

EXHIBIT 36



UNITED STATES ANTI-DOPING AGENCY

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Audit Report

Independent Accountants' Report on Financial Statements and Supplementary Information

Board of Directors
United States Anti-Doping Agency
Colorado Springs, Colorado

We have audited the accompanying statements of financial position of The United States Anti-Doping Agency (the Agency) as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The United States Anti-Doping Agency as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated May 5, 2011, on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our 2010 audit was conducted for the purpose of forming an opinion on the 2010 basic financial statements taken as a whole. The accompanying supplementary information, including the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the 2010 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2010 basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the 2010 basic financial statements taken as a whole.

BKD, LLP

May 5, 2011

Statements of Financial Position
December 31, 2010 and 2009

ASSETS		
	2010	2009
CURRENT ASSETS		
Cash and cash equivalents	\$ 5,568,069	\$ 3,188,410
Investments held for research grants	1,382,149	1,256,682
Accounts receivable, net of allowance; 2010 - \$50,975 and 2009 - \$27,528	1,200,174	2,970,336
Supplies	50,552	53,990
Prepaid expenses and other	161,667	228,643
Total current assets	<u>8,362,611</u>	<u>7,698,061</u>
LONG-TERM NOTE RECEIVABLE, NET OF ALLOWANCE; 2010 - \$0 AND 2009 - \$377,587	-	377,588
PROPERTY AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION AND AMORTIZATION; 2010 - \$1,239,551 AND 2009 - \$1,250,037	286,070	472,120
Total assets	<u>\$ 8,648,681</u>	<u>\$ 8,547,769</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and other accrued liabilities	\$ 1,328,711	\$ 870,659
Research grants payable	330,000	275,000
Total current liabilities	<u>1,658,711</u>	<u>1,145,659</u>
LONG-TERM PORTION OF RESEARCH GRANTS PAYABLE	-	\$ 250,000
Total liabilities	<u>1,658,711</u>	<u>1,395,659</u>
UNRESTRICTED NET ASSETS		
Unrestricted, undesignated	5,473,743	5,920,145
Board-designated	1,516,227	1,231,965
Total unrestricted net assets	<u>6,989,970</u>	<u>7,152,110</u>
Total liabilities and net assets	<u>\$ 8,648,681</u>	<u>\$ 8,547,769</u>

See Notes to Financial Statements

Statements of Financial Activities
Years ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
REVENUES, GRANTS AND OTHER SUPPORT		
Federal grants	\$ 10,000,000	\$ 9,800,000
United States Olympic Committee (USOC) contractual agreement	3,450,000	3,825,000
Investment return	133,844	220,528
Income from third parties	<u>1,501,312</u>	<u>1,443,715</u>
Total revenues, grants and other support	<u>15,085,156</u>	<u>15,289,243</u>
EXPENSES		
Program expenses		
Testing services	9,230,445	8,745,049
Results management	1,816,340	1,330,321
Science, research and development	1,199,541	1,159,151
Education and awareness	2,179,683	2,055,340
General and administrative	<u>821,287</u>	<u>803,276</u>
Total expenses	<u>15,247,296</u>	<u>14,093,137</u>
CHANGE IN NET ASSETS	(162,140)	1,196,106
NET ASSETS, BEGINNING OF YEAR	<u>7,152,110</u>	<u>5,956,004</u>
NET ASSETS, END OF YEAR	<u>\$ 6,989,970</u>	<u>\$ 7,152,110</u>

See Notes to Financial Statements

Statements of Cash Flows
Years ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
OPERATING ACTIVITIES		
Change in net assets	\$ (162,140)	\$ 1,196,106
Items not requiring cash		
Depreciation and amortization	216,368	228,124
Loss on disposal of property and equipment	5,429	-
Net realized and unrealized gains	(78,768)	(172,241)
Bad debt expense	201,035	389,537
Changes in		
Accounts receivable	1,746,715	(2,553,187)
Supplies	3,438	40,719
Prepaid expenses and other	66,976	19,088
Accounts payable and other accrued liabilities	458,052	371,785
Research grants payable	(195,000)	(225,000)
Net cash provided by (used in) operating activities	<u>2,262,105</u>	<u>(705,069)</u>
INVESTING ACTIVITIES		
Purchases of equipment	(35,747)	(30,130)
Proceeds received on note receivable	200,000	-
Net purchases of investments	(46,699)	(48,453)
Net cash provided by (used in) investing activities	<u>117,554</u>	<u>(78,583)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,379,659	(783,652)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,188,410</u>	<u>3,972,062</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 5,568,069</u>	<u>\$ 3,188,410</u>

See Notes to Financial Statements

Notes to Financial Statements

December 31, 2010 and 2009

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The United States Anti-Doping Agency (the Agency) began operations October 1, 2000. The Agency is responsible for testing, education, research and adjudication for U.S. Olympic, Pan American Games and Paralympic athletes. The Agency is also responsible for enhancing research efforts and promoting educational programs to inform athletes of the rules governing the use of performance enhancing substances, the ethics of doping and its harmful health effects.

