

UNITED STATES CURLING ASSOCIATION, INC.
Stevens Point, Wisconsin

Audited Financial Statements
Years Ended June 30, 2009 and 2008

REILLY, PENNER & BENTON LLP
CERTIFIED PUBLIC ACCOUNTANTS

UNITED STATES CURLING ASSOCIATION, INC.
Stevens Point, Wisconsin

Audited Financial Statements
Years Ended June 30, 2009 and 2008

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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, 2009, 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 2008 financial statements and in our report dated October 9, 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, 2009 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

January 21, 2010
Milwaukee, Wisconsin

UNITED STATES CURLING ASSOCIATION, INC.
Stevens Point, Wisconsin

Statements of Financial Position
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets:		
Current Assets:		
Cash and equivalents	\$ 267,013	\$ 340,802
Accounts receivable - net	98,230	81,332
Inventories	35,296	8,165
Prepaid expenses	33,220	19,116
Escrow funds	2,993	3,015
Total current assets	436,752	452,430
Property and Equipment - net	82,404	43,532
Other Assets:		
Note receivable - pass through - Curling Stones	220,943	260,000
Note receivable - pass through	75,000	100,000
Total assets	\$ 815,099	\$ 855,962
 Liabilities and Net Assets:		
Current Liabilities:		
Accounts payable	\$ 70,195	\$ 16,460
Accrued vacation	28,119	32,687
Other liabilities	34,642	14,439
Funds held for others	28,647	28,465
Deferred income	82,927	170,764
Note payable - current	1,024	1,024
Total current liabilities	245,554	263,839
Long-term Liabilities:		
Note payable - pass through - Curling Stones	221,600	260,000
Note payable - pass through	75,000	100,000
Note payable - long-term	1,024	2,048
Total long-term liabilities	297,624	362,048
Total liabilities	543,178	625,887
Net Assets:		
Unrestricted	232,215	215,699
Temporarily restricted	39,706	14,376
Total net assets	271,921	230,075
Total liabilities and net assets	\$ 815,099	\$ 855,962

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, 2009

With Summarized Information for the Year Ended June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2009</u>	<u>2008</u>
Revenues and Other Support:				
Dues	\$ 349,646	\$ ---	\$ 349,646	\$ 335,460
Entry fees	73,000	---	73,000	63,950
Field of play fees	19,500	---	19,500	11,732
Donations/pin program	20,225	---	20,225	28,070
Instruction fees	304	---	304	---
Advertising	4,549	---	4,549	5,484
Merchandise sales, net of cost	612	---	612	1,879
Curling News advertising and subscriptions	7,901	---	7,901	7,913
U.S.O.C. marketing grant	85,000	---	85,000	77,000
U.S.O.C. performance grant	623,408	---	623,408	409,380
U.S.O.C. international relations	---	---	---	5,000
U.S.O.C. olympic support	57,237	---	57,237	---
WCF grant	12,000	---	12,000	65,000
In-kind contributions	197,684	---	197,684	174,247
Donations received	25,950	26,830	52,780	6,484
Sponsorship - Chicago Community Trust	85,000	---	85,000	35,000
Sponsorship - AIT	10,000	---	10,000	10,000
Training and instruction	780	---	780	---
WCF stone loan program	1,533	---	1,533	2,975
Interest earned	4,807	---	4,807	6,684
Gain on sale of asset	---	---	---	768
Miscellaneous	1,724	---	1,724	4,181
Net assets released from restriction	1,500	(1,500)	---	---
Total revenues and other support	<u>1,582,360</u>	<u>25,330</u>	<u>1,607,690</u>	<u>1,251,207</u>
Expenses:				
Programs	1,362,450	---	1,362,450	1,082,303
Management and general	203,394	---	203,394	172,081
Total expenses	<u>1,565,844</u>	<u>---</u>	<u>1,565,844</u>	<u>1,254,384</u>
Change in net assets	16,516	25,330	41,846	(3,177)
Net Assets, Beginning of Year	<u>215,699</u>	<u>14,376</u>	<u>230,075</u>	<u>233,252</u>
Net Assets, End of Year	<u>\$ 232,215</u>	<u>\$ 39,706</u>	<u>\$ 271,921</u>	<u>\$ 230,075</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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ 41,846	\$ (3,177)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	19,279	14,263
Loss (gain) on disposal of equipment	3,941	(768)
Changes in Operating Assets and Liabilities:		
Receivables	(16,898)	(3,271)
Inventory	(27,131)	480
Prepaid expenses	(14,104)	(13,145)
Accounts payable	53,735	(101,352)
Accrued vacation	(4,568)	10,431
Other liabilities	20,203	6,908
Funds held for others	182	225
Deferred income	(87,837)	126,541
Net adjustments	<u>(53,198)</u>	<u>40,312</u>
Net cash provided (used) by operating activities	<u>(11,352)</u>	<u>37,135</u>
Cash Flows from Investing Activities:		
Purchases of equipment	(62,092)	(11,396)
Proceeds on sale of asset	---	17,835
Escrow funds	22	12
Net cash provided (used) by investing activities	<u>(62,070)</u>	<u>6,451</u>
Cash Flows from Financing Activities:		
Notes receivable	64,057	25,000
Note payable payments	(1,024)	(1,024)
Note payable - pass through payments WCF Curling Stones	(38,400)	---
Note payable - pass through payments	(25,000)	(25,000)
Net cash used by financing activities	<u>(367)</u>	<u>(1,024)</u>
Increase (decrease) in cash and equivalents	(73,789)	42,562
Cash and Equivalents at Beginning of Year	<u>340,802</u>	<u>298,240</u>
Cash and Equivalents at End of Year	<u>\$ 267,013</u>	<u>\$ 340,802</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, 2009 and 2008

