

**UNITED STATES CURLING ASSOCIATION, INC.**  
Stevens Point, Wisconsin

**AUDITED FINANCIAL STATEMENTS**

Years Ended June 30, 2008 and 2007

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**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  
Thomas G. Wieland  
Michael W. Van Wageningen  
David A. Grotkin

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
United States Curling Association, Inc.  
Stevens Point, Wisconsin

We have audited the accompanying statement of financial position of the United States Curling Association, Inc. (a nonprofit organization) as of June 30, 2008, and the related statements of activities 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 included in the statements of activities has been derived from the Organization's 2007 financial statements and in our report dated January 14, 2008, 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, Inc. as of June 30, 2008 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 9, 2008

**UNITED STATES CURLING ASSOCIATION, INC.**  
Stevens Point, Wisconsin

**Statements of Financial Position**  
June 30, 2008 and 2007

<b>ASSETS</b>	<u><b>2008</b></u>	<u><b>2007</b></u>
<b>Current Assets:</b>		
Cash and equivalents	\$ 340,802	\$ 298,240
Accounts receivable	81,332	78,061
Inventories	8,165	8,645
Prepaid expenses	19,116	5,971
Escrow funds	3,015	3,027
<b>Total current assets</b>	<u>452,430</u>	<u>393,944</u>
<b>Property and Equipment: net</b>	43,532	63,466
<b>Other Assets:</b>		
Note receivable - pass through	100,000	125,000
<b>Total assets</b>	<u>\$ 595,962</u>	<u>\$ 582,410</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 16,460	\$ 117,812
Accrued vacation	32,687	22,256
Other liabilities	14,439	7,531
Funds held for others	28,465	28,240
Deferred income	170,764	44,223
Note payable - current	2,048	1,024
<b>Total current liabilities</b>	<u>264,863</u>	<u>221,086</u>
<b>Long-term Liabilities:</b>		
Note payable - pass through	100,000	125,000
Note payable - long-term	1,024	3,072
<b>Total long-term liabilities</b>	<u>101,024</u>	<u>128,072</u>
<b>Total liabilities</b>	<u>365,887</u>	<u>349,158</u>
<b>Net Assets:</b>		
Unrestricted	215,699	218,763
Temporarily restricted	14,376	14,489
<b>Total net assets</b>	<u>230,075</u>	<u>233,252</u>
<b>Total liabilities and net assets</b>	<u>\$ 595,962</u>	<u>\$ 582,410</u>

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

**UNITED STATES CURLING ASSOCIATION, INC.**  
Stevens Point, Wisconsin

**Statement of Activities**  
Year Ended June 30, 2008  
With Summarized Information for the Year Ended June 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2008</u>	<u>2007</u>
<b>Revenues and Other Support:</b>				
Dues	\$ 335,460	\$ -	\$ 335,460	\$ 313,659
Entry fees	63,950	-	63,950	74,850
Field of play fees	11,732	-	11,732	11,048
Donations/pin program	28,070	-	28,070	35,797
Instruction fees	-	-	-	2,540
Advertising	5,484	-	5,484	3,238
Merchandise sales	2,105	-	2,105	3,067
Cost of merchandise sales	(226)	-	(226)	(2,552)
Curling News advertising and subscriptions	7,913	-	7,913	6,042
U.S.O.C. marketing grant	77,000	-	77,000	72,000
U.S.O.C. performance grant	409,380	-	409,380	428,577
U.S.O.C. international relations	5,000	-	5,000	-
WCF grant	65,000	-	65,000	85,000
In-kind contributions	174,247	-	174,247	137,020
Donations received	6,484	-	6,484	7,026
Sponsorship - Chicago Community Trust	35,000	-	35,000	5,000
Sponsorship - AIT	10,000	-	10,000	10,000
Sponsorship - Hilton	-	-	-	4,626
Training and instruction	-	-	-	4,525
WCF stone loan program	2,975	-	2,975	24,003
Interest earned	6,684	-	6,684	5,314
Gain on sale of asset	768	-	768	-
Miscellaneous	4,180	-	4,180	3,998
Net assets released from restriction	113	(113)	-	-
<b>Total revenues and other support</b>	<u>1,251,319</u>	<u>(113)</u>	<u>1,251,206</u>	<u>1,234,778</u>
<b>Expenses:</b>				
Programs	1,080,715	-	1,080,715	1,032,916
Management and general	173,668	-	173,668	180,355
<b>Total expenses</b>	<u>1,254,383</u>	<u>-</u>	<u>1,254,383</u>	<u>1,213,271</u>
<b>Change in net assets</b>	(3,064)	(113)	(3,177)	21,507
<b>Net Assets, Beginning of Year</b>	<u>218,763</u>	<u>14,489</u>	<u>233,252</u>	<u>211,745</u>
<b>Net Assets, End of Year</b>	<u>\$ 215,699</u>	<u>\$ 14,376</u>	<u>\$ 230,075</u>	<u>\$ 233,252</u>

