,</i>	<b>2020</b>	<b>2019</b>
Real estate and infrastructure	\$ 107,067	\$ 333,265
Exchange traded fund	184,762	257,970
Fixed income	1,390,348	3,355,241
Equity securities	3,901,060	8,416,508
Investments	<b>\$ 5,583,237</b>	<b>\$ 12,362,984</b>

**USA Gymnastics**  
**(Debtor-in-Possession)**

**Notes to Consolidated Financial Statements**

The following schedule summarizes the components of investment (loss) return, net:

<i>December 31,</i>	<b>2020</b>	<b>2019</b>
Dividends and interest, net of fees	\$ 83,177	\$ 374,262
Net realized (loss) gain	(454,439)	1,853,365
Net unrealized (loss) gain	282,673	306,536
Investment (loss) return, net	\$ (88,232)	\$ 2,534,163

The various investments in equities and fixed income investments are exposed to a variety of uncertainties, including interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in the values of these investments could occur in the near term. Such changes could materially affect the amounts reported in the consolidated financial statements.

## **7. Property and Equipment**

Property and equipment, net consisted of the following at December 31:

	<b>2020</b>	<b>2019</b>
Furniture	\$ 23,594	\$ 236,486
Equipment	1,242,450	1,199,160
Leasehold Improvements	-	218,384
	1,266,044	1,654,030
Less accumulated depreciation	1,042,619	1,276,435
	\$ 223,425	\$ 377,595

## **8. Retirement Plan**

The Organization has established two deferred compensation plans; a 401K plan for all eligible employees who elect participation, and a 457b plan for a former President. The Organization's contribution to the 401K plan was equal to 3% of each participant's eligible salary totaling \$88,644 in 2020 and 6% of each participant's eligible salary totaling \$194,157 in 2019.

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**USA Gymnastics**  
**(Debtor-in-Possession)**

**Notes to Consolidated Financial Statements**

**9. Net Assets with Donor Restrictions and Board Designated Net Assets**

The Board of Directors of the Foundation designates a portion of the total investment returns to donor restricted funds, to be used consistent with each respective fund's donor purpose. The cumulative investment returns allocated to the funds with donor restrictions are reported as net assets without donor restrictions in the consolidated statement of financial position. Investment returns are allocated based on the percentage of each fund's balance in proportion to the total investments. Net Assets with donor restrictions, including the effect of cumulative, board designated portion of investment returns, consisted of the following at December 31:

<i>December 31, 2020</i>	Net Assets with Donor Restrictions	Board Designated	Total
Zimpfer Fund	\$ 195,451	\$ 223,880	\$ 419,331
Men's Scholarship Fund	278,123	606,973	885,096
T&T Scholarship Fund	111,238	150,667	261,905
Women's Collegiate Fund	66,362	91,429	157,791
Liukin Fund	338,989	139,665	478,284
<b>Total</b>	<b>\$ 990,163</b>	<b>\$ 1,212,614</b>	<b>\$ 2,202,777</b>

<i>December 31, 2019</i>	Net Assets with Donor Restrictions	Board Designated	Total
Zimpfer Fund	\$ 205,529	\$ 192,712	\$ 398,241
Men's Scholarship Fund	367,694	536,232	903,926
T&T Scholarship Fund	123,254	80,044	203,298
Women's Collegiate Fund	13,833	131,569	145,402
Liukin Fund	224,434	100,071	324,505
<b>Total</b>	<b>\$ 934,744</b>	<b>\$ 1,040,628</b>	<b>\$ 1,975,372</b>

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**USA Gymnastics**  
**(Debtor-in-Possession)**

**Notes to Consolidated Financial Statements**

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**10. Lease Commitments**

The Organization has operating leases for facilities in Indianapolis, Indiana that expire at various dates through 2026. The Organization also leases equipment that expire at various dates through May 15, 2023.

Approximate future minimum payments required under various facility and equipment operating leases that have non-cancelable lease terms in excess of one year are as follows:

<i>Year Ending</i>	
2021	\$ 322,110
2022	249,784
2023	250,774
2024	255,399
2025	261,759
Thereafter	87,969
Total	\$ 1,427,795

Rent expense was \$548,470 and \$921,099 for 2020 and 2019, respectively.

