



Reilly, Penner & Benton LLP
Certified Public Accountants & Consultants

1907 – Celebrating 100 Years of Client Service – 2007

Richard A. Raymaker
Steven C. Barney
Steven R. Volz
Daniel R. Brophey
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Michael W. Van Wagenen
David A. Grotkin

UNITED STATES CURLING ASSOCIATION
Stevens Point, Wisconsin

AUDITED FINANCIAL STATEMENTS

Years Ended June 30, 2006 and 2005

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INDEPENDENT AUDITORS' REPORT

Board of Directors
United States Curling Association
Stevens Point, Wisconsin

We have audited the accompanying statements of financial position of the United States Curling Association (a nonprofit organization) as of June 30, 2006, and the related statements of activities and cash flows for the years 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 audits. The prior year summarized comparative information included in the statements of activities has been derived from the Organization's 2005 financial statements and in our report dated August 19, 2005, we expressed an unqualified opinion on those statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 Curling Association as of June 30, 2006 and the changes in 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 audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The other financial information in the accompanying supplementary schedule is presented for the purposes of additional analysis and is 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.

Reilly, Penner & Benton LLP

October 25, 2006

UNITED STATES CURLING ASSOCIATION

Stevens Point, Wisconsin

Statements of Financial Position

June 30, 2006 and 2005

<u>ASSETS</u>	<u>2006</u>	<u>2005</u>
<u>Current Assets:</u>		
Cash and equivalents	\$ 156,739	\$ 119,949
Accounts receivable	92,479	118,102
Inventories	8,957	11,116
Prepaid expenses	6,796	23,662
Escrow funds	3,012	3,037
Total current assets	<u>267,983</u>	<u>275,866</u>
<u>Property and Equipment, net</u>	67,495	40,805
<u>Other Assets:</u>		
Note receivable - pass through	<u>150,000</u>	<u>175,000</u>
Total assets	<u>\$ 485,478</u>	<u>\$ 491,671</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities:</u>		
Accounts payable	\$ 61,994	\$ 88,758
Accrued vacation	12,697	18,071
Other liabilities	8,555	3,641
Funds held for others	28,194	27,820
Deferred income	7,173	16,339
Note payable - current	1,024	-
Total current liabilities	<u>119,637</u>	<u>154,629</u>
<u>Long-term Liabilities:</u>		
Note payable - pass through	150,000	175,000
Note payable - long-term	4,096	-
Total long-term liabilities	<u>154,096</u>	<u>175,000</u>
Total liabilities	<u>273,733</u>	<u>329,629</u>
<u>Net Assets:</u>		
Unrestricted	200,296	156,138
Temporarily restricted	11,449	5,904
Total net assets	<u>211,745</u>	<u>162,042</u>
Total liabilities and net assets	<u>\$ 485,478</u>	<u>\$ 491,671</u>

The accompanying notes to financial statements
are an integral part of these statements.

UNITED STATES CURLING ASSOCIATION
Stevens Point, Wisconsin

Statements of Activities
Year Ended June 30, 2006
With Summarized Information for the Year Ended June 30, 2005

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	TOTALS	
			Years Ended June 30,	
			<u>2006</u>	<u>2005</u>
<u>Revenues and Other Support:</u>				
Dues	\$ 228,168	\$ -	\$ 228,168	\$ 234,024
Entry fees	41,000	-	41,000	54,700
Field of play fees	19,695	-	19,695	18,757
Donations/pin program	45,150	-	45,150	43,123
Brochure sales and advertising	2,108	-	2,108	4,281
Merchandise sales	4,071	-	4,071	5,620
Cost of merchandise sales	(1,035)	-	(1,035)	(4,443)
Curling News advertising and subscriptions	7,908	-	7,908	7,906
Credit card program	1,413	-	1,413	-
U.S.O.C. marketing grant	72,000	-	72,000	72,000
U.S.O.C. base funding grant	281,500	-	281,500	270,000
U.S.O.C. performance grant	354,955	-	354,955	252,500
U.S.O.C. international relations	2,158	-	2,158	4,197
U.S.O.C. licensing royalties	43	-	43	28
U.S.O.C. coaching experience	8,115	-	8,115	-
WCF grant	93,671	-	93,671	107,792
ACF&M grant	-	-	-	5,000
In-kind contributions	146,895	-	146,895	95,765
Donations received	1,000	5,545	6,545	1,003
Sponsorship - Chicago Community Trust	55,000	-	55,000	-
Sponsorship - AIT	5,000	-	5,000	-
Sponsorship - Hilton	35,374	-	35,374	-
Interest earned	1,214	-	1,214	517
Miscellaneous	2,717	-	2,717	1,710
Total revenues and other support	1,408,120	5,545	1,413,665	1,174,480
<u>Expenses:</u>				
Programs	1,007,412	-	1,007,412	808,086
Management and general	357,483	-	357,483	375,072
Total expenses	1,364,895	-	1,364,895	1,183,158
Change in net assets before provision for income taxes	43,225	5,545	48,770	(8,678)
<u>Other Deductions</u>				
Provision for Federal Income Taxes	(933)	-	(933)	1,060
Change in unrestricted net assets	44,158	5,545	49,703	(9,738)
<u>Net Assets, Beginning of Year</u>	156,138	5,904	162,042	171,780
<u>Net Assets, End of Year</u>	\$ 200,296	\$ 11,449	\$ 211,745	\$ 162,042

