

UNITED STATES CURLING ASSOCIATION, INC.
Stevens Point, Wisconsin

Audited Financial Statements
Years Ended June 30, 2010 and 2009

Table of Contents

	<u>Page(s)</u>
Independent Auditors' Report	1
Statements of Financial Position	2
Statement of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5 - 11
Supplementary Schedule:	
Schedule of Program, Management and General Expenses	12

Richard A. Raymaker
Steven C. Barney
Steven R. Volz
Daniel R. Brophy
Thomas G. Wieland
Michael W. Van Wagenen



David A. Grotkin
Joel A. Joyce
Brian J. Mechenich
Carrie A. Gindt
Patrick G. Hoffert

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, 2010, 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 2009 financial statements and in our report dated January 21, 2010, 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, 2010 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

May 23, 2011
Milwaukee, Wisconsin



UNITED STATES CURLING ASSOCIATION, INC.
Stevens Point, Wisconsin

Statements of Financial Position
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets:		
Current Assets:		
Cash and equivalents	\$ 259,948	\$ 267,013
Accounts receivable - net of allowance for uncollectible amounts of \$1,200 and \$2,000 in 2010 and 2009	58,787	51,815
Inventories	80,549	35,296
Prepaid expenses	24,396	33,220
Escrow funds	2,969	2,993
Notes receivable - curling stones program - current portion	72,583	73,858
Note receivable - pass through - current portion	25,000	25,000
Total current assets	<u>524,232</u>	<u>489,195</u>
Property and Equipment - net	123,333	82,404
Other Assets:		
Notes receivable - curling stones program	175,479	140,428
Note receivable - pass through	25,000	50,000
Curling stones program inventory	104,400	-
Total assets	<u>\$ 952,444</u>	<u>\$ 762,027</u>
Liabilities and Net Assets:		
Current Liabilities:		
Accounts payable	\$ 89,119	\$ 70,195
Accrued vacation	31,574	28,119
Other liabilities	3,481	34,642
Funds held for others	34,993	30,947
Deferred income	106,605	67,355
Note payable - curling stones program - current portion	115,480	66,624
Note payable - pass through - current portion	25,000	25,000
Total current liabilities	<u>406,252</u>	<u>322,882</u>
Long-term Liabilities:		
Note payable - curling stones program	259,904	157,024
Note payable - pass through	25,000	50,000
Total long-term liabilities	<u>284,904</u>	<u>207,024</u>
Total liabilities	<u>691,156</u>	<u>529,906</u>
Net Assets:		
Unrestricted	256,138	201,708
Temporarily restricted	5,150	30,413
Total net assets	<u>261,288</u>	<u>232,121</u>
Total liabilities and net assets	<u>\$ 952,444</u>	<u>\$ 762,027</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, 2010

