NATIONAL ARCHERY ASSOCIATION OF THE UNITED STATES d/b/a USA ARCHERY

Financial Statements & Supplemental Schedules

For the Year Ended December 31, 2011

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WAUGH & GOODWIN, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
National Archery Association of the United States
Colorado Springs, CO

We have audited the accompanying statement of financial position of National Archery Association of the United States, d/b/a USA Archery (a nonprofit organization), as of December 31, 2011, 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 Association'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 Association's December 31, 2010 financial statements and, in our report dated April 29, 2011 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 National Archery Association of the United States, d/b/a USA Archery, as of December 31, 2011, 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 of supporting services for the year ended December 31, 2011 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the

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auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Waugh & Goodwin, LLP

May 4, 2012

NATIONAL ARCHERY ASSOCIATION OF THE UNITED STATES
d/b/a USA ARCHERY

Statement of Financial Position

December 31, 2011

(With Comparative Amounts for 2010)

ASSETS

	2011	2010
CURRENT ASSETS:		
Cash and cash equivalents	$ 543,136	$ 372,666
Accounts receivable	9,983	11,482
Grants receivable	44,959	240,466
Inventory	62,636	38,692
Prepaid expenses	17,721	7,038
Other assets	23,881	13,314
Total current assets	702,316	683,658
FURNITURE AND EQUIPMENT:		
Office furniture and equipment	131,744	44,789
Undivided interest in building and land	119,981	119,576
Less accumulated depreciation	(60,725)	(43,688)
Furniture and equipment - net	191,000	120,677
TOTAL ASSETS	$ 893,316	$ 804,335

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	$ 38,397	$ 36,160
Accrued liabilities	40,069	24,718
Due to the USOC	225	4,114
Current portion of capitalized lease obligations	3,525	3,525
Current portion of deferred revenue	55,567	22,428
Total current liabilities	137,783	90,945
DEFERRED REVENUE	11,543	9,297
CAPITALIZED LEASE OBLIGATIONS	5,676	9,588
Total liabilities	155,002	109,830
NET ASSETS:		
Unrestricted	678,608	501,208
Temporarily restricted	59,706	193,297
Total net assets	738,314	694,505
TOTAL LIABILITIES AND NET ASSETS	$ 893,316	$ 804,335

See Notes to Financial Statements

NATIONAL ARCHERY ASSOCIATION OF THE UNITED STATES
d/b/a USA ARCHERY
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2011
(With Comparative Totals for 2010)

	Unrestricted	Temporarily Restricted	2011 Totals	2010 Totals
REVENUE:				
Donations and grants	$ 46,091	$ 621,058	$ 667,149	$ 612,682
Grants from the USOC	645,086	15,000	660,086	588,300
Tournament income	237,955		237,955	108,416
Membership registrations	202,182		202,182	173,585
Merchandise sales	169,013		169,013	58,415
Cost of merchandise sold	(106,100)		(106,100)	(22,793)
JOAD related income	126,547		126,547	54,416
Camps and training income	117,933		117,933	15,905
NAA Foundation grant		105,000	105,000	20,000
Corporate sponsorships	99,369		99,369	66,925
USOC content license agreement	75,000		75,000	75,000
Other income	33,235		33,235	9,045
Investment income	1,068		1,068	823
Satisfied program restrictions	874,649	(874,649)		
Total revenue	2,522,028	(133,591)	2,388,437	1,760,719
EXPENSES:				
Program services:				
High performance	481,727		481,727	457,697
International events	456,198		456,198	241,833
Grass roots development	295,443		295,443	149,401
National events and trials	263,418		263,418	202,748
Coach development	240,129		240,129	92,798
Paralympic team	217,159		217,159	126,781
Membership services	85,808		85,808	78,740
National team	22,232		22,232	26,975
Total program services	2,062,114		2,062,114	1,376,973
Supporting services:				
General & administrative	267,834		267,834	255,169
Fundraising	14,680		14,680	6,803
Total supporting services	282,514		282,514	261,972
Total expenses	2,344,628		2,344,628	1,638,945
CHANGE IN NET ASSETS	177,400	(133,591)	43,809	121,774
NET ASSETS, beginning of year	501,208	193,297	694,505	706,988
Restatement for prior period adjustment				(134,257)
NET ASSETS, end of year	$ 678,608	$ 59,706	$ 738,314	$ 694,505

