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

Financial Statements and Supplemental Schedules

For the Year Ended August 31, 2012

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WAUGH & GOODWIN, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidating statement of financial position of USA Hockey, Inc., USA Hockey Foundation and Hockey and Rink Protection, Inc. as of August 31, 2012, and the related consolidating statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Hockey and Rink Protection, Inc., a wholly owned subsidiary. 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. The prior-year summarized comparative information has been derived from the Corporation's, Foundation's and HARP's August 31, 2011 financial statements and, in our report dated November 7, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, the consolidating financial statements referred to above present fairly, in all material respects, the consolidated financial position of USA Hockey, Inc., USA Hockey Foundation and Hockey and Rink Protection, Inc. as of August 31, 2012, and the consolidated changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Our audit was made for the purpose of forming an opinion on the consolidating financial statements taken as a whole. The supplemental schedules of program services and of supporting services for the year ended August 31, 2012 are presented for purposes of additional analysis and are not a required part of the consolidating financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidating financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidating financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidating financial statements or to the consolidating financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, which insofar as it relates to Hockey and Rink Protection, Inc., is based on the report of other auditors, such information is fairly stated in all material respects in relation to the consolidating financial statements taken as a whole.

Waugh & Goodwin, LLP

October 19, 2012

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

Consolidating Statement of Financial Position

August 31, 2012

(With Consolidated Totals for 2011)

	USA Hockey, Inc.	USA Hockey Foundation	Hockey and Rink Protection, Inc.	Eliminating Entries	Consolidated Totals 2012	Consolidated Totals 2011
ASSETS						
CURRENT ASSETS:						
Cash and cash equivalents	$ 4,735,813	$ 536,926	$ 2,305,852	$	$ 7,578,591	$ 6,955,455
Restricted cash	909,401				909,401	982,580
Short-term investments (Note B)			1,584,680		1,584,680	1,442,087
Accounts receivable, net	704,362	3,523,643			4,228,005	2,476,599
Short-term pledges receivable (Note E)		127,965			127,965	202,965
Due from USA Hockey Foundation	53,354			(53,354)		
Grants receivable from USA Hockey Foundation	3,904,598			(3,904,598)		
Prepaid expenses	1,862,401	171,483	156,113		2,189,997	1,013,939
Total current assets	12,169,929	4,360,017	4,046,645	(3,957,952)	16,618,639	13,073,625
LONG-TERM INVESTMENTS (Note B)		22,339,153			22,339,153	21,175,825
PROPERTY AND EQUIPMENT - at cost (Note D)	5,284,655	3,132,284			8,416,939	8,000,024
Less accumulated depreciation	(3,251,169)	(959,575)			(4,210,744)	(3,875,804)
Property and equipment, net	2,033,486	2,172,709			4,206,195	4,124,220
OTHER ASSETS (Note E):						
Artwork		400,000			400,000	400,000
Other assets			4,274		4,274	4,320
Investment in HARP (Note H)	750,000			(750,000)		
Long-term pledges receivable, net						79,936
Bond issuance costs, net of amortization of $79,753 and $74,716		46,179			46,179	51,216
Total other assets	750,000	446,179	4,274	(750,000)	450,453	535,472
TOTAL ASSETS	$ 14,953,415	$ 29,318,058	$ 4,050,919	$ (4,707,952)	$ 43,614,440	$ 38,909,142

