

**UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF INDIANA**

In re: USA Gymnastics

Case No. 18-09108

Reporting Period: 08/01/2019 - 08/31/2019

**MONTHLY OPERATING REPORT**

<b>REQUIRED DOCUMENTS</b>	<b>Form No.</b>	<b>Document Attached</b>	<b>Explanation Attached</b>	<b>Debtor Statement</b>
Schedule of Cash Receipts and Disbursements	MOR-1	X		
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a			X
Schedule of Professional Fees Paid	MOR-1b	X		
Statement of Operations	MOR-2	X		
Balance Sheet	MOR-3	X		
Status of Post Petition Taxes				X
Summary of Unpaid Postpetition Debts	MOR-4	X		
Listing of Aged Accounts Payable	MOR-4a	X		
Accounts Receivable Reconciliation and Aging	MOR-5	X		
Debtor Questionnaire	MOR-6	X		

I declare under penalty of perjury (28 U.S.C. Section 1746) that the information contained in this monthly operating report (including attached supporting documentation) is true and correct to the best of my knowledge, information and belief.

/s/ Bernadette M. Barron

Signature of Debtor  
Bernadette M. Barron  
Chief Financial Officer

September 11, 2019

Date

Note:

The last four digits of the Debtor's federal tax identification number are 7871.

The location of the Debtor's principal office is 130 E. Washington Street, Suite 700, Indianapolis, Indiana 46204.

The information contained herein is provided to fulfill the requirements of the Office of the United States Trustee. All information herein is unaudited and subject to future adjustment. Certain assumptions have been made as noted herein.
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**RELATED DEBTORS**

None

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### **GENERAL NOTES**

The financial statements and supplemental information contained herein are unaudited, preliminary, and may not comply with generally accepted accounting principles ("GAAP") in all material respects. In addition, the financial statements and supplemental information contained herein is provided to fulfill the requirements of the Office of the United States Trustee and have been derived from the books and records of the Debtor existing at the time the Debtor filed its respective petition for relief under chapter 11 of the Bankruptcy Code or based on records. The Debtor cannot guarantee the reliability of the information contained in the general ledgers and other books and records that were prepared by their former management. Further, the amounts included herein may differ materially from the amounts set forth in any of the Debtors' Schedules of Assets and Liabilities and/or the Debtor's Statement of Financial Affairs as current management has since had time to reconcile certain information in the Debtor's books and records.

The Debtor is reporting preliminary financial information that may be subject to substantial and material revision based upon further review, year-end analysis and/or tax return adjustments.

The Debtor is utilizing internally generated financial statements and attached them to the applicable MOR forms filed with the United States Bankruptcy Court. As a result, the applicable Balance Sheet balances are reported for the entire month and does not include the balances as of the petition date, and the applicable Income Statement includes "month-to-date" and "year-to-date" information, as opposed to information covering the Petition Date through the last date of the applicable month.

The Internal Revenue Service has ruled that both the Organization and 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. Payroll taxes are inclusive of the amount collected by Paychex and can be made available by request.

Insurance Receivables and Contingent Liability are recorded in accordance with the 2016 Audited Financial Statements.

The Debtors reserve the right to amend or supplement the information contained in this report.

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**MOR-1**  
**RECEIPTS & DISBURSEMENTS REPORT**

