



**UNITED STATES FIELD HOCKEY
ASSOCIATION, INC.
UNITED STATES FIELD HOCKEY FOUNDATION**

**Consolidated Financial Statements &
Supplemental Schedules**

For the Year Ended December 31, 2018

TABLE OF CONTENTS

Independent Auditor's Report	1
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities and Changes in Net Assets	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7
Consolidating Statement of Financial Position	17
Consolidating Statement of Activities and Changes in Net Assets	18

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United States Field Hockey Association, Inc.
Colorado Springs, Colorado

We have audited the accompanying consolidated financial statements of United States Field Hockey Association, Inc. and United States Field Hockey Foundation (non-profit organizations), which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated statements of activities and changes in net assets, functional expenses, and of cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 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, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of United States Field Hockey Association, Inc. and United States Field Hockey Foundation as of December 31, 2018, 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.

Emphasis of Matter

As described in Note A to the financial statements, in 2018, United States Field Hockey Association, Inc. adopted Accounting Standards Update (ASU) 2016-14, Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the United States Field Hockey Association, Inc.'s 2017 financial statements, and our report dated May 15, 2018, 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 December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating statements of financial position and of activities and changes in net assets 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Waugh & Goodwin, LLP
Colorado Springs, Colorado
April 19, 2019

UNITED STATES FIELD HOCKEY ASSOCIATION, INC.
UNITED STATES FIELD HOCKEY FOUNDATION
Consolidated Statement of Financial Position
December 31, 2018
(With Comparative Amounts for 2017)

	<u>ASSETS</u>	
	<u>2018</u>	<u>2017</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,279,719	\$ 3,210,383
Accounts receivable, net	224,975	301,098
Prepaid expenses and other assets	<u>506,534</u>	<u>490,532</u>
Total current assets	4,011,228	4,002,013
LONG-TERM INVESTMENTS	2,054,409	2,176,849
PROPERTY AND EQUIPMENT:		
Athletic equipment and fields	929,283	920,896
Software	226,989	220,279
Computer equipment	157,131	138,037
Office furniture	34,451	34,451
Signage and branding	63,474	62,115
Leasehold improvement	6,511	4,100
Less accumulated depreciation	<u>(1,302,786)</u>	<u>(1,234,703)</u>
Property and equipment - net	<u>115,053</u>	<u>145,175</u>
TOTAL ASSETS	<u>\$ 6,180,690</u>	<u>\$ 6,324,037</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
CURRENT LIABILITIES:		
Accounts payable	\$ 52,486	\$ 36,061
Accrued liabilities	242,266	254,315
Deferred revenue	<u>3,357,070</u>	<u>3,538,747</u>
Total liabilities	3,651,822	3,829,123
NET ASSETS:		
Without donor restrictions	2,449,715	2,481,948
With donor restrictions	<u>79,153</u>	<u>12,966</u>
Total net assets	<u>2,528,868</u>	<u>2,494,914</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,180,690</u>	<u>\$ 6,324,037</u>

See Notes to Financial Statements

UNITED STATES FIELD HOCKEY ASSOCIATION, INC.
UNITED STATES FIELD HOCKEY FOUNDATION
Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2018
(With Comparative Totals for 2017)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2018 Consolidated Totals	2017 Consolidated Totals
REVENUES, GAINS, & OTHER SUPPORT:				
Registration fees	\$ 4,475,181	\$	\$ 4,475,181	\$ 4,153,852
Membership dues	1,360,027		1,360,027	1,336,950
USOC support, including in-kind support of \$54,900 and \$77,000	1,126,600		1,126,600	958,300
Other fees	913,605		913,605	637,784
In-kind contributions	579,770		579,770	566,084
Corporate sponsorship	442,971		442,971	441,444
Donations	245,072	26,801	271,873	101,794
Grants	192,550		192,550	235,883
Rebates	178,212		178,212	197,989
Sales revenue	126,852	44,461	171,313	181,791
Licensing	79,340		79,340	90,634
Interest & dividends	19,590		19,590	20,106
Umpire fees	34,100		34,100	251,300
Advertising	12,100		12,100	17,550
Other income	4,849		4,849	8,379
Realized & unrealized gains (loss) on investments	(82,309)		(82,309)	282,175
Net assets released from restriction	5,075	(5,075)		
Total revenue, gains, & other support	9,713,585	66,187	9,779,772	9,482,015
EXPENSES:				
Program services:				
Olympic & sport development	4,189,465		4,189,465	4,021,470
International teams	3,387,542		3,387,542	3,086,218
Member service	473,741		473,741	501,706
Total program services	8,050,748		8,050,748	7,609,394
Supporting services:				
General & administrative	1,060,258		1,060,258	1,177,424
Marketing & communication	479,812		479,812	432,326
Fundraising	121,566		121,566	140,767
Volunteer administration	33,434		33,434	37,899
Total supporting services	1,695,070		1,695,070	1,788,416
Total expenses	9,745,818		9,745,818	9,397,810
CONSOLIDATED CHANGE IN NET ASSETS	(32,233)	66,187	33,954	84,205
NET ASSETS, beginning of year	2,481,948	12,966	2,494,914	2,410,709
NET ASSETS, end of year	\$ 2,449,715	\$ 79,153	\$ 2,528,868	\$ 2,494,914

