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

Consolidating Financial Statements

For the Year Ended August 31, 2023

WAUGH & GOODWIN, LLP
CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

WAUGH & GOODWIN, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
USA Hockey, Inc.
USA Hockey Foundation and subsidiaries
Hockey and Rink Protection, Inc.
Colorado Springs, Colorado

Opinion

We have audited the accompanying consolidating financial statements of USA Hockey, Inc. (the Corporation)(a nonprofit organization), 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, 2023, and the related consolidating statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidating financial statements.

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 the Corporation, USA Hockey Foundation and subsidiaries, and Hockey and Rink Protection, Inc. as of August 31, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of USA Hockey, Inc., USA Hockey Foundation and subsidiaries, and Hockey and Rink Protection, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about USA Hockey, Inc.'s, USA Hockey Foundation and subsidiaries', and Hockey and Rink Protection, Inc.'s ability to continue as going concerns within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether these consolidating financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We did not audit the financial statements of Hockey and Rink Protection, Inc., a wholly owned subsidiary, which statements reflect total assets of $5,204,184 as of August 31, 2023, and total support and revenues of $477,538 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.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 USA Hockey, Inc.'s, USA Hockey Foundation and subsidiaries', and Hockey and Rink Protection, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about USA Hockey, Inc.'s, USA Hockey Foundation and subsidiaries', and Hockey and Rink Protection, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Emphasis of Matter

As described in Note A to the financial statements, during the year ended August 31, 2023, USA Hockey, Inc., USA Hockey Foundation and subsidiaries, and Hockey and Rink Protection, Inc., adopted Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Corporation's August 31, 2022, consolidating financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 2, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Waugh & Goodwin, LLP

Colorado Springs, Colorado
October 26, 2023

USA HOCKEY, INC.
USA HOCKEY FOUNDATION AND SUBSIDIARIES
HOCKEY AND RINK PROTECTION, INC.
Consolidating Statement of Financial Position
August 31, 2023
(With Comparative Consolidated Totals for 2022)

	USA Hockey, Inc.	USA Hockey Foundation and Subsidiaries	Hockey and Rink Protection, Inc.	Eliminating Entries	Consolidated Totals 2023	Consolidated Totals 2022
ASSETS						
CURRENT ASSETS:						
Cash and cash equivalents	$ 31,495,507	$ 2,846,239	$ 110,358	$	$ 34,452,104	$ 32,246,032
Restricted cash	284,944				284,944	729,890
Short-term investments			4,973,187		4,973,187	4,973,111
Accounts receivable	1,489,536	210,954			1,700,490	2,385,816
Grants receivable		913,522			913,522	1,137,040
Current portion of pledges receivable		50,000			50,000	50,000
Due from USA Hockey, Inc.		373,465		(373,465)		
Due from USA Hockey Foundation	1,452,205			(1,452,205)		
Due from USOPC	934,000				934,000	934,000
Inventory		200,139			200,139	189,316
Grants receivable from USA Hockey Foundation	1,880,663			(1,880,663)		
Prepaid expenses	2,161,829	610,357			2,772,186	1,881,731
Total current assets	39,698,684	5,204,676	5,083,545	(3,706,333)	46,280,572	44,526,936
LONG-TERM INVESTMENTS		17,492,794			17,492,794	16,314,487
PROPERTY AND EQUIPMENT - at cost	9,410,515	35,558,384			44,968,899	44,483,829
Less accumulated depreciation	(8,365,862)	(8,790,557)			(17,156,419)	(15,773,280)
Property and equipment, net	1,044,653	26,767,827			27,812,480	28,710,549
RIGHT-OF-USE ASSETS	1,142,227	21,452		(669,985)	493,694	145,768
OTHER ASSETS:						
Artwork		690,000			690,000	690,000
Other assets			120,639		120,639	204,873
Investment in HARP	750,000			(750,000)		
Intangible assets, net of amortization of $293,154 and $258,323		229,299			229,299	264,129
Total other assets	750,000	919,299	120,639	(750,000)	1,039,938	1,159,002
TOTAL ASSETS	$ 42,635,564	$ 50,406,048	$ 5,204,184	$ (5,126,318)	$ 93,119,478	$ 90,856,742

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:						
Accounts payable and accrued liabilities	$ 3,609,746	$ 173,464	$ 1,302,836	$	$ 5,086,046	$ 6,450,564
Accrued payroll and related benefits	827,468	141,532			969,000	1,040,167
Deferred revenue	23,675,634	187,714			23,863,348	22,603,575
Due to USA Hockey, Inc.		1,452,205		(1,452,205)		
Due to USA Hockey Foundation	373,465			(373,465)		
Lease liability current portion	408,330	14,143		(334,339)	88,134	110,354
Grants payable to USA Hockey, Inc.		1,880,663		(1,880,663)		
Current portion of bonds payable		1,095,007			1,095,007	1,065,737
Total current liabilities	28,894,643	4,944,728	1,302,836	(4,040,672)	31,101,535	31,270,397
LONG-TERM LIABILITIES:						
Long-term lease liability	733,897	7,309		(335,646)	405,560	35,414
Bonds payable, net		6,334,880			6,334,880	7,422,531
Total liabilities	29,628,540	11,286,917	1,302,836	(4,376,318)	37,841,975	38,728,342
NET ASSETS:						
Net assets without donor restrictions	12,463,147	35,218,496	3,901,348	(750,000)	50,832,991	48,583,570
Net assets with donor restrictions	543,877	3,900,635			4,444,512	3,544,830
Total net assets	13,007,024	39,119,131	3,901,348	(750,000)	55,277,503	52,128,400
TOTAL LIABILITIES AND NET ASSETS	$ 42,635,564	$ 50,406,048	$ 5,204,184	$ (5,126,318)	$ 93,119,478	$ 90,856,742

See Notes to Consolidating Financial Statements

USA HOCKEY, INC.

USA HOCKEY FOUNDATION AND SUBSIDIARIES

HOCKEY AND RINK PROTECTION, INC.

Consolidating Statement of Activities and Changes in Net Assets

For the Year Ended August 31, 2023

(With Comparative Consolidated Totals for 2022)

	USA Hockey, Inc.	USA Hockey Foundation and Subsidiaries	Hockey and Rink Protection, Inc.	Eliminating Entries	Consolidated Totals 2023	Consolidated Totals 2022
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS						
SUPPORT AND REVENUE:						
Membership registrations and dues	$ 36,228,376	$	$	$	$ 36,228,376	$ 29,097,117
National Hockey League		9,400,000			9,400,000	9,400,000
Tournaments and exhibitions	2,832,979				2,832,979	3,999,758
Corporate sponsorship	3,490,800				3,490,800	3,926,423
Plymouth income, net		2,379,626		(405,704)	1,973,922	1,552,196
Investment income	248,544	1,180,801	227,538		1,656,883	(3,473,082)
Rental income, net		1,552,188		(717,500)	834,688	753,121
Other income	725,453	11,817		(1,800)	735,470	946,990
Corporate sponsorship VIK	427,370				427,370	557,809
PPP grant						505,176
Contributions and other grants	12	410,573			410,585	412,181
ERC grants						508,897
USOPC grants	400,000				400,000	160,900
Advertising and merchandise sales	63,506	312,051			375,557	342,944
USA Hockey Foundation grants	8,426,838	500,000		(8,926,838)		
Insurance premiums			250,000	(250,000)		
Loss on extinguishment of debt						(89,760)
Satisfied program restrictions	897,147	125,840			1,022,987	2,667,825
Total support and revenue	53,741,025	15,872,896	477,538	(10,301,842)	59,789,617	51,268,495
EXPENSES:						
Program services:						
Membership services and development	13,148,706		317,288	(251,399)	13,214,595	12,215,772
International programs	10,853,385			(88,301)	10,765,084	12,036,055
Plymouth arena programs		3,907,032			3,907,032	3,470,061
National team development	4,445,922			(630,492)	3,815,430	3,842,494
Player development	3,569,353	8,889,404		(8,953,369)	3,505,388	3,703,022
Officials	3,195,264			(5,736)	3,189,528	2,968,813
American development model	2,058,546				2,058,546	1,776,952
Coaching	1,411,824				1,411,824	1,166,103
Annual Congress/Mid-Winter meetings	1,372,123				1,372,123	1,227,338
Youth program	891,423				891,423	773,401
Adult hockey	795,938				795,938	665,792
Junior program	651,585				651,585	519,656
Total program services	42,394,069	12,796,436	317,288	(9,929,297)	45,578,496	44,365,459