The accompanying notes to financial statements
are an integral part of these statements.

UNITED STATES CURLING ASSOCIATION

Stevens Point, Wisconsin

Statements of Cash Flows
Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<u>Cash Flows from Operating Activities:</u>		
Changes in net assets	\$ 49,703	\$ (9,738)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	14,372	13,914
Changes in Operating Assets and Liabilities:		
Receivables	25,623	(93,291)
Inventory	2,159	(2,118)
Prepaid expenses	16,866	(12,888)
Notes receivable	25,000	25,000
Accounts payable	(26,764)	65,650
Accrued vacation	(5,374)	469
Other liabilities	4,914	1,793
Funds held for others	374	(4,792)
Deferred income	(9,166)	(3,245)
Net adjustments	<u>48,004</u>	<u>(9,508)</u>
Net cash provided (used) by operating activities	97,707	(19,246)
<u>Cash Flows from Investing Activities:</u>		
Purchases of equipment	(41,062)	(13,290)
Escrow funds	25	-
Net cash used by investing activities	<u>(41,037)</u>	<u>(13,290)</u>
<u>Cash Flows from Financing Activities:</u>		
Line of credit draws	10,500	-
Line of credit payments	(10,500)	-
Note payable proceeds	5,120	-
Note payable - pass through payments	(25,000)	(25,000)
Net cash used by financing activities	<u>(19,880)</u>	<u>(25,000)</u>
 Increase (decrease) in cash and equivalents	 36,790	 (57,536)
<u>Cash and Equivalents at Beginning of Year</u>	<u>119,949</u>	<u>177,485</u>
<u>Cash and Equivalents at End of Year</u>	<u>\$ 156,739</u>	<u>\$ 119,949</u>
<u>Supplementary Disclosures:</u>		
Income taxes paid during year	\$ <u>(933)</u>	\$ <u>1,060</u>

The accompanying notes to financial statements
are an integral part of these statements.

UNITED STATES CURLING ASSOCIATION
Stevens Point, Wisconsin

Notes to Financial Statements
June 30, 2006 and 2005

1. Significant Accounting Policies

A. Nature of Operations

The United States Curling Association represents curling nationally and facilitates the growth of the sport through a network of member state and regional associations.

B. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These classes are described as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Association and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that may be maintained permanently by the Association. Generally, the donors of these assets permit the Association to use all or part of the income earned on related investments for general or specific purposes.

C. Inventory

Inventory is recorded at the lower of cost or market on the first-in, first-out basis.

D. Property and Equipment

All acquisitions of property and equipment are capitalized at cost and depreciated on the straight-line basis over estimated useful lives.

E. Cash and Equivalents

The Association considers demand deposits, certificates of deposit not held in trust, and money market savings accounts to be cash equivalents for the purpose of the statement of cash flows.

F. Trade Receivables

Trade receivables are recorded on the accrual basis of accounting. Based on past history, management has determined that no allowance for uncollectible trade receivables is necessary at June 30, 2006 and 2005. Trade receivables that are deemed uncollectible by management are written off in the year they are determined to be uncollectible.

G. Revenue Recognition

Revenue recognition of contributed support follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made, whereby pledges are recorded when made and contributed support is classified as unrestricted or restricted, depending on the existence of donor stipulations that limit the use of the support.

