FINANCIAL STATEMENTS

December 31, 2006 and 2005

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INDEPENDENT AUDITORS' REPORT

Board of Governors

National Archery Association of the United States
Colorado Springs, Colorado

We have audited the accompanying statements of financial position of the *National Archery Association of the United States* (a not-for-profit organization) as of December 31, 2006 and 2005, and the related statements of activities and cash flows for the years 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 audits.

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 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 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 *National Archery Association of the United States* as of December 31, 2006 and 2005, and the changes in its net assets and its cash flows for the years 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, 2006, 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.

Erickson, Brown & Kloster, P.C.

Colorado Springs, Colorado March 21, 2007

Statements of Financial Position December 31, 2006 and 2005

Assets		2006		2005
Current assets:				
Cash	\$	118,623	\$	100,060
Accounts receivable Grant receivable		6,182		9,115
Inventories		30,000		-
Prepaid expenses		29,341		31,981
Total current assets		1,825		22,624
" dan our doocto	_	185,971		163,780
Property and equipment:				
Office furniture and equipment		56,261		53,516
Undivided interest in building and land		119,575		119,575
Less accumulated depreciation		(61,594)		(54,579)
		114,242		118,512
	\$	300,213	\$	282,292
Liabilities and Net Assets	;			
Current liabilities:				
Accounts payable	\$	34,905	\$	0.000
Accrued liabilities	Ψ	15,850	Φ	8,869 17,357
Deferred revenue		54,160		94,890
Due to related party		88,000		34,030
Total current liabilities		192,915		121,116
				,
Net assets:				
Unrestricted		99,515		121,363
Temporarily restricted		7,783		39,813
		107,298		161,176
	\$	300,213	\$	282,292

Statements of Activities
Years ended December 31, 2006 and 2005
2006

			20	2006					CV	2005		
			Temp	Temporarily					Tel	Temporarily		
	Unrestricted	icted	Rest	Restricted		Total	Unre	Unrestricted	Ä	Restricted		Total
Support and revenue:												
United States Olympic Committee												
grants and royalties	\$	559,498	↔	3,200	()	562,698	s	507,825	ø	35,926	s	543,751
Membership dues	8	181,368		•		181,368		181,194		•		181,194
Tournament sanction fees and registrations	15	150,816		•		150,816		174,329		٠		174,329
Camps and clinic registrations	Ň	24,684		•		24,684		53,708		•		53,708
Sales of souvenirs, awards and publications	ũ	55,100		•		55,100		58,373		•		58.373
Less cost of sales	4	42,290)		•		(42.290)		(45,851)		•		(45,851)
The National Archery Association	•							()				(100/01)
Foundation, Inc. grant	2	78,300		٠		78,300		68,300		٠		68.300
Corporate sponsorships	ဗ	37,500		•		37,500		22.000		•		22,000
Contributions and other grants	õ	102,472		969		103,168		42,059		•		42.059
Interest income		617		•		617		297				597
Net assets released from restrictions	ř	35,926		35,926)		•		4,284		(4,284)		•
Total support and revenue	1,18	,183,991	Ĭ	32,030)	-	1,151,961	٦,	,066,818		31,642		1,098,460
Expenses:												
Program services:												
International competitions	186	189,101				189,101	••	206,956		•		206,956
Tournaments	4	144,004		•		144,004		169,330		•		169,330
Membership	22	123,067		•		123,067		167,785				167,785
Camps	¥	15,389		٠		15,389		101,532		•		101,532
Committees and development	484	484,142		•		484,142		176,564				176,564
United States Archery Team	₽	10,484				10,484		25,263		•		25,263
Junior Olympic Archery Development												
(JOAD) Achievement	4	47,931				47,931		29,568		•		29,568
Total program services	1,014	,014,118		'	-	1,014,118		826,938		•		876,998
Supporting services:												
General and administrative	148	148,875		•		148,875	-	145,802		•		145.802
Fundraising	42	42,846		•		42,846		37,630				37,630
Total supporting services	191	191,721		,		191,721		183,432				183,432
Total expenses	1,205	,205,839		١	-	1,205,839	1,0	1,060,430		•	-	1,060,430
Change in net assets	(21	(21,848)	ొ	(32,030)		(53,878)		6,388		31,642		38.030
Net assets, beginning of year	121	121,363		39,813		161,176	-	114,975		8,171		123,146
Net assets, end of year	\$	99,515	€9	7,783	€9	107,298	69	121.363	49	39.813	€5	161.176
					ı		ı				,	

