

**USA SHOOTING, INC.
USA SHOOTING TEAM FOUNDATION, INC.**

**Consolidated Financial Statements and
Supplemental Schedules**

For the Year Ended December 31, 2009

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INDEPENDENT AUDITORS' REPORT

Board of Directors
USA Shooting, Inc.
Colorado Springs, Colorado

We have audited the accompanying consolidated statement of financial position of USA Shooting, Inc. and USA Shooting Team Foundation as of December 31, 2009, and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year summarized comparative information has been derived from the Corporation's December 31, 2008 financial statements and, in our report dated March 13, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 USA Shooting, Inc. and USA Shooting Team Foundation as of December 31, 2009, and the changes in its 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 audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of program services and supporting services for the year ended December 31, 2009 are presented for purposes of additional analysis and are 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.

Waugh & Goodwin, LLP
March 12, 2010

USA SHOOTING, INC.
USA SHOOTING TEAM FOUNDATION, INC.
Consolidated Statement of Financial Position
December 31, 2009
(With Comparative Amounts for 2008)

	<u>ASSETS</u>	
	<u>2009</u>	<u>2008</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,620,001	\$ 2,268,542
Short-term investments	527,424	408,304
Accounts receivable	31,921	34,206
Due from the USOC		1,236
Prepaid expenses	285,960	333,962
Inventory	<u>104,874</u>	<u>223,604</u>
Total current assets	3,570,180	3,269,854
PROPERTY AND EQUIPMENT:		
Equipment	265,774	265,774
Outdoor range	1,044,663	1,013,096
Less accumulated depreciation	<u>(946,516)</u>	<u>(872,990)</u>
Property and equipment - net	<u>363,921</u>	<u>405,880</u>
TOTAL ASSETS	<u>\$ 3,934,101</u>	<u>\$ 3,675,734</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
CURRENT LIABILITIES:		
Accounts payable	\$ 89,113	\$ 117,411
Accrued liabilities	82,552	61,400
Due to USOC	30,249	16,880
Deferred revenue	<u>174,162</u>	<u>170,933</u>
Total current liabilities	376,076	366,624
NET ASSETS:		
Unrestricted	3,109,103	2,916,629
Unrestricted - Board designated	45,936	
Temporarily restricted	330,649	320,144
Permanently restricted	<u>72,337</u>	<u>72,337</u>
Total net assets	<u>3,558,025</u>	<u>3,309,110</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,934,101</u>	<u>\$ 3,675,734</u>

See Notes to Financial Statements

USA SHOOTING, INC.

USA SHOOTING TEAM FOUNDATION, INC.

Consolidated Statement of Activities and Changes in Net Assets
 For the Year Ended December 31, 2009
 (With Comparative Totals for 2008)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2009 Totals	2008 Totals
REVENUE:					
Contributions:					
Direct marketing	\$ 1,202,506	\$	\$	\$ 1,202,506	\$ 1,357,867
Other	99,301	71,152		170,453	188,201
USOC grants	1,047,091			1,047,091	884,798
Sponsorship & royalties	527,871			527,871	475,959
Competition fees	323,722			323,722	353,010
Membership dues	112,486			112,486	116,343
Investment income (loss)	74,462	22	1,898	76,382	(31,219)
USOC content licensing agreement	75,000			75,000	122,000
Merchandise sales, net of costs of \$57,654 and \$80,705	54,842			54,842	17,944
Coach/official training	39,959			39,959	3,828
Miscellaneous	23,485			23,485	13,230
Mailing list sales	23,246			23,246	17,977
Shotgun ammunition sales net of costs of \$51,485 and \$43,491	22,222			22,222	3,756
Range fees	8,089			8,089	3,408
Jr. pistol sales, net of costs of \$36,614 and \$25,146	6,286			6,286	3,084
Advertising	5,100			5,100	3,900
World Cup					134,107
Satisfied program restrictions	62,567	(60,669)	(1,898)		
Total revenue	3,708,235	10,505		3,718,740	3,668,193

