

**USA SHOOTING, INC.**  
**Financial Statements and  
Supplemental Schedules**  
**For the Year Ended December 31, 2007**

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of USA Shooting, Inc. as of December 31, 2007, 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, 2006 financial statements and, in our report dated March 5, 2007, 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. as of December 31, 2007, 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, 2007 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 14, 2008

USA SHOOTING, INC.  
Statement of Financial Position  
December 31, 2007  
(With Comparative Amounts for 2006)

	<u>ASSETS</u>	
	<u>2007</u>	<u>2006</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 2,110,654	\$ 2,123,952
Certificates of deposit	311,086	
Short-term investments	791,510	688,275
Accounts receivable	159,413	39,418
Prepaid expenses	238,170	312,815
Inventory	<u>90,353</u>	<u>146,671</u>
Total current assets	3,701,186	3,311,131
<b>PROPERTY AND EQUIPMENT:</b>		
Equipment	265,774	269,362
Outdoor range	1,013,096	1,013,096
Less accumulated depreciation	<u>(801,659)</u>	<u>(733,516)</u>
Property and equipment - net	<u>477,211</u>	<u>548,942</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 4,178,397</u></b>	<b><u>\$ 3,860,073</u></b>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 81,016	\$ 203,372
Accrued liabilities	81,693	56,932
Deferred revenue	<u>248,549</u>	<u>205,853</u>
Total current liabilities	411,258	466,157
<b>NET ASSETS:</b>		
Unrestricted	3,347,679	3,055,305
Temporarily restricted	347,123	266,274
Permanently restricted	<u>72,337</u>	<u>72,337</u>
Total net assets	<u>3,767,139</u>	<u>3,393,916</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 4,178,397</u></b>	<b><u>\$ 3,860,073</u></b>

See Notes to Financial Statements

USA SHOOTING, INC.

Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2007  
(With Comparative Totals for 2006)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2007 Totals	2006 Totals
REVENUE:					
Contributions:					
Direct marketing	\$ 1,466,995	\$	\$	\$ 1,466,995	\$ 1,287,239
Other	22,512	285,773		308,285	371,738
USOC grants (Note G)	875,916			875,916	962,601
Sponsorship & royalties	848,139			848,139	771,265
World Cup	394,886			394,886	194,488
Competition fees	306,190			306,190	342,500
Membership dues	99,123			99,123	118,338
Investment income	86,937	7,387	997	95,321	60,172
USOC joint marketing agreement	72,000			72,000	72,000
Mailing list sales	38,825			38,825	25,678
Coach/official training	28,385			28,385	3,994
Miscellaneous	13,403			13,403	22,713
Merchandise sales, net of costs of \$56,524 and \$79,415	10,122			10,122	6,851
Shotgun ammunition sales net of costs of \$40,660 and \$37,197	7,955			7,955	(16,592)
Range fees	7,156			7,156	3,309
Jr. pistol sales, net of costs of \$13,998 and \$24,053	(773)			(773)	(1,884)
Satisfied program restrictions	213,308	(212,311)	(997)	(997)	
Total revenue	4,491,079	80,849		4,571,928	4,224,410

EXPENSES:

Program services:					
Elite athlete programs	2,187,232			2,187,232	1,935,649
Competitions	305,248			305,248	287,159
Shooter development	215,130			215,130	188,029
Membership	77,859			77,859	101,194
International relations	18,320			18,320	10,882
Total program services	2,803,789			2,803,789	2,522,913
Supporting services:					
Direct marketing	931,628			931,628	828,506
Fundraising	313,921			313,921	277,163
General & administrative	149,367			149,367	173,922
Total supporting services	1,394,916			1,394,916	1,279,591
Total expenses	4,198,705			4,198,705	3,802,504
CHANGE IN NET ASSETS	292,374	80,849		373,223	421,906
NET ASSETS, beginning of year	3,055,305	266,274	72,337	3,393,916	2,972,010
NET ASSETS, end of year	\$ 3,347,679	\$ 347,123	\$ 72,337	\$ 3,767,139	\$ 3,393,916

See Notes to Financial Statements

USA SHOOTING, INC.  
Statement of Cash Flows  
For the Year Ended December 31, 2007  
(With Comparative Amounts for 2006)

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 373,223	\$ 421,906
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	71,341	74,956
Decrease (increase) in assets:		
Accounts receivable	(119,995)	(2,215)
Inventory	56,318	(12,914)
Prepaid expenses	74,645	(100,758)
Increase (decrease) in liabilities:		
Accounts payable	(122,356)	(107,382)
Accrued liabilities	24,761	11,126
Deferred revenue	<u>42,696</u>	<u>(44,782)</u>
Total adjustments	<u>27,410</u>	<u>(181,969)</u>
Net cash provided by operating activities	400,633	239,937
CASH FLOWS FROM INVESTING ACTIVITIES:		
Certificates of deposit, net	(311,086)	
Short-term investments, net	(103,235)	(204,872)
Disposal of property & equipment	390	
Acquisition of property & equipment	<u>          </u>	<u>(6,224)</u>
Net cash used by investing activities	<u>(413,931)</u>	<u>(211,096)</u>
NET INCREASE (DECREASE) IN CASH	(13,298)	28,841
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,123,952</u>	<u>2,095,111</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,110,654</u>	<u>\$ 2,123,952</u>

See Notes to Financial Statements

USA SHOOTING, INC.  
Notes to Financial Statements  
For the Year Ending December 31, 2007

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Corporation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and accordingly, is not subject to federal income taxes. The Corporation is not a private foundation.