Supporting services:						
General and administrative	8,904,578	1,234,599		(371,455)	9,767,722	8,421,060
Marketing and fundraising	1,697,270	498,798		(1,090)	2,194,978	2,618,150
Total supporting services	10,601,848	1,733,397		(372,545)	11,962,700	11,039,210
Total expenses	52,995,917	14,529,833	317,288	(10,301,842)	57,541,196	55,404,669
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	745,108	1,343,063	160,250		2,248,421	(4,136,174)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:						
USOPC grants	1,280,024				1,280,024	956,715
Contributions		639,169			639,169	1,049,625
Investment income		4,476			4,476	143
Less satisfied program restrictions	(897,147)	(125,840)			(1,022,987)	(2,667,825)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	382,877	517,805			900,682	(661,342)
CHANGE IN NET ASSETS	1,127,985	1,860,868	160,250		3,149,103	(4,797,516)
NET ASSETS, beginning of year	11,879,039	37,258,263	3,741,098	(750,000)	52,128,400	56,925,916
NET ASSETS, end of year	$ 13,007,024	$ 39,119,131	$ 3,901,348	$ (750,000)	$ 55,277,503	$ 52,128,400

See Notes to Consolidating Financial Statements

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

Consolidated Statement of Functional Expenses

For the Year Ended August 31, 2023

(With Comparative Consolidated Totals for 2022)

	Membership Services & Development	International Programs	Plymouth Arena Programs	National Team Development	Player Development	Officials	American Development Model	Coaching	Annual Congress/ Mid-Winter Meetings
Advertising & promotion	$ 94,266	$	$ 158,260	$	$	$	$ 54,611	$	$
Audio/visual							879	1,926	307,419
Bad debt			6,490						
Building rent									
Computer maintenance & support	56,439	228				49			
Contract services	142,852	66,808	103,706	466,816	52,587	74,557	54,343	80,377	31,125
Corporate sponsor - VIK		162,153		75,836	89,628	4,000	5,359	28,160	
Cost of goods sold			329,377						
Depreciation & amortization	92,934	55,264	956,637	83,385		28,505	41,007	25,955	
Dues & subscriptions	25,333	116,623	6,905	9,602	1,925	29,318	5,405	2,405	
Employee benefits	484,807	253,274	145,493	362,012		190,874	343,834	65,098	
Equipment	25,194	390,313	163,792	11,139	46,577	25,177	21,661	16,759	
Game costs			143,226						
Grants		2,152,385			1,484,429				
Honoraria	3,000	1,809,051		305,444	231,780	414,013	10,200	293,535	
Ice rental	1	41,126		(7,652)	78,412	71,634	1,311	25,400	
Insurance	8,151,845	134,433	90,519						
Interest			227,434						
Investment & bank fees			62,478						
League expenses			80,267						
Other	901,586	166,216	11,698	3,924	24,155	110,535	16,432	64,473	10,106
Payroll taxes	139,871	73,127	75,587	103,224		45,847	82,449	17,340	
Postage & freight	623,136	271,421	3,124	6,366	30,335	142,647	9,998	12,670	2,975
Printing & publications	306,444	335	4,470	1,384	17,506	103,880	430	16,991	12,974
Professional fees			66,418						
Property tax			314,464						
Repairs & maintenance				3,717					
Salaries	1,718,012	953,307	1,178,340	1,324,780		553,722	1,020,905	212,722	
Seminars & education			96,058						
Special events			216,215						
Supplies	6,757	139,291	85,949	344,738	46,302	13,485	31,186	70,337	4,194
Support for STAR									
Telephone	22,691	7,687	16,101	14,006	559	28,979	7,908	3,867	9,645
Travel	266,225	3,856,631	5,222	694,915	1,338,832	1,216,038	317,092	457,259	982,435
Trophies & awards	8,202	22,621		8,975	3,545	67,995	592	1,725	11,250
Uniforms	145,000	92,790	2,058	2,819	58,816	68,273	32,944	14,825	
Utilities			601,977						
Vehicle expenses									
Total expenses by function	13,214,595	10,765,084	5,152,265	3,815,430	3,505,388	3,189,528	2,058,546	1,411,824	1,372,123
Less expenses included with revenue on the statement of activities			(1,245,233)						
Total expenses included in the expense section on the statement of activities	$ 13,214,595	$ 10,765,084	$ 3,907,032	$ 3,815,430	$ 3,505,388	$ 3,189,528	$ 2,058,546	$ 1,411,824	$ 1,372,123

	Youth Program	Adult Hockey	Junior Program	Total	General & Administrative	Marketing & Fundraising	2023 Consolidated Total Expenses	2022 Consolidated Total Expenses
Advertising & promotion	$ 4,659	$ 103,740	$	$ 415,536	$ 24,659	$ 269,021	$ 709,216	$ 676,642
Audio/visual				310,224			310,224	215,764
Bad debt				6,490		109,379	115,869	78,500
Building rent					96,009		96,009	93,854
Computer maintenance & support				56,716	418,386		475,102	331,161
Contract services	6,569	123,159		1,202,899	1,015,975	223,254	2,442,128	2,292,699
Corporate sponsor - VIK	3,500		13,709	382,345		45,025	427,370	557,808
Cost of goods sold				329,377	684,402		1,013,779	711,573
Depreciation & amortization		8,774		1,292,461	170,954		1,463,415	1,513,673
Dues & subscriptions		78	750	198,344	89,847	687	288,878	276,538
Employee benefits	151,589	21,042		2,018,023	1,540,072	238,714	3,796,809	3,413,577
Equipment	833	8,135	2,374	711,954	234,031	20,538	966,523	1,164,105
Game costs				143,226			143,226	133,780
Grants		50,000	506,000	4,192,814	2,042		4,194,856	4,236,389
Honoraria		6,605	7,300	3,080,928	2,844		3,083,772	3,309,841
Ice rental		232,301		442,533	42,563	5,013	490,109	629,109
Insurance				8,376,797	485,349	1,916	8,864,062	7,953,738
Interest				227,434			227,434	256,984
Investment & bank fees				62,478	125,634	3,134	191,246	181,021
League expenses				80,267			80,267	78,923
Other		17,168	3,135	1,329,428	562,491	13,297	1,905,216	1,427,629
Payroll taxes	39,558	4,288		581,291	256,796	64,646	902,733	816,849
Postage & freight	2,971	11,239	17,741	1,134,623	22,022	9,034	1,165,679	1,307,729
Printing & publications	73	4,636	1,065	470,188	10,888	4,014	485,090	513,678
Professional fees				66,418	633,659	91,068	791,145	636,200
Property tax				314,464			314,464	306,311
Repairs & maintenance				3,717	109,470		113,187	91,869
Salaries	514,418	47,894		7,524,100	3,191,877	887,114	11,603,091	10,944,223
Seminars & education				96,058			96,058	89,110
Special events				216,215			216,215	98,222
Supplies	1,145	1,305	3,625	748,314	91,866	6,981	847,161	698,153
Support for STAR					125,000		125,000	125,000
Telephone	2,785	608		114,836	64,783	2,892	182,511	212,100
Travel	57,794	114,427	95,263	9,402,133	309,426	168,265	9,879,824	10,029,008
Trophies & awards	105,529	40,539		270,973	41,527	26,592	339,092	425,240
Uniforms			623	418,148	239	4,394	422,781	578,711
Utilities				601,977	87,418		689,395	630,772
Vehicle expenses					11,895		11,895	12,893
Total expenses by function	891,423	795,938	651,585	46,823,729	10,452,124	2,194,978	59,470,831	57,049,376
expenses included with revenue on the statement of activities				(1,245,233)	(684,402)		(1,929,635)	(1,644,707)
Total expenses included in the expense section on the statement of activities	$ 891,423	$ 795,938	$ 651,585	$ 45,578,496	$ 9,767,722	$ 2,194,978	$ 57,541,196	$ 55,404,669