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 at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Agency considers all liquid investments with original maturities of three months or less to be cash equivalents. As of December 31, 2010 and 2009, cash equivalents consisted primarily of money market accounts with brokers.

The financial institution holding the Agency's cash accounts is participating in the FDIC's Transaction Account Guarantee Program. Under that program, through December 31, 2010, all noninterest-bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account. Pursuant to legislation enacted in 2010, the FDIC will fully insure all noninterest-bearing transaction accounts beginning December 31, 2010 through December 31, 2012, at all FDIC-insured institutions.

Effective July 21, 2010, the FDIC's insurance limits were permanently increased to \$250,000. At December 31, 2010, the Agency's interest-bearing cash accounts exceeded federally insured limits by approximately \$3,762,000. In addition, there is an amount held with a broker is not covered under the FDIC insurance limit of \$250,000. The amount not insured was approximately \$8,000 at December 31, 2010.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

Accounts Receivable

Accounts receivable are stated at the amount billed to customers. The Agency provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Delinquent receivables are written-off based on individual credit evaluation and specific circumstances of the customer.

Supplies

Supplies consist of drug testing kits and other doping control supplies and are valued at the lower of cost (first-in, first-out method) or market.

Property and Equipment

Property and equipment are recorded at cost. Depreciation and amortization are calculated using the straight-line method over the following estimated useful lives:

Computer equipment and software	3 to 5 years
Furniture, fixtures and office equipment	5 to 7 years
Website development	3 years
Lab equipment	5 years

Leasehold improvements are amortized over the term of the leases or the estimated lives of the improvements, whichever is shorter.

Federal Grants

Support funded by grants is recognized as the Agency performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Income Taxes

The Agency is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income. The Agency files tax returns in the U.S. federal jurisdiction. With a few exceptions, the Agency is no longer subject to U.S. federal examinations by tax authorities for years before 2007.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program and general and administrative categories based on management's estimates.

Subsequent Events

Subsequent events have been evaluated through May 5, 2011, which is the date the financial statements were available to be issued.

Note 2 Investments

Investments at December 31 consist of:

	2010	2009
Mutual funds - large-cap equities	\$ 111,619	\$ 126,210
Mutual funds - small- and mid-cap equities	14,337	12,761
Mutual funds - international equities	75,500	61,797
Mutual funds - real estate funds	64,077	67,996
Mutual funds - invested in commodities	154,292	125,208
Mutual funds - fixed income bonds	947,122	850,038
Cash and cash equivalents	15,202	12,672
	<u>\$ 1,382,149</u>	<u>\$ 1,256,682</u>

Total investment return is comprised of the following:

	2010	2009
Interest and dividend income	\$ 55,076	\$ 48,287
Net realized and unrealized gains and (losses) on investments reported at fair value	78,768	172,241
	<u>\$ 133,844</u>	<u>\$ 220,528</u>

Note 3: Disclosures About Fair Value of Assets and Liabilities

Accounting Standards Codification (ASC) Topic 820, Fair Value Measurements, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also specifies a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

Mutual Funds

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include exchange-traded mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. These are considered Level 2 securities. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. Currently, the Agency does not have Level 2 or Level 3 securities.

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the Topic 820 fair value hierarchy in which the fair value measurements fall at December 31, 2010 and 2009:

	2010			
	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity Mutual Funds				
Large-cap	\$ 111,619	\$ 111,619	\$ -	\$ -
Small- and mid-cap	14,337	14,337	-	-
International	75,500	75,500	-	-
Other Mutual Funds				
Real estate funds	64,077	64,077	-	-
Commodities	154,292	154,292	-	-
Fixed income bonds	947,122	947,122	-	-

	2009			
	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity Mutual Funds				
Large-cap	\$ 126,210	\$ 126,210	\$ -	\$ -
Small- and mid-cap	12,761	12,761	-	-
International	61,797	61,797	-	-
Other Mutual Funds				
Real estate funds	67,996	67,996	-	-
Commodities	125,208	125,208	-	-
Fixed income bonds	850,038	850,038	-	-

Realized and unrealized gains at December 31, 2010 and 2009 are included in the investment return line item on the statement of activities.

NOTE 4: PROPERTY AND EQUIPMENT

Property and equipment at December 31 consists of:

	2010	2009
Computer equipment and software	\$ 393,881	\$ 487,453
Furniture, fixtures and office equipment	81,384	184,348
Leasehold improvements	9,826	9,826
Website development	245,926	245,926
Lab equipment	794,604	794,604
	1,525,621	1,722,157
Less accumulated depreciation and amortization	(1,239,551)	(1,250,037)
Total property and equipment, net	\$ 286,070	\$ 472,120

NOTE 5: BOARD-DESIGNATED NET ASSETS – UNRESTRICTED

The Board has designated net assets for the following purposes:

	2010	2009
Research	\$ 736,227	\$ 701,965
Contingencies	750,000	500,000
Supplement Safety Now Program	30,000	30,000
	\$ 1,516,227	\$ 1,231,965

Note 6: USOC Contract

The Agency has an agreement with the United States Olympic Committee (USOC) to conduct a drug testing and anti-doping program for athletes in the Olympic, Paralympic and Pan American Games. This agreement stipulates the number and types of tests to be conducted each year. Support funded by the USOC is recognized as the Agency performs the contracted services. Revenue received from the USOC for the years ended December 31, 2010 and 2009 was \$3,450,000 and \$3,825,000, respectively, of which \$148,839 and \$766,985 was included in accounts receivable at December 31, 2010 and 2009, respectively.

