

**USA VOLLEYBALL**  
**Financial Statements**  
**& Supplemental Schedules**  
**For the Year Ended December 31, 2009**

## TABLE OF CONTENTS

|   |    |
|---|----|
| Independent Auditors' Report . . . . .                      | 1  |
| Statement of Financial Position . . . . .                   | 2  |
| Statement of Activities and Changes in Net Assets . . . . . | 3  |
| Statement of Cash Flows . . . . .                           | 4  |
| Notes to Financial Statements . . . . .                     | 5  |
| Schedule of Program Services . . . . .                      | 15 |
| Schedule of Supporting Services . . . . .                   | 16 |

INDEPENDENT AUDITORS' REPORT

Board of Directors  
USA Volleyball  
Colorado Springs, Colorado

We have audited the accompanying statement of financial position of United States Volleyball Association, dba USA Volleyball (a nonprofit organization) as of December 31, 2009, and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year summarized comparative information has been derived from the Association's December 31, 2008 financial statements and, in our report dated April 28, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of USA Volleyball as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of program services and supporting services for the year ended December 31, 2009 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Waugh & Goodwin, LLP*

April 9, 2010

USA VOLLEYBALL  
Statement of Financial Position  
December 31, 2009  
(With Comparative Amounts for 2008)

|  | <u>2009</u>         | <u>2008</u>         |
|--|---------------------|---------------------|
| <u>ASSETS</u>                            |                     |                     |
| CURRENT ASSETS:                          |                     |                     |
| Cash and cash equivalents                | \$ 839,505          | \$ 1,273,649        |
| Accounts receivable, net                 | 555,541             | 292,201             |
| Short-term investments (Note B)          | 261,137             | 255,276             |
| Inventory                                | 129,993             | 124,740             |
| Prepaid expenses                         | <u>376,291</u>      | <u>433,449</u>      |
| Total current assets                     | 2,162,467           | 2,379,315           |
| LONG-TERM INVESTMENTS (Note B)           | 650                 | 2,665               |
| EQUIPMENT, at cost:                      |                     |                     |
| Office furniture                         | 64,621              | 64,621              |
| Office equipment                         | 339,816             | 308,277             |
| Divisional equipment                     | 957,311             | 792,868             |
| Less accumulated depreciation            | <u>(840,714)</u>    | <u>(587,925)</u>    |
| Equipment - net                          | <u>521,034</u>      | <u>577,841</u>      |
| TOTAL ASSETS                             | <u>\$ 2,684,151</u> | <u>\$ 2,959,821</u> |
| <u>LIABILITIES AND NET ASSETS</u>        |                     |                     |
| CURRENT LIABILITIES:                     |                     |                     |
| Accounts payable                         | \$ 399,476          | \$ 836,456          |
| Accrued liabilities                      | 688,457             | 515,103             |
| Deferred compensation (Note L)           |                     | 28,140              |
| Deferred revenue (Note C)                | <u>706,441</u>      | <u>943,339</u>      |
| Total current liabilities                | 1,794,374           | 2,323,038           |
| NET ASSETS:                              |                     |                     |
| Unrestricted                             | 839,125             | 592,296             |
| Unrestricted - board designated (Note D) | 2,978               | 10,372              |
| Temporarily restricted (Note E)          | <u>47,674</u>       | <u>34,115</u>       |
| Total net assets                         | <u>889,777</u>      | <u>636,783</u>      |
| TOTAL LIABILITIES AND NET ASSETS         | <u>\$ 2,684,151</u> | <u>\$ 2,959,821</u> |

See Notes to Financial Statements

USA VOLLEYBALL  
Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2009  
(With Comparative Totals for 2008)