See Notes to Consolidating Financial Statements

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

Consolidating Statement of Cash Flows

For the Year Ended August 31, 2023

(With Comparative Consolidated Totals for 2022)

	USA Hockey, Inc.	USA Hockey Foundation and Subsidiaries	Hockey and Rink Protection, Inc.	Eliminating Entries	Consolidated Totals 2023	Consolidated Totals 2022
CASH FLOWS FROM OPERATING ACTIVITIES:						
Change in net assets	$ 1,127,985	$ 1,860,868	$ 160,250	$	$ 3,149,103	$ (4,797,516)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:						
Depreciation and amortization	502,282	961,133			1,463,415	1,513,673
PPP loan forgiveness						(505,176)
Amortization of bond issuance costs		7,356			7,356	4,143
Loss on extinguishment of debt						89,760
Loss on disposal of asset	60,000				60,000	
Realized (gains) losses on investments		(134,491)	51,033		(83,458)	(1,493,743)
Unrealized (gains) losses on investments		(763,104)	(70,987)		(834,091)	5,755,833
Decrease (increase) in assets:						
Accounts receivable	320,634	383,249			703,883	(211,951)
Grants receivable		204,961			204,961	985,148
Pledges receivable						50,000
Due from USOPC						333,000
Inventory		(10,823)			(10,823)	4,683
Grants receivable from USA Hockey Foundation	633,136			(633,136)		
Prepaid expenses	(785,434)	(105,021)			(890,455)	326,222
Right of use asset	803,017	7,260		(699,924)	110,353	(145,768)
Other assets			84,234		84,234	(4,511)
Increase (decrease) in liabilities:						
Accounts payable and accrued liabilities	(1,130,707)	(1,346)	(229,226)		(1,361,279)	1,321,698
Accrued payroll and related benefits	(74,407)				(74,407)	(19,194)
Lease liability	(803,017)	(7,260)		699,924	(110,353)	145,768
Deferred revenue	1,286,535	(26,762)			1,259,773	4,964,995
Grants payable to USA Hockey, Inc.		(633,136)		633,136		
Total adjustments	812,039	(117,984)	(164,946)		529,109	13,114,580
Net cash provided (used) by operating activities	1,940,024	1,742,884	(4,696)		3,678,212	8,317,064

CASH FLOWS FROM INVESTING ACTIVITIES:						
Acquisition of property and equipment	(192,866)	(397,649)			(590,515)	(680,074)
Additions to and withdrawals from investments, net						2,192,146
Purchase of long-term and available for sale investments		(1,208,981)	(335,122)		(1,544,103)	(9,179,207)
Proceeds from long-term and available for sale investments		928,269	355,000		1,283,269	8,692,249
Net cash provided (used) by investing activities	(192,866)	(678,361)	19,878		(851,349)	1,025,114
CASH FLOWS FROM FINANCING ACTIVITIES:						
Due to/from USA Hockey, Inc.		181,463		(181,463)		
Due to/from USA Hockey Foundation	(181,463)			181,463		
Bond issuance and debt extinguishment costs insurred						(54,066)
Principal payments on bonds payable		(1,065,737)			(1,065,737)	(1,036,410)
Net cash used by financing activities	(181,463)	(884,274)			(1,065,737)	(1,090,476)
NET INCREASE IN CASH	1,565,695	180,249	15,182		1,761,126	8,251,702
CASH AND CASH EQUIVALENTS, beginning of year	30,214,756	2,665,990	95,176		32,975,922	24,724,220
CASH AND CASH EQUIVALENTS, end of year	$ 31,780,451	$ 2,846,239	$ 110,358	$	$ 34,737,048	$ 32,975,922

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, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of USA Hockey, Inc. (the Corporation) are being presented on a consolidated basis with the USA Hockey Foundation (the Foundation) and subsidiaries, and Hockey and Rink Protection, Inc. (HARP) in order to conform to the requirements of FASB ASC 958. The standard requires consolidation when one nonprofit has an economic 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

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 Foundation was incorporated in 1989. The purpose of the Foundation is to raise funds and acquire assets that will enable the Corporation 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 AC) 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 AC.

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Organization - continued

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

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 AC 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 exempt purposes 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 of up to $125,000 for the calendar year ended December 31, 2023.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Accounting Standards Update - Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued additional ASUs which amend and clarify Topic 842. The most significant change in the new lease guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

During the year ended August 31, 2023, the Corporation adopted the standards using the modified retrospective approach with September 1, 2022, as the date of initial adoption. The Corporation elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Corporation to carry forward the historical lease classification. In addition, the Corporation elected the practical expedient to use hindsight in determining the lease term for existing leases.

The adoption had a material impact on the Corporation's consolidating statement of financial position but did not have an impact on the consolidating statement of activities. Adoption of the standard required the Corporation to restate amounts at August 31, 2022, resulting in an increase in operating lease ROU assets of $145,768, and an increase in operating lease liabilities of $145,768. There was no change in net assets without donor restrictions.

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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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, 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.

Accounts Receivable

Accounts receivable recognized by the Corporation and the Foundation include amounts from contracts with customers. Receivables from contracts with customers at the beginning and end of the period were $1,522,722 and $1,196,569, respectively.

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, 2023 and 2022.

Inventory

Inventories consist of food and merchandise and are stated at the lower of first-in, first-out (FIFO) cost or net realizable value.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Depreciation and Amortization

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. Capital expenditures exceeding $10,000 are capitalized and depreciated over the appropriate term according to the policies in place. Depreciation is recorded using the straight-line method over estimated useful lives of three to 10 years for furniture and equipment, and 50 years for buildings.

