

**USA HOCKEY, INC.
USA HOCKEY FOUNDATION
HOCKEY AND RINK PROTECTION, INC.**

**Financial Statements and
Supplemental Schedules**

For the Year Ended August 31, 2015

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INDEPENDENT AUDITORS' REPORT

Board of Directors
USA Hockey, Inc.,
USA Hockey Foundation and subsidiaries,
Hockey and Rink Protection, Inc.

We have audited the accompanying consolidating financial statements of USA Hockey, Inc., USA Hockey Foundation (a nonprofit organization) and subsidiaries, and Hockey and Rink Protection, Inc. which comprise the consolidating statement of financial position as of August 31, 2015, and the related consolidating statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidating financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidating financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidating financial statements based on our audit. We did not audit the financial statements of Hockey and Rink Protection, Inc., a wholly owned subsidiary, which statements reflect total assets of \$6,062,640 as of August 31, 2015, and total support and revenues of \$635,778 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Hockey and Rink Protection, Inc., is based solely on the report of the other auditors. 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 consolidating financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidating financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the consolidating financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audit and the report of other auditors, the consolidating financial statements referred to above present fairly, in all material respects, the financial position of USA Hockey, Inc., USA Hockey Foundation and subsidiaries and Hockey and Rink Protection, Inc. as of August 31, 2015, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited USA Hockey, Inc.'s August 31, 2014 consolidating financial statements, and our report dated November 5, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules are presented for purposes of additional analysis and are not a required part of the 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 consolidating financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 financial statements as a whole.

Waugh & Goodwin, LLP

Colorado Springs, Colorado
October 30, 2015

USA HOCKEY, INC.
USA HOCKEY FOUNDATION
HOCKEY AND RINK PROTECTION, INC.
Consolidating Statement of Financial Position
August 31, 2015
(With Consolidated Totals for 2014)

	USA Hockey, Inc.	USA Hockey Foundation and Subsidiaries	Hockey and Rink Protection, Inc.	Eliminating Entries	Consolidated Totals 2015	Consolidated Totals 2014
<u>ASSETS</u>						
CURRENT ASSETS:						
Cash and cash equivalents	\$ 10,686,228	\$ 2,997,174	\$ 2,805,947	\$	\$ 16,489,349	\$ 12,636,232
Restricted cash	726,117				726,117	725,533
Short-term investments (Note B)			3,075,294		3,075,294	2,795,467
Accounts receivable	937,099	1,075,103			2,012,202	4,509,532
Short-term pledges receivable, net (Note D)		30,000			30,000	90,000
Due from USA Hockey Foundation	444,922			(444,922)		
Inventory		190,077			190,077	
Grants receivable from USA Hockey Foundation	3,626,097			(3,626,097)		
Prepaid expenses	1,599,435	367,381	176,858		2,143,674	1,845,010
Total current assets	18,019,898	4,659,735	6,058,099	(4,071,019)	24,666,713	22,601,774
LONG-TERM INVESTMENTS (Note B)		21,400,561			21,400,561	27,247,033
LONG-TERM PLEDGES RECEIVABLE, net		43,464			43,464	12,653
PROPERTY AND EQUIPMENT -						
at cost (Note E)	5,893,987	25,903,845			31,797,832	8,708,342
Less accumulated depreciation	(4,014,050)	(1,359,821)			(5,373,871)	(4,699,697)
Property and equipment, net	1,879,937	24,544,024			26,423,961	4,008,645
OTHER ASSETS (Note F):						
Artwork		400,000			400,000	400,000
Other assets			4,541		4,541	4,488
Investment in HARP (Note I)	750,000			(750,000)		
Intangible assets, net of amortization of \$20,026 and \$89,827		700,907			700,907	36,105
Total other assets	750,000	1,100,907	4,541	(750,000)	1,105,448	440,593
TOTAL ASSETS	\$ 20,649,835	\$ 51,748,691	\$ 6,062,640	\$ (4,821,019)	\$ 73,640,147	\$ 54,310,698

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	\$ 2,392,986	\$ 653,695	\$ 1,456,810	\$ 4,503,491	\$ 3,651,539
Accrued payroll and related benefits	652,299	211,444		863,743	684,148
Deferred revenue (Note G)	13,677,145	80,783		13,757,928	12,717,130
Due to USA Hockey, Inc.		444,922		(444,922)	
Grants payable to USA Hockey, Inc.		3,786,307		(3,626,097)	160,210
Current portion of bonds payable (Note H)		369,641		369,641	165,000
Total current liabilities	16,722,430	5,546,792	1,456,810	(4,071,019)	19,655,013
					17,217,817

LONG-TERM LIABILITIES:

Deferred revenue - long term		4,055		4,055	
Bonds payable (Note H)		19,130,359		19,130,359	1,275,000
Total liabilities	16,722,430	24,681,206	1,456,810	(4,071,019)	38,789,427
					18,492,817

NET ASSETS:

Unrestricted	3,888,744	25,507,130	4,605,830	(750,000)	33,251,704	26,879,943
Unrestricted - board designated (Note J)						7,394,241
Temporarily restricted (Note K)	38,661	1,406,479			1,445,140	1,393,821
Permanently restricted (Note L)		153,876			153,876	149,876
Total net assets	3,927,405	27,067,485	4,605,830	(750,000)	34,850,720	35,817,881
TOTAL LIABILITIES AND NET ASSETS	\$ 20,649,835	\$ 51,748,691	\$ 6,062,640	\$ (4,821,019)	\$ 73,640,147	\$ 54,310,698

See Notes to Consolidating Financial Statements

USA HOCKEY, INC.
USA HOCKEY FOUNDATION
HOCKEY AND RINK PROTECTION, INC.
Consolidating Statement of Activities and Changes in Net Assets
For the Year Ended August 31, 2015
(With Consolidated Totals for 2014)