EXPENSES:					
Program services:					
Elite athlete programs	1,820,328			1,820,328	2,290,652
Competitions	319,729			319,729	369,927
Shooter development	98,858			98,858	173,305
Membership	96,870			96,870	113,596
International relations	7,961			7,961	15,713
Total program services	2,343,746			2,343,746	2,963,193
Supporting services:					
Direct marketing	729,833			729,833	801,441
Fundraising	250,755			250,755	202,056
General & administrative	145,491			145,491	159,532
Total supporting services	1,126,079			1,126,079	1,163,029
Total expenses	3,469,825			3,469,825	4,126,222
CHANGE IN NET ASSETS	238,410	10,505		248,915	(458,029)
NET ASSETS, beginning of year	2,916,629	320,144	72,337	3,309,110	3,767,139
NET ASSETS, end of year	\$ 3,155,039	\$ 330,649	\$ 72,337	\$ 3,558,025	\$ 3,309,110

See Notes to Financial Statements

USA SHOOTING, INC.
USA SHOOTING TEAM FOUNDATION, INC.
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2009
(With Comparative Amounts for 2008)

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 248,915	\$ (458,029)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	73,526	71,331
Unrealized (gain) loss on investments	(70,070)	94,020
Decrease (increase) in assets:		
Accounts receivable	2,285	125,207
Due from the USOC	1,236	(1,236)
Inventory	118,730	(133,251)
Prepaid expenses	48,002	(95,792)
Increase (decrease) in liabilities:		
Accounts payable	(28,298)	36,395
Accrued liabilities	21,152	(20,293)
Due to USOC	13,369	16,880
Deferred revenue	3,229	(77,616)
Total adjustments	<u>183,161</u>	<u>15,645</u>
Net cash provided (used) by operating activities	432,076	(442,384)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Short-term investments, net	(50,000)	289,186
Acquisition of property & equipment	(30,617)	
Certificates of deposit, net		<u>311,086</u>
Net cash provided (used) by investing activities	<u>(80,617)</u>	<u>600,272</u>
NET INCREASE IN CASH	351,459	157,888
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,268,542</u>	<u>2,110,654</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,620,001</u>	<u>\$ 2,268,542</u>

See Notes to Financial Statements

USA SHOOTING, INC.

USA SHOOTING TEAM FOUNDATION, INC.

Notes to Consolidated Financial Statements

For the Year Ending December 31, 2009

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of USA Shooting, Inc. are being presented on a consolidated basis with the USA Shooting Team Foundation in order to conform to the requirements of Statement of Position No. 94-3 issued by the American Institute of Certified Public Accountants. The Statement of Position requires consolidation when one nonprofit has a financial interest and controls the appointment of a majority of the board of directors of another nonprofit entity.

Organization

USA Shooting, Inc. was incorporated on March 18, 1994, as a Colorado nonprofit corporation. The purpose of the Corporation is to advance amateur competition both nationally and internationally in the sport of shooting.

The USA Shooting Team Foundation (the Foundation) was incorporated in 2009. The purpose of the Foundation is to raise funds and acquire assets that will enable USA Shooting, Inc. to encourage, improve and promote sport shooting in the United States.

Income Taxes

The Corporation and the Foundation are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986. Neither entity is a private foundation.

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes," an Interpretation of FASB Statement No. 109 (FIN 48), that clarifies the accounting and recognition for income tax positions taken or expected to be taken in the Organization's income tax returns. The revised effective date for FIN 48 is years beginning after December 15, 2008; accordingly, the Corporation and Foundation adopted the standard effective January 1, 2009.

The Organization's income tax filings are subject to audit by various taxing authorities. The Corporation's open audit periods are 2005 - 2008. The Corporation and Foundation believe that operations have been conducted in accordance with their tax-exempt status.

Notes to Consolidated Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributions

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of changes in net assets as net assets released from restrictions.

Membership Dues

One-year membership dues are billed on individual anniversary dates and recognized as revenue upon receipt. Dues received for five-year memberships are deferred and recognized as revenue over the corresponding period of the membership. Dues received for life memberships are deferred and recognized over a period of twenty-five years.