Amortization is recorded on the licenses acquired and startup costs related to Plymouth AC and Beck Road, using the straight-line method over a period of 15 years.

Intangible expenditures exceeding $10,000 are capitalized and amortized over the appropriate term according to the Corporation's policies.

Depreciation and amortization expense amounted to $1,463,415 and $1,513,673 for the years ended August 31, 2023 and 2022, respectively.

Supplemental Cash Flow Disclosure

Cash flows from operating activities reflect interest paid $204,680 and $248,957 for the years ended August 31, 2023 and 2022, respectively. No income taxes were paid during either year.

Deferred Revenue

Deferred revenue, a contract liability, recognized by the Corporation and the Foundation represent amounts from contracts with customers. This revenue is deferred as of year-end because the performance obligations relating to this revenue have not yet been completed by the entities. Deferred revenue from contracts with customers at the beginning and end of the period were $22,603,575 and $23,863,348, respectively.

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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as satisfied program restrictions. Contributions and grants with donor restrictions are reported as support and revenue without donor restrictions if the restriction is met in the same year that the gift is received.

USOPC and National Hockey League (NHL) grants are considered contributions. Government programs that qualify as grants, including Paycheck Protection Program loan forgiveness and Employee Retention Credits, are considered contributions.

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 calculated based upon loss projections utilizing the Corporation'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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue from Contracts with Customers

Membership registrations and dues - Revenue from contracts with members for annual dues is reported at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing membership to its members. Revenue is recognized as performance obligations are satisfied, which is ratably over the membership term.

Corporate sponsorship - The Corporation recognizes revenue from contracts with both sponsors and suppliers of the Corporation. Performance obligations in such contracts are satisfied as services are rendered, and therefore, the Corporation will recognize revenue over time. The Corporation has concluded that the performance obligations within these contracts are substantially the same in each year and are satisfied ratably over the term of the agreement.

Therefore, sponsorship revenue from contracts with customers will be recognized on a straight-line basis over the term of the agreement.

Tournaments and exhibitions - The Corporation receives revenue from sales related to various sporting events. The revenue is recognized at the time of the event when the performance obligations are satisfied.

Plymouth Income:

Restaurant and Concession Sales - Beck Road operates a restaurant that offers dining and beverage services to the public. Revenue is recognized from sales of food and beverages as these services are paid for by customers and performance obligations are satisfied by the restaurant.

Beck Road also operates a concession stand within the Hockey Arena owned and operated by Plymouth AC. The concession stand is open during hockey games and other specified times and concessions are offered to the public. Revenue is recognized as sales are made and as the performance obligations of the concession stand are met.

Restaurant and concession sales are recognized net of costs of sales in the consolidating statement of activities.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue from Contracts with Customers - continued

Plymouth Income - continued:

Rental income - Plymouth AC leases office and training space to the Corporation and leases restaurant and concession space to Beck Road, pursuant to respective lease agreements. Note O goes on to further describe this revenue source from contracts with customers.

Rental income is recognized ratably across the term of the respective lease as the contracted space is made available for use by the tenants. Rental income is recognized net of the cost of rental expenses.

Drive-in - Plymouth AC operates a drive-in movie service that is available to the public. Revenue is recognized as drive-in sales are completed and the services are provided to the customers. Drive-in sales are recognized net of the cost of sales in the consolidating statement of activities.

Pro Shop - Plymouth AC owns and maintains an onsite hockey pro shop that sells hockey apparel, equipment, and accessories to the public. Revenue is recognized as services and products are purchased and as the related services and products are provided to the members.

Pro shop sales are recognized net of costs of sales in the consolidating statement of activities.

Other Arena Activities - As previously stated, Plymouth AC owns and operates a hockey arena and conducts numerous activities within the space.

Plymouth AC sells season and general admission tickets to the developmental national team games. At times Plymouth AC rents its facilities out to third parties for various special events and activities such as high school commencements and other hockey events. Plymouth AC also sells ice time to groups as needed for hockey practices or events.

Revenue from Other Arena Activities include ticket revenue, naming rights, special events, skating fees, league revenue, and miscellaneous income.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue from Contracts with Customers - continued

Plymouth Income - continued:

Plymouth AC recognizes revenue from all these activities as the public pays for these services and the specified performance obligations are satisfied.

Advertising - The Corporation and the Foundation recognize revenue from contracts with sponsors and suppliers. Performance obligations in such contracts are satisfied as services are rendered, and therefore, the Corporation and the Foundation recognize revenue over time. The Corporation and the Foundation have concluded that the performance obligations within these contracts are substantially the same in most years and are satisfied ratably over the term of the agreement.

Merchandise sales - Revenue is recognized as services and products are purchased and as the related services and products are provided to the members. Merchandise sales are recognized net of costs of sales in the consolidating statement of activities.

Insurance premiums - HARP insurance premiums written are earned on a pro rata basis over the related 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, 2023 and 2022.

Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Some of the expenses which are allocated include utilities and depreciation, which are allocated on a square footage basis, as well as salaries, which are allocated on the basis of time and effort estimates.

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, the Foundation and subsidiaries', and HARP's financial statements for the year ended August 31, 2022, 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's financial statement format.

Date of Management's Review

In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through October 26, 2023, the date that the financial statements were available to be issued.

B. AVAILABLE RESOURCES AND LIQUIDITY

The Corporation, the Foundation, and HARP's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	$ 34,737,048
Accounts and grants receivable	2,614,012
Pledges receivable - current	50,000
Due from USOPC	934,000
Short-term investments	4,973,187
	43,308,247
Less assets with donor restrictions:	
Donor restrictions - temporary in nature	4,270,636
Donor restrictions - perpetual in nature	173,876
Financial assets available within one year	$ 38,863,735

The Corporation and the Foundation work to secure funding from contributions and grants throughout the year. The Foundation also has investment income, ticket sales, and ancillary sources of funding from other contracts.

The Board meets regularly to monitor its liquidity needs. Simultaneously, the Board strives to maximize the investment of its available funds. The Corporation and the Foundation have cash and cash equivalents as a current source of liquidity at their disposal. The short-term investments are available for HARP's expenditures but would require approval of the Vermont Department of Financial Regulation prior to a distribution to the Corporation or the Foundation.

C. IN-KIND DONATIONS

The Corporation may record various types of in-kind contributions when received. Contributed services are recognized if the services received create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The Corporation has numerous volunteers, however there were no contributed services that met the above definition during the years ended August 31, 2023 and 2022.

C. IN-KIND DONATIONS - Continued

The Corporation received the following gifts-in-kind during the years ended August 31, 2023 and 2022:

	2023	2022
Apparel, equipment & supplies	$ 427,370	$ 549,809
Airline vouchers		8,000
	$ 427,370	$ 557,809

D. FAIR VALUE MEASUREMENTS

The Corporation, the 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).

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.

D. FAIR VALUE MEASUREMENTS - Continued

When a decline in fair market value is deemed to be other than temporary, a provision for impairment is charged to earnings, included in net realized investment gains, and the cost basis of that investment is reduced.

For mutual funds, HARP's management reviews several factors to determine whether a loss is other than temporary, such as the length of time a security is in an unrealized loss position, extent to which the fair value is less than cost, the financial condition and near term prospects of the issuer and HARP's intent and ability to hold the security for a period of time sufficient to allow for any anticipated recovery in fair value. No other than temporary impairments related to mutual funds were recorded in the years ended August 31, 2023 and 2022.