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:						
Accounts payable and accrued liabilities	$ 2,338,008	$ 39,698	$ 1,462,287	$	$ 3,839,993	$ 2,823,266
Accrued payroll and related benefits	585,489	3,682			589,171	459,386
Legal settlement advance	184,817				184,817	260,000
Deferred revenue (Note F)	11,833,336				11,833,336	8,897,345
Due to USA Hockey, Inc.		53,354		(53,354)		
Grants payable to USA Hockey, Inc.		3,904,598		(3,904,598)		
Current portion of bonds payable (Note G)		150,000			150,000	140,000
Total current liabilities	14,941,650	4,151,332	1,462,287	(3,957,952)	16,597,317	12,579,997
LONG-TERM LIABILITIES:						
Bonds payable (Note G)		1,595,000			1,595,000	1,745,000
Total liabilities	14,941,650	5,746,332	1,462,287	(3,957,952)	18,192,317	14,324,997
NET ASSETS:						
Unrestricted	(26,896)	16,709,537	2,588,632	(750,000)	18,521,273	17,364,448
Unrestricted - board designated (Note I)		5,568,523			5,568,523	5,870,523
Temporarily restricted (Note J)	38,661	1,148,790			1,187,451	1,206,298
Permanently restricted (Note K)		144,876			144,876	142,876
Total net assets	11,765	23,571,726	2,588,632	(750,000)	25,422,123	24,584,145
TOTAL LIABILITIES AND NET ASSETS	$ 14,953,415	$ 29,318,058	$ 4,050,919	$ (4,707,952)	$ 43,614,440	$ 38,909,142

See Notes to Consolidating Financial Statements

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

Consolidating Statement of Activities and Changes in Net Assets

For the Year Ended August 31, 2012

(With Consolidated Totals for 2011)

	USA Hockey, Inc.	USA Hockey Foundation	Hockey and Rink Protection, Inc.	Eliminating Entries	Consolidated Totals 2012	Consolidated Totals 2011
REVENUE:						
Membership registrations and dues	$ 19,881,244	$	$	$	$ 19,881,244	$ 19,601,022
Tournaments and exhibitions	2,534,649				2,534,649	8,700,054
National Hockey League (Note N)		8,000,000			8,000,000	7,429,662
Corporate sponsorship	2,561,943				2,561,943	2,333,379
Investment income (Note C)	6,797	1,606,205	148,166		1,761,168	1,861,549
USOC grants (Note M)	1,345,080				1,345,080	1,495,319
Contributions	30	480,962			480,992	443,327
Other income	308,294	11,711		(1,800)	318,205	423,343
Advertising and merchandise sales, net of costs	499,504				499,504	392,048
USA Hockey Foundation grants	8,405,608			(8,405,608)		
Lester Patrick Award		2,500			2,500	
Insurance premiums			570,000	(570,000)		
Rental income, net of rental expenses (Note M)		273,176		(273,176)		
Satisfied program restrictions	20,000	99,455			119,455	257,542
Total unrestricted revenue	35,563,149	10,474,009	718,166	(9,250,584)	37,504,740	42,937,245
EXPENSES:						
Program services:						
Membership services	8,965,231		361,764	(570,000)	8,756,995	8,412,753
International programs	6,199,077				6,199,077	5,349,396
National team development	3,185,465				3,185,465	3,308,860
Coaching	2,164,608				2,164,608	1,591,284
American development model	1,953,115				1,953,115	1,515,703
Officials	1,878,466				1,878,466	1,628,628
Player development	1,349,475	8,880,650		(8,405,608)	1,824,517	2,253,516
Adult hockey	1,406,244				1,406,244	1,610,313
Annual Congress/ Mid-Winter Meetings	971,033				971,033	791,301
Membership development	879,914				879,914	1,212,949
Internet project	669,328				669,328	586,426
Youth program	582,977				582,977	517,604