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

**UNITED STATES CURLING ASSOCIATION, INC.**

Stevens Point, Wisconsin

**Statements of Cash Flows**

Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ (3,177)	\$ 21,507
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	14,263	17,134
Gain on sale of asset	(768)	-
Changes in Operating Assets and Liabilities:		
Receivables	(3,271)	14,418
Inventory	480	312
Prepaid expenses	(13,145)	825
Notes receivable	25,000	25,000
Accounts payable	(101,352)	55,818
Accrued vacation	10,431	9,559
Other liabilities	6,908	(1,024)
Funds held for others	225	46
Deferred income	126,541	37,050
Net adjustments	<u>65,312</u>	<u>159,138</u>
<b>Net cash provided by operating activities</b>	<u>62,135</u>	<u>180,645</u>
<b>Cash Flows from Investing Activities:</b>		
Purchases of equipment	(11,396)	(13,105)
Proceeds on sale of asset	17,835	-
Escrow funds	12	(15)
<b>Net cash provided (used) by investing activities</b>	<u>6,451</u>	<u>(13,120)</u>
<b>Cash Flows from Financing Activities:</b>		
Note payable payments	(1,024)	(1,024)
Note payable - pass through payments	<u>(25,000)</u>	<u>(25,000)</u>
<b>Net cash used by financing activities</b>	<u>(26,024)</u>	<u>(26,024)</u>
Increase in cash and equivalents	42,562	141,501
<b>Cash and Equivalents at Beginning of Year</b>	<u>298,240</u>	<u>156,739</u>
<b>Cash and Equivalents at End of Year</b>	<u>\$ 340,802</u>	<u>\$ 298,240</u>

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

**UNITED STATES CURLING ASSOCIATION, INC.**  
Stevens Point, Wisconsin

**Notes to Financial Statements**  
June 30, 2008 and 2007

**1. Significant Accounting Policies**

**A. Nature of Operations**

The United States Curling Association, Inc. 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, 2008 and 2007. 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, INC.**

Stevens Point, Wisconsin

**Notes to Financial Statements**

June 30, 2008 and 2007

(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, 2008 and 2007 were \$- and \$-, respectively.

**K. Functional Expenses**

The Association classifies expenses into two functions: Program Services and Supporting Services. The Program Services function includes all expenses directly related to Association's activities and programs for curlers. The Supporting Services function includes management and general expenses not directly associated with activities and program expenses.

**L. Deferred Income**

Deferred income consists of income on contracts that are for multiple years and money not spent on grants. Income is recognized over the contract period or when the money is actually spent.

**2. Lease Commitment**

The Association extended their lease for office space commencing November 1, 2006 for two years. The monthly rent payment is \$1,478. Rental expenses for years ended June 30, 2008 and 2007 were \$19,061 and \$19,518 respectively.

Subsequent to year-end, the Association entered into a lease for new office space commencing on January 1, 2009 and is good for six years with two five-year extensions. The monthly rent payment will be \$2,666 for the first year and the base rent will go up by 3% every year. In addition, the Association will be liable for \$20,000 of the build-out relating to the new lease.