See Notes to Financial Statements

UNITED STATES FIELD HOCKEY ASSOCIATION, INC.
UNITED STATES FIELD HOCKEY FOUNDATION
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2018

	Olympic & Sport Development	International Teams	Member Services	Total Program Services	General & Administrative	Marketing & Communication	Fundraising	Volunteer Admin.	Total Supporting Services	Total
Advertising & promotion	\$ 9,008	\$ 7,433	\$	\$ 16,441	\$	\$ 44,656	\$	\$	\$ 44,656	\$ 61,097
Bad debts					1,743				1,743	1,743
Bank charges	46	513		559	167,973		77		168,050	168,609
Contract services	858,170	352,766	4,045	1,214,981	54,889	9,430	8,780		73,099	1,288,080
Depreciation	2,966	35,157	522	38,645	16,460	12,978			29,438	68,083
Employee benefits	62,578	87,943	14,245	164,766	49,916	20,823	6,001		76,740	241,506
Equipment	164,331	41,356		205,687	7,946	12,540			20,486	226,173
Education							705		705	705
Facilities rental	734,516	193,261	183	927,960	2,052		8,263		10,315	938,275
Fees/visas/registration	553,262	1,467		554,729	1,973		660		2,633	557,362
Gifts & awards	28,557	5,238	24	33,819	4,430	3,334	592	497	8,853	42,672
Hospitality	125,896	1,321		127,217		25,542	899	1,344	27,785	155,002
Insurance	1,703	4,671	168,843	175,217	49,973		1,814		51,787	227,004
Meals & per diem	122,554	201,628	1,886	326,068	12,259	3,950	11,882	4,742	32,833	358,901
Miscellaneous	5,199	28,043	41,070	74,312	13,319	27,661		250	41,230	115,542
Parking fees	2,424	2,451	72	4,947	1,181	197	31	342	1,751	6,698
Payroll taxes	36,982	51,971	8,418	97,371	29,498	12,306	3,547		45,351	142,722
Photocopying & printing	2,565	3,195	3,073	8,833	5,329	54,159	6,235	17	65,740	74,573
Postage & freight	40,199	6,343	1,648	48,190	2,874	29,673	1,014	142	33,703	81,893
Professional services	4,000	49,173	26,800	79,973	112,043	15,142	6,595		133,780	213,753
Rent					59,420				59,420	59,420
Repairs and Maintenance	108			108	20				20	128
Salaries & wages	487,372	684,915	110,941	1,283,228	388,749	162,175	46,736		597,660	1,880,888
Software	2,368	25,006	1,140	28,514	6,987	1,099	8,390		16,476	44,990
Stipends		329,700		329,700						329,700
Supplies	14,229	24,717	166	39,112	10,659	1,393	1,644	48	13,744	52,856
Tax		25		25						25
Telephone & fax	4,794	20,202	556	25,552	9,588	2,132	247	1,318	13,285	38,837
Travel & transportation	649,093	825,776	2,217	1,477,086	32,576	18,785	6,524	24,734	82,619	1,559,705
Uniforms	63,663	21,833		85,496	418		930		1,348	86,844
Utilities	120			120						120
Value in kind	212,762	381,438		594,200	17,983	21,557			39,540	633,740
Web fees			87,892	87,892		280			280	88,172
Totals	\$ 4,189,465	\$ 3,387,542	\$ 473,741	\$ 8,050,748	\$ 1,060,258	\$ 479,812	\$ 121,566	\$ 33,434	\$ 1,695,070	\$ 9,745,818

See Notes to Financial Statements

UNITED STATES FIELD HOCKEY ASSOCIATION, INC.