The following tables present assets that are measured at fair value on a recurring basis at August 31, 2023 and 2022:

Assets at Fair Value as of August 31, 2023

	Level 1	Level 2	Level 3	Total
Money market	$ 92,325	$	$	$ 92,325
Equity securities:				
Equitites	8,638,984			8,638,984
Mutual funds	4,973,187			4,973,187
Debt securities:				
Fixed income	5,074,735			5,074,735
Other investments:				
Private equity LP			1,272,653	1,272,653
USOPE pooled fund		2,414,097		2,414,097
	$ 18,779,231	$ 2,414,097	$ 1,272,653	$ 22,465,981

Assets at Fair Value as of August 31, 2022

	Level 1	Level 2	Level 3	Total
Money market	$ 37,457	$	$	$ 37,457
Equity securities:				
Equitites	7,905,855			7,905,855
Mutual funds	4,973,111			4,973,111
Debt securities:				
Fixed income	4,935,012			4,935,012
Other investments:				
Private equity LP			1,146,842	1,146,842
USOPE pooled fund		2,289,321		2,289,321
	$ 17,851,435	$ 2,289,321	$ 1,146,842	$ 21,287,598

D. FAIR VALUE MEASUREMENTS - Continued

Fair values for assets in Level 2 are calculated using the statements provided by the United States Olympic and Paralympic Endowment (USOPE) for the Foundation's portion of the pooled portfolio managed by the USOE. The USOPE investment consists of units in a pooled portfolio managed by the USOPE. At August 31, 2023, the USOPE portfolio consisted of the following types of securities:

Alternative investments	39.60%
Domestic equitites	34.20%
International equitites	17.50%
Domestic bonds	6.80%
Cash and cash equivalents	1.90%
	100.00%

The process of measuring assets at fair value using significant unobservable inputs (Level 3) involves reliance on information provided by Chief Investment Officers, Hirtle Callaghan & Co., for the Select Equity Fund II LP. There were no purchases or transfers in Level 3 assets during the years ending August 31, 2023 and 2022.

The reconciliation of changes in value of Level 3 investments for the years ended August 31, 2023 and 2022 is as follows:

Fair value of Select Equity Fund II LP as of September 1, 2021	$ 1,315,814
Unrealized gain included in the statement of activities, investment income, for the year ending August 31, 2022	(168,972)
Fair value of Select Equity Fund II LP as of August 31, 2022	1,146,842
Unrealized loss included in the statement of activities, investment income, for the year ending August 31, 2023	125,811
Fair value of Select Equity Fund II LP as of August 31, 2023	$ 1,272,653

The other 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

D. FAIR VALUE MEASUREMENTS - Continued

$4,973,187 and $4,973,111 at August 31, 2023 and 2022, respectively.

Some investments are exposed to various risks that may cause 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.

E. PLEDGES RECEIVABLE

As of August 31, 2023, the Foundation had net pledges receivable of $50,000, representing unconditional promises to give made during the current and prior years. The pledge is expected to be received by the Foundation during the year ended August 31, 2024. There was no discount on pledges receivable at August 31, 2023. If applicable, long-term portions of pledges receivable were discounted using a discount rate determined by the Foundation.

F. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at August 31, 2023 and 2022:

	2023	2022
Buildings and improvements	$ 31,749,074	$ 31,222,070
Equipment, furniture, and technology	9,124,209	9,166,143
Land	3,295,000	3,295,000
Program equipment	800,616	800,616
Less accumulated depreciation	(17,156,419)	(15,773,280)
	$ 27,812,480	$ 28,710,549

G. LEASES

During the year ended August 31, 2023, the Organizations adopted Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Beck Road and Plymouth AC have operating leases for office equipment, restaurant, and concession space. USA Hockey has operating leases for office space, warehouse space, a postage machine, and a vehicle.

The Organizations assess whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. As the Organizations' leases do not provide an implicit rate, the Organizations have elected to use the risk-free discount rate based on the five-year Treasury bond rate as of the later of the initial date of the lease term in determination of the respective right-of-use (ROU) assets and liabilities.

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. This lease is at below-market rate and therefore does not fall under Topic 842 for leases.

As discussed in Note P, the Organizations have various related party leases. The Organizations consider related party leases recordable in line with ASU 2016-02 on the basis of legally enforceable terms and conditions of signed agreements. The related party leases have been eliminated from the accompanying consolidating financial statements and are not included in the disclosure tables below. Details on these leases are provided in Note P.

USA Hockey, Inc. entered into an operating lease for warehouse space in 2008. The lease was renewed in 2013, 2018 and again in May 2023. The term of the lease is through August 2028. The base rent was $7,868 during the year ending August 31, 2023, with annual increases beginning in September of each year. The lease also requires payment of a pro rata share of snow removal, security, common area utilities and other shared charges. The pro rata share is 37.06%. The lease does not include any renewal options.

G. LEASES - Continued

Plymouth AC entered into a lease for a copier during the year ended August 31, 2021. The lease expires in July, 2026. The lease requires monthly payments of $619 throughout the life of this lease. The lease can be renewed for an additional year. The decision to exercise the renewal will be made shortly before the end of the initial term.

USA Hockey, Inc. entered into a lease for a vehicle during the year ended August 31, 2021. The lease expires in July 2024. The lease requires monthly payments of $642 throughout the life of this lease. The vehicle may be purchased at the end of the lease term for $28,963 plus fees and taxes. The decision to purchase the vehicle will be made shortly before the end of the lease term.

In September 2021, the Corporation also entered into a lease for a postage machine. The lease requires quarterly payments of $581 and expires in August 2025.

Maturities of lease liabilities, and the Weighted Average for the leases recorded on the Consolidating Statement of Financial Position are as follows as of August 31, 2023 and 2022:

	2023	2022
2023	$	$ 111,881
2024	111,589	15,537
2025	109,646	9,752
2026	110,699	9,132
2027	108,045	
2028	112,367	
Total lease payments	552,346	146,302
Less: interest	(58,702)	(534)
Present value of lease liabilities	$ 493,644	$ 145,768

	2023	2022
Weighted Average Remaining Lease Term	4.82 years	1.84 years
Weighted Average Discount Rate	4.22%	2.04%

G. LEASES – Continued

The following table represents lease expense for the years ended August 31, 2023 and 2022:

	2023	2022
Operating lease expense		
Supporting services	$ 111,881	$ 108,279
Variable payments		
Supporting services	3,499	4,841
Total lease expense	$ 115,380	$ 113,120

Supplemental cash flow information for the years ended August 31, 2023 and 2022:

	2023	2022
Cash paid for amounts included in measurement of lease liabilities for operating leases	$ 111,881	$ 108,279
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 458,280	$

H. OTHER ASSETS

Intangible assets at August 31, 2023 include start-up costs and licenses incurred by the Foundation and subsidiaries of $522,453 less amortization of $293,154. During the year ended August 31, 2007 the Foundation received a donation of two paintings with an appraised value of $400,000. During the year ended August 31, 2019, 29 prints with an appraised value of $290,000 were donated to the Foundation. The prints are still held by the Foundation.