|   | Unrestricted      | Temporarily<br>Restricted | 2009<br>Totals    | 2008<br>Totals     |
|---|-------------------|---------------------------|-------------------|--------------------|
| <b>SUPPORT AND REVENUE:</b>   |                   |                           |                   |                    |
| National programs   | \$ 6,305,468      | \$                        | \$ 6,305,468      | \$ 6,610,031       |
| Membership services   | 3,096,065         |                           | 3,096,065         | 2,445,481          |
| Sponsorship and marketing   | 1,660,363         |                           | 1,660,363         | 1,778,542          |
| USOC grants (Note G)  | 887,692           |                           | 887,692           | 1,075,697          |
| International programs  | 323,261           |                           | 323,261           | 335,103            |
| Product and ball sales<br>less direct costs of<br>\$141,834 and \$173,798 | 311,858           |                           | 311,858           | 249,762            |
| Other programs  | 260,081           |                           | 260,081           | 227,889            |
| USPC grants (Note G)  | 149,004           |                           | 149,004           | 135,701            |
| USAVF grants (Note G)   | 109,892           |                           | 109,892           | 25,000             |
| Contributions   | 51,856            | 13,460                    | 65,316            | 273,835            |
| Investment income (Note F)  | <u>14,998</u>     | <u>99</u>                 | <u>15,097</u>     | <u>(352,431)</u>   |
| Total support and<br>revenue  | 13,170,538        | 13,559                    | 13,184,097        | 12,804,610         |
| <b>EXPENSES:</b>  |                   |                           |                   |                    |
| Program services:   |                   |                           |                   |                    |
| National events   | 3,265,575         |                           | 3,265,575         | 2,538,090          |
| National teams  | 3,030,107         |                           | 3,030,107         | 3,179,144          |
| Membership services   | 1,553,824         |                           | 1,553,824         | 1,647,037          |
| High performance<br>programs  | 1,430,997         |                           | 1,430,997         | 1,400,459          |
| International programs  | 915,889           |                           | 915,889           | 1,736,440          |
| National service<br>programs  | 879,923           |                           | 879,923           | 790,797            |
| Disabled programs   | <u>213,535</u>    |                           | <u>213,535</u>    | <u>214,283</u>     |
| Total program<br>services   | 11,289,850        |                           | 11,289,850        | 11,506,250         |
| Supporting services:  |                   |                           |                   |                    |
| National headquarters   | 1,273,880         |                           | 1,273,880         | 1,221,817          |
| Sponsorship, marketing<br>and public relations                            | 190,311           |                           | 190,311           | 185,516            |
| Board of Directors  | 98,138            |                           | 98,138            | 195,314            |
| Fundraising   | <u>76,892</u>     |                           | <u>76,892</u>     |                    |
| Total supporting<br>services  | <u>1,639,221</u>  |                           | <u>1,639,221</u>  | <u>1,602,647</u>   |
| Total expenses  | <u>12,929,071</u> |                           | <u>12,929,071</u> | <u>13,108,897</u>  |
| CHANGE IN NET ASSETS  | 241,467           | 13,559                    | 255,026           | (304,287)          |
| NET ASSETS,<br>beginning of year  | 602,668           | 34,115                    | 636,783           | 2,247,625          |
| TRANSFER TO USA VOLLEYBALL<br>FOUNDATION (Note G)                         | <u>(2,032)</u>    |                           | <u>(2,032)</u>    | <u>(1,306,555)</u> |
| NET ASSETS,<br>end of year  | <u>\$ 842,103</u> | <u>\$ 47,674</u>          | <u>\$ 889,777</u> | <u>\$ 636,783</u>  |

See Notes to Financial Statements

USA VOLLEYBALL  
Statement of Cash Flows  
For the Year Ended December 31, 2009  
(With Comparative Amounts for 2008)

|  | <u>2009</u>       | <u>2008</u>         |
|--|-------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES:  |                   |                     |
| Change in net assets   | \$ 255,026        | \$ (304,287)        |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: |                   |                     |
| Depreciation   | 252,789           | 164,222             |
| Net unrealized and realized losses on investments  |                   | 412,785             |
| Changes in assets and liabilities:   |                   |                     |
| Increase in accounts receivable  | (263,340)         | (33,059)            |
| Decrease in prepaid expenses and deposits  | 57,158            | (110,791)           |
| Increase in inventory  | (5,253)           | (52,823)            |
| Decrease in accounts payable   | (436,980)         | 450,902             |
| Increase in accrued liabilities  | 173,354           | 213,280             |
| Decrease in deferred compensation  | (28,140)          | (29,563)            |
| Decrease in deferred revenue   | <u>(236,898)</u>  | <u>579,588</u>      |
| Total adjustments  | <u>(487,310)</u>  | <u>1,594,541</u>    |
| Net cash provided (used) by operating activities   | (232,284)         | 1,290,254           |
| CASH FLOWS FROM INVESTING ACTIVITIES:  |                   |                     |
| Acquisition of property and equipment  | (195,982)         | (193,721)           |
| Net change in short-term investments   | (5,861)           | (252,557)           |
| Purchase of long-term investments  |                   | (606,311)           |
| Proceeds from sale of long-term investments  | 2,015             | 2,132,059           |
| Transfer to USA Volleyball Foundation  | <u>(2,032)</u>    | <u>(1,306,555)</u>  |
| Net cash used by investing activities  | <u>(201,860)</u>  | <u>(227,085)</u>    |
| NET INCREASE (DECREASE) IN CASH  | (434,144)         | 1,063,169           |
| CASH AND CASH EQUIVALENTS, beginning of year   | <u>1,273,649</u>  | <u>210,480</u>      |
| CASH AND CASH EQUIVALENTS, end of year   | <u>\$ 839,505</u> | <u>\$ 1,273,649</u> |