UNITED STATES FIELD HOCKEY FOUNDATION

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2018

(With Comparative Amounts for 2017)

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 33,954	\$ 84,205
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	68,083	321,006
Realized and unrealized gains (losses) on investments	82,309	(282,175)
Gain on sale of asset		(5,000)
(Increase) decrease in current operating assets:		
Accounts receivable, net	76,123	(7,169)
Prepaid expenses and other assets	(16,002)	131,545
Increase (decrease) in current operating liabilities:		
Accounts payable	16,425	(157,084)
Accrued liabilities	(12,049)	(4,951)
Deferred revenue	(181,677)	(197,840)
Total adjustments	<u>33,212</u>	<u>(201,668)</u>
Net cash provided (used) by operating activities	67,166	(117,463)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in USOE investments	51,579	98,036
Gross proceeds from sale of other investments	566	
Gross purchases of other investments	(12,014)	
Acquisition of property & equipment	(37,961)	(115,174)
Proceeds from sale of asset		5,000
Net cash provided (used) by investing activities	<u>2,170</u>	<u>(12,138)</u>
NET INCREASE (DECREASE) IN CASH	69,336	(129,601)
CASH AND CASH EQUIVALENTS, beginning of year	<u>3,210,383</u>	<u>3,339,984</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 3,279,719</u>	<u>\$ 3,210,383</u>

See Notes to Financial Statements

UNITED STATES FIELD HOCKEY ASSOCIATION, INC.
UNITED STATES FIELD HOCKEY FOUNDATION

Notes to Financial Statements

For the Year Ended December 31, 2018

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizations

United States Field Hockey Association, Inc. (a non-profit organization) d/b/a USA Field Hockey (the Association) is the national governing body for the sport of field hockey and is responsible for the promotion and development of the sport in the United States and promotion of U.S. international participation. USA Field Hockey is an official member of the United States Olympic Committee (USOC). The Association has approximately 25,000 members and is responsible for the development of the boys, girls, high school, collegiate, club athletic programs, and ultimately the national teams representing the U.S. in international competitions. USA Field Hockey's national office is located in Colorado Springs, Colorado.

USA Field Hockey Foundation (the Foundation) was formed in 2002, as a Colorado non-profit corporation, and is a supporting organization for the Association. The Foundation's mission and principal activities are to provide financial and other assistance and support to the Association.

Accounting Standards Update

On August 18, 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Association and Foundation have adjusted the presentation of the financial statements, accordingly, applying the changes retrospectively to the comparative period presented except for the presentation of prior year expenses according to their natural classification which is allowable under transition guidance for ASU 2016-14. The new standards change the following aspects of the Association and Foundation's financial statements:

- The temporarily restricted and permanently restricted net asset classes, have been combined into a single net asset class called net assets with donor restrictions.

Notes to Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounting Standards Update - continued

- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements now include a presentation of expenses that describes both the functional nature of the expenses and their natural classification according to the actual usage of resources.
- The financial statements include a new disclosure about liquidity and availability of resources (Note B).

The changes have the following effect on net assets at December 31, 2017:

<u>Net Asset Class</u>	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted net assets	\$ 2,481,948	\$
Temporarily restricted net assets	4,626	
Permanently restricted net assets	8,340	
Net assets without donor restrictions		2,481,948
Net assets with donor restrictions		<u>12,966</u>
Total net assets	<u>\$ 2,494,914</u>	<u>\$ 2,494,914</u>

Basis of Presentation

The financial statements of the Association are being presented on a consolidated basis with the Foundation, collectively the Organizations, in accordance with generally accepted accounting principles in the United States of America. The accounting standards require consolidation when a non-profit organization has a controlling financial interest in other entities. All inter-organizational accounts have been eliminated in the accompanying consolidated financial statements.

Notes to Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation - continued

Accordingly, net assets and changes therein are classified and reported as follows:

- Net assets without donor restrictions: net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association.
- Net assets with donor restrictions: net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other purposes specified by the donor. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Supplemental Cash Flow Disclosure

Cash and cash equivalents consist of the Organizations' checking and savings accounts. Cash flows from operating activities reflect no interest or income taxes paid for the year ended December 31, 2018.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. The Association provides an allowance for doubtful accounts which is based on management's assessment of the credit history with customers having outstanding balances and current relationships with them. Delinquent receivables are written off based on specific circumstances of the customer and other economic

Notes to Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

factors. As of December 31, 2018 and 2017, receivables were recorded net of an allowance for doubtful accounts of \$2,711 and \$968, respectively.