Accounts Receivable

Accounts receivable are stated at the amount the Corporation expects to collect from balances outstanding at year-end. Based on the Corporation's experience with individuals and entities having outstanding balances, it has concluded that any losses on balances outstanding at year-end will not be material. Therefore, no allowance for doubtful accounts is considered necessary.

Depreciation

Property and equipment are recorded at cost as of the date of acquisition or fair value as of the date of receipt in the case of gifts. Equipment is depreciated using the straight-line method over useful lives of 5 to 15 years. Depreciation expense for the years ended December 31, 2009 and 2008 amounted to \$73,526 and \$71,331, respectively.

Cash and Cash Equivalents

Cash and cash equivalents consist of the Corporation's cash balances in its checking and money market accounts. The Corporation maintains its cash and cash equivalents at several commercial banks. In the event of a bank failure, the Corporation might only be able to recover the amounts insured.

Notes to Consolidated Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Inventory

Inventory consists of merchandise held for sale. Donated merchandise is recorded at fair market value at date of receipt. Purchased merchandise is recorded at the lower of first-in first-out cost or market.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of USA Shooting, Inc. and USA Shooting Team Foundation, Inc. All significant inter-company accounts and transactions have been eliminated in the accompanying consolidated financial statements.

Donated Services

The Corporation recognizes donated services that create or enhance non-financial assets or that require specialized skills and would typically need to be purchased if not provided by donation. No donated services were recorded for 2009 or 2008.

Use of Estimates in Preparation of Financial Statements

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, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Prior-Year Comparisons

The financial statements include certain prior-year summarized comparative information in total but not by net asset or functional expense 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 Corporation's financial statements for the year ended December 31, 2008, from which the summarized information was derived.

Date of Management's Review

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through March 12, 2010, the date the financial statements were available to be issued.

Notes to Consolidated Financial Statements

B. FAIR VALUE MEASUREMENTS

The Corporation applies Generally Accepted Accounting Principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following tables present assets that are measured at fair value on a recurring basis at December 31, 2009 and 2008:

Assets at Fair Value as of December 31, 2009

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market	\$ 166,690	\$	\$	\$ 166,690
USOF investment Portfolio	_____	_____	360,734	360,734
	<u>\$ 166,690</u>	<u>\$</u>	<u>\$ 360,734</u>	<u>\$ 527,424</u>

Assets at Fair Value as of December 31, 2008

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market	\$ 166,254	\$	\$	\$ 166,254
USOF investment Portfolio	_____	_____	242,050	242,050
	<u>\$ 166,254</u>	<u>\$</u>	<u>\$ 242,050</u>	<u>\$ 408,304</u>

Notes to Consolidated Financial Statements

B. FAIR VALUE MEASUREMENTS - Continued

The Corporation invested in units of a pooled portfolio managed by the United States Olympic Foundation (USOF) during the year ended December 31, 2009. The portfolio consists of the following types of securities at December 31, 2009:

Domestic equities	28.00%
Hedge funds	18.90
International equities	17.30
Bonds	17.00
Real estate	13.10
Money market funds	5.10
Private equity	<u>0.60</u>
	<u>100.00%</u>

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statement of financial position using significant unobservable (Level 3) inputs:

Balance, January 1, 2009	\$ 242,050
Total realized and unrealized gains	62,948
Interest and dividends	5,736
Additional funds invested	<u>50,000</u>
Balance, December 31, 2009	<u>\$ 360,734</u>
Total gain for the period included in net income attributable to the change in unrealized gains related to the assets still held at the reporting date	<u>\$ 68,684</u>

C. DEFERRED REVENUE

Deferred revenue consists of the following at December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Membership dues	\$ 161,071	\$ 162,519
Other	<u>13,091</u>	<u>8,414</u>
	<u>\$ 174,162</u>	<u>\$ 170,933</u>

Notes to Consolidated Financial Statements

D. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2009 and 2008 consist of assets restricted for the following programs:

	<u>2009</u>	<u>2008</u>
Capital campaign reserve funds	\$ 260,862	\$ 237,212
Athlete trust accounts	32,906	43,961
Jr. Olympic National		
Shotgun Team	11,124	13,214
Endowment fund	9,267	9,267
Picket memorial fund	8,215	8,215
Shooting sports medicine		
research	5,242	5,242
Scholarship program	<u>3,033</u>	<u>3,033</u>
	<u>\$ 330,649</u>	<u>\$ 320,144</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During 2009 and 2008, restricted net assets were released from restrictions for the following programs:

	<u>2009</u>	<u>2008</u>
Athlete trust accounts	\$ 38,579	\$ 113,585
Junior Olympic		
National Shotgun Team	22,090	49,250
Capital campaign reserve funds	<u> </u>	<u>445</u>
	<u>\$ 60,669</u>	<u>\$ 163,280</u>

E. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at December 31, 2009 and 2008 consist of assets that will be held in perpetuity with the earnings restricted to the following programs:

	<u>2009</u>	<u>2008</u>
Junior pistol training program	\$ 53,817	\$ 53,817
Shooting sports medicine research	17,520	17,520
International rifle	<u>1,000</u>	<u>1,000</u>
	<u>\$ 72,337</u>	<u>\$ 72,337</u>

Earnings generated by the permanently restricted net assets for the years ending December 31, 2009 and 2008 were \$1,898 and \$1,731, respectively.

Notes to Consolidated Financial Statements

F. BOARD DESIGNATED NET ASSETS

At December 31, 2009 and 2008, Board designated net assets consist of the following:

	<u>2009</u>	<u>2008</u>
Goss Estate	\$ 45,936	\$ _____
	<u>\$ 45,936</u>	<u>\$ _____</u>

Funds received by the Corporation from the Goss Estate will be used in programs designated by the Board of Directors at a future date.

G. RELATED PARTY TRANSACTIONS

The United States Olympic Committee (USOC) provides grants to the Corporation for sports development, international competition, and team preparation. Grants provided during the years ended December 31, 2009 and 2008 consisted of the following project categories:

	<u>2009</u>	<u>2008</u>
NGB funding	\$ 1,000,978	\$ 821,105
International relations grant	5,900	10,496
Value in-kind	<u>40,213</u>	<u>53,197</u>
	<u>\$ 1,047,091</u>	<u>\$ 884,798</u>

In 2007 the Corporation entered into a content license agreement with the USOC. The term of the agreement is July 1, 2007 through December 31, 2012. Under the terms of the content license agreement the Corporation received \$75,000 and \$122,000 during the years ended December 31, 2009 and 2008, respectively.

The Corporation is economically dependent upon the grants from the USOC in order to maintain its programs at current levels.

H. RETIREMENT PLAN

Effective January 1, 2003, the Corporation adopted a 401(k) retirement plan, covering substantially all employees. The Corporation can make discretionary matching contributions of 2.5% to 5% of eligible employee compensation. Total pension expense for the years ended December 31, 2009 and 2008, was \$19,379 and \$8,052, respectively.

Notes to Consolidated Financial Statements

I. LEASES

The Corporation rents four storage units on a month-to-month basis. The monthly rent on the four units is \$391.

Total rent expense for each of the years ended December 31, 2009 and 2008 was \$4,695 and \$4,308, respectively.

Effective June, 2004, the USOC assigned its rights to the Corporation in a lease of the outdoor range at Ft. Carson, Colorado. The Corporation successfully negotiated a ten-year extension of the lease. No payments are required under the terms of the lease.