	USA Hockey, Inc.	USA Hockey Foundation	Hockey and Rink Protection, Inc.	Eliminating Entries	Consolidated Totals 2015	Consolidated Totals 2014
REVENUE:						
Membership registrations and dues	\$ 25,709,262	\$	\$	\$	\$ 25,709,262	\$ 25,220,046
National Hockey League (Note O)		9,200,000			9,200,000	8,006,000
Corporate sponsorship	3,110,830				3,110,830	3,725,048
Tournaments and exhibitions	2,717,469				2,717,469	3,392,730
USOC grants (Note N)	1,427,500				1,427,500	1,921,000
Plymouth income, net of cost of goods sold		715,894			715,894	
Contributions & other grants	50,700	625,609		(1,800)	674,509	456,631
Advertising and merchandise sales, net of costs	318,586	222,096			540,682	329,931
Other income	365,060	4,404			369,464	595,964
USA Hockey Foundation grants	8,380,389			(8,380,389)		
Insurance premiums			700,000	(700,000)		
Rental income, net of rental expenses (Note N)		208,948		(367,500)	(158,552)	
Investment income (loss) (Note C)	7,173	(1,364,960)	(64,222)		(1,422,009)	3,884,958
Satisfied program restrictions		297,027			297,027	212,003
Total unrestricted revenue	42,086,969	9,909,018	635,778	(9,449,689)	43,182,076	47,744,311
EXPENSES:						
Program services:						
Membership services	9,917,605		400,108	(700,000)	9,617,713	9,056,016
International programs	6,067,539				6,067,539	7,817,414
National team development	3,687,838				3,687,838	3,609,265
Player development	2,791,262	9,191,584		(8,380,389)	3,602,457	3,094,616
Officials	2,321,555				2,321,555	2,235,004
American development model	2,119,556				2,119,556	1,887,197
Coaching	2,043,391				2,043,391	2,059,511
Adult hockey	1,970,906				1,970,906	1,879,098
Plymouth AC program		1,414,464			1,414,464	
Annual Congress/						
Mid-Winter Meetings	1,258,532				1,258,532	1,034,270
Membership development	1,235,316				1,235,316	1,337,720
Youth program	662,893				662,893	624,262
Junior program	467,213				467,213	447,288
Internet project	354,761				354,761	481,897
Patty Kazmaier Memorial Award		29,028			29,028	37,040
Alumni program		5,200			5,200	5,000
Total program services	34,898,367	10,640,276	400,108	(9,080,389)	36,858,362	35,605,598

Supporting services:						
General and administrative	4,661,742	516,832		(369,300)	4,809,274	4,727,285
Marketing and fundraising	1,864,601	673,319			2,537,920	1,490,928
Business development						<u>440,801</u>
Total supporting services	<u>6,526,343</u>	<u>1,190,151</u>		<u>(369,300)</u>	<u>7,347,194</u>	<u>6,659,014</u>
Total unrestricted expenses	<u>41,424,710</u>	<u>11,830,427</u>	<u>400,108</u>	<u>(9,449,689)</u>	<u>44,205,556</u>	<u>42,264,612</u>
CHANGE IN UNRESTRICTED						
NET ASSETS	662,259	(1,921,409)	235,670		(1,023,480)	5,479,699
TEMPORARILY RESTRICTED NET ASSETS						
(Note K):						
Contributions	1,000	233,037			234,037	173,390
Grants		99,000			99,000	
Patty Kazmaier Memorial		15,930			15,930	13,905
Investment income		379			379	402
Less satisfied program						
restrictions		(297,027)			(297,027)	(212,003)
CHANGE IN TEMPORARILY						
RESTRICTED NET ASSETS	1,000	51,319			52,319	(24,306)
PERMANENTLY RESTRICTED NET ASSETS						
(Note L):						
Contributions		4,000			4,000	3,000
CHANGE IN PERMANENTLY						
RESTRICTED NET ASSETS		4,000			4,000	3,000
CHANGE IN NET ASSETS	663,259	(1,866,090)	235,670		(967,161)	5,458,393
NET ASSETS, beginning of year	<u>3,264,146</u>	<u>28,933,575</u>	<u>4,370,160</u>	<u>(750,000)</u>	<u>35,817,881</u>	<u>30,359,488</u>
NET ASSETS, end of year	<u>\$ 3,927,405</u>	<u>\$ 27,067,485</u>	<u>\$ 4,605,830</u>	<u>\$ (750,000)</u>	<u>\$ 34,850,720</u>	<u>\$ 35,817,881</u>

See Notes to Consolidating Financial Statements

USA HOCKEY, INC.
USA HOCKEY FOUNDATION
HOCKEY AND RINK PROTECTION, INC.
Consolidating Statement of Cash Flows
For the Year Ended August 31, 2015
(With Consolidated Totals for 2014)

	USA Hockey, Inc.	USA Hockey Foundation	Hockey and Rink Protection, Inc.	Eliminating Entries	Consolidated Totals 2015	Consolidated Totals 2014
CASH FLOWS FROM OPERATING ACTIVITIES:						
Change in net assets	\$ 663,259	\$ (1,866,090)	\$ 235,670		\$ (967,161)	\$ 5,458,393
Adjustments to reconcile change in net assets to net cash provided by operating activities:						
Depreciation and amortization	417,025	302,022			719,047	452,018
Realized gains on investments		(1,563,579)			(1,563,579)	(1,163,239)
Unrealized gains on investments		3,371,126	257,655		3,628,781	(1,908,033)
Loss on disposal of intangible assets						45,000
Decrease (increase) in assets:						
Restricted cash	(584)				(584)	(726)
Accounts receivable	139,923	2,517,617			2,657,540	(1,943,845)
Short-term pledges receivable, net		60,000			60,000	50,000
Due from USA Hockey Foundation	(397,775)			397,775		
Inventory		(190,077)			(190,077)	
Grants receivable from USA Hockey Foundation						
Prepaid expenses	(49,521)	(189,590)	(59,553)		(298,664)	615,100
Long-term pledges receivable, net		(30,811)			(30,811)	61,790
Other assets			(53)		(53)	(4)
Increase (decrease) in liabilities:						
Accounts payable	(44,964)	650,096	246,820		851,952	116,235
Accrued payroll and related benefits	(27,574)	207,169			179,595	14,305
Legal settlement advance						
Deferred revenue	960,015	84,838			1,044,853	162,406
Due to USA Hockey, Inc.		397,775		(397,775)		
Total adjustments	996,545	5,616,586	444,869		7,058,000	(3,498,993)
Net cash provided by operating activities	1,659,804	3,750,496	680,539		6,090,839	1,959,400

CASH FLOWS FROM INVESTING ACTIVITIES:

Acquisition of property and equipment	(337,862)	(22,773,537)		(23,111,399)	(442,405)
Acquisition of intangible assets		(595,001)		(595,001)	
Purchase of available for sale investments		(4,095,159)	(537,482)	(4,632,641)	(2,114,027)
Proceeds from available for sale investments		8,041,319		8,041,319	1,823,021
Net cash used by investing activities	(337,862)	(19,422,378)	(537,482)	(20,297,722)	(733,411)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from bond issuance		19,500,000		19,500,000	
Principal payments on bonds payable		(1,440,000)		(1,440,000)	(155,000)
Net cash provided by financing activities		18,060,000		18,060,000	(155,000)
NET INCREASE IN CASH	1,321,942	2,388,118	143,057	3,853,117	1,070,989
CASH AND CASH EQUIVALENTS, beginning of year	9,364,286	609,056	2,662,890	12,636,232	11,565,243
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 10,686,228</u>	<u>\$ 2,997,174</u>	<u>\$ 2,805,947</u>	<u>\$ 16,489,349</u>	<u>\$ 12,636,232</u>

See Notes to Consolidating Financial Statements

USA HOCKEY, INC.
USA HOCKEY FOUNDATION AND SUBSIDIARIES
HOCKEY AND RINK PROTECTION, INC.