See Notes to Financial Statements

USA VOLLEYBALL  
Notes to Financial Statements  
For the Year Ended December 31, 2009

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The United States Volleyball Association, dba USA Volleyball (the Association), is a nonprofit corporation organized in 1928 and incorporated in the State of California in 1970. The principal purposes of the Association are to foster and conduct area, regional, state and national amateur instructional and competitive volleyball programs and to represent the volleyball interests of the nation to the United States Olympic Committee (USOC) and to international volleyball organizations.

The Association is the National Governing Body of the sport of volleyball. The Association recognizes and sets general policy for Regional Volleyball Associations (RVA's). These RVA's are separate legal entities whose operations are controlled by their own elected boards.

Use of Estimates

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

Functional Allocation of Expenses

Certain costs and expenses are allocated among the various programs and supporting service expenses based on internal records and estimates made by the Association's management.

Income Taxes

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

## Notes to Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes," an Interpretation of FASB Statement No. 109 (FIN 48), that clarifies the accounting and recognition for income tax positions taken or expected to be taken in the Association's income tax returns. The revised effective date for FIN 48 is years beginning after December 15, 2008; accordingly, the Association adopted the standard effective January 1, 2009.

The Association's income tax filings are subject to audit by various taxing authorities. The Association's open audit periods are 2005 - 2008. The Association believes that its operations have been conducted in accordance with its tax-exempt status.

#### Cash and Cash Equivalents

Cash and cash equivalents consist of cash in the Association's checking, money market and petty cash accounts. The Association maintains its cash and cash equivalents primarily at one commercial bank. In the event of a bank failure, the Association might only be able to recover the amounts insured.

#### Supplemental Cash Flow Information

During the years ended December 31, 2009 and 2008, no interest or income taxes were paid either year.

#### Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. An allowance for doubtful accounts in the amount of \$60,026 and \$50,000 is recorded at December 31, 2009 and 2008, respectively.

#### Inventory

Inventory is stated at the lower of cost or market. Cost is determined by the first-in, first-out method.

#### Prepaid Expenses and Deferred Charges

Event expenses paid for in a fiscal year prior to the occurrence of a scheduled event are deferred and recognized as expenses in the fiscal year in which such events occur.

## Notes to Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Property and Equipment

Property and equipment consist of assets used in the operations of the Association. They are recorded at cost or, if donated, at the estimated fair market value at the date of donation.

Depreciation is recorded using the straight-line method over an estimated life of three to five years. Depreciation expense was \$252,789 and \$164,222 for the years ended December 31, 2009 and 2008, respectively.

#### In-kind Revenue

Sponsorship income in the form of in-kind goods such as clothing and volleyballs are reported as revenue and expense in the fiscal year they are received.

#### Contributions

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

#### Prior-Year Comparisons

The financial statements include certain prior-year summarized comparative information in total but not by net asset or functional expense class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2008 from which the summarized information was derived.

Certain reclassifications have been made to the prior year amounts in order to conform to the current year financial statement format.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through April 9, 2010, the date the financial statements were available to be issued.