	PNC Bank Acct #7647	PNC Bank Acct #8792	PNC Bank Acct #0228	PNC Bank Acct #2009	PNC Bank Acct #6923	Total
<b>Beginning Book Cash</b>						
Opening Book Balance	4,835,336.53	4,374.62	70,655.58	600,000.00	2,750,000.00	8,260,366.73
<b>RECEIPTS</b>						
Accounts Receivable Collections	194,565.21					194,565.21
Interest		3.06				3.06
Merchandise Sales			19,411.37			19,411.37
Legal Reimbursements						0.00
Reimbursement from USAG State and Regions						0.00
Membership	3,065,864.00					3,065,864.00
Sales / Receipts	956,203.99					956,203.99
USOPC Funding						0.00
Transfers						0.00
<b>TOTAL RECEIPTS</b>	<b>4,216,633.20</b>	<b>3.06</b>	<b>19,411.37</b>	<b>0.00</b>	<b>0.00</b>	<b>4,236,047.63</b>
<b>DISBURSEMENTS</b>						
Athlete Support/Apparel	21,240.99					21,240.99
Bank Charges/Fees			1,941.77			1,941.77
Computer Related Expenses	10,899.93					10,899.93
Contract Labor	264,182.21					264,182.21
Dues/Subscriptions/Licenses	398.54					398.54
Employee Retirement Plan Funding	18,271.82					18,271.82
Equipment Purchased	6,889.22					6,889.22
Event Related Expenses	941,334.49					941,334.49
Expenses Paid on Behalf of State/Region	6,775.10					6,775.10
Insurance/Employee Benefits	50,365.42					50,365.42
Leases	897.28					897.28
Membership Insurance	1,069,995.03					1,069,995.03
Misc Administrative Expenses	43,086.77					43,086.77
Payroll Including Related Taxes	263,913.95					263,913.95
Printing/Postage/Freight	9,746.85					9,746.85
Professional Fees	236,756.72					236,756.72
Professional Fees - Bankruptcy	826,656.20					826,656.20
Purchased Services	70.98					70.98
Refunds>Returns/Voided Payments	523.00					523.00
Rent - Building/Parking	29,822.56					29,822.56
Rental Property Equipment	1,081.10					1,081.10
Repairs and Maintenance	745.59					745.59
Severance/Settlements/Relocation	3,522.08					3,522.08
Supplies	810.33					810.33
Transfers						0.00
Travel and Entertainment	92,379.00					92,379.00
U.S. Trustee Quarterly Fees						0.00
Utilities/Telephone	652.97					652.97
<b>TOTAL DISBURSEMENTS</b>	<b>3,901,018.13</b>	<b>0.00</b>	<b>1,941.77</b>	<b>0.00</b>	<b>0.00</b>	<b>3,902,959.90</b>
NET CASH FLOW (Receipts Less Disbursements)	315,615.07	3.06	17,469.60	0.00	0.00	333,087.73
<b>CASH - END OF MONTH</b>	<b>5,150,951.60</b>	<b>4,377.68</b>	<b>88,125.18</b>	<b>600,000.00</b>	<b>2,750,000.00</b>	<b>8,593,454.46</b>
<b>Restricted Funds</b>				<b>600,000.00</b>	<b>2,750,000.00</b>	<b>3,350,000.00</b>
<b>BANK RECONCILIATIONS</b>						
	PNC Bank Acct #7647	PNC Bank Acct #8792	PNC Bank Acct #0228	PNC Bank Acct #2009	PNC Bank Acct #3829	Total
<b>BALANCE PER BOOKS</b>	<b>5,150,951.60</b>	<b>4,377.68</b>	<b>88,125.18</b>	<b>600,000.00</b>	<b>2,750,000.00</b>	<b>8,593,454.46</b>
BANK BALANCE	6,098,746.21	4,377.68	88,125.18	600,000.00	2,750,000.00	9,541,249.07
(+) DEPOSITS IN TRANSIT	103,373.98					103,373.98
(-) OUTSTANDING CHECKS	(1,051,168.59)					(1,051,168.59)
OTHER (ATTACH EXPLANATION)						0.00
<b>ADJUSTED BANK BALANCE*</b>	<b>5,150,951.60</b>	<b>4,377.68</b>	<b>88,125.18</b>	<b>600,000.00</b>	<b>2,750,000.00</b>	<b>8,593,454.46</b>
*Adjusted bank balance must equal balance per books.						
<b>DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES</b>						
<b>TOTAL DISBURSEMENTS</b>						<b>3,902,959.90</b>
Less: Transfers						
Plus: Estate Disbursements Made by Outside Source						
<b>TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES</b>						<b>3,902,959.90</b>

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**MOR-1a**  
**DECLARATION REGARDING THE BANK RECONCILIATION**

Bernadette M. Barron, hereby declares and states:

I am the Chief Financial Officer for the above-captioned debtor. In this capacity, I am familiar with the day-to-day operations, business affairs and books and records.