Notes to Consolidating Financial Statements
For the Year Ended August 31, 2015

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of USA Hockey, Inc. are being presented on a consolidated basis with the USA Hockey Foundation and subsidiaries and Hockey and Rink Protection, Inc. in order to conform to the requirements of FASB ASC 958. The Statement 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.

Transactions between the entities are shown as eliminating entries and removed in order to properly reflect consolidated totals.

Organization

USA Hockey, Inc. (the Corporation) is the national governing body for ice hockey, making it responsible for the conduct and administration of amateur ice hockey in the United States.

The USA Hockey Foundation (the Foundation) was incorporated in 1989. The purpose of the Foundation is to raise funds and acquire assets that will enable USA Hockey, Inc. to encourage, improve and promote amateur ice hockey in the United States.

During the year ended August 31, 2015, the Foundation formed Plymouth AC, LLC (Plymouth) for the purpose of purchasing and maintaining a hockey arena in Michigan. A purpose of the hockey arena is to provide a wholly owned home for the National Team Development Program. The Foundation is the sole member of Plymouth.

The purchase of the arena also included a restaurant and concession activities. The Foundation formed Beck Road Concessions, LLC (Beck Road) for the purpose of conducting those operations. The Foundation is the sole member of Beck Road.

Notes to Consolidating Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Organization - continued

Hockey and Rink Protection, Inc., (HARP), was formed on May 18, 2004 in the State of Vermont as a mutual benefit corporation of which USA Hockey, Inc. is the sole member. The company commenced operations on September 1, 2004. HARP provides general liability coverage to ice hockey participants, coaches, officials, and volunteers associated with USA Hockey, Inc.

Income Taxes

The Corporation and the Foundation qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and, accordingly, are not subject to federal income tax. Neither entity is a private foundation. HARP qualifies under the provisions of Section 501 of the Internal Revenue Code to be exempt from federal income taxes. Accordingly, no tax provision has been recorded.

The Corporation's, Foundation's and HARP's forms 990, Return of Organization Exempt from Income Tax, are subject to examination by various taxing authorities, generally for three years after the date they were filed. Management of the Corporation believes that it does not have any uncertain tax positions that are material to the financial statements.

Plymouth and Beck Road, as single-member LLCs, are considered disregarded entities for income tax reporting purposes. Accordingly, their activity is reported on the Foundation's tax return. Profits that are generated from activities unrelated to the Foundation's exempt purpose could be subject to income tax.

Joint Venture

During the year ended August 31, 2000, the Corporation entered into a joint venture with the U.S. Figure Skating Association to form Serving the American Rinks (STAR). STAR, which is a tax-exempt organization under 501(c)(6), was established to design and implement programs to foster the development, growth, and success of ice-skating rinks and inline facilities. The Corporation has agreed to provide support for this program up to \$125,000 for the year ended June 30, 2016.

Notes to Consolidating Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Depreciation and Amortization

Furniture 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. Capital expenditures exceeding \$1,000 to \$10,000, depending on the type of asset acquired, are capitalized and depreciated over the appropriate term according to the Corporation's policies. Depreciation is recorded using the straight-line method over estimated useful lives of three to ten years for the Corporation's and Foundation's furniture and equipment and fifty years for the Foundation's buildings.

Amortization is recorded on the bond issuance cost, licenses acquired and startup costs related to Plymouth and Beck Road, using the straight-line method over a period of fifteen years. Intangible expenditures exceeding \$3,000 to \$20,000, depending on the type of intangible asset acquired, are capitalized and amortized over the appropriate term according to the Foundation's policies.

Depreciation and amortization expense amounted to \$719,047 and \$452,018 for the years ended August 31, 2015 and 2014, respectively.

Cash and Cash Equivalents

Cash and cash equivalents consist of the Corporation's, the Foundation's, and HARP's cash balances in their respective checking and money market accounts.

The Corporation, the Foundation, and HARP maintain their cash and cash equivalents at commercial banks and in money market funds managed by a brokerage firm. In the event of a bank or fund failure, they could suffer a loss to the extent deposits exceeded the respective bank or brokerage firm's insurance limits.

Investments

The Corporation and the Foundation account for their investments in accordance with FASB ASC 958, "Not-for-Profit Entities". All of the Corporation and Foundation investments are recorded at quoted market values. Unrealized gains and losses are reported as revenue in the accompanying Consolidating Statement of Activities and Changes in Net Assets. Realized gains and losses on investments sold,

Notes to Consolidating Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Investments - continued

determined on a specific identification basis, are also included in revenue.

HARP accounts for its investments in accordance with FASB ASC 320, "Debt and Equity Securities". Management determines the appropriate classification of its investments in debt securities at the time of purchase and reevaluates such determination at each balance sheet date.

All of HARP's investments were in mutual funds at August 31, 2015, and are classified as available for sale. Available for sale securities may be sold prior to maturity and are carried at fair value. Unrealized gains and losses relating to available for sale securities are reported in a separate component of member's equity as accumulated other comprehensive income. Realized investment gains and losses on investments sold, determined on a specific identification basis, are included in revenue.

Supplemental Cash Flow Disclosure

Cash flows from operating activities reflect interest paid of \$277,498 and \$3,437 for the years ended August 31, 2015 and 2014, respectively. No income taxes were paid during either year.

Restricted Cash

The Corporation has segregated restricted cash into a separate account. The account is restricted for collateral for letters of credit required by the Corporation's insurance carrier.

Accounts Receivable

Accounts Receivable are stated at the amount the Corporation and Foundation expect to collect from balances outstanding at year end. Based on management's assessment of the outstanding balances, it has concluded that an allowance for doubtful accounts is not necessary for the years ended August 31, 2015 and 2014.

Notes to Consolidating 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 activities and changes in net assets as satisfied program restrictions.

Revenue Recognition

HARP insurance premiums are earned on a pro rata basis over the policy period. The portion of premiums that will be earned in the future is deferred and reported as deferred revenue on the statement of financial position. All of the policies are written on a fiscal year basis and therefore there is no unearned premium revenue at August 31, 2015 and 2014.

Reserve for Unpaid Losses

HARP's reserve for unpaid losses includes case basis estimates of reported losses, plus supplemental reserves for incurred but not reported losses (IBNR) calculated based upon loss projections utilizing USA Hockey, Inc.'s historical loss history and industry data. In establishing this reserve, HARP utilizes the findings of an independent consulting actuary. Management believes that its aggregate reserve for unpaid losses at year end represents its best estimate, based on the available data, of the amount necessary to cover the ultimate cost of losses; however, because of the nature of the insured risks and limited historical experience, actual loss experience may not conform to the assumptions used in determining the estimated amounts for such liability at the statement of financial position date. Accordingly, the ultimate liability could be significantly in excess of, or less than, the amount indicated in these financial statements. As adjustments to these estimates become necessary, such adjustments are reflected in current operations.