Junior program	418,235				418,235	390,581
Patty Kazmaier Memorial Award		31,028			31,028	32,982
Lester Patrick Award		7,186			7,186	7,882
B. Burke internship		36			36	40
InLine hockey						403,422
Total program services	30,623,168	8,918,900	361,764	(8,975,608)	30,928,224	29,613,640
Supporting services:						
General and administrative	4,553,442	256,513		(274,976)	4,534,979	4,404,254
Marketing and fundraising	862,267	324,445			1,186,712	1,342,411
Total supporting services	5,415,709	580,958		(274,976)	5,721,691	5,746,665
Total unrestricted expenses	36,038,877	9,499,858	361,764	(9,250,584)	36,649,915	35,360,305
CHANGE IN UNRESTRICTED NET ASSETS	(475,728)	974,151	356,402		854,825	7,576,940
TEMPORARILY RESTRICTED NET ASSETS (Note J):						
Patty Kazmaier Memorial		19,190			19,190	71,861
Contributions	20,000	60,859			80,859	326,438
Lester Patrick Award						5,000
Investment income		559			559	741
Less satisfied program restrictions	(20,000)	(99,455)			(119,455)	(257,542)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS		(18,847)			(18,847)	146,498
TRANSFER OF NET ASSETS						(138,876)
PERMANENTLY RESTRICTED NET ASSETS (Note K):						
Contributions		2,000			2,000	2,000
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS		2,000			2,000	2,000
CHANGE IN NET ASSETS	(475,728)	957,304	356,402		837,978	7,725,438
NET ASSETS, beginning of year	487,493	22,614,422	2,232,230	(750,000)	24,584,145	16,858,707
NET ASSETS, end of year	$ 11,765	$ 23,571,726	$ 2,588,632	$ (750,000)	$ 25,422,123	$ 24,584,145

See Notes to Consolidating Financial Statements

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

Consolidating Statement of Cash Flows

For the Year Ended August 31, 2012

(With Consolidated Totals for 2011)

	USA Hockey, Inc.	USA Hockey Foundation	Hockey and Rink Protection, Inc.	Consolidated Totals 2012	Consolidated Totals 2011
CASH FLOWS FROM OPERATING ACTIVITIES:					
Change in net assets	$ (475,728)	$ 957,304	$ 356,402	$ 837,978	$ 7,725,438
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:					
Depreciation and amortization	503,268	67,686		570,954	499,543
Realized gains on investments		(361,893)	(3,328)	(365,221)	(197,413)
Unrealized gains on investments		(795,383)	(94,578)	(889,961)	(1,230,359)
Loss on disposal of assets	829			829	
Decrease (increase) in assets:					
Accounts receivable	101,541	(1,852,917)		(1,751,376)	(425,123)
Restricted cash	73,179			73,179	(982,580)
Short-term pledges receivable		75,000		75,000	(30,465)
Due from USA Hockey Foundation	37,786	(37,786)			
Grants receivable from USA Hockey Foundation	(1,809,939)	1,809,939			
Prepaid expenses	(1,016,428)	(168,614)	8,984	(1,176,058)	190,726
Long-term pledges receivable		79,936		79,936	84,902
Other assets			46	46	(132)
Increase (decrease) in liabilities:					
Accounts payable	745,562	33,027	238,138	1,016,727	(397,802)
Accrued payroll and related benefits	134,225	(4,440)		129,785	61,253
Legal settlement advance	(75,183)			(75,183)	260,000
Deferred revenue	2,935,991			2,935,991	(161,793)
Total adjustments	1,630,831	(1,155,445)	149,262	624,648	(2,329,243)
Net cash provided (used) by operating activities	1,155,103	(198,141)	505,664	1,462,626	5,396,195

CASH FLOWS FROM INVESTING ACTIVITIES:					
Acquisition of property and equipment	(646,680)	(1,242)		(647,922)	(811,995)
Disposal of property and equipment	(829)			(829)	
Purchase of available for sale investments		(2,366,052)	(74,687)	(2,440,739)	(591,695)
Proceeds from available for sale investments		2,360,000	30,000	2,390,000	702,763
Short-term investments, net					1,125,000
Long-term investments, net					(5,948,367)
Net cash used by investing activities	(647,509)	(7,294)	(44,687)	(699,490)	(5,524,294)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Principal payments on bonds payable		(140,000)		(140,000)	(135,000)
Net cash used by financing activities		(140,000)		(140,000)	(135,000)
NET INCREASE (DECREASE) IN CASH	507,594	(345,435)	460,977	623,136	(263,099)
CASH AND CASH EQUIVALENTS, beginning of year	4,228,219	882,361	1,844,875	6,955,455	7,218,554
CASH AND CASH EQUIVALENTS, end of year	$ 4,735,813	$ 536,926	$ 2,305,852	$ 7,578,591	$ 6,955,455