B. FAIR VALUE MEASUREMENTS

The Association applies Generally Accepted Accounting Principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Association has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following tables present assets that are measured at fair value on a recurring basis at December 31, 2009 and 2008:

Assets at Fair Value as of December 31, 2009

|                         | <u>Level 1</u>    | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u>      |
|-------------------------|-------------------|----------------|----------------|-------------------|
| Certificates of deposit | \$ 258,380        | \$             | \$             | \$ 258,380        |
| Mutual fund             | 2,757             |                |                | 2,757             |
| USAVP stock             |                   |                | 650            | 650               |
|                         | <u>\$ 261,137</u> | <u>\$</u>      | <u>\$ 650</u>  | <u>\$ 261,787</u> |

Notes to Financial Statements

B. FAIR VALUE MEASUREMENTS - Continued

Assets at Fair Value as of December 31, 2008

|                         | <u>Level 1</u>    | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u>      |
|-------------------------|-------------------|----------------|----------------|-------------------|
| Certificates of deposit | \$ 252,480        | \$             | \$             | \$ 252,480        |
| Mutual fund             | 2,796             |                |                | 2,796             |
| Money market            | 2,015             |                |                | 2,015             |
| USAVP stock             |                   |                | 650            | 650               |
|                         | <u>\$ 257,291</u> | <u>\$</u>      | <u>\$ 650</u>  | <u>\$ 257,941</u> |

USAVP Stock, a Level 3 input, had no activity during the years ended December 31, 2009 and 2008.

C. DEFERRED REVENUE

Deferred revenue includes payments under corporate sponsor agreements, with terms in excess of one year, whereby revenue is recognized when earned based on the term of each agreement. Registration fees and other fees from RVA's received in advance of the January through August playing season are also deferred and recognized in the playing season to which they relate.

At December 31, 2009 and 2008, deferred revenue consists of the following:

|                            | <u>2009</u>       | <u>2008</u>       |
|----------------------------|-------------------|-------------------|
| Region registrations       | \$ 667,046        | \$ 815,731        |
| Official renewal fees      | 28,415            | 28,538            |
| Official education fees    | 7,655             |                   |
| HP development             | 1,725             |                   |
| Tryout registrations       | 800               | 9,751             |
| Event registration fees    | 800               |                   |
| Coaching registration fees |                   | 34,255            |
| Olympic commemorative book |                   | 27,500            |
| HP coaches clinic          |                   | 27,107            |
| Impact fees                |                   | 457               |
|                            | <u>\$ 706,441</u> | <u>\$ 943,339</u> |

D. BOARD DESIGNATED NET ASSETS

At December 31, 2009 and 2008, Board designated net assets consist of the following:

|                    | <u>2009</u>     | <u>2008</u>      |
|--------------------|-----------------|------------------|
| Officials programs | \$ 2,978        | \$ 2,970         |
| YJOV programs      |                 | 7,402            |
|                    | <u>\$ 2,978</u> | <u>\$ 10,372</u> |

Notes to Financial Statements

E. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2009 and 2008 consist of the following:

|                      | <u>2009</u>      | <u>2008</u>      |
|----------------------|------------------|------------------|
| Women's sitting team | \$ 25,169        | \$ 15,361        |
| Men's sitting team   | 22,387           | 18,637           |
| Men's standing team  | <u>118</u>       | <u>117</u>       |
|                      | <u>\$ 47,674</u> | <u>\$ 34,115</u> |

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the year ended December 31, 2009, no restricted net assets were released from restrictions.

F. INVESTMENT INCOME

Investment income consists of the following components for the years ended December 31, 2009 and 2008:

|                                | <u>2009</u>                 | <u>2008</u>         |
|--------------------------------|-----------------------------|---------------------|
| Interest and dividends         | \$ 15,097                   | \$ 60,354           |
| Unrealized and realized losses | <u>                    </u> | <u>(412,785)</u>    |
|                                | <u>\$ 15,097</u>            | <u>\$ (352,431)</u> |

G. RELATED PARTIES

During the years ended December 31, 2009 and 2008, the United States Olympic Committee (USOC) provided grants to the Association under the following project categories:

|                                  | <u>2009</u>                 | <u>2008</u>         |
|----------------------------------|-----------------------------|---------------------|
| NGB funding                      | \$ 866,492                  | \$ 968,600          |
| Other grants                     | 11,200                      |                     |
| International representation     | 10,000                      | 7,097               |
| Olympic exhibition match revenue | <u>                    </u> | <u>100,000</u>      |
|                                  | <u>\$ 887,692</u>           | <u>\$ 1,075,697</u> |