USA SHOOTING, INC.
 USA SHOOTING TEAM FOUNDATION, INC.
 Consolidated Schedule of Program Services
 For the Year Ended December 31, 2009
 (With Comparative Totals for 2008)

	Elite Athlete Programs	Competitions	Shooter Development	Membership	International Relations	2009 Totals	2008 Totals
Airfare	\$ 338,715	\$ 10,346	\$ 20,074	\$	\$ 4,752	\$ 373,887	\$ 433,017
Ammunition	183,667		2,700			186,367	148,820
Athlete trust payments	23,163					23,163	109,562
Audit & legal	2,235					2,235	6,628
Awards & medals	7,200	26,243	(3,296)	1,195		31,342	33,418
Bank & data base services	595	5,963		4,233		10,791	15,336
Competition entry fees	69,680					69,680	48,867
Depreciation	72,737	364		121		73,222	71,028
Dues & subscriptions	6,042	481				6,523	10,784
Employee benefits	59,715	9,417	15,577	4,992		89,701	60,642
Equipment maintenance	369					369	65
Equipment purchases	7,578	170				7,748	4,458
Equipment rental	45					45	753
Facility lease	4,695	1,043				5,738	5,008
Insurance & workers comp.	24,014	1,734	454	195		26,397	23,770
Lodging & meals	529,742	143,688	9,185	121	3,209	685,945	719,471
Other expense	12,844					12,844	40,474
Payroll taxes	24,886	6,451	1,427	2,356		35,120	37,884
Performance awards							325,700
Postage & shipping	4,583	2,825	1,162	9,293		17,863	37,327
Practice rounds	10,430					10,430	10,925
Printing	320	1,420	50	3,971		5,761	3,347
Professional services	2,090	523	18,176	38,068		58,857	67,998
Promotional items	89	8,561	169			8,819	33,729
Range operations	14,543	36				14,579	5,962
Recruitment/moving expense	122	500				622	
Salaries	348,828	84,331	19,438	32,145		484,742	523,388
Stipends	41,009	738				41,747	25,937
Supplies	5,727	5,720	49	96		11,592	36,796
Targets	15,570	8,301	1,610			25,481	43,041
Telephone	7,129	874	80	84		8,167	8,644
Travel subsidy			12,003			12,003	54,078
Uniforms	1,966					1,966	16,336
Totals	\$ 1,820,328	\$ 319,729	\$ 98,858	\$ 96,870	\$ 7,961	\$ 2,343,746	\$ 2,963,193

USA SHOOTING, INC.
 USA SHOOTING TEAM FOUNDATION, INC.
 Consolidated Schedule of Supporting Services
 For the Year Ended December 31, 2009
 (With Comparative Totals for 2008)

	Direct Marketing	Fundraising	General and Administrative	2009 Totals	2008 Totals
	\$	\$	\$	\$	\$
Accounting fees				2,900	2,840
Airfare		16,923	5,736	22,659	19,234
Ammunition		21		21	
Audit & legal	4,264	225	8,010	12,499	7,817
Awards & medals	2,500		1,657	4,157	
Bank fees	4,679		12,054	16,733	
Business registration fees			750	750	16,071
Competition entry fees	140			140	
Copier expense			3,194	3,194	2,202
Depreciation			304	304	303
Dues & subscriptions	100	1,615	10	1,725	
Employee benefits		14,257	9,754	24,011	17,740
Equipment maintenance		69		69	30
Equipment purchases		557	578	1,135	1,324
Equipment rental		1,299		1,299	
Facility lease					1,595
Insurance & workers comp.		584	5,801	6,385	5,256
List maintenance	61,280			61,280	91,806
Lodging & meals	20,949	38,451	(573)	58,827	46,810
Other expense		1,300		1,300	28,861
Payroll taxes		6,883	7,876	14,759	12,221
Postage & shipping		4,528	3,222	203,020	232,303
Practice rounds	195,270	350		350	
Printing & supplies	349,371	1,102	93	350,566	401,785
Professional services	75,596	3,071	3,208	81,875	69,617
Promotional items	12,048	61,772		73,820	25,615
Recruitment/moving expense		217		217	400
Registrations	3,636			3,636	3,852
Salaries		93,700	78,269	171,969	169,707
Supplies		2,413	1,938	4,351	4,647
Telephone		808	710	1,518	993
Uniforms		610		610	
	<u>\$ 729,833</u>	<u>\$ 250,755</u>	<u>\$ 145,491</u>	<u>\$ 1,126,079</u>	<u>\$ 1,163,029</u>