**11. Fair Value Measurements**

The Organization follows the provisions of ASC 820-10, *Fair Value Measurements*, which defines fair value and establishes a framework for measuring fair value. That framework provides 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 (Level 1 measurements) and the lowest priority to unobserved inputs (Level 3 measurements).

The three levels of the fair value hierarchy under ASC 820-10 are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and,
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 inputs must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

# USA Gymnastics

## (Debtor-in-Possession)

### Notes to Consolidated Financial Statements

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the valuation methodologies used at December 31, 2020.

Assets measured at fair value on a recurring basis are summarized below:

Type of Investment	Fair Value Measurements at December 31, 2020			
	Total	Level 1	Level 2	Level 3
Real estate and infrastructure	\$ 107,067	\$ 107,067	\$ -	\$ -
Exchange traded fund	184,762	-	184,762	-
Fixed income	1,390,348	1,390,348	-	-
Equity securities	3,901,060	3,901,060	-	-
<b>Total</b>	<b>\$ 5,583,237</b>	<b>\$ 5,398,475</b>	<b>\$ 184,862</b>	<b>\$ -</b>

Type of Investment	Fair Value Measurements at December 31, 2019			
	Total	Level 1	Level 2	Level 3
Real estate and infrastructure	\$ 333,265	\$ 333,265	\$ -	\$ -
Exchange traded fund	257,970	-	257,970	-
Fixed income	3,355,241	3,355,241	-	-
Equity securities	8,416,508	8,416,508	-	-
<b>Total</b>	<b>\$ 12,362,984</b>	<b>\$ 12,105,014</b>	<b>\$ 257,970</b>	<b>\$ -</b>

## 12. Related Party Transactions

The Organization may draw on its professional membership and Board of Directors for services in connection with fulfilling its stated mission, such as presentations at clinics and Congress, training camp staffing, elite clinician services, judging FIG representation, and educational materials development. Board members may be compensated for these services outside of their designated Board of Directors role at rates approved by the Organization. Such compensation was immaterial during the years ended December 31, 2020, and 2019.

## 13. Funds Held for Others

USA Gymnastics States and Regions have established bank accounts under the Organization's tax identification number. All funds are maintained for the benefit of the States and Regions. The Organization executes financial control of these funds as fiscal agent for a portion of the States and Regions. A liability of \$3,458,717 and \$4,186,680 has been recorded on the consolidated statement of financial position as of December 31, 2020, and 2019, respectively. Of these totals, \$2,975,951 and \$3,760,108 is presented for funds held for others, and \$482,766 and \$426,572 is included in accounts payable and accrued expenses subject to compromise in the accompanying consolidated statements of financial position as of December 31, 2020, and 2019, respectively.

# USA Gymnastics

## (Debtor-in-Possession)

### Notes to Consolidated Financial Statements

In 2012, USA Gymnastics assumed financial control of cash attributable to the Pan American Gymnastics Union (PAGU), and periodically makes deposits and disbursements at the direction of PAGU elected officers and the FIG. A balance is held, along with a liability and is recorded on the consolidated statement of financial position in the amount of \$9,773 for both December 31, 2020, and 2019, respectively.

#### 14. Liquidity and Availability of Resources

The Organization's financial assets available within one year of the consolidated statement of financial position date for general expenditure are as follows:

<i>December 31,</i>	<b>2020</b>	<b>2019</b>
Cash	\$ 12,956,296	\$ 9,407,020
Investments	5,583,237	12,362,984
Accounts receivable, net	345,355	99,570
 Total financial assets available within one year	 <b>18,884,888</b>	 <b>21,869,574</b>
Less:		
Amounts unavailable for general expenditure within		
One year, due to time or purpose restrictions	(990,163)	(934,744)
Funds held for others, from Note 13	(2,975,951)	(3,760,108)
 Amounts unavailable to management without		
Board's approval	(1,212,614)	(1,040,628)
 Total Financial Assets Available for General		
Expenditures Within One Year	 <b>\$ 13,706,160</b>	 <b>\$ 16,134,094</b>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, current liabilities and other current obligations become due.