Notes to Financial Statements

G. RELATED PARTIES - Continued

As part of the Association's agreement with the USOC, stipends are paid directly to athletes in the following categories:

|        | <u>2009</u>       | <u>2008</u>       |
|--------|-------------------|-------------------|
| Indoor | \$ 350,000        | \$ 583,000        |
| Beach  | <u>132,000</u>    | <u>147,840</u>    |
|        | <u>\$ 482,000</u> | <u>\$ 730,840</u> |

In addition to the amounts above, the USOC provided additional funding in the form of value in kind in the amount of \$66,924 and \$105,332 for the years ended December 31, 2009 and 2008, respectively, which is included with sponsorship and marketing in the statement of activities and changes in net assets.

The Association is economically dependent upon grants from the USOC in order to maintain its programs at current levels.

During the years ended December 31, 2009 and 2008, the Association also received grants from the U.S. Paralympics (USPC) through the USOC in the amount of \$149,004 and \$135,701, respectively, to support disabled programs. In addition to these grants USPC provided direct athlete funding in the amount of \$48,000 and \$12,000 for the years ended December 31, 2009 and 2008, respectively.

In August, 2007, the Association entered into a content license agreement with the USOC. The term of this agreement is August 23, 2007 through December 31, 2012. During the years ended December 31, 2009 and 2008, the Association recognized \$75,000 and \$133,000, respectively, in revenue related to the content license agreement with USOC. In addition, the Association recognized \$150,000 each year for the years ending December 31, 2009 and 2008 for rights fees under this agreement. These amounts are included in sponsorship and marketing revenue in the statement of activities.

The USA Volleyball Foundation (USAVF) was formed to operate exclusively for the benefit and support of the Association and the Regional Volleyball Associations. The purpose of the USAVF is to raise funds and acquire assets that will enable the Association to encourage, improve and promote amateur volleyball in the United States. The Association does not control the USAVF and therefore does not prepare consolidated financial statements.

## Notes to Financial Statements

### G. RELATED PARTIES - Continued

During the years ended December 31, 2009 and 2008, the Association transferred \$2,032 and \$1,306,555, respectively, to the USAVF. During the years ended December 31, 2009 and 2008, the Foundation provided grants to the Association totaling \$109,892 and \$25,000, respectively.

In addition to payments made pursuant to the deferred compensation arrangement discussed in Note L, the Association paid stipends during 2009 and 2008 to certain board members for board services provided totaling \$0 and \$23,000, respectively.

### H. RETIREMENT PLAN

The Association has a 403(b) retirement plan available to all eligible personnel. The plan enables employees to make contributions on either a tax deferred salary reduction basis or an after tax basis if the Roth provision is chosen, of a percentage of their compensation. The Association matches contributions up to 8% of base compensation for employees who have made a voluntary contribution and have completed ninety days of employment. Employee contributions are immediately vested. Employer contributions are fully vested on the first day of the month following completion of two years of employment. Employer contributions under this plan were \$155,398 and \$194,667 for the years ended December 31, 2009 and 2008, respectively.

### I. COMMITMENTS AND CONTINGENCIES

The Association has entered into annual agreements with its players that call for monthly stipends to the players in exchange for their participation on the Association's volleyball teams. These agreements also provide for athlete transition funds for indoor players. These monthly stipends conform to USOC, International Olympic Committee and the Federation Internationale de Volleyball guidelines and policies. In addition to support payments paid to athletes directly by the USOC as discussed in Note J, for the years ended December 31, 2009 and 2008, the monthly stipends paid by the Association amounted to \$389,178 and \$356,578, respectively.

The Association has a line of credit agreement with a local bank. The line of credit has a \$500,000 limit, with interest at prime plus 2.0%, 5.25% as of December 31, 2009 and is secured by all assets of the Association. No amount was outstanding at December 31, 2009 and 2008. The line of credit expires November 12, 2010.

## Notes to Financial Statements

### J. LEASES

The Association leases office space under an operating lease that started March 20, 2001 and continued through March 31, 2009. The Association had the option to extend this lease for one year if notice is given to the landlord prior to December 31, 2008. The Association exercised this option, extending this lease through March 31, 2013. This lease requires base monthly payments of \$6,621 through March 2010, \$6,673 through March 2011, \$6,725 through March 2013.

