

USA SHOOTING, INC.
**Financial Statements and
Supplemental Schedules**
For the Year Ended December 31, 2008

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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, 2008, 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, 2007 financial statements and, in our report dated March 14, 2008, 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, 2008, 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, 2008 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 13, 2009

USA SHOOTING, INC.
Statement of Financial Position
December 31, 2008
(With Comparative Amounts for 2007)

	<u>ASSETS</u>	
	<u>2008</u>	<u>2007</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,268,542	\$ 2,110,654
Short-term investments	408,304	791,510
Certificates of deposit		311,086
Accounts receivable	34,206	159,413
Due from the USOC	1,236	
Prepaid expenses	333,962	238,170
Inventory	<u>223,604</u>	<u>90,353</u>
Total current assets	3,269,854	3,701,186
PROPERTY AND EQUIPMENT:		
Equipment	265,774	265,774
Outdoor range	1,013,096	1,013,096
Less accumulated depreciation	<u>(872,990)</u>	<u>(801,659)</u>
Property and equipment - net	<u>405,880</u>	<u>477,211</u>
TOTAL ASSETS	<u>\$ 3,675,734</u>	<u>\$ 4,178,397</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 117,411	\$ 81,016
Accrued liabilities	61,400	81,693
Due to USOC	16,880	
Deferred revenue	<u>170,933</u>	<u>248,549</u>
Total current liabilities	366,624	411,258
NET ASSETS:		
Unrestricted	2,916,629	3,347,679
Temporarily restricted	320,144	347,123
Permanently restricted	<u>72,337</u>	<u>72,337</u>
Total net assets	<u>3,309,110</u>	<u>3,767,139</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,675,734</u>	<u>\$ 4,178,397</u>

See Notes to Financial Statements

USA SHOOTING, INC.

Statement of Activities and Changes in Net Assets
 For the Year Ended December 31, 2008
 (With Comparative Totals for 2007)

	Temporarily Restricted		Permanently Restricted	Totals	
	Unrestricted	Restricted		2008	2007
REVENUE:					
Contributions:					
Direct marketing	\$ 1,357,867	\$	\$	\$ 1,357,867	\$ 1,466,995
Other	51,911	136,290		188,201	308,285
USOC grants (Note F)	884,798			884,798	875,916
Sponsorship & royalties	475,959			475,959	848,139
Competition fees	353,010			353,010	306,190
World Cup	134,107			134,107	394,886
USOC marketing agreement				122,000	72,000
Membership dues				116,343	99,123
Merchandise sales, net of costs of \$80,705 and \$56,524	17,944			17,944	10,122
Mailing list sales	17,977			17,977	38,825
Miscellaneous	13,230			13,230	13,403
Advertising	3,900			3,900	
Coach/official training	3,828			3,828	28,385
Range fees	3,408			3,408	7,156
Jr. pistol sales, net of costs of \$25,146 and \$13,998	3,084			3,084	(773)
Shotgun ammunition sales net of costs of \$43,491 and \$40,660	3,756			3,756	7,955
Investment income (Loss)	(32,961)	11	1,731	(31,219)	95,321
Satisfied program restrictions	165,011	(163,280)	(1,731)		
Total revenue	3,695,172	(26,979)		3,668,193	4,571,928

EXPENSES:					
Program services:					
Elite athlete programs	2,290,652			2,290,652	2,187,232
Competitions	369,927			369,927	305,248
Shooter development	173,305			173,305	215,130
Membership	113,596			113,596	77,859
International relations	15,713			15,713	18,320
Total program services	2,963,193			2,963,193	2,803,789
Supporting services:					
Direct marketing	801,441			801,441	931,628
Fundraising	202,056			202,056	313,921
General & administrative	159,532			159,532	149,367
Total supporting services	1,163,029			1,163,029	1,394,916
Total expenses	4,126,222			4,126,222	4,198,705
CHANGE IN NET ASSETS	(431,050)	(26,979)		(458,029)	373,223
NET ASSETS, beginning of year	3,347,679	347,123	72,337	3,767,139	3,393,916
NET ASSETS, end of year	\$ 2,916,629	\$ 320,144	\$ 72,337	\$ 3,309,110	\$ 3,767,139

See Notes to Financial Statements

USA SHOOTING, INC.
Statement of Cash Flows
For the Year Ended December 31, 2008
(With Comparative Amounts for 2007)