See Notes to Consolidating Financial Statements

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

Notes to Consolidating Financial Statements

For the Year Ended August 31, 2012

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of USA Hockey, Inc. are being presented on a consolidated basis with the USA Hockey Foundation and Hockey and Rink Protection, Inc. in order to conform to the requirements of FASB ASC 958. The Statement requires consolidation when one nonprofit has a financial interest and controls the appointment of a majority of the board of directors of another nonprofit entity.

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

Organization

USA Hockey, Inc. (the Corporation) is the national governing body for ice hockey, making it responsible for the conduct and administration of amateur ice hockey in the United States. Since 1994, the Corporation has also assumed responsibility for the conduct and administration of inline hockey in the United States.

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

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

The Corporation's, Foundation's and HARP's income tax filings are subject to audit by various taxing authorities. The Corporation's, Foundation's and HARP's open audit periods are 2008 to 2011. The Corporation and Foundation believe that their operations have been conducted in accordance with their tax-exempt status.

Joint Venture

During the year ended August 31, 2000, the Corporation entered into a joint venture with the U.S. Figure Skating Association to form Serving the American Rinks (STAR). STAR, which is a tax-exempt organization under 501(c)(6), was established to design and implement programs to foster the development, growth, and success of ice-skating rinks and inline facilities. The Corporation has agreed to provide support for this program up to $125,000 for the year ended June 30, 2013.

Depreciation and Amortization

Furniture and equipment are recorded at cost as of the date of acquisition or fair value as of the date of receipt in the case of gifts. Capital expenditures exceeding $1,000 to $10,000, depending on the type of asset acquired, are capitalized and depreciated over the appropriate term according the Corporation's policies. Depreciation is recorded using the straight-line method over estimated useful lives of three to ten years for the Corporation's and Foundation's furniture and equipment and fifty years for the Foundation's building. Depreciation and amortization expense amounted to $570,954 and $499,543 for the years ended August 31, 2012 and 2011, respectively.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Depreciation and Amortization - continued

Amortization expense is recorded for the Foundation's bond issuance costs using the straight-line method over the repayment period of the bonds of twenty-five years.

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. In the event of a bank failure, they might only be able to recover the amounts insured.

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.

All of HARP's investments were in mutual funds at August 31, 2012, and are classified as available for sale. Available for sale securities may be sold prior to maturity and are carried at fair value. Unrealized gains and losses relating to available for sale securities are reported in a separate component of member's equity as accumulated other comprehensive income. Realized investment gains and losses on investments sold, determined on a specific identification basis, are included in revenue.

Supplemental Cash Flow Disclosure

Cash flows from operating activities reflect interest paid by the Foundation of $5,579 and $9,431 for the years ended August 31, 2012 and 2011, respectively.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Restricted Cash

The Corporation has segregated two restricted cash accounts. One account is restricted for collateral for letters of credit required by the Corporation's insurance carrier as discussed in Note O. The second account holds the proceeds of a legal settlement further discussed in Note S.

Accounts Receivable

Accounts Receivable are stated at the amount the Corporation and Foundation expect to collect from balances outstanding at year end. Based on management's assessment of the outstanding balances, it has recorded an allowance for doubtful accounts of $0 and $5,935 for the years ended August 31, 2012 and 2011, respectively.

Contributions

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as satisfied program restrictions.

Revenue Recognition

HARP insurance premiums are earned on a pro rata basis over the policy period. The portion of premiums that will be earned in the future is deferred and reported as deferred revenue on the statement of financial position.