The Association also has an operating lease for a copier through February 2011, which requires monthly payments of \$948.

The Association also leases office space under an operating lease that started in February 25, 2008 and continues through February 28, 2011. This lease requires monthly payments of \$2,147 through February 2011.

The Association leases warehouse space for storage under an operating lease commencing December 1, 2005 and continuing for a period of five years, expiring November 30, 2010. This lease requires monthly payments of \$2,300 through November 2010.

The Association also sub-leases office space under an operating lease which expires April 17, 2011. Base rent under this agreement is \$4,663 per month with annual increases of 4%. This lease is fully reimbursed by the City of Anaheim.

The Association also leases residential space for members of the national teams under a rental agreement commencing June 1, 2009 and continuing for a period of seven years, expiring December 31, 2016. This agreement requires monthly payments of \$7,253 through December 2012 and \$9,962 through December 2016. This lease is fully reimbursed by the City of Anaheim.

During 2008, the Association entered into four vehicle leases commencing April 25, 2008 and continuing for thirty-six months, expiring April 24, 2011. During 2009, the Association leased an additional four vehicles for 36 months, expiring April 2012. These leases require monthly payments of \$2,425. These leases are partially reimbursed by the City of Anaheim.

Notes to Financial Statements

J. LEASES - Continued

Future minimum payments under these operating leases are as follows:

|            |    |         |
|------------|----|---------|
| 2010       | \$ | 311,753 |
| 2011       |    | 211,093 |
| 2012       |    | 171,354 |
| 2013       |    | 139,714 |
| 2014       |    | 119,538 |
| Thereafter |    | 239,076 |

As noted above, some of these lease payments are reimbursed by the City of Anaheim.

K. AFFILIATES

The Association has trade receivables of \$15,848 and \$25,372 due from affiliates and RVA's at December 31, 2009 and 2008, respectively. The Association has accounts payable of \$0 and \$5,009 due to affiliates and RVA's as of December 31, 2009 and 2008, respectively.

L. DEFERRED COMPENSATION

In prior years, the Association contracted with an individual to perform the duties of Executive Director. During the year ended December 31, 2009, the Association satisfied this liability in full.

USA VOLLEYBALL  
Schedule of Program Services  
For the Year Ended December 31, 2009