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

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported 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. The allowance for doubtful trade receivables is estimated based on historical losses and management's knowledge of individual financial circumstances. 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, 2009 and 2008
(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, 2009 and 2008 were \$-0- and \$-0-, 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.

M. Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed (January 21, 2010). There were no subsequent events that required recognition or disclosure.

2. Lease Commitment

The Association entered into a lease for new office space commencing on January 1, 2009 for the next 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. Rental expenses for years ended June 30, 2009 and 2008 were \$32,827 and \$19,061 respectively.

Future minimum lease payments are as follows:

<u>For the year ending June 30,</u>	
2010	\$ 32,480
2011	33,455
2012	34,458
2013	35,491
2014 and thereafter	55,104
Total	<u>\$ 190,988</u>

UNITED STATES CURLING ASSOCIATION, INC.
Stevens Point, Wisconsin

Notes to Financial Statements
June 30, 2009 and 2008
(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, 2009 and 2008. Bank advances on the line of credit are payable on demand and carry an interest rate of 5.5%. 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, 2009 and 2008 was \$19,279 and \$17,134, respectively. Property and equipment and related accumulated depreciation consisted of the following:

Property and Equipment	Cost June 30, 2008	Additions	Disposals	Cost June 30, 2009
Time clocks	\$ 26,889	\$ 4,376	\$ (13,590)	\$ 17,675
Video equipment	3,590	---	(3,590)	---
Computer hardware and software	78,127	3,003	(65,527)	15,603
Telephone system	5,773	---	(1,031)	4,742
Office equipment	22,548	639	(8,870)	14,317
Ice maker's equipment	7,525	---	(7,525)	---
Leasehold improvements	---	24,099	---	24,099
Website improvements	---	22,000	---	22,000
Scoreboards	---	7,975	---	7,975
Stones	5,440	---	---	5,440
Sensor handles	23,059	---	(1,416)	21,643
Total	\$ 172,951	\$ 62,092	\$ (101,549)	\$ 133,494