#### 15. Subsequent Events

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

As a result of the pandemic, the 2020 Olympics were deferred until 2021. Further, all other competitions and events have returned to in-person. However, the full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, there is uncertainty around the magnitude the pandemic will have on the Organization's financial condition, liquidity and future results of operations. Management is actively monitoring the COVID-19 outbreak's impact to its financial condition, liquidity, operations, industry and workforce.

# **USA Gymnastics**

## **(Debtor-in-Possession)**

### **Notes to Consolidated Financial Statements**

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On March 27, 2020, the “Coronavirus Aid, Relief, and Economic Security (CARES) Act” was signed into law. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property.

It also appropriated funds for the SBA Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. In June 2020, the Organization received approximately \$804,500 in proceeds from a PPP loan from the Federal Government. The loan has an interest rate of 1.0% and matures in April 2022 with principal payments deferred for six months and interest accruing from the date of the loan. The Organization would qualify for loan forgiveness if certain criteria are met pursuant to Section 1106 of the CARES Act. The PPP loan was forgiven in October of 2021.

## Supplementary Information

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**USA Gymnastics**  
**(Debtor-in-Possession)**  
**Consolidating Statement of Financial Position**  
**December 31, 2020**

	USA Gymnastics	National Gymnastics Foundation	Eliminations	Consolidated
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 12,706,727	\$ 249,569	\$ -	\$ 12,956,296
Investments	-	5,583,237	-	5,583,237
Accounts receivable	339,580	5,775	-	345,355
Insurance receivable	263,260,561	-	-	263,260,561
Inventory	86,032	-	-	86,032
Prepaid expenses and other assets	526,608	-	-	526,608
Amounts due from NGF	611,500	-	(611,500)	-
<b>Total Current Assets</b>	<b>277,531,008</b>	<b>5,838,581</b>	<b>(611,500)</b>	<b>282,758,089</b>
<b>Property and Equipment, net</b>	<b>223,425</b>	<b>-</b>	<b>-</b>	<b>223,425</b>
<b>Total Assets</b>	<b>\$ 277,754,433</b>	<b>\$ 5,838,581</b>	<b>\$ (611,500)</b>	<b>\$ 282,981,514</b>
<b>Liabilities and Net Assets/Deficit</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued expenses	\$ 5,980,579	\$ 84,894	\$ -	\$ 6,065,473
Contingent liability	-	-	-	-
Funds held for others	2,985,724	-	-	2,985,724
Amounts due to USA Gymnastics	-	611,500	(611,500)	-
Deferred revenue	6,624,953	-	-	6,624,953
<b>Total Current Liabilities</b>	<b>15,591,256</b>	<b>696,394</b>	<b>(611,500)</b>	<b>15,676,150</b>
<b>Liabilities Subject to Compromise</b>				
Accounts payable and accrued expenses	1,735,335	-	-	1,735,335
Contingent liability	269,410,561	-	-	269,410,561
<b>Total Liabilities Subject to Compromise</b>	<b>271,145,896</b>	<b>-</b>	<b>-</b>	<b>271,145,896</b>
<b>Long Term Liabilities</b>				
Notes payable - long term	808,721	-	-	808,721
<b>Total Long Term Liabilities</b>	<b>808,721</b>	<b>-</b>	<b>-</b>	<b>808,721</b>
<b>Net Assets/Deficit</b>				
Without donor restrictions	(9,791,440)	2,889,288	1,262,736	(5,639,416)
With donor restrictions	-	2,252,899	(1,262,736)	990,163
<b>Total Net Assets/Deficit</b>	<b>(9,791,440)</b>	<b>5,142,187</b>	<b>-</b>	<b>(4,649,253)</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 277,754,433</b>	<b>\$ 5,838,581</b>	<b>\$ (611,500)</b>	<b>\$ 282,981,514</b>