|                                     | National<br>Events  | National<br>Teams   | Membership<br>Services | High<br>Performance<br>Programs | International<br>Programs | National<br>Service<br>Programs | Disabled<br>Programs | Total                |
|-------------------------------------|---------------------|---------------------|------------------------|---------------------------------|---------------------------|---------------------------------|----------------------|----------------------|
| Reimbursable expenses               | \$                  | \$ 180,812          | \$                     | \$                              | \$ 28,661                 | \$                              | \$                   | \$ 209,473           |
| Athlete prize money                 |                     |                     |                        |                                 | 178,920                   |                                 |                      | 178,920              |
| Athlete support                     |                     | 389,178             |                        | 58                              |                           |                                 |                      | 389,236              |
| Athlete transition                  |                     | 111,297             |                        |                                 |                           |                                 |                      | 111,297              |
| Awards                              | 44,368              |                     |                        |                                 | 1,273                     | 5,058                           |                      | 50,699               |
| Background screening                | 70                  | 766                 | 53                     | 835                             |                           | 535                             | 53                   | 2,312                |
| Bank and credit card fees           | 9,281               | 2,085               | 1                      | 13,824                          | 2,751                     | 9,350                           |                      | 37,292               |
| CAP Cadre screening                 |                     |                     |                        |                                 |                           | 123                             |                      | 123                  |
| Coach - consultant                  |                     | 14,250              |                        |                                 |                           |                                 |                      | 14,250               |
| Computer expense                    | 17,560              | 5,002               | 58,075                 | 30                              |                           | 3,481                           |                      | 84,148               |
| Contract labor                      | 237,744             | 37,192              | 20,197                 | 8,334                           |                           | 18,863                          | 62,550               | 384,880              |
| Donations                           |                     |                     | 10,200                 |                                 |                           |                                 |                      | 10,200               |
| Dues/memberships/subscriptions      | 400                 | 371                 | 65                     | 60                              | 1,575                     | 535                             | 675                  | 3,681                |
| Educational expense                 |                     |                     |                        |                                 |                           | 73,762                          |                      | 73,762               |
| Entry fees                          |                     |                     |                        | 2,000                           | 21,500                    |                                 |                      | 23,500               |
| Equipment                           | 4,087               | 9,615               |                        | 3,509                           | 1,686                     |                                 | 250                  | 19,147               |
| Equipment rental/maintenance        | 133,515             | 1,694               |                        |                                 | 172                       | 18,253                          |                      | 153,634              |
| Equipment transportation            | 43,339              |                     |                        |                                 |                           |                                 |                      | 43,339               |
| Event personnel and catering        | 236,960             | 29,861              |                        |                                 | 32,651                    | 21,702                          |                      | 321,174              |
| Facilities                          | 586,887             |                     |                        | 997                             | 30,442                    | 50                              |                      | 618,376              |
| Fee sharing                         |                     |                     |                        |                                 |                           | 3,239                           |                      | 3,239                |
| Flooring rental                     | 24,670              |                     |                        |                                 |                           |                                 |                      | 24,670               |
| Grants                              |                     |                     |                        |                                 |                           | 38,896                          |                      | 38,896               |
| Honorariums                         |                     | 49,400              |                        | 149,917                         |                           | 44,941                          |                      | 244,258              |
| Host fees                           | 91,267              | 3,038               |                        | 398,879                         | 10,000                    |                                 |                      | 503,184              |
| Housing                             | 137,975             |                     |                        | 36,324                          | 33,269                    |                                 |                      | 207,568              |
| Impact fees                         |                     |                     |                        |                                 |                           | 32,682                          |                      | 32,682               |
| Insurance                           |                     | 17,561              | 868,647                |                                 |                           |                                 |                      | 886,208              |
| Licenses                            |                     |                     |                        |                                 | 644                       |                                 |                      | 644                  |
| Medical                             | 3,533               | 19,102              |                        | 995                             |                           |                                 |                      | 23,630               |
| Merchandising                       |                     |                     |                        | 1,141                           | 12,880                    |                                 |                      | 14,021               |
| Miscellaneous expense               | 316                 | 6,022               |                        | 401                             | 1,500                     | 5,610                           | 200                  | 14,049               |
| Officials fees                      | 584,673             | 200                 |                        | 68,195                          | 14,543                    |                                 |                      | 667,611              |
| Officials newsletter                |                     |                     |                        |                                 |                           | 3,147                           |                      | 3,147                |
| Official training                   |                     |                     |                        |                                 |                           | 16,545                          |                      | 16,545               |
| Payroll, benefits and taxes         | 449,431             | 1,193,295           | 229,096                | 356,307                         | 62,827                    | 463,890                         | 19,450               | 2,774,296            |
| Photography                         |                     |                     |                        |                                 |                           | 4,749                           |                      | 4,749                |
| Postage, shipping and drayage       | 68,053              | 5,304               | 186,733                | 11,058                          | 32,456                    | 8,170                           | 157                  | 311,931              |
| Printing and copies                 | 62,033              | 1,325               | 173,031                | 1,327                           | 14,626                    | 1,283                           | 7                    | 253,632              |
| Professional fees                   | 54,450              | 1,200               |                        |                                 |                           | 3,000                           |                      | 58,650               |
| Professional training and education |                     | 3,516               |                        |                                 |                           |                                 |                      | 3,516                |
| Promotions and gifts                | 250                 | 3,158               |                        | 2,863                           | 20,478                    | 1,373                           | 1,028                | 29,150               |
| Purchases - apparel/lettering       |                     | 6,975               |                        | 49,193                          |                           | 1,706                           | 3,755                | 61,629               |
| Rent and janitorial                 | 26,562              | 76,543              |                        | 315                             | 50                        | 44                              |                      | 103,514              |
| Scholarships                        |                     |                     |                        | 4,170                           |                           |                                 |                      | 4,170                |
| Security                            | 39,986              |                     |                        |                                 |                           |                                 |                      | 39,986               |
| Sport science                       |                     | 26,660              |                        |                                 | 23                        |                                 |                      | 26,683               |
| Supplies                            | 8,607               | 6,718               | 254                    | 2,593                           | 6,955                     | 1,752                           | 15                   | 26,894               |
| Telephone                           | 19,665              | 7,616               | 1,247                  | 2,013                           | 605                       | 2,536                           | 70                   | 33,752               |
| Television fees                     |                     |                     |                        |                                 | 208,750                   |                                 |                      | 208,750              |
| Tournament scheduling               | 19,768              |                     |                        |                                 |                           |                                 |                      | 19,768               |
| Training incentives - team          |                     | 278                 |                        |                                 |                           |                                 |                      | 278                  |
| Travel, food and lodging            | 91,368              | 465,063             | 6,225                  | 214,693                         | 173,090                   | 59,752                          | 104,386              | 1,114,577            |
| Tryout expenses                     |                     |                     |                        | 7,365                           |                           |                                 |                      | 7,365                |
| VIK Sponsor                         | 268,757             | 355,010             |                        | 93,601                          | 23,562                    | 34,896                          | 20,939               | 796,765              |
| <b>Total</b>                        | <b>\$ 3,265,575</b> | <b>\$ 3,030,107</b> | <b>\$ 1,553,824</b>    | <b>\$ 1,430,997</b>             | <b>\$ 915,889</b>         | <b>\$ 879,923</b>               | <b>\$ 213,535</b>    | <b>\$ 11,289,850</b> |