Future minimum lease payments are as follows:

For the year ending June 30,

2009	\$	21,912
2010		32,480
2011		33,455
2012		34,458
2013		35,491
2014 and thereafter		55,104
Total	\$	<u>212,900</u>

**UNITED STATES CURLING ASSOCIATION, INC.**  
Stevens Point, Wisconsin

**Notes to Financial Statements**  
June 30, 2008 and 2007  
(Continued)

**3. Line of Credit**

The Association has a line of credit with a limit of \$50,000. There were no outstanding balances on the line of credit as of June 30, 2008 and 2007. Bank advances on the line of credit are payable on demand and carry an interest rate of 2.25% over prime. The credit line is secured by substantially all assets of the Organization.

**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, 2008 and 2007 was \$17,134 and \$14,372, respectively. Property and equipment and related accumulated depreciation consisted of the following:

<b>PROPERTY AND EQUIPMENT</b>	Cost June 30, 2007	Additions	Disposals	Cost June 30, 2008
Time clocks	\$ 25,389	\$ 1,500	\$ ---	\$ 26,889
Video equipment	3,590	---	---	3,590
Computer hardware and software	78,127	---	---	78,127
Telephone system	5,773	---	---	5,773
Office equipment	22,548	---	---	22,548
Ice maker's equipment	7,525	---	---	7,525
Stones	15,680	7,595	(17,835)	5,440
Sensor handles	20,758	2,301	---	23,059
Total	179,390	\$ 11,396	\$ (17,835)	172,951
<b>ACCUMULATED DEPRECIATION</b>	Balance June 30, 2007	Additions	Disposals	Balance June 30, 2008
Time clocks	\$ 21,175	\$ 1,793	\$ ---	\$ 22,968
Video equipment	3,242	26	---	3,268
Computer hardware and software	64,558	5,099	---	69,657
Telephone system	1,252	692	---	1,944
Office equipment	11,183	1,954	---	13,137
Ice maker's equipment	7,110	45	---	7,155
Stones	1,176	272	(768)	680
Sensor handles	6,228	4,382	---	10,610
Total	115,924	\$ 14,263	\$ (768)	129,419
Net property and equipment	\$ 63,466			\$ 43,532



**UNITED STATES CURLING ASSOCIATION, INC.**  
Stevens Point, Wisconsin

**Notes to Financial Statements**  
June 30, 2008 and 2007  
(Continued)

**5. In-kind Contributions**

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

	<u>2008</u>		<u>2007</u>
Website development	\$ 73,571	\$	52,700
Transportation/travel	35,610		29,082
Audiocast	5,000		5,000
Computer consulting	9,838		4,000
Uniforms and training apparel	35,228		31,238
Shipping	15,000		15,000
	<hr/>		<hr/>
Total	\$ <u>174,247</u>	\$	<u>137,020</u>

**6. USOC Direct Funding to Athletes**

The Association has acknowledged \$281,500 and \$276,081 of USOC direct payments to athletes for the years ended June 30, 2008 and 2007, respectively. These amounts have not been reflected in these statements.

**7. 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 40% and 51% of its revenue from one Organization for the years ended June 30, 2008 and 2007, respectively, and also accounts for approximately 45% and 0% of the accounts receivable balance as of June 30, 2008 and 2007, respectively. The Organization also receives approximately 1% of its revenues from another Organization for the years ended June 30, 2008 and 2007, and also accounts for approximately 12% and 47% of the accounts receivable balance as of June 30, 2008 and 2007, respectively. The Organization also receives approximately 1% of its revenues from another Organization for the years ended June 30, 2008 and 2007, and also accounts for approximately 12% and 0% of the accounts receivable balance as of June 30, 2008 and 2007, respectively.

**8. 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, 2008 and 2007, the amount due from the Potomoc Curling Club is \$100,000 and \$125,000, respectively and the amount due to the WCF is \$100,000 and \$125,000, respectively. 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, equal to 200% of the balance of the loan, as security to guarantee the loan.