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows Years ended December 31, 2006 and 2005

0-1-0		2006	2005
Cash flows from operating activities: Change in net assets Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:	\$	(53,878)	\$ 38,030
Depreciation Decrease (increase) in assets: Accounts receivable		7,015	8,548
Grant receivable		2,933 (30,000)	(5,999) -
Inventories Prepaid expenses		2,640 20,799	341 (1,511)
Increase (decrease) in liabilities: Accounts payable Accrued liabilities		26,036	3,212
Deferred revenue	_	(1,507) (40,730)	6,364 38,870
Net cash provided by (used in) exerction and in-		(12,814)	 49,825
Net cash provided by (used in) operating activities		(66,692)	 87,855
Cash flows from investing activities:			
Purchases of property and equipment		(2,745)	 (5,444)
Net cash used in investing activities	_	(2,745)	 (5,444)
Cash flows from financing activities:			
Increase in amount due to related party		88,000	
Net cash provided by financing activities		88,000	 -
Net increase in cash		18,563	82,411
Cash, beginning of year		100,060	17,649
Cash, end of year	\$	118,623	\$ 100,060

NATIONAL ARCHERY ASSOCIATION OF THE UNITED STATES Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The **National Archery Association of the United States**, also known as USA Archery, (the Association) is the national governing body for the sport of archery, making it responsible for the promotion and development of amateur archery in the United States. Members are located throughout the United States.

Basis of presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

The Association considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts receivable

Accounts receivable is reported at the amount the Association expects to collect on balances outstanding at year-end. The Association closely monitors outstanding balances and considers accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required.

Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or market and consist of the following:

	200	6	2005
Publications and souvenirs Awards		,795 \$,546	16,073 15,908
	\$ 29,	,341 \$	31,981

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment are recorded at cost, or if donated, at the estimated fair value at the date of donation. Property and equipment is depreciated using the straight-line method over estimated useful lives of 5 to 40 years. The Association's policy is to capitalize acquisitions of property and equipment in excess of \$1,000 and having a useful life exceeding one year.

Contributions and grants

Contributions and grants that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions and grants are recognized. All other donor-restricted contributions and grants are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Expense allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising and publicity

The Association expenses advertising costs as they are incurred. Advertising expense was \$1,450 for 2006 and \$1,835 for 2005.

Income tax status

The Association qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is subject to income taxes only to the extent of taxable unrelated business income. In 2006 and 2005, unrelated business income of the Association consists of advertising revenue in the Association publications. For the years ended December 31, 2006 and 2005, there was no taxable income or tax liability from unrelated business income. In addition, the Association is not a private foundation.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

2. GRANT RECEIVABLE

The unconditional grant receivable is expected to be collected in less than one year. The Association considers the unconditional grant to be fully collectible. Accordingly, no allowance for doubtful accounts is required.

3. UNDIVIDED INTEREST IN BUILDING AND LAND

In April 2002, the Association purchased an undivided interest in a building as tenants in common with the United States Field Hockey Association, United States Fencing Association, United States Team Handball Federation, and USA Table Tennis. The Association received a 17% ownership interest in the land, building and related improvements. The purchase of the building was made possible by grants from the El Pomar Foundation and the United States Olympic Committee. A condition of the El Pomar grant is that if the Association relocates outside of El Paso County before April 2017, it will forfeit to the remaining tenants in common that portion of its ownership interest paid with the El Pomar grant monies.