With Summarized Information for the Year Ended June 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2010</u>	<u>2009</u>
Revenues and Other Support:				
Dues	\$ 356,505	\$ -	\$ 356,505	\$ 349,646
Entry fees	60,230	-	60,230	73,000
Field of play fees	18,063	-	18,063	19,500
Club insurance program	26,543	-	26,543	23,634
Donations/pin program	18,830	-	18,830	20,225
Instruction fees	218	-	218	304
Advertising	7,525	-	7,525	4,549
Merchandise sales, net of cost	285	-	285	480
Curling News advertising and subscriptions	6,081	-	6,081	7,901
U.S.O.C. marketing grant	85,000	-	85,000	83,500
U.S.O.C. performance grant	895,613	-	895,613	623,408
U.S.O.C. international relations	8,000	-	8,000	-
U.S.O.C. olympic support	-	-	-	57,237
WCF grant	10,000	-	10,000	12,000
In-kind contributions	101,474	-	101,474	197,684
Donations received	31,241	2,736	33,977	52,751
Sponsorship - Chicago Community Trust	25,000	-	25,000	85,000
Sponsorship - AIT	10,000	-	10,000	10,000
Sponsorship - Hilton	1,122	-	1,122	-
Sponsorship - Laphroig	15,000	-	15,000	-
Training and instruction	-	-	-	780
WCF stone loan program	19,315	-	19,315	1,533
Interest earned	556	-	556	4,939
Sweepstakes/contests/promotions	16,425	-	16,425	-
Miscellaneous	6,597	-	6,597	1,724
Net assets released from restriction	27,999	(27,999)	-	-
Total revenues and other support	<u>1,747,622</u>	<u>(25,263)</u>	<u>1,722,359</u>	<u>1,629,795</u>
Expenses:				
Programs	1,496,107	-	1,496,107	1,386,122
Management and general	197,085	-	197,085	203,356
Total expenses	<u>1,693,192</u>	<u>-</u>	<u>1,693,192</u>	<u>1,589,478</u>
Change in net assets	54,430	(25,263)	29,167	40,317
Net Assets, Beginning of Year	<u>201,708</u>	<u>30,413</u>	<u>232,121</u>	<u>191,804</u>
Net Assets, End of Year	<u>\$ 256,138</u>	<u>\$ 5,150</u>	<u>\$ 261,288</u>	<u>\$ 232,121</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ 29,167	\$ 40,317
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	22,795	19,279
Loss (gain) on disposal of equipment	-	3,941
Changes in Operating Assets and Liabilities:		
Receivables	(6,972)	(15,398)
Inventory	(45,253)	(27,131)
Prepaid expenses	8,824	(14,104)
Escrow funds	24	22
Accounts payable	18,924	53,735
Accrued vacation	3,455	(4,568)
Other liabilities	(31,161)	20,203
Funds held for others	4,046	211
Deferred income	<u>39,250</u>	<u>(91,770)</u>
Net adjustments	<u>13,932</u>	<u>(55,580)</u>
Net cash provided (used) by operating activities	<u>43,099</u>	<u>(15,263)</u>
Cash Flows from Investing Activities:		
Purchases of equipment	<u>(63,724)</u>	<u>(62,092)</u>
Net cash used by investing activities	<u>(63,724)</u>	<u>(62,092)</u>
Cash Flows from Financing Activities:		
Notes receivable - curling stones program receipts	56,704	42,990
Note receivable - pass-through receipts	25,000	25,000
Note payable - curling stones program payments	(43,144)	(39,424)
Note payable - pass through payments	<u>(25,000)</u>	<u>(25,000)</u>
Net cash provided by financing activities	<u>13,560</u>	<u>3,566</u>
Decrease in cash and equivalents	(7,065)	(73,789)
Cash and Equivalents at Beginning of Year	<u>267,013</u>	<u>340,802</u>
Cash and Equivalents at End of Year	\$ <u>259,948</u>	\$ <u>267,013</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, 2010 and 2009

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 with an original maturity of three months or less and not held in trust; and money market savings accounts to be cash equivalents for the purpose of the statements 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 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, 2010 and 2009
(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. The Association also holds certain funds on behalf of the United States Curling Association to be used for the purpose of buying stones and selling them to member clubs.

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, 2010 and 2009 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.

Stevens Point, Wisconsin

Notes to Financial Statements

June 30, 2010 and 2009

(Continued)

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, 2010 and 2009 were \$36,178 and \$32,827 respectively.

Future minimum lease payments are as follows:

<u>For the year ending June 30,</u>	
2011	\$ 33,455
2012	34,458
2013	35,491
2014	36,556
2015	18,548
Total	<u>\$ 158,508</u>

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, 2010 and 2009. 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, 2010 and 2009 was \$22,795 and \$19,279, respectively. Property and equipment and related accumulated depreciation consisted of the following:

Property and Equipment	Cost June 30, 2009	Additions	Disposals	Cost June 30, 2010
Time clocks	\$ 17,675	\$ -	\$ (11,799)	\$ 5,876
Computer hardware and software	15,603	-	(5,526)	10,077
Telephone system	4,742	-	-	4,742
Office equipment	14,317	-	-	14,317
Ice maker's equipment	-	16,452	-	16,452
Leasehold improvements	24,099	-	-	24,099
Website improvements	22,000	-	-	22,000
Scoreboards	7,975	-	-	7,975
Stones	5,440	-	-	5,440
Championship rocks	-	47,272	-	47,272
Sensor handles	21,643	-	-	21,643
Total	<u>\$ 133,494</u>	<u>\$ 63,724</u>	<u>\$ (17,325)</u>	<u>\$ 179,893</u>

UNITED STATES CURLING ASSOCIATION, INC.
Stevens Point, Wisconsin

Notes to Financial Statements
June 30, 2010 and 2009
(Continued)