See Notes to Financial Statements

NATIONAL ARCHERY ASSOCIATION OF THE UNITED STATES
d/b/a USA ARCHERY

Statement of Cash Flows

December 31, 2011

(With Comparative Amounts for 2010)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 43,809	$ 121,774
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Restatement for prior period adjustment		(134,257)
Depreciation	20,287	10,612
Decrease (increase) in assets:		
Accounts receivable	1,499	(1,632)
Grants receivable	195,507	13,791
Inventory	(23,944)	(16,952)
Prepaid expenses	(10,683)	463
Other assets	(10,567)	(13,314)
Increase (decrease) in liabilities:		
Accounts payable	2,237	(19,905)
Due to USOC	(3,889)	4,114
Accrued liabilities	15,351	4,557
Capital leases	(3,912)	(3,575)
Deferred revenue	35,385	355
Total adjustments	217,271	(155,743)
Net cash provided (used) by operating activities	261,080	(33,969)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	(90,610)	(3,319)
Net cash used by investing activities	(90,610)	(3,319)
NET INCREASE (DECREASE) IN CASH	170,470	(37,288)
CASH AND CASH EQUIVALENTS, beginning of year	372,666	409,954
CASH AND CASH EQUIVALENTS, end of year	$ 543,136	$ 372,666

See Notes to Financial Statements

NATIONAL ARCHERY ASSOCIATION OF THE UNITED STATES
d/b/a USA ARCHERY

Notes to Financial Statements

For the Year Ended December 31, 2011

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

National Archery Association of the United States (the Association) is the national governing body for the sport of archery, making it responsible for the conduct and administration of archery in the United States.

Income Taxes

No provision for income taxes has been made in the accompanying financial statements because the Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986.

The Financial Accounting Standards Board (FASB) issued FASB ASC 740, "Income Taxes", which clarifies the accounting and recognition for income tax positions taken or expected to be taken in the Association's income tax returns.

The Association's income tax filings are subject to audit by various taxing authorities. The Association's open audit periods are 2008 to 2011. The Association believes that its operations have been conducted in accordance with its tax-exempt status.

Accounts Receivable

Accounts receivable are stated at the amount the Association expects to collect from balances outstanding at year-end. Based on the Association'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.

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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Membership Registrations

Membership registrations are received based on the member's anniversary date, for annual and three year memberships. Annual memberships are recognized as revenue upon receipt. In the case of three-year memberships, membership revenue is recognized over a three year period.

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. Depreciation is recorded for office furniture and equipment using the straight-line method over estimated useful lives of 5 years. The undivided interest in the office building is being depreciated using the straight-line method over an estimated useful life of 40 years.

Depreciation expense for the years ending December 31, 2011 and 2010 was $20,287 and $10,612, respectively.

Inventory

Inventory is stated at the lower of cost (first-in, first-out method) or market and consists of supplies, training materials, and awards.

Cash and Cash Equivalents

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

Contributions

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the 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 activities as satisfied program restrictions.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

In-kind Contributions

Sponsorship income in the form of in-kind goods is reported as revenue and expense in the fiscal year it is received. The Association received $84,875 and $56,925 of in-kind contributions during the years ended December 31, 2011 and 2010, respectively.

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 Association's financial statements for the year ended December 31, 2010 from which the summarized information was derived.

Certain reclassifications have been made to the prior-year amounts in order to conform to the current year financial statement format.

Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through May 4, 2012, the date that the financial statements were available to be issued.

B. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2011 and 2010, the United States Olympic Committee (USOC) provided grants to the Association as follows:

	2011	2010
NGB funding	$ 534,586	$ 505,300
Paralympic funding	84,800	68,000
Paralympic Adaptive Sports Program	15,000	15,000
Olympic team trials	12,500	
Media service	8,200	
International relations grant	5,000	
	$ 660,086	$ 588,300

B. RELATED PARTY TRANSACTIONS - Continued

In May, 2007 the Association entered into a content license agreement with USOC. The term of the agreement is July 1, 2007 through December 31, 2012. Under the terms of the content license agreement the previous joint marketing agreement was terminated. The Association received $75,000 during eachof the years ended December 31, 2011 and 2010.

The National Archery Association Foundation, Inc. (NAAF) provided the Association with grants of $105,000 and $20,000 for the years ended December 31, 2011 and 2010, respectively.

The Association receives significant economic benefits from grants provided by the USOC and the NAAF in order to enhance its programs to current levels.

At December 31, 2011 and 2010 the Association owed the USOC $225 and $4,114, respectively.

During the years ended December 31, 2011 and 2010, the Association paid stipends to several board members in the amount of $6,775 and $4,500, respectively for coaching and officiating services.

C. DEFERRED REVENUE

Deferred revenue consists of the following at December 31, 2011 and 2010:

	2011	2010
Memberships dues	$ 32,382	$ 28,925
Lodging deposit	18,649	
Camp registration	6,375	
Tournament registration	5,934	
Coach symposium	3,375	
STAR FITA fees	350	1,300
Sanctions	45	
Judge certification seminar		1,500
	$ 67,110	$ 31,725

D. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at December 31, 2011 and 2010:

	2011	2010
Easton Sports Development Foundation	$ 32,786	$ 169,136
Paralympic Adaptive Sports Program	15,000	15,000
National Archery Association Foundation - JOAD program	11,920	9,161
	$ 59,706	$ 193,297

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2011 and 2010, net assets were released from restrictions for satisfying the following purposes:

	2011	2010
Easton Sports Development Foundation	$ 766,569	$ 581,359
National Archery Association Foundation - JOAD program	93,080	50,839
Paralympic Adaptive Sports Program	15,000	
Operations		5,000
	$ 874,649	$ 637,198

E. BUILDING ACQUISITION

In April 2002, the Association purchased an undivided interest in a building as tenants in common with the United States Table Tennis Association, United States Fencing Association, United States Team Handball Federation, and United States Field Hockey Association, Inc. The Association received a 17% ownership interest in the land, building and related improvements. The purchase of the building was made possible by a grant in the amount of $25,500 from the El Pomar Foundation and a grant of $91,800 from the United States Olympic Committee. A condition of the El Pomar grant is that if the Association relocates outside of El Paso County within the next 15 years, it will forfeit to the remaining tenants in common that portion of its interest paid for with El Pomar grant monies.

E. BUILDING ACQUISITION - Continued

The Association, in conjunction with the other tenants in common, has opened a checking account in which they are contributing funds for 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 of depreciation.

F. CAPITAL LEASES

The Association leases a postage machine and copier which are recorded as capital lease obligations in the accompanying statement of financial position. The postage machine requires monthly payments of $129 through June 2014. The copier lease requires monthly payments of $165 through November 2014.

Future minimum lease payments under these capital leases at December 31, 2011 are as follows:

2012	$ 3,525
2013	3,525
2014	2,587

G. RESTATEMENT FOR PRIOR PERIOD ADJUSTMENT

The Association's 2010 financial statements have been restated due to a correction of two errors. During the year ended December 31, 2009, the Association signed an agreement in which they granted endorsement rights and sponsorship benefits to a company over the period of four years in exchange for $160,000 worth of products. This agreement was originally determined to be a contribution and therefore the entire $160,000 was recognized as income in 2009. The products in the amount of $134,257, which had not been received by the year ended December 31, 2009, were recorded as temporarily restricted. In 2010, this was re-evaluated and determined that this revenue is not a contribution and should therefore be recorded as income over the term of the agreement in which sponsor benefits are being provided.