Subsequent to year-end, the Agency signed a new agreement with the USOC extending the program through December 31, 2016. While the terms of the new agreement do not differ significantly from the old agreement, the new agreement does include adjustments to testing and reporting requirements, as well as an adjustment to fees based on a cost of living adjustment.

Note 7: Operating Leases

Noncancelable operating leases for office space and office equipment expire in various years through 2017.

Future minimum lease payments at December 31, 2010 were:

2011	\$ 433,864
2012	399,987
2013	409,226
2014	418,465
2015	427,704
Thereafter	845,430
	<u>\$ 2,934,676</u>

Rental expense for all operating leases consisted of \$155,442 and \$152,530 for the years ended December 31, 2010 and 2009, respectively.

Note 8: Employee Benefit Plan

The Agency maintains a 401(k) benefit plan, covering all employees who meet the eligibility requirements. The Agency makes contributions at its discretion. The Agency's contributions to the plan were \$174,652 and \$142,354 for the years ended December 31, 2010 and 2009, respectively.

Note 9: Significant Commitments, Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Revenue Concentration

The Agency received 89% of its support during 2010 from two organizations. The amounts received could materially change in the future.

Long-term Note Receivable

The Agency agreed to loan the Sports Medicine Research and Testing Laboratory (the Laboratory) up to \$755,500, interest free. The unsecured advances took place through 2007 and were payable in full in December 2013. The balance outstanding on the note was \$755,175 as of December 31, 2009.

Due to the financial difficulty the Laboratory had been experiencing at December 31, 2009, management had estimated that these advances would be collectible at 50% of the note receivable amount, and as a result, an allowance of \$377,587 had been recorded. During 2010, a settlement agreement was reached between the Agency and the Laboratory. The agreement stated that the Laboratory was to pay the Agency \$200,000 to satisfy the obligation owed to the Agency. This amount was received during 2010 and the remaining note receivable balance was written off as bad debt expense. The net note receivable recorded on the statement of financial position was \$0 and \$377,588 at December 31, 2010 and 2009, respectively.

Long-term Lease

The Agency, as lessor, entered into a long-term lease with Anti-Doping Research Institute (ADR). Under the terms of this lease, the Agency will lease a piece of equipment with a cost of \$698,695 and accumulated depreciation of \$512,376 and \$372,637 as of December 31, 2010 and 2009, respectively, to ADR from January 15, 2007 through December 31, 2020, at an annual rent of \$0. During 2010, the Agency terminated the lease with ADR and entered into a lease with the UCLA Olympic Analytical Laboratory (UCLA) to lease the same piece of equipment. The lease to UCLA is from June 8, 2010 through April 11, 2020. UCLA must use the equipment only for purposes that fit within the Agency's mission and must report the detail of testing performed with the equipment to the Agency each year. The Agency would have the right to take back the equipment if either of these requirements was not met. As such, management considers the equipment property of the Agency.

Equipment Grant

Effective September 9, 2008, the Agency entered into a grant agreement with the Laboratory. Under terms of this grant agreement, the Agency will grant a piece of equipment with a cost of \$71,750 and accumulated depreciation of \$32,288 and \$17,938 as of December 31, 2010 and 2009, respectively, to the Laboratory. The Laboratory must use the equipment only for purposes that fit within the Agency's mission and must report the detail of testing performed with the equipment to the Agency each year. The Agency would have the right to take back the equipment if either of these requirements was not met. As such, management considers the equipment property of the Agency.

Grant Commitment

During 2008, the Agency entered into a grant commitment with the Partnership for Clean Competition. As part of this agreement, the Agency pledged to support the Partnership for Clean Competition with annual funding of \$250,000 for each of its first four years. The balance outstanding on the pledge was \$250,000 and \$500,000 as of December 31, 2010 and 2009, respectively, of which \$250,000 is recorded as current for both years and \$250,000 is recorded as long-term on the statements of financial position as of December 31, 2009. These amounts are included in research grants payable on the statements of financial position at December 31, 2010 and 2009.

Litigation

The Agency is subject to claims and lawsuits that arose primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of the Agency. Events could occur that would change this estimate materially in the near term.

Current Economic Conditions

The current protracted economic decline continues to present not-for-profit organizations with difficult circumstances and challenges, which in some cases have resulted in large and unanticipated declines in the fair value of investments and other assets, declines in grant revenue and governmental support and constraints on liquidity. The financial statements have been prepared using values and information currently available to the Agency.

Current economic conditions have made it difficult for many grantors to continue to contribute to not-for-profit organizations. A significant decline in grant revenue and governmental support could have an adverse impact on the Agency's future operating results.

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