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.

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, 2007 and 2006 amounted to \$71,341 and \$74,956, respectively.



## Notes to Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### 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 unlikely event of a bank failure, the Corporation might only be able to recover the amounts insured.

#### 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.

#### 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 2007 or 2006.

#### 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, 2006, from which the summarized information was derived.

Notes to Financial Statements

B. CERTIFICATES OF DEPOSIT

Certificates of deposit at December 31, 2007 consist of certificates from a commercial bank with the following terms:

<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u>
02/09/08	4.88%	\$ 155,638
05/09/08	4.40	<u>155,448</u>
		<u>\$ 311,086</u>

The Corporation intends to hold these certificates until maturity.

C. SHORT-TERM INVESTMENTS

Short-term investments are carried in the Corporation's statement of financial position at quoted market values. At December 31, 2007 and 2006, the Corporation's short-term investments consisted of the following:

	<u>2007</u>	<u>2006</u>
Institutional money market funds	\$ 215,073	\$ 503,486
U.S. government bonds	<u>576,437</u>	<u>184,789</u>
	<u>\$ 791,510</u>	<u>\$ 688,275</u>

Investment income for the years ended December 31, 2007 and 2006 consisted of the following:

	<u>2007</u>	<u>2006</u>
Interest and dividends	\$ <u>95,321</u>	\$ <u>60,172</u>

D. DEFERRED REVENUE

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. Deferred revenue consists of the following at December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Membership dues	\$ 168,474	\$ 166,418
Other	<u>80,075</u>	<u>39,435</u>
	<u>\$ 248,549</u>	<u>\$ 205,853</u>

Notes to Financial Statements

E. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2007 and 2006 consist of assets restricted for the following programs:

	<u>2007</u>	<u>2006</u>
Capital campaign reserve funds	\$ 175,988	\$ 106,686
Athlete trust accounts	104,507	82,926
Jr. Olympic National		
Shotgun Team	40,871	50,905
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>\$ 347,123</u>	<u>\$ 266,274</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During 2007 and 2006, restricted net assets were released from restrictions for the following programs:

	<u>2007</u>	<u>2006</u>
Athlete trust accounts	\$ 141,740	\$ 52,522
Junior Olympic		
National Shotgun Team	46,249	22,299
Capital campaign reserve funds	24,322	946
Rifle discipline		850
Pistol discipline		720
Shotgun discipline		<u>50</u>
	<u>\$ 212,311</u>	<u>\$ 77,387</u>

F. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at December 31, 2007 and 2006 consist of assets that will be held in perpetuity with the earnings restricted to the following programs:

	<u>2007</u>	<u>2006</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>

Notes to Financial Statements

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, 2007 and 2006 consisted of the following project categories:

	<u>2007</u>	<u>2006</u>
NGB funding	\$ 818,142	\$ 830,533
International relations grant	6,075	10,800
Rollover base funding from 2005		71,433
Value in-kind	<u>51,699</u>	<u>49,835</u>
	<u>\$ 875,916</u>	<u>\$ 962,601</u>

The Corporation entered into a joint marketing agreement with the USOC in November, 2004. The term of the original agreement was January 1, 2005 through December 31, 2008. The Corporation received \$72,000 during each of the years ending December 31, 2007 and 2006.

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 joint marketing agreement was terminated. The Association received \$50,000 in January, 2008 under this agreement.

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 0 to 5% of eligible employee compensation. Total pension expense for the years ended December 31, 2007 and 2006, was \$19,012 and \$17,450, respectively.

I. LEASES

The Corporation rents four storage units on a month-to-month basis. The monthly rent on the four units is \$357.

Total rent expense for each of the years ended December 31, 2007 and 2006 amounted to \$4,204.

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.

## Notes to Financial Statements

### J. COMMITMENTS

During 2005, the Corporation entered into a 7-year agreement with Jack and Rose Burch regarding the use of a shooting facility in Kerrville, Texas. The agreement dates are from January 1, 2007 through December 31, 2013 and are renewable with the agreement of both parties. The Burch's had agreed to construct certain facilities by January 1, 2007 and the Corporation has agreed to host approximately 75% of its national level competitions at the Kerrville facility, provided that the Burch's are in compliance with their part of the agreement.