Notes to Consolidating Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 August 31, 2014, 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 Corporation has evaluated events and transactions for potential recognition or disclosure through October 30, 2015, the date that the financial statements were available to be issued.

B. FAIR VALUE MEASUREMENTS

The Corporation, Foundation and HARP apply 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).

Notes to Consolidating Financial Statements

B. FAIR VALUE MEASUREMENTS - Continued

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, Foundation and HARP have 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 August 31, 2015 and 2014:

Assets at Fair Value as of August 31, 2015

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market accounts	\$ 4,453,413	\$	\$	\$ 4,453,413
Mutual funds	3,075,294			3,075,294
Equities	11,364,020			11,364,020
Fixed income	4,326,107			4,326,107
USOE pooled fund		1,257,021		1,257,021
	<u>\$ 23,218,834</u>	<u>\$ 1,257,021</u>	<u>\$</u>	<u>\$ 24,475,855</u>

Assets at Fair Value as of August 31, 2014

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market accounts	\$ 2,259,016	\$	\$	\$ 2,259,016
Mutual funds	2,795,467			2,795,467
Equities	17,373,436			17,373,436
Fixed income	6,317,702			6,317,702
USOE pooled fund		1,296,879		1,296,879
	<u>\$ 28,745,621</u>	<u>\$ 1,296,879</u>	<u>\$</u>	<u>\$ 30,042,500</u>

Notes to Consolidating Financial Statements

B. FAIR VALUE MEASUREMENTS - Continued

The United States Olympic Endowment (USOE) investment consists of units in a pooled portfolio managed by the USOE. At August 31, 2015, the USOE portfolio consisted of the following types of securities:

Alternative investments	35.57%
Domestic equities	30.10
International equities	24.73
Domestic bonds	6.53
International bonds	2.88
Cash & cash equivalents	<u>0.19</u>
	<u>100.00%</u>

The alternative investments include hedge equity funds, private equity funds, real estate funds and limited partnerships.

HARP's short-term investments are recorded at quoted market values and consist of mutual funds in the amount of \$3,075,294 and \$2,795,467 at August 31, 2015 and 2014, respectively.

Some investments are exposed to various risks that may cause their reported fair values to fluctuate from period to period and could materially affect the recorded amount of investments in the consolidated financial statements. Investments in equity securities fluctuate in value in response to many factors, such as the activities and financial condition of individual companies, general business and industry market conditions and the state or perceived direction of the economy. The values of debt securities fluctuate in response to changing interest rates, credit worthiness of issuers, and overall economic policies that impact market conditions. The values of certain investments, such as hedge funds, can fluctuate in response to direct market conditions and other factors that may or may not have a high correlation to overall market direction. Though the market values of investments are subject to fluctuation, management and the investment committee believe that the investment policy is prudent for the long-term welfare of the Foundation and HARP.

Notes to Consolidating Financial Statements

B. FAIR VALUE MEASUREMENTS - Continued

The Foundation's long-term investments are carried at quoted market values and consist of the following at August 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Equities	\$ 11,364,020	\$ 17,373,436
Money market accounts	4,453,413	2,259,016
Fixed income	4,326,107	6,317,702
USOE pooled fund	<u>1,257,021</u>	<u>1,296,879</u>
Market value	<u>\$ 21,400,561</u>	<u>\$ 27,247,033</u>
Cost	<u>\$ 18,029,434</u>	<u>\$ 25,517,546</u>

The above categories include \$1,257,021 at August 31, 2015 and \$1,296,879 at August 31, 2014 invested in a pooled portfolio managed by the United States Olympic Endowment (USOE). The remainder of the Foundation's investment portfolio is managed by Hirtle, Callaghan & Co. and UBS Financial Services, Inc.

C. INVESTMENT INCOME (LOSS)

Investment income (loss) consists of the following for the years ended August 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Realized gains on investments	\$ 1,563,579	\$ 1,163,239
Interest and dividends	643,572	814,088
Unrealized gains on investments	<u>(3,628,781)</u>	<u>1,908,033</u>
	<u>\$ (1,421,630)</u>	<u>\$ 3,885,360</u>

D. PLEDGES RECEIVABLE

As of August 31, 2015, the Foundation had net pledges receivable of \$73,464 representing promises to give made during the current and prior years. The pledges are scheduled to be received by the Foundation during the next two years. Long-term portions of the pledges were discounted using an interest rate of 2.00%. The discount on pledges receivable was \$2,036 at August 31, 2015.

The current portion of pledges receivable has been recorded net of an allowance for doubtful pledges of \$17,132 based on management's expectation for collection.

Notes to Consolidating Financial Statements

E. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at August 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Buildings and improvements	\$ 22,928,152	\$ 3,634,334
Equipment, furniture and technology	5,115,495	4,798,817
Land	3,295,000	
Program equipment	459,185	275,191
Less accumulated depreciation	<u>(5,373,871)</u>	<u>(4,699,697)</u>
	<u>\$ 26,423,961</u>	<u>\$ 4,008,645</u>

F. OTHER ASSETS

Included in intangible assets at August 31, 2015, are bond issuance and start-up costs incurred by the Foundation and subsidiaries of \$720,933 less amortization of \$20,026.

During the year ended August 31, 2007 the Foundation received a donation of two paintings with an appraised value of \$400,000.

G. DEFERRED REVENUE

Deferred revenue consists of the following at August 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Registrations and tournament fees	\$ 12,307,325	\$ 11,507,850
Seminar and clinic fees	542,290	453,940
Sponsor payment	293,750	205,816
USOC grant	260,000	348,125
Officials Affiliate fees	154,776	112,610
Transfer card fees	112,000	68,300
Plymouth Arena Programs	84,838	
Other	<u>7,004</u>	<u>20,489</u>
	<u>\$ 13,761,983</u>	<u>\$ 12,717,130</u>

Notes to Consolidating Financial Statements

H. BONDS PAYABLE

On November 1, 1996, the Foundation entered into a loan agreement to obtain financing for construction of the headquarters office building it leases to USA Hockey, Inc. under a trust indenture between El Paso County, Colorado and JP Morgan Chase, Colorado, as trustee, the proceeds from the sale of \$3,400,000 aggregate principal amount of El Paso County, Colorado Adjustable Rate Economic Development Revenue Bonds Series 1996 (USA Hockey Project) were loaned to the Foundation pursuant to a loan agreement dated November 1, 1996 between the Foundation and El Paso County, Colorado. An irrevocable letter of credit issued November 22, 1996 and originally expiring November 15, 2007 was extended until November 15, 2018.