Reserve for Unpaid Losses

HARP's reserve for unpaid losses includes case basis estimates of reported losses, plus supplemental reserves for incurred but not reported losses (IBNR) calculated based upon loss projections utilizing USA Hockey, Inc.'s historical loss history and industry data. In establishing this reserve, HARP utilizes the findings of an independent consulting actuary. Management believes that its aggregate reserve for unpaid losses at year end represents its best estimate, based on the available data, of the amount necessary to cover the ultimate cost of losses; however, because of the nature of

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Reserve for Unpaid Losses - continued

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.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Prior-Year Comparisons

The financial statements include certain prior-year summarized comparative information in total but not by net asset or functional expense class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended August 31, 2011, from which the summarized information was derived.

Date of Management's Review

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through October 19, 2012, the date that the financial statements were available to be issued.

B. FAIR VALUE MEASUREMENTS

The Corporation, Foundation and HARP apply Generally Accepted Accounting Principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation, Foundation and HARP have the ability to access at the measurement date.

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following tables present assets that are measured at fair value on a recurring basis at August 31, 2012 and 2011:

Assets at Fair Value as of August 31, 2012

	Level 1	Level 2	Level 3	Total
Money market accounts	$ 2,162,545	$	$	$ 2,162,545
Mutual funds	1,584,680			1,584,680
Equities	14,306,401			14,306,401
Fixed income	4,865,858			4,865,858
USOF pooled fund			1,004,349	1,004,349
	$22,919,484	$	$ 1,004,349	$ 23,923,833

B. FAIR VALUE MEASUREMENTS - Continued

Assets at Fair Value as of August 31, 2011

	Level 1	Level 2	Level 3	Total
Money market accounts	$ 1,447,198	$	$	$ 1,447,198
Mutual funds	1,442,087			1,442,087
Equities	13,809,669			13,809,669
Fixed income	4,974,821			4,974,821
USOF pooled fund			944,137	944,137
	$21,673,775	$	$ 944,137	$ 22,617,912

Below is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the year ended August 31, 2012:

Beginning balance	$ 944,137
Interest & dividends	17,122
Net realized and unrealized gains included in the statement of activities	43,090
Ending balance	$ 1,004,349
Gain included in the statement of activities attributable to the change in unrealized gains relating to assets still held at August 31, 2012	$ 32,674

Short-term investments are recorded at quoted market values and consist of mutual funds in the amount of $1,584,680 and $1,442,087 at August 31, 2012 and 2011, respectively.

Long-term investments are recorded at quoted market values and consist of the following at August 31, 2012 and 2011:

	2012	2011
Money market accounts	$ 2,162,545	$ 1,447,198
Equities	14,306,401	13,809,669
Fixed income	4,865,858	4,974,821
USOF pooled fund	1,004,349	944,137
Total market value	$ 22,339,153	$ 21,175,825

C. INVESTMENT INCOME

Investment income consists of the following for the years ended August 31, 2012 and 2011:

	2012	2011
Realized gains on investments	$ 365,221	$ 197,413
Interest and dividends	505,986	433,777
Unrealized gains on investments	889,961	1,230,359
	$ 1,761,168	$ 1,861,549

D. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at August 31, 2012 and 2011:

	2012	2011
Building	$ 3,108,127	$ 3,108,127
Office equipment and furniture	2,490,865	2,508,371
Website development costs	1,179,693	1,179,693
Leasehold improvements	512,036	512,036
Coaching module	851,027	416,606
Program equipment	275,191	275,191
Less accumulated depreciation	(4,210,744)	(3,875,804)
	$ 4,206,195	$ 4,124,220

E. OTHER ASSETS

Included in other assets are bond issuance costs incurred by the Foundation of $125,932 less amortization of $79,753 and $74,716 at August 31, 2012 and 2011, respectively.