The Association, in conjunction with the other owners, has opened a checking account in which they contribute funds for the common utilities, repairs and maintenance to the building. The Association's share of the building is being depreciated over a 40-year life, using the straight-line method.

4. DEFERRED REVENUE

Deferred revenue consists of the following:

		2006	 2005
Membership dues Corporate sponsorship Joint marketing royalties	\$	44,160 10,000	\$ 38,890 20,000 36,000
	\$	54,160	\$ 94,890

5. OPERATING LEASE OBLIGATIONS

The Association leases a vehicle under an operating lease which began in April, 2006. Future minimum lease payments required under the operating lease obligation are as follows:

2007 2008	\$ 4,972 4,972
2009	 1,243
Total future minimum lease payments	\$ 11,187

The operating lease cost in 2006 was \$3,729.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

	2006	2005
Athlete restricted funds Funds restricted for programs	\$ 4,583 3,200	\$ 3,887 35,926
	\$ 7,783	\$ 39,813

6. TEMPORARILY RESTRICTED NET ASSETS (continued)

Temporarily restricted net assets released from restriction during the year were comprised of the following:

		2006	 2005	
Athlete restricted funds	\$	-	\$ 4,269	
Funds restricted for programs		35,926	-	
Team funds		-	 15	
	\$	35,926	\$ 4,284	

7. RELATED PARTY TRANSACTIONS

The United States Olympic Committee (USOC) provided grants and royalties to the Association for the years ended December 31, 2006 and 2005 as follows:

•	2006	_	2005
Base funding grant Performance grant	\$ -	\$	250,000
Value in-kind grant	437,000 23,698		198,655
Joint marketing royalties	72,000		15,476 72,000
International relations grant	-		5,720
Coach development grant	30,000	_	1,900
	\$ 562,698	\$	543,751

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

The National Archery Association Foundation, Inc. (Foundation) was formed in 1985 to provide financial support to the Association. The purpose of the Foundation is to raise funds and acquire assets that will enable the Association to encourage, improve and promote amateur archery in the United States. During the years ended December 31, 2006 and 2005, the Foundation provided grants to the Association in the amount of \$78,300 and \$68,300. The Foundation also advanced the Association \$88,000 during 2006. The advance is unsecured, payable upon demand and bears no interest.

The Association has the ability to ratify appointments to the Foundation's board of directors after nominations are made by the Foundation. However, no more than two Foundation board members can be members of the Association's Board of Governors. The Foundation's board members serve three-year terms. At the present time, the Association and the Foundation have two common board members.

The Association does not control the Foundation through a majority voting interest in the board and therefore consolidated financial statements are not required.

7. RELATED PARTY TRANSACTIONS (continued)

The following is a summary of the Foundation's financial data as of its fiscal year ended June 30, 2006:

Total assets	\$ 1,473,143
Total liabilities	\$ 1,200
Total net assets	\$ 1,471,943
Total revenues	\$ 137,245
Total expenses	\$ 81,039

8. PENSION PLAN

The Association has a Simplified Employee Pension Plan (Plan) covering all full-time leased employees with three years or more of service. Contributions to the Plan for 2006 and 2005 were eight percent of eligible compensation. The Association's contributions for the years ended December 31, 2006 and 2005 were \$12,751 and \$6,282, respectively.

9. CONCENTRATION OF CREDIT RISK

The Association maintains bank deposit accounts at a financial institution. The Federal Deposit Insurance Corporation (FDIC) insures up to \$100,000 of deposits at any one financial institution. At times, the Association balances exceed the FDIC insurance limit. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

10. CASH FLOW STATEMENT DISCLOSURES

Supplemental disclosures of cash flow information

During the years ended December 31, 2006 and 2005, the Association did not pay any interest or income taxes.