Except as otherwise indicated, all facts set forth in this declaration are based upon my personal knowledge of the operations and finances of USA Gymnastics and information learned from my review. All statements in the Declaration are based on my personal knowledge, my review of the relevant documents and discussions with certain employees of the Debtor.

To the best of my knowledge, all of the Debtor's bank balances are reconciled in an accurate and timely manner.

Dated: September 11, 2019

/s/ Bernadette M. Barron  
Bernadette M. Barron  
Chief Financial Officer

**MOR-1b**  
**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES PAID**

This schedule is to include all retained professional payments from case inception to current month.

Payee	Period Covered	Amount Approved	Payor	Check Number	Date	Amount Paid		Year-To-Date	
						Fees	Expenses	Fees	Expenses
Jenner & Block	12/5/18-07/31/19	1,863,678	USA Gymnastics	88591 and Wire	8/28/19	510,318	7,368	1,466,150	30,990
Miller Johnson	12/5/18-06/30/19	736,000	USA Gymnastics	88592	8/28/19	78,062	8,250	564,623	30,221
Pachulski, Stang, Ziehl & Jones	12/5/18-5/31/19	948,522	USA Gymnastics	88593	8/28/19	118,403	661	748,408	13,013
Plews Shadley Racher & Braum	12/5/18-06/30/19	667,638	USA Gymnastics	88594	8/28/19	100,400	3,855	524,501	12,013
Rubin & Levin	12/5/18-06/30/19	191,966	USA Gymnastics	0		-	-	148,663	6,138
Development Specialists, Inc.	5/15/19-7/31/19	114,797	USA Gymnastics	88589	8/28/19	91,774	80	91,774	80
FrankGecker LLP	5/28/19-7/31/19	52,321	USA Gymnastics	88590	8/28/19	41,600	320	41,600	320

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**MOR-2**  
**STATEMENT OF OPERATIONS**

<b>REVENUE</b>		<b>EXPENSES</b>	
Marketing		Marketing	317,174
Events		Events	
American Cup		American Cup	
Liukin Cup		Liukin Cup	
Jr Pan Ams		Pacific Rim	
Pacific Rim		Hosted World Champs	
Hosted World Champs		NCAA Championships-Men	
USA Championships	1,556	Jr Pan Ams	-
Classic	5,422	Championships	105,563
NCAA Champs-Men		Artistic Championships	43,553
USA Gym Champs	520	Trials	8,250
Olympic Trials		U.S. Classic	12,077
Post Olympic Tour		Other Qualifying Events	
Other	81,857	General	22,761
		Post Olymic Tour	
		Total Marketing and Events	509,378
Total Marketing and Events	89,355		
		Membership	48,565
Communications		Congress	119,210
Content	600	Education	180,242
New Media	9,741	Merchandising	5,496
Total Communications	10,341	Safe Sport	61,827
		Total Member Services	415,340
Women	18,835		
Men	175	Communications	22,537
T&T	64,154	Content	16,615
RSG	32,664	New Media	33,056
Sports Acro	2,500	Total Communications	72,208
Medical			
Multi Discipline Expense		Women	212,625
Gym for all	-	Men	145,953
Intl Relations		T&T	212,078
Total Program	118,328	RSG	68,145
		Sports Acro	17,593
Membership	1,002,583	Multi Discipline	12,736
Congress	359,694	Medical	59,261
Education	220,964	Gym For All	2,108
Merchandising	19,527	Total Program	739,499
Safe Sport			
Total Member Services	1,602,768	Intl Relations	893
Grant Inc-USOPC and NGF	254,019	Governance	13,061
Admin	259	Admin	482,582
<b>Total Revenue</b>	<b>2,075,070</b>	Legal	1,457,551
		Insurance	761,094
		Depreciation	13,376
		Total Admin	2,728,557
		<b>Total Expenses</b>	<b>4,464,982</b>
		<b>TOTAL NET INCOME</b>	<b>(2,389,912)</b>