The Corporation further agreed to provide \$250,000 of grants to the Kerrville facility, \$50,000 of which was paid during 2005. The remaining \$200,000 of grants is contingent upon the following construction projects:

- 1.) \$50,000 to be paid upon completion of the airgun hall.
- 2.) \$50,000 to be paid upon installation and operation of a 10-meter electronic target and central ranking system.
- 3.) \$50,000 to be paid upon completion of the 50-meter range with installation and operation of all electronic target scoring systems.
- 4.) \$50,000 to be paid upon completion of the 25-meter pistol range with installation and operation of all electronic target scoring systems.

As of December 31, 2007, only the shotgun range was ready for competition, and three of the four national shotgun competitions in 2007 were held at the Kerrville facility. Due to funding setbacks, none of the other facilities were completed on time, and no payments were made. A verbal agreement was made in 2007 to extend the time allowed and payments will be withheld until such time as the facilities are satisfactorily completed to specifications. One of three national shotgun competitions will be held at the Kerrville facility in 2008.

USA SHOOTING, INC.  
Schedule of Program Services  
For the Year Ended December 31, 2007  
(With Comparative Totals for 2006)

	Elite Athlete Programs	Competitions	Shooter Development	Membership	International Relations	2007 Totals	2006 Totals
Airfare	\$ 438,939	\$ 8,845	\$ 15,932	\$	\$	\$ 463,716	\$ 504,131
Ammunition	161,316		36,118			197,434	149,977
Athlete trust payments	136,340					136,340	50,141
Audit & legal	3,747					3,747	2,745
Awards & medals	6,023	30,758	5,561	1,090		43,432	40,261
Bank & data base services	216	10,851		4,652		15,719	207
Competition entry fees	53,661					53,661	65,840
Copier expense	417				417		
Depreciation	70,545	364		121		71,030	74,451
Dues & subscriptions	2,843	70	150			3,063	1,675
Employee benefits	47,061	4,567	13,311	5,690		70,629	81,096
Equipment maintenance	504					504	69
Equipment purchases	8,304	200	183			8,687	3,282
Equipment rental	4,115					4,115	907
Facility lease	3,240	956	6,776			10,972	8,673
Insurance & workers comp.	29,812	2,480	761	326		33,379	27,875
Lodging & meals	703,237	126,539	26,187	50		856,013	660,785
Other expense	24,871	14,845	8,067	55	18,320	66,158	87,334
Recruitment/moving expense	728					728	
Payroll taxes	20,853	5,154	3,299	1,338		30,644	33,490
Postage & shipping	14,568	2,882	1,053	8,393		26,896	27,654
Practice rounds	12,120					12,120	10,556
Printing	1,039	1,297	225	1,962		4,523	17,989
Professional services	9,158	250	151	36,210		45,769	70,879
Promotional items	4,370	11,694	1,516	21		17,601	11,748
Range operations	19,983	1,314				21,297	23,815
Salaries	302,462	68,090	45,000	17,776		433,328	448,812
Stipends	68,205					68,205	24,388
Supplies	11,765	4,746	880	170		17,561	9,148
Targets	8,717	9,114	810			18,641	15,198
Telephone	7,599	232	454	5		8,290	6,698
Travel subsidy			48,696			48,696	45,350
Uniforms	10,474					10,474	17,739
<b>Totals</b>	<b>\$ 2,187,232</b>	<b>\$ 305,248</b>	<b>\$ 215,130</b>	<b>\$ 77,859</b>	<b>\$ 18,320</b>	<b>\$ 2,803,789</b>	<b>\$ 2,522,913</b>

USA SHOOTING, INC.  
Schedule of Supporting Services  
For the Year Ended December 31, 2007  
(With Comparative Totals for 2006)

	Direct Marketing	Fundraising	General and Administrative	2007 Totals	2006 Totals
	\$	\$	\$	\$	\$
Accounting fees				2,480	1,773
Advertising & promotion					1,087
Airfare	347	13,351	6,051	19,749	25,211
Audit & legal		665	5,715	6,380	6,065
Awards & medals	198			198	3,840
Bank fees	5,085		7,424	12,509	12,826
Competition entry fees		217		217	1,235
Copier expense			3,016	3,016	3,147
Depreciation			353	353	505
Dues & subscriptions		105		105	25
Employee benefits		11,329	11,116	22,445	21,194
Equipment maintenance		572	69	641	160
Equipment purchases			754	754	981
Insurance & workers comp.		979	7,015	7,994	6,662
List maintenance	81,539			81,539	80,429
Lodging & meals	927	34,326		41,068	44,918
Other expense	3,000	92,907		95,907	97,040
Payroll taxes		6,808		14,120	12,864
Postage & shipping	249,585	6,314	7,312	260,052	242,978
Printing & supplies	510,111		4,153	516,392	403,357
Professional services	63,798	36,931	3,875	104,604	92,763
Promotional items	13,194	17,769	131	31,094	20,053
Registrations	3,844			3,844	4,397
Salaries		88,996	77,675	166,671	192,872
Telephone		671	2,113	2,784	2,355
Uniforms					854
	<u>\$ 931,628</u>	<u>\$ 313,921</u>	<u>\$ 149,367</u>	<u>\$ 1,394,916</u>	<u>\$ 1,279,591</u>