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (458,029)	\$ 373,223
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	71,331	71,341
Unrealized loss on investments	94,020	
Decrease (increase) in assets:		
Accounts receivable	125,207	(119,995)
Due from the USOC	(1,236)	
Inventory	(133,251)	56,318
Prepaid expenses	(95,792)	74,645
Increase (decrease) in liabilities:		
Accounts payable	36,395	(122,356)
Accrued liabilities	(20,293)	24,761
Due to USOC	16,880	
Deferred revenue	(77,616)	42,696
Total adjustments	<u>15,645</u>	<u>27,410</u>
Net cash provided (used) by operating activities	(442,384)	400,633
CASH FLOWS FROM INVESTING ACTIVITIES:		
Certificates of deposit, net	311,086	(311,086)
Short-term investments, net	289,186	(103,235)
Disposal of property & equipment		<u>390</u>
Net cash provided (used) by investing activities	<u>600,272</u>	<u>(413,931)</u>
NET INCREASE (DECREASE) IN CASH	157,888	(13,298)
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,110,654</u>	<u>2,123,952</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,268,542</u>	<u>\$ 2,110,654</u>

See Notes to Financial Statements

USA SHOOTING, INC.
Notes to Financial Statements
For the Year Ending December 31, 2008

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. 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.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 2008 and 2007 amounted to \$71,331 and \$71,341, 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.

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 2008 or 2007.

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.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 2007, from which the summarized information was derived.

B. SHORT-TERM INVESTMENTS

Short-term investments are carried in the Corporation's statement of financial position at quoted market values. At December 31, 2008 and 2007, the Corporation's short-term investments consisted of the following:

	<u>2008</u>	<u>2007</u>
USOF investment portfolio	\$ 242,050	\$
Institutional money market funds	166,254	215,073
U.S. government bonds	<u> </u>	<u>576,437</u>
	<u>\$ 408,304</u>	<u>\$ 791,510</u>

The Corporation invested in units of a pooled portfolio managed by the United States Olympic Foundation (USOF) during the year ended December 31, 2008. The portfolio consists of the following types of securities at December 31, 2008:

Domestic equities	31.70%
Bonds	22.50
Hedge funds	19.50
International equities	17.80
Real estate	7.20
Money market funds	0.70
Private equity	<u>0.60</u>
	<u>100.00%</u>

Investment income for the years ended December 31, 2008 and 2007 consisted of the following:

	<u>2008</u>	<u>2007</u>
Interest and dividends	\$ 58,696	\$ 95,321
Realized gains	4,105	
Unrealized gains (losses)	<u>(94,020)</u>	<u> </u>
	<u>\$ (31,219)</u>	<u>\$ 95,321</u>

Notes to Financial Statements

C. DEFERRED REVENUE

Deferred revenue consists of the following at December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Membership dues	\$ 162,519	\$ 168,474
Other	<u>8,414</u>	<u>80,075</u>
	<u>\$ 170,933</u>	<u>\$ 248,549</u>

D. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2008 and 2007 consist of assets restricted for the following programs:

	<u>2008</u>	<u>2007</u>
Capital campaign reserve funds	\$ 237,212	\$ 175,988
Athlete trust accounts	43,961	104,507
Jr. Olympic National Shotgun Team	13,214	40,871
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>\$ 320,144</u>	<u>\$ 347,123</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During 2008 and 2007, restricted net assets were released from restrictions for the following programs:

	<u>2008</u>	<u>2007</u>
Athlete trust accounts	\$ 113,585	\$ 141,740
Junior Olympic National Shotgun Team	49,250	46,249
Capital campaign reserve funds	<u>445</u>	<u>24,322</u>
	<u>\$ 163,280</u>	<u>\$ 212,311</u>

Notes to Financial Statements

E. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at December 31, 2008 and 2007 consist of assets that will be held in perpetuity with the earnings restricted to the following programs:

	<u>2008</u>	<u>2007</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>

F. 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, 2008 and 2007 consisted of the following project categories:

	<u>2008</u>	<u>2007</u>
NGB funding	\$ 821,105	\$ 818,142
International relations grant	10,496	6,075
Value in-kind	<u>53,197</u>	<u>51,699</u>
	<u>\$ 884,798</u>	<u>\$ 875,916</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 the year ended December 31, 2007.

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 \$122,000 during the year ended December 31, 2008 under this agreement.

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

G. 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, 2008 and 2007, was \$8,052 and \$21,853, respectively.

Notes to Financial Statements

H. LEASES

The Corporation rents four storage units on a month-to-month basis. The monthly rent on the four units is \$359.

Total rent expense for each of the years ended December 31, 2008 and 2007 was \$4,308 and \$4,204, 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.