Property and Equipment

All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Donated property and equipment is recorded at fair market value at the date of donation. Purchased property and equipment is recorded at cost. Property and equipment is depreciated using the straight-line method over estimated useful lives of three to seven years. Depreciation expense for years ended December 31, 2018 and 2017 amounted to \$68,083 and \$321,006, respectively.

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.

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. However, restricted contributions are reported as an increase in unrestricted net assets if the restriction is satisfied in the same reporting period in which the support is recognized. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as satisfied program restrictions.

Income Tax

The Association and Foundation are tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and, accordingly, are not subject to federal income tax.

Notes to Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Tax - continued

Accordingly, no income tax provision has been recorded.

The Association and Foundation'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 Organizations believe that they do not have any uncertain tax positions that are material to the financial statements.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Association. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Personnel expenses are allocated on the basis of estimates of time and effort spent by personnel in the various program and supporting services made by the Organizations' Management. For the years ended December 31, 2018 and 2017, the Organizations' supporting service expenses amounted to 17.36% and 18.86%, respectively, of total support and revenue.

Date of Management's Review

In preparing the financial statements, the Organizations have evaluated events and transactions for potential recognition or disclosure through April 19, 2019, the date that the financial statements were available to be issued.

Prior-Year Comparisons

The financial statements include certain prior year summarized comparative information in total but not by net asset 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 Organizations' financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Notes to Financial Statements

B. AVAILABLE RESOURCES AND LIQUIDITY

The Association and Foundation regularly monitor liquidity required to meet operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organizations have cash and cash equivalents as a primary source of liquidity at its disposal.

In addition to currently held financial assets available to meet general expenditures over the next 12 months, the Association operates under a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

As of December 31, 2018 and 2017, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 3,279,719	\$ 3,210,383
Accounts receivable, net	<u>224,975</u>	<u>301,098</u>
Total	<u>\$ 3,504,694</u>	<u>\$ 3,511,481</u>

The Association and Foundation also have investments of \$2,054,409 and \$2,176,849 as of December 31, 2018 and 2017, respectively. Although the Organizations do not intend to liquidate the investments for general expenditures over the next 12 months, the remaining funds are available, if necessary.

Of the amounts described above, as of December 31, 2018 and 2017, \$79,153 and \$12,966, respectively, of net assets are subject to donor-placed purpose or time restrictions (Note G).

C. FAIR VALUE MEASUREMENT

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:

Notes to Financial Statements

C. FAIR VALUE MEASUREMENT - Continued

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organizations 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 Organizations record transfers between levels at the end of the reporting period.

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2018 and 2017, respectively:

Assets at Fair Value as of December 31, 2018

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
USOE pooled funds \$		\$ 1,924,383	\$	\$ 1,924,383
Mutual funds:				
Fixed income	77,812			77,812
Equities	31,068			31,068
Alternative assets	3,430			3,430
Domestic equities	11,367			11,367
Cash and money				
Market	<u>6,349</u>			<u>6,349</u>
	<u>\$ 130,026</u>	<u>\$ 1,924,383</u>	<u>\$</u>	<u>\$ 2,054,409</u>

Assets at Fair Value as of December 31, 2017

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
USOE pooled funds \$		\$ 2,049,255	\$	\$ 2,049,255
Mutual funds:				
Fixed income	74,050			74,050
Equities	29,399			29,399
Alternative assets	3,236			3,236

Notes to Financial Statements

C. FAIR VALUE MEASUREMENT - Continued

Domestic equities	15,342			15,342
Cash and money				
Market	<u>5,567</u>	<u> </u>	<u> </u>	<u>5,567</u>
	<u>\$ 127,594</u>	<u>\$ 2,049,255</u>	<u>\$ </u>	<u>\$ 2,176,849</u>

D. INVESTMENT INCOME

Investment management expenses for years ended December 31, 2018 and 2017, amounted to \$1,495 and \$1,365, respectively, and are reported as reductions to interest and dividend income.

E. JOINT USE AGREEMENT AND RESTRICTED INVESTMENTS

In June 2001, the Association entered into a joint use and participation agreement with the City of Virginia Beach, Virginia, for the design and construction of a field hockey facility. Under the agreement, the Association was permitted to use the facility approximately 40% of the time and to maintain offices at the facility. In exchange, the Association became responsible for the purchase and installation of artificial turf on two playing fields, at a cost of \$376,562, and was obligated to maintain a reserve account in order to accumulate an amount equal to approximately 40% of the estimated replacement cost of the artificial turf. During 2013, the Association replaced one of the fields at a cost of \$268,859. During 2015, the Association replaced the second field at a cost of \$366,251.