The letter of credit was secured by all building and construction materials, equipment or other personal property of any nature used in the construction of the improvements of the headquarters building in Colorado Springs.

The Foundation pledged a first lien on and security interest in the headquarters building in Colorado Springs. In addition, the Foundation represented that, without the prior written consent of JP Morgan Chase, the tangible net worth of the Foundation would not be less than \$3,000,000 at the end of each fiscal year; the unrestricted cash and cash equivalents, including investments, would not be less than \$6,000,000. Additional negative loan covenants restrict the Foundation from substantially altering its business activities, guaranteeing certain obligations, and changing certain investment policies. The annual fee for the letter of credit was .97 percent of the stated amount.

In connection with the purchase of an ice arena in Plymouth, Michigan during the year ended August 31, 2015, the Foundation and Plymouth entered into two new bond arrangements in the aggregate amount of \$19,500,000 for the acquisition and construction improvements of this property. As part of this arrangement, the USA Hockey Project bonds were retired and refinanced as part of the new bond structure.

Colorado Educational and Cultural Facilities Authority (CECFA) issued Refunding and Improvement Revenue Bonds (USA Hockey Project - Plymouth AC, LLC), Series 2015A (2015A), in the original aggregate principal amount of \$11,400,000 pursuant to the terms of an Indenture of Trust, Dated as of

Notes to Consolidating Financial Statements

H. BONDS PAYABLE - Continued

March 1, 2015 with Wells Fargo Bank, NA as the Trustee. The proceeds from the sale of these bonds were loaned to Plymouth pursuant to a loan agreement dated March 1, 2015. The initial rate on these bonds is 2.95% through March 31, 2025, at which time the rate will adjust. These bonds are secured by a First Leasehold Deed of Trust and assignment of rents on the national headquarters building in Colorado Springs, Colorado as well as a Mortgage on the arena building in Plymouth, Michigan, as well as a Debt Service Reserve Fund in the amount of \$1,000,000, held in a custodial account at Wells Fargo Bank, NA. The Foundation has issued a guarantee of the loan to Plymouth.

CECFA also issued Taxable Improvement Revenue Bonds (USA Hockey Project - USA Hockey Foundation), Series 2015B (2015B), in the original aggregate principal amount of \$8,100,000 pursuant to the terms of an Indenture of Trust, dated as of March 1, 2015 with Wells Fargo Bank, NA as the Trustee. The proceeds from the sale of these bonds were loaned to the Foundation pursuant to a loan agreement dated March 1, 2015. The initial interest rate on the 2015B bond series is 3.45% through March 31, 2020, at which time the rate will adjust. These bonds are secured by readily marketable securities margined based on asset type and held in a custodial account at Wells Fargo Bank, NA.

The Foundation represents that the unrestricted cash and investments held by the Foundation will be equal to or greater than \$9,750,000, measured annually. The Foundation, Plymouth and USA Hockey, Inc. are required to obtain bank approval prior to incurring additional debt in excess of \$100,000. Additional negative loan covenants restrict the Foundation from substantially altering its business activities, guaranteeing or incurring certain obligations, and changing certain investment policies.

The bonds may be redeemed in whole or in part on any interest payment date after the first day of the redemption period as defined in the Indenture of Trust and a declining redemption premium is due on any bond prepayment pursuant to the Indenture of Trust terms.

Notes to Consolidating Financial Statements

H. BONDS PAYABLE - Continued

Monthly payments of interest only for the initial 12 month term are due on both Series 2015A and 2015B. Future minimum principal payments due for the years ending August 31 are as follows:

	<u>2015A</u>	<u>2015B</u>	<u>Total</u>
2016	\$ 54,791	\$ 314,850	\$ 369,641
2017	172,500	961,989	1,134,489
2018	192,894	978,409	1,171,303
2019	213,730	995,589	1,209,319
2020	458,138	791,523	1,249,661
Thereafter	10,307,947	4,057,640	14,365,587

I. MEMBER EQUITY

In accordance with the Vermont Department of Financial Regulation (the Department), HARP must maintain a minimum capital and surplus of \$250,000. For the period from September 1, 2004 through August 31, 2006, USA Hockey, Inc. contributed \$750,000 in the form of cash.

Prior to dividends being declared and paid, the Company must receive written approval from the Department. No distributions have been declared or paid in 2015 and 2014.

J. BOARD DESIGNATED NET ASSETS

In prior years, the Board of Directors of the Foundation had designated a portion of the Foundation's unrestricted net assets for future international events. During the year ended August 31, 2015, the Board adopted a resolution to utilize these funds in connection with the purchase of the arena in Michigan.

K. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets for the Corporation and Foundation at August 31, 2015 and 2014 consist of the following:

	<u>2015</u>	<u>2014</u>
National Team development	\$ 339,655	\$ 339,655
Patty Kazmaier Memorial	264,116	277,214
B. Burke Internship	184,409	175,266
Youth hockey	135,966	132,273
Walter Bush fund	90,065	90,065
Restricted pledges	72,964	102,653
Ron DeGregorio Goaltending Fund	54,676	

Notes to Consolidating Financial Statements

K. TEMPORARILY RESTRICTED NET ASSETS - Continued

Try Hockey for Free Equipment	55,556	55,556
Resource library	48,991	50,020
Disabled athlete program	38,898	25,014
Treadmill	38,661	38,661
Women's Hockey	28,176	27,826
Disabled youth program	25,000	25,000
Paralympic Sled Hockey Team	13,928	11,470
Wounded Warriors/disabled program	11,700	11,700
Craig H. Nielsen Foundation	10,696	
Heads Up Don't Duck program	10,000	10,000
Rink conversion program	8,511	8,511
Brian Fishman Memorial	4,796	4,560
Men's National Team	4,224	4,225
International player development	1,750	1,750
Underprivileged children	1,702	1,702
Grow the Game	350	350
USA Hockey Hall of Fame	150	150
Safety programs	100	100
Referee program	100	100
	<u>\$ 1,445,140</u>	<u>\$ 1,393,821</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended August 31, 2015 and 2014, net assets were released from restrictions by satisfying the following restricted purposes:

	<u>2015</u>	<u>2014</u>
Craig H. Neilsen Foundation	\$ 88,304	\$
Starts with a stick	88,113	
Restricted pledges	75,000	139,442
Patty Kazmaier Memorial	29,028	37,039
Paralympic Sled Hockey team	10,000	8,842
Youth hockey	5,554	5,680
Resource library	1,028	
Pacific district clinic		21,000
	<u>\$ 297,027</u>	<u>\$ 212,003</u>

L. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets for the Foundation at August 31, 2015 consist entirely of the Brian Fishman Memorial fund, which is restricted in perpetuity.