I. DEFERRED REVENUE

Deferred revenue consists of the following at August 31, 2023 and 2022:

	2023	2022
Registrations and tournament fees	$ 23,111,070	$ 21,818,280
Sponsor payment	178,750	228,750
Plymouth Arena programs	173,233	198,798
Referee development support fee	158,400	201,105
Transfer card fees	89,500	65,400
Seminar and clinic fees	58,145	215
Insurance proceeds	64,969	64,969
Beck Road programs	14,481	15,678
Other	14,800	10,380
	$ 23,863,348	$ 22,603,575

J. PAYCHECK PROTECTION PROGRAM

In February and April 2021, respectively, Foundation subsidiaries Beck Road and Plymouth AC received loans from TCF National Bank through the Small Business Administration's (SBA) PPP. During the year ended August 31, 2022, the Organizations met the criteria for forgiveness of the loans and received confirmation from the SBA that they qualified for full loan forgiveness. The following loans received by each entity are included in the statement of activities as PPP grant income as of August 31, 2022.

Beck Road Concessions	$ 254,338
Plymouth AC	250,838
	$ 505,176

K. BONDS PAYABLE

On November 1, 1996, the Foundation entered into a loan agreement to obtain financing for construction of the national headquarters office building in Colorado Springs, CO that it leases to USA Hockey, Inc. In connection with the purchase of an ice arena in Plymouth, Michigan during the year ended August 31, 2015, the Foundation and Plymouth AC entered into two new bond arrangements in the aggregate amount of $19,500,000 for the acquisition and construction improvements of this property. The original 1996 borrowings for the office building was refinanced and retired as part of the new 2015 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 March 1, 2015, with Wells Fargo Bank, NA as the Trustee. The proceeds from the sale of these bonds were loaned to Plymouth AC pursuant to a loan agreement dated March 1, 2015. At the same time, CEFCA also issued bonds, Series 2015B, in the original 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, and the proceeds of the Series 2015B bonds were loaned to the Foundation pursuant to a loan agreement dated March 1, 2015. During the year ended August 31, 2018, the remaining balance owed on the Series 2015B bond arrangement, with an initial principal amount of $8,100,000 was paid in full.

The initial rate on the outstanding Series 2015A bonds was 2.89% through March 31, 2025, at which time the rate would adjust. On December 1, 2021, Plymouth AC refinanced the Series 2015A bond with an outstanding balance of $9,206,261 as Series 2015A (2021 Reissuance). A fixed interest rate swap agreement was entered into in order to hedge the risk of interest rate fluctuations associated with a note payable on the arena. Pursuant to the agreement, Plymouth AC received a fixed interest rate of 2.75%. The swap arrangement extended the term of the loan to April 1, 2030, and provided interest rate security.

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.

K. BONDS PAYABLE - Continued

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, and 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 also issued a guarantee of the loan to Plymouth AC.

The Foundation, Plymouth AC, 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.

At August 31, 2023 and 2022, the face amounts of the bonds were $7,445,836 and $8,511,573, respectively, and the unamortized debt issuance costs were $15,949 and $23,305, respectively.

Future minimum principal payments due for the years ending August 31 are as follows:

2024	$ 1,095,007
2025	1,111,946
2026	1,062,973
2027	1,095,069
2028	1,128,119
Thereafter	1,952,722

L. MEMBER EQUITY

In accordance with the requirements of the Vermont Department of Financial Regulation (the Department), HARP must maintain a minimum capital and surplus of $250,000. As of August 31, 2023 and 2022, HARP has met the minimum capital requirement. Prior to distributions being paid to the Corporation, HARP must receive written approval from the Department. A member distribution was not declared nor paid during the years ended August 31, 2023 and 2022.

There were no material differences between the audited financial statements and the annual reports filed with the Department for the years ended August 31, 2023 and 2022.

M. NET ASSETS WITH DONOR RESTRICTIONS - TEMPORARY IN NATURE

Net assets with donor restrictions - temporary in nature at August 31, 2023 and 2022, consist of the following:

	2023	2022
Friends of Women's Hockey	$ 565,665	$ 431,407
USOPC grants	543,877	162,000
James Johannson Legacy Fund	440,320	423,274
Youth hockey	370,317	353,687
Brianna Decker Endowment Fund	362,544	152,558
National Team development	339,655	339,655
Membership relief fund	282,194	251,663
Patty Kazmaier Memorial	222,597	232,716
B. Burke Internship	197,036	194,834
Starts with a Stick	181,907	181,882
Raise the Flag Campaign	174,734	94,054
Ron DeGregorio Goaltending Fund	148,529	156,817
Disabled athlete program	96,996	88,011
Walter Bush fund	65,476	65,476
Try Hockey for Free Equipment	55,556	55,556
Junior Goaltending Camp - Plymouth MI	50,000	50,000
Resource library	33,885	33,885
Disabled youth program	25,000	25,000
Atlantic affiliate assist fund	24,988	
Women's Sled Hockey Team	21,550	4,550
Sled Hockey Team - Paralympic	12,410	12,410
Wounded Warriors/disabled program	10,461	10,461
Brian Fishman Memorial	10,105	7,732
Heads Up Don't Duck program	10,000	10,000
Rink conversion program	8,511	8,511
Pass It Forward	7,863	17,863
Hockey Hispana	5,790	5,000
International player development	1,750	1,750
Special Hockey National Team	820	
Referee program	100	
Underprivileged children		1,702
	$ 4,270,636	$ 3,372,454

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose.

M. NET ASSETS WITH DONOR RESTRICTIONS - TEMPORARY IN NATURE - Continued

During the years ended August 31, 2023 and 2022, net assets were released from restrictions by satisfying the following restricted purposes:

	2023	2022
USOPC high performance funding	$ 897,147	$ 1,206,535
Membership relief fund	49,144	42,898
Patty Kazmaier Memorial	25,119	
Ron DeGregorio Goaltending Fund	22,694	20,000
Pass It Forward	10,000	
Hockey Hispana	5,000	
James Johannson Legacy Fund	5,000	5,000
Youth hockey	4,681	4,500
Brianna Decker Endowment Fund	2,500	16,091
Underprivileged children	1,702	
Raise the Flag Campaign		1,198,300
Friends of Women's Hockey		100,000
Disabled hockey		30,306
Walter Bush Fund		24,589
Wounded Warrior		10,500
Blind hockey		5,735
Special Hockey National Team		1,510
American Development Model		1,000
Grow the Game		511
USA Hockey Hall of Fame		150
Referee program		100
Safety programs		100
	$ 1,022,987	$ 2,667,825

N. NET ASSETS WITH DONOR RESTRICTIONS - PERPETUAL IN NATURE

Net assets with donor restrictions - perpetual in nature for the Foundation at August 31, 2023, consist entirely of the Brian Fishman Memorial fund, which is restricted in perpetuity (Note N).

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, 2023 and 2022, the underlying assets of the endowment fund are included in the statement of financial position as cash.

O. ENDOWMENT FUNDS

In accordance with generally accepted accounting principles, net assets associated with endowment funds are classified as net assets with donor restrictions - temporary in nature and perpetual in nature are 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 net assets with donor restrictions - perpetual in nature consist of endowment gifts 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, 2023, the original gifts were equal to the fair market value of the net assets with donor restrictions - perpetual in nature.

The remaining portion of the donor-restricted endowment that is not classified as net assets with donor restrictions - perpetual in nature is classified as net assets with donor restrictions - temporary in nature 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.

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.