UNITED STATES CURLING ASSOCIATION

Stevens Point, Wisconsin

Notes to Financial Statements

June 30, 2006 and 2005

(Continued)

1. Significant Accounting Policies (Continued)

H. Funds Held for Others

The American Curling Foundation and Museum transferred all of its assets and liabilities to the Association. The funds, while in the possession of the Association, can only be spent by and for the American Curling Foundation and Museum.

I. 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

J. Income Tax Status

The Association is generally exempt from income taxes under Internal Revenue Code Section 501(c)(3). Income from certain of the Association's specific activities is considered unrelated business income and is subject to taxation. Taxes on these activities for the year ended June 30, 2006 and 2005 were \$(933) and \$1,060, respectively.

2. Lease Commitment

The Association extended a lease for office space commencing November 1, 2005 for two years. The monthly rent payment is \$1,436 through November 2006 then they go to \$1,478. Rental expenses for years ended June 30, 2006 and 2005 were \$18,673 and \$18,819 respectively. Future minimum lease payments are as follows:

For the year ending June 30,	
2007	\$ 17,525
2008	<u>7,390</u>
Total	\$ <u>24,915</u>

3. Line of Credit

The Association established a \$50,000 line of credit during the fiscal year ended June 30, 2000, there were no outstanding balances on the line of credit as of June 30, 2006 and 2005. Bank advances on the line of credit are payable on demand and carry an interest rate of 2.5% over prime. The credit line is secured by substantially all assets of the Organization.

UNITED STATES CURLING ASSOCIATION

Stevens Point, Wisconsin

Notes to Financial Statements

June 30, 2006 and 2005

(Continued)

4. Property and Equipment

Property and equipment are recorded at cost when purchased or at the fair market value when donated. Depreciation on property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Expenditures for repairs and maintenance are expensed.

Depreciation expense for the years ended June 30, 2006 and 2005 was \$14,372 and \$13,914, respectively. Property and equipment and related accumulated depreciation consisted of the following:

<u>PROPERTY AND EQUIPMENT</u>	Cost June 30, 2005	Additions	Disposals	Cost June 30, 2006
Time clocks	\$ 25,389	\$ ---	\$ ---	\$ 25,389
Video equipment	3,590	---	---	3,590
Computer hardware and software	71,053	4,624	---	75,677
Telephone system	1,031	---	---	1,031
Office equipment	16,635	---	---	16,635
Ice maker's equipment	7,525	---	---	7,525
Stones	---	15,680	---	15,680
Sensor handles	---	20,758	---	20,758
	<hr/>			
Total	125,223	\$ 41,062	\$ ---	166,285
	<hr/>			
<u>ACCUMULATED DEPRECIATION</u>	Balance June 30, 2005	Additions	Disposals	Balance June 30, 2006
Time clocks	\$ 17,804	\$ 1,686	\$ ---	\$ 19,490
Video equipment	3,242	---	---	3,242
Computer hardware and software	46,899	9,229	---	56,128
Telephone system	928	---	---	928
Office equipment	9,049	602	---	9,651
Ice maker's equipment	6,496	387	---	6,883
Stones	---	392	---	392
Sensor handles	---	2,076	---	2,076
	<hr/>			
Total	84,418	\$ 14,372	\$ ---	98,790
	<hr/>			
Net property and equipment	\$ 40,805			\$ 67,495
	<hr/>			

UNITED STATES CURLING ASSOCIATION

Stevens Point, Wisconsin

Notes to Financial Statements

June 30, 2006 and 2005

(Continued)

5. In-kind Contributions

The following is a summary of in-kind contributions received for the years ended June 30,

	<u>2006</u>		<u>2005</u>
Website development	\$ 48,240	\$	56,400
Transportation/travel	---		5,414
Audiocast	13,200		20,249
Computer consulting	8,000		13,702
Office equipment/supplies	5,647		---
Uniforms and training apparel	55,000		---
Stones (Capitalized)	10,560		---
Shipping	6,248		---
	<hr/>		<hr/>
Total	\$ 146,895	\$	95,765

6. Concentration of Risk

The Association maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. At times throughout the year, the balance on deposit may exceed the insured amount.

The Association receives approximately 51% of its revenue from one Organization. This Organization also accounts for approximately 9% of the accounts receivable balance.