**UNITED STATES CURLING ASSOCIATION, INC.**  
Stevens Point, Wisconsin

**Notes to Financial Statements**  
June 30, 2008 and 2007  
(Continued)

**9. Temporarily Restricted Net Assets**

As of June 30, 2008 and 2007, temporarily restricted net assets consisted of the following donor restrictions:

<u>Restriction</u>	<u>2008</u>	<u>2007</u>
"Bricks and mortar" purposes or for curling stones	\$ 5,000	\$ 5,000
Men's Scot Tour	2,271	2,271
Ann Brown Legacy Fund	7,105	7,218
	<hr/>	<hr/>
Total	\$ 14,376	\$ 14,489
	<hr/>	<hr/>

**10. 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>	
2009	\$ 1,024
2010	1,024
2011	<hr/> 1,024
Total	\$ <hr/> 3,072

**11. 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.

**12. 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, 2007, from which the summarized information was derived.

**13. Reclassifications**

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

**UNITED STATES CURLING ASSOCIATION, INC.**  
Stevens Point, Wisconsin

**Notes to Financial Statements**  
June 30, 2008 and 2007  
(Continued)

**14. WCF Stone Loan Program**

During the fiscal year ended June 30, 2007, 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. All 640 stones have been shipped to various curling clubs that have committed to either purchase these stones over a five year period or to return the stones. No amounts have been reflected on the statement of financial position for this contingent asset and liability.

**UNITED STATES CURLING ASSOCIATION, INC.**  
Stevens Point, Wisconsin

**Schedule of Program, Management and General Expenses**  
Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>% of Total</u> <u>Expenses</u>	<u>2007</u>	<u>% of Total</u> <u>Expenses</u>
<b>Program Services:</b>				
Salaries	\$ 270,364		\$ 192,657	
Elite program	210,488		203,341	
Media and marketing	81,166		127,936	
Coaching and coach development	78,790		82,982	
Website development	73,571		52,700	
World team prep and world travel	60,637		68,484	
Transportation	52,287		70,150	
U.S. Curling News	36,749		31,622	
Club/membership development	35,582		33,679	
Field of play	31,660		17,149	
Payroll taxes	21,940		14,976	
Championship	21,256		22,018	
President expense	18,784		567	
Insurance - general liability	15,612		15,596	
Travel	12,837		12,841	
Fringe benefits	11,197		13,235	
Youth curling committee	7,602		4,072	
Other competitions	7,012		11,597	
VP Championship	7,006		1,057	
Site selection committee	6,750		7,750	
Depreciation	6,384		6,711	
Officiating committee	4,722		5,390	
Athlete advisory council	3,607		9,480	
Dues and subscriptions	2,000		-	
College curling committee	1,000		1,000	
Olympic committee	953		75	
Human resource committee	405		-	
WCF stone loan program	376		23,546	
ACF&M committee	196		743	
Education program development	(218)		1,562	
<b>Total program expense</b>	<u>\$ 1,080,715</u>	<u>86.16%</u>	<u>\$ 1,032,916</u>	<u>85.13%</u>
<b>Management and General:</b>				
Salaries	\$ 34,928		\$ 51,963	
Marketing	20,936		125	
Rent	19,061		19,518	
Website development	14,546		8,786	
President expense	11,643		12,486	
World Curling Federation	11,118		15,813	
Miscellaneous office	9,057		8,326	
Depreciation	7,878		10,423	
Audit fee	7,288		6,700	
Supplies/equipment	6,123		5,650	
Printing and copying	5,842		5,802	
Telephone	5,466		6,915	
Travel	4,671		3,042	
Postage	3,515		3,497	
Miscellaneous	3,486		11,641	
Payroll taxes	2,672		3,975	
Employee development	2,590		68	
Legal fees	1,482		897	
Fringe benefits	645		2,594	
Bad debts	426		951	
Property taxes	295		396	
Outside services	-		787	
<b>Total management and general expense</b>	<u>\$ 173,668</u>	<u>13.84%</u>	<u>\$ 180,355</u>	<u>14.87%</u>

See Independent Auditors' Report.