In connection with the replacement of the field, the Association has the right to continue to use the facility on a limited basis for a period of four years ending December 31, 2017. Therefore, the cost of the replacement artificial turf incurred during 2013 was capitalized and was amortized over the four-year period. The cost of the replacement artificial turf incurred during 2015 was capitalized and was amortized over the remaining two-year period. The Association continues to use the facilities on an "as needed" basis.

Notes to Financial Statements

F. DEFERRED REVENUE

Deferred revenue consists of the following at December 31, 2018 and 2017, respectively:

	<u>2018</u>	<u>2017</u>
Futures	\$ 1,934,930	\$ 2,048,580
Membership	839,112	846,571
Other registrations	419,878	332,246
Indoor Qualifiers	<u>163,150</u>	<u>311,350</u>
	<u>\$ 3,357,070</u>	<u>\$ 3,538,747</u>

Revenue from fees for membership is deferred and recognized over the periods to which the fees relate.

G. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions, restricted for specific purposes or time periods, at December 31, 2018 and 2017, consist of contributions received for the following purpose and time period:

	<u>2018</u>	<u>2017</u>
Scholarships	\$ 58,762	
Greg Gephardt fund	7,051	4,626
2019 operations	<u>5,000</u>	
Total	<u>\$ 70,813</u>	<u>\$ 4,626</u>

In addition to the time and purpose restrictions listed above, permanently restricted net assets of \$8,340 at December 31, 2018 and 2017, are held in perpetuity, the income of which is expendable to support any activity of the Association.

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2018 and 2017, net assets were released from restrictions by satisfying the following restricted purposes:

	<u>2018</u>	<u>2017</u>
Greg Gephardt fund	<u>\$ 5,075</u>	<u>\$ 3,353</u>

Notes to Financial Statements

H. AFFILIATED ORGANIZATIONS

The United States Olympic Committee (USOC) provides grants to the Association for sports development, international competition, and team preparation. Total grants from the USOC during the years ended December 31, 2018 and 2017, respectively, consist of the following project categories:

	<u>2018</u>	<u>2017</u>
High performance	\$ 860,100	\$ 623,000
Value-in-kind	54,900	77,000
Media content license	150,000	225,000
Other grants	<u>61,600</u>	<u>33,300</u>
	<u>\$ 1,126,600</u>	<u>\$ 958,300</u>

The Association is economically dependent on support from the USOC in order to sustain its operations at current levels.

I. IN-KIND CONTRIBUTIONS

The Organization received in-kind sponsorships and donations from various supporters, including affiliated organizations. In-kind sponsorships and donations recorded in the Organizations' financial statements are \$634,670 and \$643,084 for the years ended December 31, 2018 and 2017, respectively.

The Association receives a substantial amount of donated services in carrying out its programs. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under generally accepted accounting principles.

J. PENSION PLAN

The Association has a defined contribution pension plan pursuant to Section 403(b) of the Internal Revenue Code, covering substantially all employees. The Association matches employees' voluntary contributions up to 4% of the employee's compensation. Pension expense is \$44,884 and \$30,160 for the years ended December 31, 2018 and 2017, respectively.

Notes to Financial Statements

K. CONCENTRATION OF CREDIT RISK

Certain financial instruments potentially subject the Association to concentration of credit risk. These financial instruments consist primarily of cash and investments. At times, cash deposit may exceed amounts insured by the Federal Deposit Insurance Corporation.

L. INTERCOMPANY TRANSACTIONS

The Association receives grants and occasionally transacts business with the Foundation. And, the Association occasionally receives contributions or other revenue intended for the Foundation, which are owed back to the Foundation. These intercompany transactions and the amounts owed to/from the Organizations have been eliminated in the consolidated financial statements.

M. OPERATING LEASE AGREEMENTS

The Association has an operating lease agreement for office space which expires in 2020. The Association also leases equipment under non-cancellable operating lease agreements which expire through 2020. Rent expense under the operating leases are \$59,420 and \$58,255 for the years ended December 31, 2018 and 2017, respectively.

The future minimum annual lease payments for the years ended December 31 are as follows:

2019	\$ 65,003
2020	10,440

N. CONTINGENCIES

Occasionally, in the conduct of business, the Association 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 Association, as of December 31, 2018, are either without merit or will not exceed insurance limits.