7. Pass-Through Loan

During the year ended June 30, 2002, the Association acted on behalf of the Potomoc Curling Club of the National Capital Area, Inc. in obtaining a loan from the World Curling Federation (WCF). The amount of the loan is \$200,000, interest free, \$25,000 due annually and is to be paid in full on November 26, 2011. As of June 30, 2006, the amount due from the Potomoc Curling Club is \$150,000 and the amount due to the WCF is \$150,000. The Association is liable for the loan if the Potomoc Curling Club defaults on the loan. Potomoc Curling Club has pledged a holding in common stock as security to guarantee the loan.

8. Temporarily Restricted Net Assets

As of June 30, 2006 and 2005, temporarily restricted net assets consisted of the following donor restrictions:

<u>Restriction</u>	<u>2006</u>		<u>2005</u>
"Bricks and mortar" purposes or for curling stones	\$ 5,000	\$	5,000
Men's Scot Tour	904		904
Ann Brown Legacy Fund	5,545		---
	<hr/>		<hr/>
Total	\$ 11,449	\$	5,904

UNITED STATES CURLING ASSOCIATION

Stevens Point, Wisconsin

Notes to Financial Statements

June 30, 2006 and 2005

(Continued)

9. Notes Payable

During the year, the Association entered into a loan agreement with the World Curling Federation to purchase some stones previously used by the Boulevard Curling Club in Canada. The loan agreement is for five years with no interest requiring annual payments of principle amounting to \$1,024. The future minimum payment schedule is as follows:

<u>Years Ending June 30,</u>		
2007	\$	1,024
2008		1,024
2009		1,024
2010		1,024
2011		<u>1,024</u>
Total	\$	<u>5,120</u>

10. Succession Plan

The Association has executed a succession plan agreement with a key employee effective from July 1, 2006. As long as the employee continues employment (at reduced hours) until October 23, 2008, the Association has agreed to engage the employee as an independent contractor consultant and pay a consulting fee of \$15,000 per year until the employee turns sixty-two on April 23, 2011. This agreement may be cancelled if the employee fails to continue employment until October 23, 2008.

11. Prior-Year Summarized Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset 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 June 30, 2005, from which the summarized information was derived.

12. Subsequent Event

Subsequent to year-end, the Association acquired 512 refurbished stones and 128 new stones. The stones are free of charge for a two-year term and if the Association retains the stones after October 31, 2008, the cost of these stones would amount to \$260,000 with a five-year payback period interest free with annual payments amounting to \$52,000.

UNITED STATES CURLING ASSOCIATION

Stevens Point, Wisconsin

Schedule of Program, Management and General Expenses
Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<u>Program Services:</u>		
Salaries	\$ 99,000	\$ 98,500
Payroll taxes	8,781	8,051
Fringe benefits	8,436	9,233
Education program development	1,353	2,637
Club/membership development	22,244	14,189
Coach development	58,171	58,791
Elite program	147,534	127,189
Promotions	163,797	140,605
U.S. Curling News	33,123	32,063
VP Championship	1,481	652
Championship	14,981	16,293
Olympic committee	3,083	100
Rules committee	56	-
Officiating committee	6,104	4,746
Other competitions	-	11,338
Youth curling committee	9,465	10,060
Site selection committee	7,000	14,398
ACF&M committee	425	159
World Team prep	104,904	55,977
Athlete funding	197,623	89,778
Athlete Advisory	6,320	6,526
Transportation	49,200	62,822
Field of play	37,294	28,171
Insurance - Panol	15,596	14,164
Depreciation	2,468	-
President expense	8,973	1,644
Total program expense	\$ <u>1,007,412</u>	\$ <u>808,086</u>
<u>Management and General:</u>		
Salaries	\$ 138,018	\$ 130,989
Payroll taxes	10,706	10,706
Fringe benefits	11,760	12,278
Employee development	-	759
Outside services	952	1,586
Insurance	-	287
Telephone	7,473	8,611
Postage	4,049	4,629
Supplies/equipment	8,405	3,997
Miscellaneous office	10,374	6,521
Printing and copying	6,678	6,075
Travel	13,115	11,292
Rent	18,673	18,819
President expense	26,923	17,213
World Curling Federation	12,340	14,462
Legal fees	629	8,120
Accounting fees	6,500	6,125
Website development	66,365	97,391
Property taxes	292	399
Depreciation	11,904	13,915
Miscellaneous	2,327	898
Total management and general expense	\$ <u>357,483</u>	\$ <u>375,072</u>

See Independent Auditors' Report.