*See accompanying independent auditor's report.*

**USA Gymnastics**  
**Consolidating Statement of Financial Position**  
**December 31, 2019**

	USA Gymnastics	National Gymnastics Foundation	Eliminations	Consolidated
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 9,103,347	\$ 303,673	\$ -	\$ 9,407,020
Investments	-	12,362,984	-	12,362,984
Accounts receivable	55,000	46,873	-	101,873
Insurance receivable	263,260,561	-	-	263,260,561
Inventory	104,755	-	-	104,755
Prepaid expenses	502,729	-	-	502,729
Amounts due from NGF	683,652	-	(683,652)	-
<b>Total Current Assets</b>	<b>273,710,044</b>	<b>12,713,530</b>	<b>(683,652)</b>	<b>285,739,922</b>
<b>Property and Equipment, net</b>	<b>377,595</b>	<b>-</b>	<b>-</b>	<b>377,595</b>
<b>Total Assets</b>	<b>\$ 274,087,639</b>	<b>\$ 12,713,530</b>	<b>\$ (683,652)</b>	<b>\$ 286,117,517</b>
<b>Liabilities and Net Assets/Deficit</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued expenses	\$ 4,196,391	\$ 77,772	\$ -	\$ 4,274,163
Funds held for others	3,769,880	-	-	3,769,880
Amounts due to USA Gymnastics	-	683,652	(683,652)	-
Deferred revenue	7,507,345	-	-	7,507,345
<b>Total Current Liabilities</b>	<b>15,473,616</b>	<b>761,424</b>	<b>(683,652)</b>	<b>15,551,388</b>
<b>Liabilities Subject to Compromise</b>				
Accounts payable and accrued expenses	1,850,753	-	-	1,850,753
Contingent liability	269,410,561	-	-	269,410,561
<b>Total Liabilities Subject to Compromise</b>	<b>271,261,314</b>	<b>-</b>	<b>-</b>	<b>271,261,314</b>
<b>Net Assets/Deficit</b>				
Without donor restrictions	(12,647,291)	9,754,626	1,262,736	(1,629,929)
With donor restrictions	-	2,197,480	(1,262,736)	934,744
<b>Total Net Assets/Deficit</b>	<b>(12,647,291)</b>	<b>11,952,106</b>	<b>-</b>	<b>(695,185)</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 274,087,639</b>	<b>\$ 12,713,530</b>	<b>\$ (683,652)</b>	<b>\$ 286,117,517</b>

*See accompanying independent auditor's report.*

**USA Gymnastics**  
**(Debtor-in-Possession)**  
**Consolidating Statement of Activities and Changes**  
**in Net Assets/Deficit**  
**Year Ended December 31, 2020**

	USA Gymnastics			National Gymnastics Foundation			Eliminations	Consolidated
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total		
<b>Revenue</b>								
Contributions	\$ 21,088	\$ -	\$ 21,088	\$ -	\$ 97,449	\$ 97,449	\$ -	\$ 118,537
Marketing and events	1,058,148	-	1,058,148	-	-	-	-	1,058,148
Communications and Creative Program:	143,859	-	143,859	-	-	-	-	143,859
Women's gymnastics	18,080	-	18,080	-	-	-	-	18,080
Men's gymnastics	54,954	-	54,954	-	-	-	-	54,954
Trampoline and tumbling	49,947	-	49,947	-	-	-	-	49,947
Acrobatics gymnastics	20,406	-	20,406	-	-	-	-	20,406
Rhythmic gymnastics	5,980	-	5,980	-	-	-	-	5,980
Gymnastics for all	1,270	-	1,270	-	-	-	-	1,270
Multi discipline and medical	71,592	-	71,592	-	-	-	-	71,592
Total program	222,229	-	222,229	-	-	-	-	150,637
Member services	12,357,872	-	12,357,872	-	-	-	-	12,357,872
General and administrative	591,566	-	591,566	-	-	-	-	591,566
Grants:								
United States Olympic Committee	3,023,445	-	3,023,445	-	-	-	-	3,023,445
Foundation/ Organization grants	6,371,500	-	6,371,500	-	-	-	(6,371,500)	-
Government Program - ERTC	261,178	-	261,178	-	-	-	-	261,178
Releases from restriction	-	-	-	264,138	(264,138)	-	-	-
Total administrative	9,656,123	-	9,656,123	264,138	(264,138)	-	(6,371,500)	3,284,623
<b>Total Revenue</b>	<b>\$ 24,050,885</b>	<b>\$ -</b>	<b>\$ 24,050,885</b>	<b>\$ 264,138</b>	<b>\$ (166,689)</b>	<b>\$ 97,449</b>	<b>\$ (6,371,500)</b>	<b>\$ 17,776,834</b>