4. Property and Equipment (continued)

Accumulated Depreciation	Balance June 30, 2009	Additions	Disposals	Balance June 30, 2010
Time clocks	\$ 11,716	\$ 1,932	\$ (11,799)	\$ 1,849
Computer hardware and software	9,735	2,568	(5,526)	6,777
Telephone system	1,693	677	-	2,370
Office equipment	7,150	2,045	-	9,195
Ice maker's equipment	-	1,175	-	1,175
Leasehold improvements	2,678	4,017	-	6,695
Website improvements	2,139	3,667	-	5,806
Scoreboards	797	1,595	-	2,392
Stones	952	272	-	1,224
Championship rocks	-	518	-	518
Sensor handles	14,230	4,329	-	18,559
Total	<u>51,090</u>	<u>\$ 22,795</u>	<u>\$ (17,325)</u>	<u>56,560</u>
Net property and equipment	<u>\$ 82,404</u>			<u>\$ 123,333</u>

5. In-kind Contributions

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

	<u>2010</u>	<u>2009</u>
Website development	\$ 46,286	\$ 79,730
Transportation/travel	10,126	25,677
Audiocast	5,000	5,000
Computer consulting	-	7,538
Rent	-	7,947
Uniforms and training apparel	25,062	56,792
Shipping	15,000	15,000
Total	<u>\$ 101,474</u>	<u>\$ 197,684</u>

6. USOC Direct Funding to Athletes

The Association has acknowledged \$54,500 and \$195,225 of USOC direct payments to athletes for the years ended June 30, 2010 and 2009, 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 58% and 48% of its revenue from one Organization for the years ended June 30, 2010 and 2009, respectively, and also accounts for approximately 59% and 54% of the accounts receivable balance as of June 30, 2010 and 2009, respectively.

UNITED STATES CURLING ASSOCIATION, INC.
Stevens Point, Wisconsin

Notes to Financial Statements
June 30, 2010 and 2009
(Continued)

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, 2010 and 2009, the amount due from the Potomoc Curling Club is \$50,000 and \$75,000, respectively and the amount due to the WCF is \$50,000 and \$75,000, respectively. The Association is liable for the loan if the Potomoc Curling Club defaults on the loan. Potomoc Curling Club has pledged a certificate of deposit greater than the value of the loan as security to guarantee the loan.

9. Temporarily Restricted Net Assets

As of June 30, 2010 and 2009, temporarily restricted net assets consisted of the following donor restrictions:

<u>Restriction</u>	<u>2010</u>	<u>2009</u>
"Bricks and mortar" purposes or for curling stones	\$ 5,000	\$ 5,000
Beck Memorial Fund	150	-
Reeve Foundation – Quality of Life	-	13,813
Chris Moore Legacy Fund	-	11,600
Total	\$ 5,150	\$ 30,413

10. Unrestricted Net Assets

As of June 30, 2010 and 2009, unrestricted net assets consisted of the following:

	<u>2010</u>	<u>2009</u>
Undesignated	\$ 248,444	\$ 194,716
Designated:		
Ann Brown Legacy Fund	6,894	6,992
Stone Pool Fund	800	-
Total	\$ 256,138	\$ 201,708

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, 2009, 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, 2010 and 2009
(Continued)

13. WCF Stone Loan Program

During the fiscal year ended June 30, 2007, the Association acquired 512 refurbished stones and 128 new stones from the World Curling Federation. 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.

During the fiscal year ended June 30, 2010, the Association acquired 448 stones and handles from the World Curling Federation. The cost of these stones amounts to \$194,880 with a five-year interest-free payback period with annual payments amounting to \$38,976. Under the terms of the contract, ownership of the stones stays with the seller until all payments are made in full. As of June 30, 2010, 208 stones have been shipped to various curling clubs that have committed to purchase these stones over a five-year period. The remaining stones are classified as non-current inventory on the statement of financial position.

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 Association expects to retire this loan in the fiscal year ending June 30, 2011.

As of June 30, 2010 and 2009, the amount due from various curling clubs is \$248,062 and \$229,858, respectively and the amount due to the World Curling Federation is \$375,384 and \$223,648, respectively.

Payments due from various clubs are as follows:

Year ending June 30,	
2011	\$ 72,583
2012	67,616
2013	61,501
2014	30,496
2015	15,866
Total	\$ <u>248,062</u>

Payments due to the World Curling Federation are as follows:

Year ending June 30,	
2011	\$ 115,480
2012	90,976
2013	90,976
2014	38,976
2015	38,976
Total	\$ <u>375,384</u>

UNITED STATES CURLING ASSOCIATION, INC.