Notes to Consolidating Financial Statements

L. PERMANENTLY RESTRICTED NET ASSETS - Continued

Earnings on these net assets are subject to donor restrictions that stipulate that the original principal of the gift is to be held and invested by the Foundation indefinitely and income from the fund is to be used for support of the Brian Fishman Memorial internship.

At August 31, 2015 and 2014, the underlying assets of the endowment fund are included in the statement of financial position as cash.

M. ENDOWMENT FUNDS

In accordance with generally accepted accounting principles, net assets associated with endowment funds are classified between permanently and temporarily restricted net assets and reported based on the existence of donor-imposed restrictions.

Interpretation of Relevant Law

The Foundation's Board of Directors has interpreted the Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restriction except for explicit donor-stipulations to the contrary. As a result of this interpretation, permanently restricted assets include the original value of the gift and any required accumulations for inflation stipulated by the donor.

The Foundation's permanently restricted net assets consist of an endowment gift received from one donor. The gift instrument does not require that a percentage of the annual income, including realized and unrealized gains, be added to the original gift as a hedge against the effects of inflation. As of August 31, 2015, the original gift was equal to the fair market value of the permanently restricted net assets.

The remaining portion of the donor-restricted Endowment that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA and the Foundation's investment and spending policies.

Notes to Consolidating Financial Statements

M. ENDOWMENT FUNDS - Continued

Composition of Endowment

These funds are invested in cash and cash equivalents, pursuant to the Foundation's spending objectives of subjecting the fund to low investment risk and providing this program with current income. The Foundation expends this fund's investment earnings for the restricted purpose in the year of receipt.

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, September 1, 2013	\$ 4,330	\$ 146,876	\$ 151,206
Contributions		3,000	3,000
Investment income	<u>230</u>	<u></u>	<u>230</u>
Endowment net assets, August 31, 2014	4,560	149,876	154,436
Contributions		4,000	4,000
Investment income	<u>236</u>	<u></u>	<u>236</u>
Endowment net assets, August 31, 2015	<u>\$ 4,796</u>	<u>\$ 153,876</u>	<u>\$ 158,672</u>

Return Objectives and Risk Parameters

The Foundation has adopted objectives and parameters in its investment policy for the purpose of providing reasonably predictable earnings while preserving the required fair value of the Endowment's permanently restricted net assets.

Spending Policy and Relation to Investment Objectives

To the extent that expenses satisfy donor stipulations, the Foundation considers the long-term expected return on the Endowment to determine appropriate distributions each year. Accordingly, over the long-term, the Foundation expects its spending policy to provide funding for its programs as well as preserve the required fair values of the Endowment's permanently restricted net assets.

Strategies Employed for Achieving Objectives

The Foundation employs a total-return strategy to achieve its investment objectives, which utilizes current yield (interest). Full allocation in cash is applied to maintain an acceptable level of prudent risk.

Notes to Consolidating Financial Statements

N. AFFILIATED ORGANIZATIONS

The United States Olympic Committee (USOC) provides grants to the Corporation for sports development, international competition, and team preparation. Total grants from the USOC for the years ended August 31, 2015 and 2014 consist of the following project categories:

	<u>2015</u>	<u>2014</u>
Performance partnership agreement	\$ 1,065,000	\$ 1,545,000
Paralympic high performance funding	352,500	376,000
International relations grant	<u>10,000</u>	<u> </u>
	<u>\$ 1,427,500</u>	<u>\$ 1,921,000</u>

During the year ended August 31, 2014, the USOC provided an additional \$200,000 in funding to support two women's team exhibition games. The USOC also provided VIK airfare support during the years ended August 31, 2015 and 2014.

During the years ended August 31, 2015 and 2014, the International Ice Hockey Federation (IIHF) provided support to the Corporation of \$1,969,791 and \$1,244,387 respectively. This amount is included in tournaments and exhibitions in the accompanying statement of activities.

The Foundation leases an office building to USA Hockey, Inc. for \$30,625 per month, pursuant to a lease agreement that expires April 30, 2019. Plymouth leases office and training space to USA Hockey, Inc. for \$29,167 per month, pursuant to a lease agreement that ends March 31, 2025. Plymouth also leases restaurant and concession space to Beck Road for \$18,283 per month, pursuant to a lease agreement that ends March 31, 2025. Rental income is shown net of rental expenses of \$377,601 and \$89,010 for the years ended August 31, 2015 and 2014, respectively.

During the years ended August 31, 2015 and 2014, the Foundation provided grants to the Corporation in the amount of \$8,380,392 and \$8,108,274, respectively. At August 31, 2015 and 2014, USA Hockey Foundation owed \$3,786,307 and \$3,782,193, respectively, to the Corporation for these grants.

USA Hockey, Inc. provides certain administrative and accounting services to the Foundation for an annual fee of \$1,800. At August 31, 2015 and 2014, USA Hockey Foundation owed \$284,712 and \$51,261 to USA Hockey, Inc., respectively, for administrative costs.

Notes to Consolidating Financial Statements

N. AFFILIATED ORGANIZATIONS - Continued

During the year ended August 31, 2015, Foundation was awarded an annual grant from the NHL in the amount of \$1,200,000, over the next ten years.

Plymouth leases office and training space to USA Hockey, Inc. for \$29,167 base rent per month, pursuant to a lease agreement that ends March 31, 2025. Plymouth also leases restaurant and concession space to Beck Road for \$18,283 per month, pursuant to a lease agreement beginning March 31, 2015 and ending March 31, 2025. Rental income is shown net of rental expenses in the amount of \$343,669 for the year ended August 31, 2015.

O. NATIONAL HOCKEY LEAGUE

The National Hockey League support is based on past performance and specific objectives. A significant portion of their funding is intended to provide budget relief for existing costs associated with the national team development program and junior officiating development program. The balance is to be directed to offset costs associated with new initiatives, specifically the American Development Model and membership development, plus support for the United States Hockey League and College Hockey Inc.

P. INSURANCE ACTIVITY

HARP provides occurrence-based deductible reimbursement general liability coverage to USA Hockey, Inc. and Affiliates. For the policy periods during 2015 and 2014, policy limits were \$100,000 per occurrence with an annual aggregate of \$1,000,000. This policy covers indemnity only and no loss adjustment expenses.

HARP also provides occurrence-based accident and sickness coverage to USA Hockey participants through an accident and sickness policy. The limits under this policy vary by type of occurrence within a \$1,000,000 annual aggregate in excess of \$3,500,000 aggregate deductible.

HARP also provides occurrence-based excess sexual abuse coverage to USA Hockey participants. The limits under this policy are \$2,000,000 annual aggregate in excess of underlying limits of \$2,000,000 per person with a \$15,000,000 aggregate.