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BALANCE SHEET****ASSETS**

## Current Assets

Cash on hand	5,243,454
Restricted Cash	<u>3,350,000</u>
Total Cash	8,593,454

Accounts Receivable	91,779
Prepaid Expenses	1,769,958
Inventory	127,876
Insurance Receivable	<u>75,000,000</u>
Total Current Assets	85,583,067

## Furniture, Fixtures, and Equipment

Property, Plant and Equipment	2,061,045
Accumulated Depreciation	<u>(1,817,103)</u>
Net Furniture, Fixtures, and Equipment	243,942

<b>Total Assets</b>	<b><u><u>85,827,009</u></u></b>
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**LIABILITIES AND NET ASSETS**

## Current Liabilities

Accounts Payable-Prepetition	997,375
Accounts Payable-Post-Petition	1,001,140
Due to State/Region Organizations	609,215
Contingent Liability	75,000,000
Accrued Payroll	339,999
Deferred Revenues	<u>8,835,366</u>
Total Current Liabilities	86,783,095

Retained Earnings	<u>(956,086)</u>
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<b>Total Liabilities and Equity</b>	<b><u><u>85,827,009</u></u></b>
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Retained Earnings updated in August for prior month/year adjustments



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**DECLARATION REGARDING STATUS OF POST PETITION TAXES**

Bernadette M. Barron, hereby declares and states:

I am the Chief Financial Officer for the above-captioned debtor. In this capacity, I am familiar with the day to day tax operations of USA Gymnastics.

Except as otherwise indicated, all facts set forth in this declaration are based upon my personal knowledge of the operations and finances of USA Gymnastics, information learned from my review of relevant documents and information that I have received from other members of management and/or the Debtor's advisors. I am authorized to submit this declaration on behalf of USA Gymnastics and, if I were called upon to testify, I could and would testify competently to the facts set forth herein. I submit this declaration under penalty of perjury pursuant to 28 U.S.C. Section 1746.

To the best of my knowledge, the Debtor has filed all necessary federal, state and local tax returns and made all required post-petition tax payments in connection therewith on a timely basis or have promptly remediated any late filings or payments that may have occurred due to unintentional oversights.

Dated: September 11, 2019

/s/ Bernadette M. Barron  
Bernadette M. Barron  
Chief Financial Officer

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**ACCOUNTS RECEIVABLE RECONCILIATION AND AGING**

<b>Accounts Receivable Reconciliation</b>	<b>Amount</b>	
Total Accounts Receivable at the beginning of the reporting period		201,080.75
+ Amounts billed during the period		85,263.83
- Amounts collected during billing period		(194,565.21)
Total Accounts Receivable at the end of the reporting period		91,779.37
<b>Accounts Receivable Aging</b>	<b>Amount</b>	
0-30 days old		81,263.83
31-60 days old		240.00
61-90 days old		-
90+ days old		10,275.54
Amount considered uncollectible		
Accounts Receivable (Net)		91,779.37



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**SUMMARY OF UNPAID POST ACCOUNTS PAYABLE**

<b>Accounts Payable Reconciliation</b>	
Total Accounts Payable at the beginning of the reporting period	2,608,593.00
+ Amounts billed during the period	3,263,396.55
- Amounts paid during billing period	(3,873,473.77)
Total Accounts Payable at the end of the reporting period	1,998,515.78
<b>Accounts Payable Aging</b>	
0-30 days old	137,116.89
31-60 days old	133,938.61
61-90 days old	141,820.83
90+ days old	1,585,639.45
Total Accounts Payable	1,998,515.78

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**MOR-6**  
**DEBTOR QUESTIONNAIRE**

<b>Must be completed each month</b>		<b>Yes</b>	<b>No</b>
1	Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.		X
2	Have any funds been disbursed from any accounts other than a debtor in possession account this reporting period? If yes, provide an explanation below.		X
3	Have all postpetition tax returns been timely filed? If no, provide an explanation below.	X	
4	Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	X	
5	Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s).		X