*See accompanying independent auditor's report.*

**USA Gymnastics**  
**(Debtor-in-Possession)**  
**Consolidating Statement of Activities and Changes**  
**in Net Assets/Deficit**  
**Year Ended December 31, 2020**

	USA Gymnastics			National Gymnastics Foundation				
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total	Eliminations	Consolidated
<b>Expenses</b>								
Program:								
Marketing and events	\$ 1,770,478	\$ -	\$ 1,770,478	\$ -	\$ -	\$ -	\$ -	\$ 1,770,478
Member services	222,138	-	222,138	-	-	-	-	222,138
Communications	289,290	-	289,290	-	-	-	-	289,290
Women's gymnastics	1,766,265	-	1,766,265	-	-	-	-	1,766,265
Men's gymnastics	1,024,574	-	1,024,574	136,146	-	136,146	-	1,160,720
Trampoline and tumbling	512,327	-	512,327	12,992	-	12,992	-	525,319
Rhythmic gymnastics	412,846	-	412,846	-	-	-	-	412,846
Acrobatic gymnastics	26,705	-	26,705	-	-	-	-	26,705
Safe Sports	907,742	-	907,742	-	-	-	-	907,742
Other Programs	622,727	-	622,727	115,000	-	115,000	-	737,727
Total program expense	7,555,092	-	7,555,092	264,138	-	264,138	-	7,819,230
Supporting services:								
General and administrative	13,639,942	-	13,639,942	183,498	-	183,498	-	13,823,440
Foundation/ Organization grants	-	-	-	6,371,500	-	6,371,500	(6,371,500)	-
Total supporting services expense	13,639,942	-	13,639,942	6,554,998	-	6,554,998	(6,371,500)	13,823,440
<b>Total Expenses</b>	<b>21,195,034</b>	<b>-</b>	<b>21,195,034</b>	<b>6,819,136</b>	<b>-</b>	<b>6,819,136</b>	<b>(6,371,500)</b>	<b>21,642,670</b>
Changes in net assets/deficit, before investment returns, net	2,855,851	-	2,855,851	(6,554,998)	(166,689)	(6,721,687)	-	(3,865,836)
Investment (loss) returns, net	-	-	-	(310,340)	222,108	(88,232)	-	(88,232)
<b>Changes in net assets/deficit</b>	<b>2,855,851</b>	<b>-</b>	<b>2,855,851</b>	<b>(6,865,338)</b>	<b>55,419</b>	<b>(6,809,919)</b>	<b>-</b>	<b>(3,954,068)</b>
Net assets/deficit, beginning of year	(12,647,291)	-	(12,647,291)	9,754,626	2,197,480	11,952,106	-	(695,185)
<b>Net assets/deficit, end of year</b>	<b>\$ (9,791,440)</b>	<b>\$ -</b>	<b>\$ (9,791,440)</b>	<b>\$ 2,889,288</b>	<b>\$ 2,252,899</b>	<b>\$ 5,142,187</b>	<b>\$ -</b>	<b>\$ (4,649,253)</b>

*See accompanying independent auditor's report.*

**USA Gymnastics**  
**Consolidating Statement of Activities and Changes**  
**in Net Assets/Deficit**  
**Year Ended December 31, 2019**