Notes to Consolidating Financial Statements

P. INSURANCE ACTIVITY - Continued

In 2015 and 2014, HARP provided legal expense reimbursement coverage to USA Hockey. Effective September 1, 2013, the limits under this policy are \$250,000 per occurrence, with a \$250,000 annual aggregate. The general liability and sexual abuse policies referred to in the preceding paragraphs cover certified terrorism losses as defined under the Terrorism Risk Insurance Act of 2002 (TRIA) and subsequent extensions. On December 26, 2007, the President signed into law the Terrorism Risk Insurance

Program Reauthorization Act of 2007, which extended TRIA through December 31, 2014. The 2007 extension of the TRIA program expired on December 31, 2014.

TRIA provides for a system of shared public and private compensation for insured losses resulting from acts of terrorism. As a result, the certified terrorism coverage provided by HARP is eligible for 85% coinsurance provided by the United States Treasury in excess of a statutorily calculated deductible. HARP retains both the deductible and the remaining 15% coinsurance.

On January 12, 2015, the President of the United States signed the Terrorism Risk Insurance Program Reauthorization Act of 2015 (TRIPRA) into law extending TRIA through December 31, 2020. TRIPRA increases the industry insured loss trigger for the federal share of compensation for certified acts of terrorism by \$20 million annually beginning January 1, 2016 until it reaches \$200 million on January 1, 2020. Finally, under TRIPRA, the federal government's co-insurance protection gradually decreases from 85% to 80%, dropping one percent annually beginning January 1, 2016.

HARP maintains an arrangement with K&K Insurance Group for claims administration. HARP has made a loss escrow account deposit of \$176,858 and \$117,305 as of August 31, 2015 and 2014, respectively.

Activity in the liability for unpaid losses and loss adjustment expenses is summarized as follows:

Balance at September 1, 2014	\$ 1,190,090
Incurred and related to current year	394,343
Incurred and related to prior years	(124,343)
Paid and related to current year	(7,120)
Paid and related to prior years	<u>(16,060)</u>
Balance at August 31, 2015	<u>\$ 1,436,910</u>

Notes to Consolidating Financial Statements

Q. RELATED PARTY TRANSACTIONS

As a result of favorable development on insured events, prior year losses decreased by \$124,343 and \$211,212 in 2015 and 2014, respectively.

HARP has an agreement with AON Insurance Managers (USA) Inc. (AON), whereby AON provides accounting, administrative and regulatory services. Management fees are expensed as incurred and have been recorded as general and administrative expenses in the statement of activities. A director and officer of HARP is also an employee of AON.

R. RETIREMENT PLAN

The Corporation maintains a defined contribution, Section 403(b), retirement plan for its employees. To be eligible, an employee must be 21 years of age and have six months of continuous employment. Employees are able to make pre-tax contributions to the plan up to the dollar and percentage limits set by law. The Corporation makes matching contributions of up to 4% of the salary of each employee who elects to defer wages.

The Corporation also makes semi-annual discretionary contributions for all eligible employees. Foundation employees are also eligible to participate in this plan.

The Corporation also has a Section 457 deferred compensation plan that covers certain key employees. Eligible employees are allowed to make elective deferrals up to the maximum amount permitted by law. The Corporation does not make any matching contributions to this plan.

Total pension expense for the years ended August 31, 2015 and 2014 amounted to \$602,781 and \$575,215, respectively.

S. BUILDING GROUND LEASE

During 1997, the Foundation constructed an office building on land owned by the Colorado Springs World Arena. The Foundation has a ground lease with the Colorado Springs World Arena for 99 years (commencing in 1997) at a lease rate of \$1 per year. This amount has been paid in full.

T. COMMITMENTS AND CONTINGENT LIABILITIES

The Corporation leases a training facility in Michigan for the benefit of the National Team Development Program (NTDP). The original lease, which commenced in August 1997, has been

Notes to Consolidated Financial Statements

T. COMMITMENTS AND CONTINGENT LIABILITIES - Continued

extended twice and expired in August 2008. A restated lease was entered into as of May 2008 which extended the original lease to August 2011. This restated lease also provided for an additional extension through August 2015. For the fiscal years ended 2014 and 2015, the annual rent will be adjusted according to the Consumer Price Index. The Corporation paid \$115,791 and \$108,072 of rent under this lease agreement during the years ended August 31, 2015 and 2014, respectively.

The Corporation has two operating lease agreements for vehicles and a lease for warehouse space in Colorado Springs. The vehicle agreements expire in January 2016 and September 2017 and require payments of \$457 and \$550 per month. The warehouse agreement expires August 2018. This lease requires payments of \$3,100 per month for the upcoming fiscal year.

The Corporation also leases two postage meters. One lease requires monthly payments of \$349 through April 2019. The other lease requires quarterly payments of \$349 through September 2017.

Future minimum payments on these leases for each of the years ending August 31 are as follows:

2016	54,626
2017	50,388
2018	41,043
2019	2,795

The Corporation's total rent expense amounted to \$172,014 and \$149,648, respectively, for the years ended August 31, 2015 and 2014.

The Corporation has multi-year employment contracts with four key employees. In the event that an employee is terminated for cause (as defined in the contract), the Corporation is not obligated to pay any severance compensation.

U. USA HOCKEY ADVANTAGE PROGRAM, INC.

During the year ended August 31, 2013, the Foundation established a wholly owned subsidiary, USA Hockey Advantage Program, Inc., a Colorado corporation. This entity was created to administer the non-participant membership program in support of USA Hockey Foundation and USA Hockey, Inc. This program was discontinued and the entity was dissolved during the year ended August 31, 2014.

USA HOCKEY, INC.
USA HOCKEY FOUNDATION
HOCKEY AND RINK PROTECTION, INC.
Schedule of Program Services
For the Year Ended August 31, 2015