SUPPLEMENTAL INFORMATION

Schedule of Program Services Year ended December 31, 2006

			Sampage Paper	5					
	000				Committees	IIS Archen	CAC		
	Compositions	Toursand	Momborohin	omoc	Dovolopmont		Achievement	Total	
	Competitions	Louinaments	Mellipersilip	Callips	Developmen		ACHEVEI IOIL	800	
Airfare .	\$ 59,082	\$ 2,172	· \$	\$ 3,741	\$ 91,780	, &	•	\$ 156,775	
Banquet	•	4,046	•	162	180	576	•	4,964	
Employee benefits	1,143	4,057	2,921	537	27,661	209	1,248	38,174	
Equipment rental									
and purchase	•	17,515	276	•	12,741	•	•	30,532	
Gifts and awards	80	9,775	18	•	300	•	1,912	12,085	
Grants	15,000	•	16,250	4,977	12,500	•	2,880	51,607	
Ground transportation	2,764	1,072	•	28	8,683	•	•	12,547	
Insurance	•		14,704	•	1,178	•	•	15,882	
Meals and lodging	74,892	6,348	•	•	24,647	•	19,430	125,317	
Miscellaneous	919	•	•	•	130	•	•	1,049	
Per diem	1,260	•	•	•	105	•	•	1,365	
Postage	978	4,512	13,713	•	2,740	•	736	22,679	
Printing	23	2,662	23,319	•	282	•	64	26,350	
Professional fees	•	16,970	21,386	•	48,516	•	•	86,872	
Registration fees	14,231	2,728	•	1,350	6,234	3,155	5,000	32,698	
Salaries and payroll taxes	13,538	36,421	26,305	4,252	229,047	5,490	12,502	327,555	
Pension	883	2,250	1,345	242	2,765	256	385	8,126	
Service fees	984	897	1,074	•	623	•	•	3,578	
Souvenirs/promotional	54	•	464	•	159	•	178	855	
Stipend	•	27,075	•	100	3,750	400	3,550	34,875	
Supplies	441	664	948	•	3,747	•	•	5,800	
Targets	•	2,548		•	196	•	46	2,790	
Telephone and telex	221	189	344	•	3,327	•	•	4,081	
Wearing apparel	2,608	2,103	•	1	2,851	'	'	7,562	
	\$ 189,101	\$ 144,004	\$ 123,067	\$ 15,389	\$ 484,142	\$ 10,484	\$ 47,931	\$ 1,014,118	

Schedule of Supporting Services Year ended December 31, 2006

	National Office		Board of Governors		_Fu	Fundraising		Total	
Advertising	\$		\$	_	\$	1,450	\$	1,450	
Airfare	Ψ	35	Ψ	10,922	Ψ	399	Ψ	11,356	
Building	4	,941		10,322		-		4,941	
Depreciation		,015		_				7,015	
Employee benefits		,316		2,166		2,319		11,801	
Equipment and software		,246		193		466		2,905	
Gifts and awards	-	211		240		22		473	
Ground transportation				36		424		460	
Insurance	3	,636		1,854		-		5,490	
Legal fees		-		7,607				7,607	
Meals and lodging		80		2,020		939		3,039	
Per diem		-		_,=_=		105		105	
Postage	1	,270		323		492		2,085	
Printing		31		66		120		217	
Professional fees	5	,027		10		2,570		7,607	
Publications		140		-				140	
Registration fees		-		1,080		-		1,080	
Rentals	1	,803		-				1,803	
Salaries and payroll taxes		3,714		23,537		29,987		102,238	
Pension		621		1,584		2,092		4,297	
Service charges	3	3,259		39				3,298	
Souvenirs		-		-		207		207	
Supplies	4	,311		504		740		5,555	
Telephone and telex	4	,148		1,890		477		6,515	
Wearing apparel		-		-		37		37	
	\$ 94	,804	\$	54,071	\$	42,846	\$	191,721	