O. ENDOWMENT FUNDS - Continued

Composition of Endowment - continued

	Temporarily Restricted	Perpetually Restricted	Total
Endowment net assets, August 31, 2021	$ 7,608	$ 170,876	$ 178,484
Contributions		1,500	1,500
Investment income	124		124
Endowment net assets, August 31, 2022	7,732	172,376	180,108
Contributions		1,500	1,500
Investment income	2,373		2,373
Endowment net assets, August 31, 2023	$ 10,105	$ 173,876	$ 183,981

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 net assets with donor restrictions - perpetual in nature.

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 net assets with donor restrictions - perpetual in nature.

Strategies Employed for Achieving Objectives

The Foundation employs a total-return strategy to achieve its investment objectives, which utilizes current yield (interest). These assets are maintained in cash and cash equivalents to maintain an acceptable level of prudent risk.

P. AFFILIATED ORGANIZATIONS

The United States Olympic and Paralympic Committee (USOPC) provides grants to the Corporation for sports development, international competition, and team preparation.

P. AFFILIATED ORGANIZATIONS - Continued

Total grants from the USOPC for the years ended August 31, 2023 and 2022, consist of the following project categories:

	2023	2022
Women's high performance funding	$ 1,112,000	$ 1,112,000
Paralympic high performance funding	400,000	400,000
Paralympic grants	158,000	
Sport performance grant	10,024	29,400
Other grants		12,500
Funds granted	1,680,024	1,553,900
Unspent funds returned		
Women's high performance		(155,285)
Paralympic high performance		(281,000)
	$ 1,680,024	$ 1,117,615

In addition, during the year ended August 31, 2022, the USOPC provided VIK airfare support, which is reported as corporate sponsorship in the accompanying statement of activities in 2022. No VIK airfare support was provided during the year ended August 31, 2023.

During the years ended August 31, 2023 and 2022, the International Ice Hockey Federation (IIHF) provided funding to the Corporation of $1,586,250 and $2,712,245, respectively. This amount is included in tournaments and exhibitions in the accompanying statement of activities.

During the year ended August 31, 2015, the Foundation was awarded an annual grant from the NHL in the amount of $1,200,000, for a period of 10 years. USA Hockey, Inc. awarded a grant to the Foundation in the amount of $500,000 during the year ended August 31, 2023.

The Foundation leases an office building to the Corporation for $30,625 per month, pursuant to the second amendment to a sublease agreement that expires December 31, 2023. Effective January 1, 2021, and every two years of the sublease, thereafter, rent then in effect shall be adjusted, if necessary, to an amount equal to the current market rental rate pursuant to the lease amendment. This sublease will renew automatically for an additional five-year term unless notice is given at least 30 days prior to the expiration of the term.

P. AFFILIATED ORGANIZATIONS - Continued

Rental income is shown net of rental expenses of $63,479 and $64,772 for the years ended August 31, 2023 and 2022, respectively.

During the years ended August 31, 2023 and 2022, the Foundation provided grants to the Corporation in the amount of $8,426,838 and $10,442,845, respectively. At August 31, 2023 and 2022, the Foundation owed $1,880,663 and $2,513,799, respectively, to the Corporation for grants.

The Corporation provides certain administrative and accounting services to the Foundation for an annual fee of $1,800. At August 31, 2023 and 2022, the Foundation owed $1,452,205 and $1,158,071 to the Corporation, respectively, for other administrative costs.

Plymouth AC 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 AC 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 $852,377 and $868,412 for the years ended August 31, 2023 and 2022, respectively.

At August 31, 2023 and 2022, Plymouth AC owed $1,172,246 and $898,642 to the Corporation, respectively, for costs. At August 31, 2023 and 2022, Beck Road owed $378,939 and $259,429 to the Corporation, respectively, for costs.

Plymouth AC provides ice time to the Corporation for various events and billed the Corporation $212,201 and $231,182 for the years ended August 31, 2023 and 2022, respectively. Beck Road provides food services to the Corporation for various events and billed the Corporation $193,503 and $47,015 for the years ended August 31, 2023 and 2022, respectively.

On March 31, 2015, Beck Road entered into a lease agreement as the lessee with Plymouth AC as the lessor. The lease is for a restaurant area and two concession areas and is set to expire on March 31, 2025. There are no legally enforceable renewal options in the lease agreement. The respective right-of-use asset and liability does not include any amounts related to renewal subsequent to March 2025. The

P. AFFILIATED ORGANIZATIONS - Continued

lease requires fixed monthly payments of $18,283. Plymouth AC pays utilities, maintains the common areas and the grounds, as well as any additional costs associated with the building.

Q. NATIONAL HOCKEY LEAGUE

The NHL 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, Women's Hockey, and membership development, plus support for the United States Hockey League and College Hockey, Inc.

R. INSURANCE ACTIVITY

HARP provides occurrence-based deductible reimbursement general liability coverage to USA Hockey, Inc. and its member leagues, organizations, team and individuals, USA Hockey affiliates and Foundation (covered entities). Policy limits were $100,000 per occurrence for both August 31, 2023 and 2022. Effective with the September 1, 2022 renewal, HARP added an annual aggregate limit of $1,000,000 to the policy. There is no annual aggregate limit in 2022. The policy covers indemnity only and no loss adjustment expenses.

In 2023 and 2022, HARP provides a package policy for excess sexual abuse, legal expense reimbursement, and accident and sickness coverage to the Parent and its member leagues, organizations, teams and individuals, USA Hockey, Inc. affiliates and USA Hockey Foundation. The limits for excess sexual abuse under this policy are $2,000,000 per occurrence, with a $2,000,000 per person aggregate. Legal expense reimbursement coverage under this policy is $250,000 per occurrence, with a $250,000 annual aggregate. The limits for accident and sickness coverage under this policy are $1,000,000, in excess of a $3,500,000 deductible. The policy carries a $2,000,000 annual aggregate for all coverage.

R. INSURANCE ACTIVITY - Continued

The deductible reimbursement general liability coverage covers certified terrorism losses as defined under the Terrorism Risk Insurance Act of 2002 (TRIA) and the subsequent extensions of TRIA. TRIA provides for a system of shared public and private compensation for insureds losses resulting from certified acts of terrorism. TRIA protection is only triggered if there is a certified act of terrorism and losses reach an industry insured loss trigger. The coverage provided by HARP is eligible under TRIA for co-insurance protection provided by the U.S. Treasury subject to a deductible equal to 20% of HARP's prior year direct earned premiums. On December 20, 2019, TRIA was extended again by the U.S. Treasury through 2027 with a loss trigger of $200 million and coinsurance protection of 80% for calendar year 2020 going forward. HARP retains both the deductible and its remaining share of the certified terrorism losses.

The Corporation maintained an arrangement with K&K Insurance Group (K&K) for claims administration and incurred all costs prior to the 2021 policy year. The Corporation entered into an arrangement with Safehold Special Risk for the 2021 policy year and future policy years for claims administration and incurs all costs. Accordingly, HARP does not record any expenses or liabilities related to claims administration. As of August 31, 2023 and 2022, no losses payable or receivable were recorded. As of August 31, 2023 and 2022, HARP recorded a loss escrow deposit of $120,364 and $200,364, respectively, with K&K, which is to be used for payment of losses.