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

As of August 31, 2012, the Foundation had pledges receivable of $127,965, representing restricted promises to give made during the current year. The pledges will be received by the Foundation during the next year. In prior years, the long-term portion of the pledges were discounted using an interest rate of 2.00%. The discount on pledges receivable has been fully amortized and recorded as contribution revenue in the current year.

Management considers these pledges to be fully collectible; accordingly, no allowance for doubtful accounts is recorded.

F. DEFERRED REVENUE

Deferred revenue consists of the following at August 31, 2012 and 2011:

	2012	2011
Registrations and tournament fees	$ 10,813,425	$ 8,087,600
Seminar and clinic fees	521,739	310,845
Cross ice/rink dividers	331,200	
Sponsor payment	130,000	208,750
Transfer card fees	32,072	16,650
Other	4,900	6,000
USOC grant		260,000
Youth national championships		7,500
	$ 11,833,336	$ 8,897,345

G. BONDS PAYABLE

On November 1, 1996, the Foundation entered into a loan agreement to obtain financing for construction of the office building it leases to USA Hockey, Inc. Under a trust indenture between El Paso County, Colorado and JP Morgan Chase, Colorado, as trustee, the proceeds from the sale of $3,400,000 aggregate principal amount of El Paso County, Colorado Adjustable Rate Economic Development Revenue Bonds Series 1996 (USA Hockey Project) were loaned to the Foundation pursuant to the loan agreement dated November 1, 1996 between the Foundation and El Paso County, Colorado. An irrevocable letter of credit issued November 22, 1996 and originally expiring November 15, 2007 was extended until November 15, 2018 in an amount not to exceed $1,745,602 (bond principal of $1,745,000 plus $602 for payment of up to 45 days accrued interest) ensures repayment of the bonds. The letter of credit may be extended annually so that it is valid a minimum period of ten years as long as all conditions are met.

The letter of credit is secured by all building and construction materials, equipment or other personal property of any nature used in the construction of the improvements. The Foundation pledges a first lien on and security interest in the proceeds of the bonds and interest thereon. In addition, the Foundation covenants that, without the prior written consent of JP Morgan Chase, the tangible net worth of the Foundation will not be less than $3,000,000 at the end of each fiscal year; the unrestricted cash and cash equivalents, including investments, will not be less than $6,000,000; it will not create, assume or permit to exist any lien or charge of any kind upon any of its property subject to the security agreement. The annual fee for the letter of credit is .97 percent of the stated amount.

G. BONDS PAYABLE - Continued

Principal payments on the bonds are due on each November 1 through the year 2021. The principal payment due on November 1, 2012 is $150,000. The bonds currently bear interest on an adjustable rate of interest in one of several modes (weekly, one month, three month, six month, one year and five years) or at a fixed interest rate determined by the re-marketing agent (JP Morgan Chase, Columbus, NA, Columbus, Ohio) on the interest rate determination date. On August 31, 2012, the interest rate on the bonds was 0.28%.

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

2013	$ 150,000
2014	155,000
2015	165,000
2016	170,000
2017	180,000
Future years	925,000
	$ 1,745,000

H. MEMBER EQUITY

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

Prior to dividends being declared and paid, the Company must receive written approval from the Department.

I. BOARD DESIGNATED NET ASSETS

At August 31, 2011, the Board of Directors of the Foundation had designated $5,870,523 of unrestricted net assets for future international events. During the years ended August 31, 2012, the Board released $302,000, to support international events, leaving a balance of $5,568,523 to be spent in future years.

J. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets for the Corporation and Foundation at August 31, 2012 and 2011 consist of the following:

	2012	2011
National Team development	$ 342,675	$ 339,605
Patty Kazmaier Memorial	303,961	315,797
Youth hockey	119,425	115,354
B. Burke Internship	160,999	149,165
Walter Bush fund	90,065	90,065
Resource library	48,390	50,320
Wounded Warriors/disabled program	10,624	40,575
Treadmill	38,661	38,661
Disabled Youth program	25,000	25,000
Women's Hockey	24,463	23,000
Rink conversion program	8,511	
Men's National Team	4,225	4,000
Paralympic Sled Hockey Team	2,000	10,000
Disabled athlete program	1,906	
International player development	1,750	1,750
Underprivileged children	1,702	1,702
Goalie mentoring	1,461	
Brian Fishman Memorial	933	704
Growth of the game	350	350
USA Hockey Hall of Fame	150	150
Safety programs	100	100
Referee program	100	
	$ 1,187,451	$ 1,206,298

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended August 31, 2012 and 2011, net assets were released from restrictions by satisfying the following restricted purposes:

	2012	2011
Patty Kazmaier Memorial	$ 31,026	$ 32,983
Wounded Warriors/disabled program	30,000	15,000
Level 5 Coach Symposium	20,000	
Paralympic Sled Hockey Team	19,500	51,000
Rink conversion	11,896	
Lester Patrick Award Luncheon	5,067	5,000
Resource Library	1,930	4,928

J. TEMPORARILY RESTRICTED NET ASSETS - Continued

Women's Hockey		100,000
Goalie mentoring		41,395
Youth hockey		5,196
Hockey sleds		2,000
B. Burke Internship	36	40
	$ 119,455	$ 257,542

K. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets for the Foundation at August 31, 2012 consist of Brian Fishman Memorial funds in the amount of $144,876, which is restricted in perpetuity (Note L). During the year ended August 31, 2010, the Foundation transferred the Brian Fishman Memorial funds to permanently restricted net assets from temporarily restricted net assets to honor the wishes of the donors.

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, 2012 and 2011, the underlying assets of the endowment fund are included in the statement of financial position as cash.

L. ENDOWMENT FUNDS

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

Interpretation of Relevant Law

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

L. ENDOWMENT FUNDS - Continued

The Foundation's permanently restricted net assets consist of an endowment gift received from one donor. The gift instrument does not require that a percentage of the annual income, including realized and unrealized gains, be added to the original gift as a hedge against the effects of inflation. As of August 31, 2012, the original gift was equal to the fair market value of the permanently restricted net assets.

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

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.

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, September 1, 2011	$ 358	$ 140,876	$ 141,234
Contributions		2,000	2,000
Investment income	346		346
Endowment net assets, August 31, 2011	704	142,876	143,580
Contributions		2,000	2,000
Investment income	229		229
Endowment net assets, August 31, 2012	$ 933	$ 144,876	$ 145,809

M. AFFILIATED ORGANIZATIONS

The United States Olympic Committee (USOC) provides grants to the Corporation for sports development, international competition, and team preparation. Total grants from the USOC for the years ended August 31, 2012 and 2011 consist of the following project categories:

	2012	2011
Performance partnership agreement	$ 1,040,000	$ 1,159,000
Paralympic high performance funding	265,080	336,319
International relations grant	40,000	
	$ 1,345,080	$ 1,495,319

During the years ended August 31, 2012 and 2011, the International Ice Hockey Federation (IIHF) provided support to the Corporation of $1,071,312 and $1,352,740 respectively. This amount is included in tournaments and exhibitions in the accompanying statement of activities.

The USA Hockey Foundation leases an office building to the Corporation for $30,625 per month, pursuant to a lease agreement that expires December 31, 2012. During each of the years ended August 31, 2012 and 2011, the Foundation earned $367,500 of rental income from this lease. Rental income is shown net of rental expenses in the amount of $94,324 and $100,062 for the years ended August 31, 2012 and 2011, respectively.

During the years ended August 31, 2012 and 2011, the Foundation provided grants to the Corporation in the amount of $8,405,608 and $7,908,593, respectively. At August 31, 2012 and 2011, USA Hockey Foundation owed $3,904,598 and $2,094,659, respectively, to the Corporation for these grants.