I. 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, 2008, only the shotgun range was ready for competition. Due to funding setbacks, none of the other facilities were completed on time, and no payments were made. On April 4, 2008 a proposed amendment to the agreement was sent to the Burch's but no response was received. At December 31, 2008 the Corporation considers the contract terminated.

USA SHOOTING, INC.
Schedule of Program Services
For the Year Ended December 31, 2008
(With Comparative Totals for 2007)

	Elite Athlete Programs	Competitions	Shooter Development	Membership	International Relations	2008 Totals	2007 Totals
Airfare	\$ 387,205	\$ 17,496	\$ 18,772	\$	\$ 9,544	\$ 433,017	\$ 463,716
Ammunition	139,735	6,777	2,308			148,820	197,434
Athlete trust payments	109,562					109,562	136,340
Audit & legal	6,628					6,628	3,747
Awards & medals	1,600	25,715	4,104	1,999		33,418	43,432
Bank & data base services	85	10,037	22	5,167	25	15,336	15,719
Competition entry fees	48,867					48,867	53,661
Copier expense							417
Depreciation	70,543	364		121		71,028	71,030
Dues & subscriptions	10,714	70				10,784	3,063
Employee benefits	27,158	13,895	14,910	4,679		60,642	87,512
Equipment maintenance	65					65	504
Equipment purchases	4,458					4,458	8,687
Equipment rental	753					753	4,115
Facility lease	3,965	1,043				5,008	10,972
Insurance & workers comp.	22,014	1,406	245	105		23,770	33,379
Lodging & meals	571,307	123,549	18,761		5,854	719,471	856,013
Other expense	33,698	1,881	4,895			40,474	66,158
Payroll taxes	25,555	6,674	3,423	2,232		37,884	13,761
Performance awards	325,700			14,025		325,700	26,896
Postage & shipping	18,633	3,944	725			37,327	12,120
Practice rounds	10,925					10,925	4,523
Printing	1,351	1,726	9	261		3,347	4,523
Professional services	13,724	535		53,739		67,998	45,769
Promotional items	10,623	18,877	2,656	1,448	125	33,729	17,601
Range operations	4,898	1,064				5,962	21,297
Recruitment/moving expense							728
Salaries	359,746	87,643	46,624	29,375		523,388	433,328
Stipends	22,198	3,589	150			25,937	68,205
Supplies	9,091	26,444	869	392		36,796	17,561
Targets	25,509	16,961	571			43,041	18,641
Telephone	8,006	237	183	53	165	8,644	8,290
Travel subsidy			54,078			54,078	48,696
Uniforms	16,336					16,336	10,474
Totals	\$ 2,290,652	\$ 369,927	\$ 173,305	\$ 113,596	\$ 15,713	\$ 2,963,193	\$ 2,803,789

USA SHOOTING, INC.
Schedule of Supporting Services
For the Year Ended December 31, 2008
(With Comparative Totals for 2007)

	Direct Marketing	Fundraising	General and Administrative	2008 Totals	2007 Totals
	\$	\$	\$	\$	\$
Accounting fees			2,840	2,840	2,480
Airfare			5,405	19,234	19,749
Audit & legal	1,095	13,829	6,650	7,817	6,380
Awards & medals		72			198
Bank fees	4,913		11,158	16,071	12,509
Competition entry fees					217
Copier expense			2,202	2,202	3,016
Depreciation			303	303	353
Dues & subscriptions					105
Employee benefits		7,108	10,632	17,740	27,415
Equipment maintenance			30	30	641
Equipment purchases			1,324	1,324	754
Facility lease		1,595		1,595	
Insurance & workers comp.		315	4,941	5,256	7,994
List maintenance	91,806			91,806	81,539
Lodging & meals	4,222		11,695	46,810	41,068
Other expense		30,893	61	28,861	95,907
Payroll taxes		4,661	7,560	12,221	9,150
Postage & shipping	226,095	3,650	2,558	232,303	260,052
Printing & supplies	400,058	692	1,035	401,785	516,392
Professional services	56,197	6,120	7,300	69,617	104,604
Promotional items	13,203	12,291	121	25,615	31,094
Recruitment/moving expense		400		400	
Registrations	3,852			3,852	3,844
Salaries		90,287	79,420	169,707	166,671
Supplies		957	3,690	4,647	
Telephone		386	607	993	2,784
	\$ 801,441	\$ 202,056	\$ 159,532	\$ 1,163,029	\$ 1,394,916