USA VOLLEYBALL  
Schedule of Supporting Services  
For the Year Ended December 31, 2009

|                                  | National<br>Headquarters | Sponsorship,<br>Marketing and<br>Public Relations | Board of<br>Directors | Fundraising      | Total               |
|----------------------------------|--------------------------|---|-----------------------|------------------|---------------------|
| Archive project                  | \$ 5,269                 | \$  | \$                    | \$               | \$ 5,269            |
| Background screening             | 140                      |   |                       |                  | 140                 |
| Bank charges and interest        | 9,868                    | 2   | 19                    |                  | 9,889               |
| Computer expense                 | 88,045                   |   |                       | 3,633            | 91,678              |
| Contract labor                   | 7,826                    |   |                       |                  | 7,826               |
| Depreciation expense             | 252,789                  |   |                       |                  | 252,789             |
| Dues and subscriptions           | 1,826                    | 60  |                       |                  | 1,886               |
| Equipment                        | 453                      |   |                       |                  | 453                 |
| Equipment rental and maintenance | 4,695                    |   | 1,835                 |                  | 6,530               |
| Grants                           |                          | 27,322  |                       |                  | 27,322              |
| Insurance                        | 47,049                   |   |                       |                  | 47,049              |
| Investment management fees       | 89                       |   |                       |                  | 89                  |
| Meeting and committee expense    |                          |   | 63,062                |                  | 63,062              |
| Miscellaneous expense            | 13,581                   |   | 2,006                 |                  | 15,587              |
| Moving and relocation expenses   | 845                      |   |                       |                  | 845                 |
| Payroll, benefits and taxes      | 562,632                  | 144,020   |                       | 68,716           | 775,368             |
| Postage and shipping             | 4,015                    | 1,240   | 832                   | 24               | 6,111               |
| Printing and copies              | 25,369                   | 6   | 45                    | 1,096            | 26,516              |
| Professional fees                | 44,001                   |   |                       |                  | 44,001              |
| Professional training/education  | 639                      |   |                       |                  | 639                 |
| Promotion                        | 4,101                    | 4,295   |                       | 198              | 8,594               |
| Purchases - apparel/lettering    |                          | 6   |                       |                  | 6                   |
| Rent and janitorial              | 143,827                  |   |                       |                  | 143,827             |
| Sponsor servicing                |                          | 2,191   |                       |                  | 2,191               |
| Supplies                         | 16,501                   | 205   | 3,767                 | 75               | 20,548              |
| Telephone                        | 13,336                   | 3   | 1,620                 | 106              | 15,065              |
| Travel, food and lodging         | 21,328                   | 7,088   | 24,952                | 3,044            | 56,412              |
| VIK sponsor                      | 5,656                    | 3,873   |                       |                  | 9,529               |
|                                  | <u>\$ 1,273,880</u>      | <u>\$ 190,311</u>                                 | <u>\$ 98,138</u>      | <u>\$ 76,892</u> | <u>\$ 1,639,221</u> |