	USA Gymnastics			National Gymnastics Foundation			Eliminations	Consolidated
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total		
<b>Revenue</b>								
Contributions	\$ 335,560	\$ -	\$ 335,560	\$ 2,140	\$ 176,703	\$ 178,843	\$ -	\$ 514,403
Marketing and events	3,190,907	-	3,190,907	-	-	-	-	3,190,907
Communications and creative	154,587	-	154,587	-	-	-	-	154,587
Program:								
Women's gymnastics	689,015	-	689,015	-	-	-	-	689,015
Men's gymnastics	160,825	-	160,825	-	-	-	-	160,825
Trampoline and tumbling	346,017	-	346,017	-	-	-	-	346,017
Rhythmic gymnastics	537,012	-	537,012	-	-	-	-	537,012
Acrobatics gymnastics	197,412	-	197,412	-	-	-	-	197,412
Gymnastics for all	68,794	-	68,794	-	-	-	-	68,794
Multi discipline and medical	1,600	-	1,600	-	-	-	-	1,600
Total program	2,000,675	-	2,000,675	-	-	-	-	2,000,675
Member services	14,161,161	-	14,161,161	-	-	-	-	14,161,161
General and administrative	918,147	-	918,147	-	-	-	-	918,147
Grants:								
United States Olympic Committee	2,912,812	-	2,912,812	-	-	-	-	2,912,812
Foundation/ Organization grants	3,433,652	-	3,433,652	-	-	-	(3,433,652)	-
Other	95,478	-	95,478	409	-	409	-	95,887
Releases from restriction	-	-	-	333,476	(333,476)	-	-	-
Total administrative	6,441,942	-	6,441,942	333,885	(333,476)	409	(3,433,652)	3,008,699
<b>Total Revenue</b>	<b>\$ 27,202,979</b>	<b>\$ -</b>	<b>\$ 27,202,979</b>	<b>\$ 336,025</b>	<b>\$ (156,773)</b>	<b>\$ 179,252</b>	<b>\$ (3,433,652)</b>	<b>\$ 23,948,579</b>

*See accompanying independent auditor's report.*

# USA Gymnastics

## Consolidating Statement of Activities and Changes in Net Assets/Deficit

Year Ended December 31, 2019

	USA Gymnastics			National Gymnastics Foundation			Eliminations	Consolidated
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total		
<b>Expenses</b>								
Program:								
Marketing and events	\$ 3,153,991	\$ -	\$ 3,153,991	\$ -	\$ -	\$ -	\$ -	\$ 3,153,991
Member services	1,716,298	-	1,716,298	-	-	-	-	1,716,298
Communications	675,060	-	675,060	-	-	-	-	675,060
Women's gymnastics	3,759,552	-	3,759,552	-	-	-	-	3,759,552
Men's gymnastics	1,695,115	-	1,695,115	285,065	-	285,065	-	1,980,180
Trampoline and tumbling	999,730	-	999,730	38,411	-	38,411	-	1,038,141
Rhythmic gymnastics	1,103,221	-	1,103,221	-	-	-	-	1,103,221
Acrobatic gymnastics	384,713	-	384,713	10,000	-	10,000	-	394,713
Safe Sport	1,036,666	-	1,036,666	-	-	-	-	1,036,666
Medical	916,627	-	916,627	-	-	-	-	916,627
Total program expense	15,440,973	-	15,440,973	333,476	-	333,476	-	15,774,449
Supporting services:								
General and Administrative	16,097,891	-	16,097,891	567,363	-	567,363	-	16,665,254
Foundation/ Organization grants	-	-	-	3,433,652	-	3,433,652	(3,433,652)	-
Total supporting services expense	16,097,891	-	16,097,891	4,001,015	-	4,001,015	(3,433,652)	16,665,254
<b>Total Expenses</b>	<b>31,538,864</b>	<b>-</b>	<b>31,538,864</b>	<b>4,334,491</b>	<b>-</b>	<b>4,334,491</b>	<b>(3,433,652)</b>	<b>32,439,703</b>
Changes in net assets/deficit, before investment returns, net	(4,335,885)	-	(4,335,885)	(3,998,466)	(156,773)	(4,155,239)	-	(8,491,124)
Investment returns, net	-	-	-	2,194,117	340,046	2,534,163	-	2,534,163
<b>Changes in net assets/deficit</b>	<b>(4,335,885)</b>	<b>-</b>	<b>(4,335,885)</b>	<b>(1,804,349)</b>	<b>183,273</b>	<b>(1,621,076)</b>	<b>-</b>	<b>(5,956,961)</b>
Net assets/deficit, beginning of year	(8,311,406)	-	(8,311,406)	11,558,975	2,014,207	13,573,182	-	5,261,776
<b>Net assets/deficit, end of year</b>	<b>\$ (12,647,291)</b>	<b>\$ -</b>	<b>\$ (12,647,291)</b>	<b>\$ 9,754,626</b>	<b>\$ 2,197,480</b>	<b>\$ 11,952,106</b>	<b>\$ -</b>	<b>\$ (695,185)</b>

See accompanying independent auditor's report.