UNITED STATES FIELD HOCKEY ASSOCIATION, INC.
UNITED STATES FIELD HOCKEY FOUNDATION
Consolidating Statement of Financial Position
December 31, 2018

	USA Field Hockey	United States Field Hockey Foundation	Eliminating Entries	2018 Consolidated Totals
<u>ASSETS</u>				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 3,222,499	\$ 57,220	\$ (64,485)	\$ 3,279,719
Accounts receivable, net	288,955	505	(64,485)	224,975
Prepaid expenses and other assets	506,436	98		506,534
Total current assets	4,017,890	57,823	(64,485)	4,011,228
LONG-TERM INVESTMENTS	130,026	1,924,383		2,054,409
PROPERTY AND EQUIPMENT:				
Athletic equipment and fields	929,283			929,283
Software	226,989			226,989
Computer equipment	157,131			157,131
Office furniture	34,451			34,451
Signage and branding	63,474			63,474
Leasehold improvements	6,511			6,511
Less accumulated depreciation	(1,302,786)			(1,302,786)
Property and equipment - net	115,053			115,053
OTHER ASSET:				
Beneficial interest in net assets of United States Field Hockey Foundation	1,917,721		(1,917,721)	
TOTAL ASSETS	<u>\$ 6,180,690</u>	<u>\$ 1,982,206</u>	<u>\$ (1,982,206)</u>	<u>\$ 6,180,690</u>
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES:				
Accounts payable	\$ 52,486	\$ 64,485	\$ (64,485)	\$ 52,486
Accrued liabilities	242,266			242,266
Deferred revenue	3,357,070			3,357,070
Total liabilities	3,651,822	64,485	(64,485)	3,651,822
NET ASSETS:				
Without donor restrictions	2,454,715	1,912,721	(1,917,721)	2,449,715
With donor restrictions	74,153	5,000		79,153
Total net assets	<u>2,528,868</u>	<u>1,917,721</u>	<u>(1,917,721)</u>	<u>2,528,868</u>
TOTAL LIABILITIES, MEMBERS' EQUITY, AND NET ASSETS	<u>\$ 6,180,690</u>	<u>\$ 1,982,206</u>	<u>\$ (1,982,206)</u>	<u>\$ 6,180,690</u>

UNITED STATES FIELD HOCKEY ASSOCIATION, INC.
UNITED STATES FIELD HOCKEY FOUNDATION
Consolidating Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2018

	USA Field Hockey	United States Field Hockey Foundation	Eliminating Entries	2018 Consolidated Totals
REVENUE, GAINS, & OTHER SUPPORT:				
Registration fees	\$ 4,475,181	\$	\$	\$ 4,475,181
Membership dues	1,360,027			1,360,027
USOC support, including in-kind support of \$54,900	1,126,600			1,126,600
Other fees	913,605			913,605
In-kind contributions	579,770			579,770
Corporate Sponsorship	442,971			442,971
Donations & fundraising events	144,615	127,258		271,873
Grants	267,963		(75,413)	192,550
Rebates	178,212			178,212
Sales revenue	171,313			171,313
Licensing	79,340			79,340
Umpire fees	34,100			34,100
Interest & dividends	3,464	16,126		19,590
Advertising	12,100			12,100
Other income	4,849			4,849
Realized & unrealized gains on investments	(9,016)	(73,293)		(82,309)
Change in beneficial interest in net assets of United States Field Hockey Foundation	(34,599)		34,599	
Total revenue, gains, & other support	9,750,495	70,091	(40,814)	9,779,772
EXPENSES:				
Program services:				
Olympic & sport development	4,189,465			4,189,465
International teams	3,387,542			3,387,542
Member service	473,741			473,741
Total program services	8,050,748			8,050,748
Supporting services:				
General & administrative	1,060,258	45,314	(45,314)	1,060,258
Marketing & communication	479,812			479,812
Fundraising	92,289	59,376	(30,099)	121,566
Volunteer administration	33,434			33,434
Total supporting services	1,665,793	104,690	(75,413)	1,695,070
Total expenses	9,716,541	104,690	(75,413)	9,745,818
CHANGE IN NET ASSETS	33,954	(34,599)	34,599	33,954
NET ASSETS, beginning of year	2,494,914	1,952,320	(1,952,320)	2,494,914
NET ASSETS, end of year	\$ 2,528,868	\$ 1,917,721	\$ (1,917,721)	\$ 2,528,868