Stevens Point, Wisconsin

Notes to Financial Statements

June 30, 2010 and 2009

(Continued)

14. Prior Period Adjustments

Recognition of Content Licensing Revenue

During the current year, the Association discovered that it had incorrectly accrued \$1,500 and \$36,000 in revenues from a content licensing agreement in the years ended June 30, 2009 and 2008, respectively. While the overall amount of revenue that will eventually be realized from this agreement is unchanged, the aforementioned revenue will be recognized in future periods.

Classification of Men's Scot Tour Net Assets

During the current year, the Association clarified the nature of funds held by the Association on behalf of another organization. These funds are the property of the other organization. In previously issued financial statements, these funds had been classified as temporarily restricted net assets. As a result of this clarification, these funds will be reclassified as funds held for others and moved into the liability section of the statements of financial position.

Results of Prior Period Adjustments

The Association has elected to restate the previous year comparative amounts on this year's financial statements. As a result, 2008-2009 beginning net assets are shown at \$191,804, change in net assets at \$40,317, and ending net assets at \$232,121; versus beginning net assets of \$230,075, change in net asset of \$41,846, and ending net assets of \$271,921 as shown in the financial statements dated January 21, 2010.

15. Related Party Transactions

The Association paid \$75,111 in reimbursements to members of its Board of Directors for expenses incurred on behalf of the Association. The Association retains documentation of all reimbursed expenses.

16. Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed (May 23, 2011). There were no subsequent events that required recognition or disclosure.

UNITED STATES CURLING ASSOCIATION, INC.

Stevens Point, Wisconsin

Schedule of Program, Management and General Expenses
Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>% of Total Expenses</u>	<u>2009</u>	<u>% of Total Expenses</u>
Program Services:				
Elite program	\$ 585,904		\$ 348,646	
Salaries	278,180		276,178	
Coaching and coach development	128,125		159,740	
World team prep and world travel	83,177		76,373	
Media and marketing	54,457		73,840	
Website development	31,620		73,480	
Transportation	65,290		71,200	
Site selection committee	9,601		49,742	
Club/membership development	30,421		44,998	
U.S. Curling News	38,479		38,311	
Field of play	33,473		31,949	
Championship	18,653		22,567	
Payroll taxes	22,141		22,262	
Travel	11,420		16,460	
Fringe benefits	14,198		12,928	
Depreciation	6,196		7,736	
VP Championship	6,496		6,689	
Officiating committee	7,575		6,450	
Other competitions	-		6,188	
Youth curling committee	4,918		5,816	
President expense	16,996		4,744	
World challenge expense	1,178		2,906	
Athlete advisory council	1,231		2,695	
Education program development	(1,404)		1,741	
WCF stone loan program	20,015		1,533	
Dues and subscriptions	1,000		1,000	
College curling committee	1,000		1,000	
Amortization	448		299	
Note payable - curling stones program	24		137	
Grant refunds	-		119	
Olympic committee	(4,868)		100	
Insurance - general liability	30,163		18,295	
Total program expense	\$ 1,496,107	88.36%	\$ 1,386,122	87.21%
Management and General:				
Salaries	\$ 33,985		\$ 35,685	
Rent	36,178		32,827	
World Curling Federation	18,095		20,716	
President expense	14,040		14,058	
Website development	4,786		12,423	
Miscellaneous office	4,299		10,701	
Outside services	15,000		10,323	
Audit fee	9,928		8,100	
Telephone	7,617		6,799	
Depreciation	8,916		6,727	
Supplies/equipment	10,014		6,547	
Printing and copying	7,071		5,409	
Amortization	7,235		4,518	
Loss due to asset write-off	842		3,941	
Postage	3,319		3,738	
Moving expenses	-		3,455	
Legal fees	-		3,442	
Employee development	3,499		3,078	
Utilities	3,291		2,859	
Payroll taxes	2,600		2,644	
Bad debts	1,058		2,000	
Miscellaneous	2,143		1,964	
Fringe benefits	2,035		1,053	
Property taxes	450		349	
Travel	684		-	
Total management and general expense	\$ 197,085	11.64%	\$ 203,356	12.79%

See Independent Auditors' Report.