Activity in the liability for unpaid losses, for the years ended August 31, 2023 and 2022, is summarized as follows:

	2023	2022
Balance at the beginning of the year	$ 1,509,079	$ 1,748,382
Incurred related to:		
Current year	269,515	261,230
Prior year	(76,821)	(45,446)
Total incurred	192,694	215,784
Paid related to:		
Prior year	(435,000)	(455,087)
Total paid	(435,000)	(455,087)
Balance at the end of the year	$ 1,266,773	$ 1,509,079

R. INSURANCE ACTIVITY - Continued

The estimates for incurred losses on insured events in prior years decreased by $76,821 and $45,446 in 2023 and 2022, respectively, which was a result of favorable loss development related to the deductible reimbursement general liability policy years.

HARP incorporates a variety of actuarial methods and judgments in its reserving process. These key inputs impact the potential variability in the estimate of the reserve for losses and loss expenses. HARP's liability for unpaid losses consider and reflect, in part, deviations resulting from differences between expected loss and actual loss reporting as well as judgments relating to the weights applied to the reserve levels indicated by the actuarial methods. Expected loss reporting patterns are based upon internal historical data including the Corporation's historic loss experience and industry data.

HARP measures claim frequency using claim counts and counts an insurance claim when either an indemnity amount has been paid, or at any period end, HARP recorded a case reserve.

Since inception, HARP has only experienced losses on the deductible reimbursement general liability coverage. The following tables present incurred and paid claims development, by accident year. Accident years prior to 2023 for incurred and paid losses as of August 31, 2023, represent supplementary information and are unaudited.

R. INSURANCE ACTIVITY - Continued

Deductible Reimbursement General Liability:

Accident Year	Incurred Losses and Allocated Loss Adjustment Expenses: For the Years Ended August 31, (Unaudited) 2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	As of August 31, 2023: Total of Incurred-But-Not-Reported Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
2014	$ 316,816	$ 256,855	$ 156,816	$ 134,966	$ 132,483	$ 127,190	$ 75,638	$ 52,339	$ 52,339	$ 52,339		33
2015		589,232	475,604	596,256	506,194	503,725	468,725	459,295	424,089	424,089		28
2016			431,861	318,361	333,928	364,778	482,705	477,961	519,362	519,363		35
2017				345,443	325,852	408,897	476,008	435,295	364,118	419,217		42
2018					383,317	502,887	611,175	554,388	522,305	604,904	12,914	45
2019						416,280	306,202	379,808	374,842	309,455	19,117	40
2020							354,214	312,347	436,129	381,123	66,273	30
2021								278,843	211,746	185,223	102,623	20
2022									261,230	193,626	193,626	
2023										269,515	269,515	
									Total	$3,358,854		

Accident Year	Cumulative Paid Losses and Allocated Loss Adjustment: For the Years Ended August 31, (Unaudited) 2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
2014	$ 14,339	$ 14,339	$ 14,339	$ 14,339	$ 14,339	$ 29,339	$ 52,339	$ 52,339	$ 52,339	$ 52,339
2015		10,680	100,089	170,089	200,089	224,089	424,089	424,089	424,089	424,089
2016			17,254	31,363	36,863	36,863	144,363	144,363	319,362	419,362
2017				9,041	43,216	166,716	279,216	279,216	294,216	369,216
2018					2,901	114,214	121,989	271,989	311,989	391,989
2019						5,249	30,249	90,249	115,337	265,337
2020							3,158	39,749	139,749	139,749
2021										30,000
2022										
2023										
									Total	2,092,081
									Liabilities for claims	$1,266,773

R. INSURANCE ACTIVITY - Continued

The average annual percentage payout of incurred claims by age is calculated using a weighted average of the paid losses and loss adjustment expenses to incurred losses and loss adjustment expenses for each age.

The following table presents the average annual percentage payout of incurred claims, by age, related to the deductible reimbursement general liability coverage as of August 31, 2023, and is required supplementary information and is therefore unaudited:

(Unaudited)

1st Year	2nd Year	3rd Year	4th Year	5th Year
3.8%	7.6%	13.8%	9.5%	13.6%
6th Year	7th Year	8th Year	9th Year	10th Year
18.5%	23.9%	6.4%	0.0%	0.0%

S. EVENT PARTICIPATION

Each year, the Corporation participates in or hosts events, and these events vary year to year. Some events do not occur each year; therefore, revenue may vary significantly from year to year.

T. RELATED PARTY TRANSACTIONS

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. These fees amounted to $54,137 and $54,274 for August 31, 2023 and 2022, respectively. A director and officer of HARP is also an employee of Aon.

U. EMPLOYEE RETENTION CREDIT

During the year ending August 31, 2022, the Corporation and Foundation applied to the U.S. Department of Treasury, Internal Revenue Service (IRS), for refunds under the Employee Retention Credit (ERC) program. The credits cover employment tax quarters in calendar years 2020 and 2021. The ERC is considered a conditional grant and is not recorded until the final condition is met for approval by the IRS.

U. EMPLOYEE RETENTION CREDIT - Continued

During the year ended August 31, 2023, the Foundation and their subsidiaries Beck Road and Plymouth AC received notification of approval of ERC from the IRS in the amounts of $102,570, $138,979, and $267,348, respectively. The credits received by each entity are included in the statement of activities as ERC grants for the year ended August 31, 2022.

As of August 31, 2023, the Corporation is awaiting notification of approval by the IRS of the ERC applications in the amount of $2,127,905. As such, the anticipated amount of credit for the Corporation is considered an unrecorded conditional grant.

V. INVESTMENT INCOME

Investment income consists of the following for the years ended August 31:

	2023	2022
Unrealized gains (losses) on securities	$ 834,091	$ (5,755,833)
Realized gains on securities	83,458	1,493,743
Interest and dividends	830,312	894,294
Investment expenses	(86,502)	(105,143)
	$ 1,661,359	$ (3,472,939)

W. 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 eligible compensation of each employee who elects to defer wages.

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

W. RETIREMENT PLAN - Continued

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, 2023 and 2022, amounted to $662,671 and $657,447, respectively.

The Foundation and its subsidiaries maintain a defined contribution, Section 403(b) retirement plan for its employees by enrolling them in the Corporation retirement plan. Employees are immediately eligible for elective deferrals. Employees are able to make pre-tax contributions to the plan up to the dollar and percentage limits set by law.

The Foundation and its subsidiaries make matching contributions of up to 4% of the salary of each employee who elects to defer wages and has satisfied six months of service. The Foundation and its subsidiaries also make semi-annual discretionary contributions for all eligible employees. Total pension expense for the years ended August 31, 2023 and 2022, was $109,624 and $94,636, respectively.

X. COMMITMENTS AND CONTINGENT LIABILITIES

The Corporation has multi-year employment contracts with multiple 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.

Occasionally, in the normal conduct of business, the Corporation may be named defendant in a lawsuit or other form of legal action. In the opinion of management, any pending or threatened claims against the Corporation, as of August 31, 2023, are either without merit or will not exceed insurance limits.

Y. UNCERTAINTIES

The outbreak of a novel strain of coronavirus (COVID-19) has been recognized as a pandemic by the World Health Organization, and the outbreak has become increasingly widespread in the United States.

COVID-19 has had a notable impact on general economic conditions, including the uncertainty in global financial markets, temporary closures of many businesses, suspension or cancelation of events, "shelter in place" and other governmental regulations, and job losses. The extent to which COVID-19 will continue to affect the operations, collections, or financial results of the Corporation is uncertain.

With the rising cost of inflation and potential risk of recession, it is uncertain what effect these factors may have on the operations of the Corporation in the coming year.