Accumulated Depreciation	Balance June 30, 2008	Additions	Disposals	Balance June 30, 2009
Time clocks	\$ 22,968	\$ 2,338	\$ (13,590)	\$ 11,716
Video equipment	3,268	---	(3,268)	---
Computer hardware and software	69,657	4,050	(63,972)	9,735
Telephone system	1,944	677	(928)	1,693
Office equipment	13,137	2,000	(7,987)	7,150
Ice maker's equipment	7,155	---	(7,155)	---
Leasehold improvements	---	2,678	---	2,678
Website improvements	---	2,139	---	2,139
Scoreboards	---	797	---	797
Stones	680	272	---	952
Sensor handles	10,610	4,328	(708)	14,230
Total	129,419	\$ 19,279	\$ (97,608)	51,090
Net property and equipment	\$ 43,532			\$ 82,404

UNITED STATES CURLING ASSOCIATION, INC.
Stevens Point, Wisconsin

Notes to Financial Statements
June 30, 2009 and 2008
(Continued)

5. In-kind Contributions

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

	<u>2009</u>		<u>2008</u>
Website development	\$ 79,730	\$	73,571
Transportation/travel	25,677		35,610
Audiocast	5,000		5,000
Computer consulting	7,538		9,838
Rent	7,947		—
Uniforms and training apparel	56,792		35,228
Shipping	15,000		15,000
	<hr/>		<hr/>
Total	\$ 197,684	\$	174,247

6. USOC Direct Funding to Athletes

The Association has acknowledged \$195,225 and \$281,500 of USOC direct payments to athletes for the years ended June 30, 2009 and 2008, 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 \$250,000. At times throughout the year, the balance on deposit may exceed the insured amount.

The Association receives approximately 48% and 40% of its revenue from one Organization for the years ended June 30, 2009 and 2008, respectively, and also accounts for approximately 54% and 45% of the accounts receivable balance as of June 30, 2009 and 2008, respectively. The Organization also receives approximately 1% of its revenues from another Organization for the years ended June 30, 2009 and 2008, and also accounts for approximately 16% and 12% of the accounts receivable balance as of June 30, 2009 and 2008, respectively. The Organization also receives approximately 1% of its revenues from another Organization for the years ended June 30, 2009 and 2008, and also accounts for approximately 10% and 12% of the accounts receivable balance as of June 30, 2009 and 2008, 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, 2009 and 2008, the amount due from the Potomoc Curling Club is \$75,000 and \$100,000, respectively and the amount due to the WCF is \$75,000 and \$100,000, 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.

Subsequent to year end the Association returned the common stock held as security to guarantee the loan to the Potomoc Curling Club. The Association then obtained from the Potomac Curling Club a certificate of deposit greater than the value of the loan balance as security to guarantee the loan.

UNITED STATES CURLING ASSOCIATION, INC.
Stevens Point, Wisconsin

Notes to Financial Statements
June 30, 2009 and 2008
(Continued)

9. Temporarily Restricted Net Assets

As of June 30, 2009 and 2008, temporarily restricted net assets consisted of the following donor restrictions:

<u>Restriction</u>	<u>2009</u>	<u>2008</u>
"Bricks and mortar" purposes or for curling stones	\$ 5,000	\$ 5,000
Men's Scot Tour	2,301	2,271
Ann Brown Legacy Fund	6,992	7,105
Reeve Foundation – Quality of Life	13,813	---
Chris Moore Legacy Fund	11,600	---
	<hr/>	<hr/>
Total	\$ 39,706	\$ 14,376
	<hr/> <hr/>	<hr/> <hr/>

10. Notes Payable

The Association has 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>	
2010	\$ 1,024
2011	<hr/> 1,024
Total	\$ <hr/> <hr/> 2,048

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, 2008, from which the summarized information was derived.

12. 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, 2009 and 2008
(Continued)

13. WCF Stone Loan Program

During the fiscal year ended June 30, 2007, the Association acquired 512 refurbished stones and 128 new stones. The stones were free of charge for a two-year term. If the Association retained the stones after October 31, 2008, the cost of these stones amounts 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 purchase these stones over a five-year period beginning October 31, 2008.