In addition, the 2009 year's temporarily restricted net assets were overstated by $25,500. This consisted of a grant received from El Pomar to purchase an undivided interest in a building as described in Note E. This restriction was determined to be satisfied in 2002.

H. NADA DISSOLUTION

During the year ended December 31, 2010 the Association announced that, due to the National Alliance for the Development of Archery's (NADA) dissolution, effective January 1, 2011, all business previously overseen by NADA related to coach certification, outreach and equipment sales will be administered by the Association.

NATIONAL ARCHERY ASSOCIATION OF THE UNITED STATES
d/b/a USA ARCHERY
Schedule of Program Services
For the Year Ended December 31, 2011

	High Performance	International Events	Grass Roots Development	National Events & Trials	Coach Development	Paralympic Team	Membership Services	National Team	Totals
Travel	$ 128,526	$ 403,310	$ 32,482	$ 72,670	$ 35,066	$ 162,173	$	$ 27	$ 834,254
Salaries and wages	244,262	5,336	99,924	53,756	43,320	7,017	34,164	5,336	493,115
Other contract services	9,917	10,864	56,489	14,452	32,280	29,523	16,482	2,240	172,247
Awards and grants	524	8,132	45,975	30,574	1,300		12,154		98,659
Other costs	185	144	1,622	5,461	82,390	100			89,902
Apparel/uniforms	12,301	24,004	903	1,443		16,917		13,489	69,057
Stipends/honorariums	5,850			54,775					60,625
Employee benefits	31,630	499	14,899	11,429	11,120	499	6,106	499	76,681
Printing and postage	588	2,216	10,980	3,368	23,325	441	571	641	42,130
Field usage and equipment	13,704		2,030	10,497		381			26,612
Supplies	2,325	304	5,646	1,256	5,342		61		14,934
Insurance							11,798		11,798
Payroll taxes	20,614		8,489	(823)	3,158				31,438
Merchant fees			4,724				4,472		9,196
Payroll service fees	4,575		4,798		1,525				10,898
Equipment rental and maintenance	310		4,752			64			5,126
Telephone and telecommunications	6,416	1,090	15	1,277	550				9,348
Organizational expenses				1,680	269	13			1,962
Fees for service				1,586					1,586
Membership and dues			1,085		199				1,284
Computer equipment			329		186				515
Bank charges		72	301			31			404
Internet/cable		227							227
Books, subscriptions, reference					99				99
Registration and license fees				17					17
	$ 481,727	$ 456,198	$ 295,443	$ 263,418	$ 240,129	$ 217,159	$ 85,808	$ 22,232	$ 2,062,114

NATIONAL ARCHERY ASSOCIATION OF THE UNITED STATES
d/b/a USA ARCHERY
Schedule of Supporting Services
For the Year Ended December 31, 2011

	General & Administrative	Fundraising	Totals
Salaries and wages	$ 70,450	$ 10,672	$ 81,122
Travel	52,134	1,510	53,644
Other contract services	39,864	1,500	41,364
Depreciation	20,287		20,287
Payroll taxes	18,962		18,962
Employee benefits	12,502	998	13,500
Insurance - liability and D&O	7,322		7,322
Merchant fees	6,049		6,049
Payroll service fees	6,039		6,039
Supplies	5,825		5,825
Telephone and telecommunications	4,627		4,627
Building maintenance	4,293		4,293
Printing and postage	3,968		3,968
Staff development	3,500		3,500
Membership and dues	2,640		2,640
Property insurance	2,463		2,463
Other costs	2,007		2,007
Storage	1,440		1,440
Bank charges	1,363		1,363
Internet/cable	1,005		1,005
Wire fees	435		435
Registration and license fees	397		397
Books, subscriptions, reference	262		262
	$ 267,834	$ 14,680	$ 282,514