	Membership Services	International Programs	National Team Development	Player Development	Officials	American Development Model	Coaching	Adult Hockey
Salaries	\$ 1,036,541	\$ 818,524	\$ 1,004,898	\$	\$ 372,574	\$ 859,591	\$ 313,895	\$ 317,458
Payroll taxes	65,007	57,966	77,422		28,850	66,497	23,671	22,743
Health insurance	165,980	109,748	141,363		41,248	171,005	55,271	53,695
Pension plan	75,950	58,612	62,530		27,477	58,212	26,367	27,673
Audio/visual								
Advertising & promotion	63,438	5,000	23,690			40,735	503	133,641
Contributions								
Children's skate classes								
Building rent			110,899					
Vehicle lease		6,287						
Building maintenance			9,206					
Depreciation & amortization								
Dues & subscriptions	2,616	308,341	605		10,295	7,022		800
Bank & investment fees								
Equipment	12,580	249,446	7,869	24,880	12,214	94,582	47,596	70,343
Interest								
Computer maintenance & support	85,283		2,765					
League expenses								
Postage & freight	895,959	88,571	13,564	27,855	70,260	37,324	49,107	39,833
Legal Fees								
Grants		1,175,000		1,997,814	20,000	70,000		
Ice rental		41,604	141,361	88,647	77,455	4,607	107,144	352,047
Insurance	5,878,569	135,921						
Meetings	1,697	299	6,412				539	
Other	609,506	68,783	15,487	7,777	88,741	3,268	63,130	37,827
Printing & publications	195,055	3,931	15,051	8,879	90,719	90,689	104,451	5,964
Protocol gifts	472	2,127	3,173		1,055			
Trophies & awards	6,383	43,802	3,524	2,878	9,363	2,885	58,166	58,357
Office expense								
Seminars & training	1,125		123,781				955	
Professional fees								
Property tax								
Honoraria		294,695	209,915	215,360	316,266	5,100	172,420	2,000
Contract services	269,155	30,396	524,789	36,883	34,023	87,281	267,150	311,567
Supplies	8,829	45,653	245,736	27,692	41,559	36,486	47,577	8,359
Special events								
Telephone	45,761	19,063	8,195	1,109	23,962	18,201	2,405	5,412
Uniforms		46,358	29,333	63,117	32,761	32,702	21,458	13,998
Corporate sponsor - VIK	1,002	240,979	103,975	130,688	965	7,229	9,691	29,226
Utilities			17,106					
Travel	103,858	1,160,470	475,130	309,577	538,872	199,115	204,425	142,251
Meals & entertainment								
Lodging & meals	92,947	1,055,963	310,059	659,301	482,896	227,025	467,470	337,712
	<u>\$ 9,617,713</u>	<u>\$ 6,067,539</u>	<u>\$ 3,687,838</u>	<u>\$ 3,602,457</u>	<u>\$ 2,321,555</u>	<u>\$ 2,119,556</u>	<u>\$ 2,043,391</u>	<u>\$ 1,970,906</u>

	<u>Plymouth Arena Program</u>	<u>Annual Congress/ Mid-Winter Meetings</u>	<u>Membership Development</u>	<u>Youth Program</u>	<u>Junior Program</u>	<u>Internet Project</u>	<u>Patty Kazmaier Memorial Award</u>	<u>Alumni Program</u>	<u>Total</u>
Salaries	\$ 435,748	\$	\$ 468,136	\$ 386,347	\$	\$ 101,103	\$	\$	\$ 6,114,815
Payroll taxes	44,580		35,625	28,173		6,928			457,462
Health insurance			55,271	59,695		31,949			885,225
Pension plan	4,158		42,373	29,107		7,897			420,356
Audio/visual		154,143							154,143
Advertising & promotion	52,188		51,567		7,397		1,530		379,689
Contributions	1,650								1,650
Children's skate classes	21,787								21,787
Building rent									110,899
Vehicle lease									6,287
Building maintenance	108,347								117,553
Depreciation & amortization	32,250								32,250
Dues & subscriptions	1,018		1,016						331,713
Bank & investment fees	7,228								7,228
Equipment	26,718	26,723	1,764	2,463		2,325	1,345		580,848
Interest	119,542								119,542
Computer maintenance & support						11,085			99,133
League expenses	5,082								5,082
Postage & freight	2,634	5,718	78,355	4,988	3,548	37	1,132		1,318,885
Legal Fees	3,105								3,105
Grants					319,994				3,582,808
Ice rental							2,755		815,620
Insurance	102,355								6,116,845
Meetings			326						9,273
Other	12,635	5,630	1,000	105	1,006	236	845		915,976
Printing & publications	571	24,881	17,579	1,194	2,071	132	1,179	5,200	567,546
Protocol gifts			4,606						11,433
Trophies & awards		22,741	120	50,779	9,183		3,278		271,459
Office expense	21,938								21,938
Seminars & training			1,200			1,095			128,156
Professional fees	89,597								89,597
Property tax	79,907								79,907
Honoraria			500		6,300				1,222,556
Contract services		23,916	68,398	170	4,900	176,468	750		1,835,846
Supplies	7,180	7,639	1,331	1,416	2,337	422	16		482,232
Special events	45,986								45,986
Telephone		65	4,948	9,343	1,981	191			140,636
Uniforms			339,175		9,243				588,145
Corporate sponsor - VIK		7,982	8,226	755	8,490	777			549,985
Utilities	164,960								182,066
Travel	21,415	341,670	25,661	50,660	50,094	6,448	16,198		3,645,844
Meals & entertainment	1,885								1,885
Lodging & meals		637,424	28,139	37,698	40,669	7,668			4,384,971
	<u>\$ 1,414,464</u>	<u>\$ 1,258,532</u>	<u>\$ 1,235,316</u>	<u>\$ 662,893</u>	<u>\$ 467,213</u>	<u>\$ 354,761</u>	<u>\$ 29,028</u>	<u>\$ 5,200</u>	<u>\$ 36,858,362</u>

USA HOCKEY, INC.
USA HOCKEY FOUNDATION
HOCKEY AND RINK PROTECTION, INC.
Schedule of Supporting Services
For the Year Ended August 31, 2015

	General & Administrative	Marketing & Fundraising	Total
Salaries	\$ 1,908,270	\$ 792,162	\$ 2,700,432
Other	60,248	67,084	127,332
Building rent	38,779		38,779
Depreciation	417,025		417,025
Legal	81,353	26,026	107,379
Health insurance	365,646	120,458	486,104
Contract services		142,433	142,433
Travel	183,912	273,889	457,801
Pension plan	122,047	64,626	186,673
Lodging & meals	174,814	436,745	611,559
Insurance	212,390	2,736	215,126
Support for STAR	125,000		125,000
Payroll taxes	125,523	48,423	173,946
Printing & publications	24,030	34,687	58,717
Computer maintenance & support	70,414		70,414
Bank & investment fees	144,339	5,105	149,444
Grants		11,000	11,000
Telephone	70,694	3,058	73,752
Utilities	63,855		63,855
Supplies	61,538	5,322	66,860
Postage & freight	24,394	27,017	51,411
Trophies & awards	21,023	33,624	54,647
Accounting	64,464		64,464
Honoraria	12,576	1,000	13,576
Contract services	169,231	59,750	228,981
Equipment purchases	104,478	146,644	251,122
Corporate sponsor - VIK	9,211	37,470	46,681
Advertising	16,624	107,938	124,562
Dues & subscriptions	16,026	200	16,226
Meetings	13,373		13,373
Bad debts	1,500		1,500
Vehicle lease	5,698		5,698
Building maintenance	68,436		68,436
Ice rental	8,329	85,345	93,674
Seminars & training	6,032	1,853	7,885
Protocol gifts	12,948		12,948
Uniforms	1,866	3,325	5,191
Gas & vehicle maintenance	3,188		3,188
	<u>\$ 4,809,274</u>	<u>\$ 2,537,920</u>	<u>\$ 7,347,194</u>