As of June 30, 2009 and 2008, the amount due from various curling clubs is \$220,943 and \$260,000, respectively and the amount due to the WCF is \$221,600 and \$260,000, respectively.

Payments due from various clubs are as follows:

Year ending June 30,	
2010	\$ 64,943
2011	52,000
2012	52,000
2013	52,000
Total	<u>\$ 220,943</u>

Payments due to the WCF are as follows:

Year ending June 30,	
2010	\$ 65,600
2011	52,000
2012	52,000
2013	52,000
Total	<u>\$ 221,600</u>

14. Accounting for Uncertainty in Income Taxes

In accordance with generally accepted accounting principles, the Association has deferred the implementation of Financial Accounting Standards Board Interpretation (FIN) No. 48, Accounting for Uncertainty in Income Taxes. The interpretation requires additional disclosures on uncertain tax positions that may have been taken by the Association. Management of the Association evaluates the uncertain tax positions taken, if any, and consults with outside counsel as deemed necessary. The Association does not anticipate that the eventual implementation of FIN No. 48 will have a material effect on its financial statements or note disclosures.

15. Commitment

As of June 30, 2009, the Association has committed to purchase 82 curling stones and 41 stone storage boxes for \$43,706.

UNITED STATES CURLING ASSOCIATION, INC.
Stevens Point, Wisconsin

Schedule of Program, Management and General Expenses
Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>% of Total</u> <u>Expenses</u>	<u>2008</u>	<u>% of Total</u> <u>Expenses</u>
Program Services:				
Elite program	\$ 352,894		\$ 210,488	
Salaries	276,178		270,364	
Coaching and coach development	155,491		78,790	
World team prep and world travel	76,373		60,637	
Media and marketing	73,501		82,754	
Website development	73,480		73,571	
Transportation	71,200		52,287	
Site selection committee	49,742		6,750	
Club/membership development	44,998		35,582	
U.S. Curling News	38,283		36,749	
Field of play	31,949		31,660	
Championship	22,567		21,256	
Payroll taxes	22,262		21,940	
Travel	16,460		12,837	
Fringe benefits	12,928		11,197	
Depreciation	7,736		6,384	
VP Championship	7,018		7,006	
Officiating committee	6,450		4,722	
Other competitions	6,188		7,012	
Youth curling committee	5,816		7,602	
President expense	4,744		18,784	
World challenge expense	2,906		---	
Athlete advisory council	2,695		3,607	
Education program development	1,741		(218)	
WCF stone loan program	1,533		376	
Dues and subscriptions	1,000		2,000	
College curling committee	1,000		1,000	
Amortization	299		---	
ACF&M committee	137		196	
Grant refunds	119		---	
Olympic committee	100		953	
Human resource committee	---		405	
Insurance - general liability	(5,338)		15,612	
Total program expense	<u>\$ 1,362,450</u>	<u>87.01%</u>	<u>\$ 1,082,303</u>	<u>86.28%</u>
Management and General:				
Salaries	\$ 35,685		\$ 34,928	
Rent	32,827		19,061	
World Curling Federation	20,716		11,118	
President expense	14,058		11,643	
Website development	12,423		14,546	
Miscellaneous office	10,701		9,057	
Outside services	10,323		---	
Audit fee	8,100		7,288	
Telephone	6,799		5,466	
Depreciation	6,727		7,878	
Supplies/equipment	6,547		6,123	
Printing and copying	5,409		5,842	
Amortization	4,518		---	
Loss due to asset write-off	3,941		---	
Postage	3,767		3,515	
Moving expenses	3,455		---	
Legal fees	3,442		1,482	
Employee development	3,078		2,590	
Utilities	2,859		---	
Payroll taxes	2,644		2,672	
Bad debts	2,000		426	
Miscellaneous	1,973		1,899	
Fringe benefits	1,053		645	
Property taxes	349		295	
Marketing	---		20,936	
Travel	---		4,671	
Total management and general expense	<u>\$ 203,394</u>	<u>12.99%</u>	<u>\$ 172,081</u>	<u>13.72%</u>

See Independent Auditors' Report.