USA Hockey, Inc. provided certain administrative and accounting services to the Foundation. At August 31, 2012 and 2011, USA Hockey Foundation owed $53,354 and $91,140, respectively, to the Corporation for these services.

N. NATIONAL HOCKEY LEAGUE

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

O. INSURANCE ACTIVITY

HARP provides occurrence-based deductible reimbursement general liability coverage to USA Hockey, Inc. and Affiliates. For the policy periods during 2012 and 2011, policy limits were $100,000 per occurrence with an annual aggregate of $1,000,000. This policy covers indemnity only and no loss adjustment expenses.

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

Effective September 1, 2010, HARP also provides occurrence-based deductible coverage for catastrophic medical expenses for sled hockey sanctioned events. The limits under this policy are $975,000 in the aggregate in excess of $25,000 per occurrence. As of August 31, 2012, no losses had been incurred under this policy. The policy was cancelled effective January 22, 2011, and all premiums were earned upon cancellation.

The policies in the preceding paragraphs cover certified terrorism losses as defined under the Terrorism Risk Insurance Act of 2002 (TRIA) and subsequent extensions. On December 26, 2007, the President signed into law the Terrorism Risk Insurance Program Reauthorization Act of 2007, which extends TRIA through December 31, 2014.

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

O. INSURANCE ACTIVITY - Continued

HARP maintains an arrangement with K&K Insurance Group for claims administration. HARP has made a loss escrow account deposit of $156,113 and $165,097 as of August 31, 2012 and 2011, respectively.

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

Balance at September 1, 2011	$ 1,201,149
Incurred and related to current year	443,382
Incurred and related to prior years	(193,310)
Paid and related to current year	(9,802)
Paid and related to prior years	818
Balance at August 31, 2012	$ 1,442,237

As a result of favorable development on insured events, prior year losses incurred decreased by $193,310 and $152,048 in 2012 and 2011, respectively.

P. 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. A director and officer of HARP is also an employee of Aon.

Q. RETIREMENT PLAN

The Corporation maintains a defined contribution, Section 403(b), retirement plan for its employees. To be eligible, an employee must be 21 years of age and have six months of continuous employment. Employees are able to make pre-tax contributions to the plan up to the dollar and percentage limits set by law. The Corporation makes matching contributions of up to 4% of the salary of each employee who elects to defer wages. The Corporation also makes a 5% contribution for all eligible employees.

During the year ended August 31, 2012, the Corporation adopted 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, 2012 and 2011 amounted to $517,713 and $524,919, respectively.

R. BUILDING GROUND LEASE

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

S. COMMITMENTS AND CONTINGENT LIABILITIES

The Corporation leases a training facility in Michigan for the benefit of the National Team Development Program (NTDP). The original lease, which commenced in August 1997, has been extended twice and expired in August 2008. A restated lease was entered into as of May 2008 which extended the original lease to August 2011. This restated lease also provided for an additional extension through August 2013. For the fiscal years ended 2012 and 2013, the annual rent will be adjusted according to the Consumer Price Index. The Corporation paid $105,026 and $99,966 of rent under this lease agreement during the years ended August 31, 2012 and 2011.

The Corporation has two operating lease agreements for vehicles and a lease for warehouse space in Colorado Springs. The vehicle agreements expire in January 2014 and December 2014 and require payments of $457 and $550 per month. The warehouse agreement expires in January 2013 and requires monthly payments of $3,060 through January 2013.

The Corporation also leases two postage meters. The leases require monthly payments of $349 and $493 through January 2014 and April 2014.

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

2013	$ 146,548
2014	10,364
2015	1,902
2016	2,092
2017	176

The Corporation's total rent expense amounted to $160,103 and $151,855, respectively, for the years ended August 31, 2012 and 2011.

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

S. COMMITMENTS AND CONTINGENT LIABILITIES - Continued

The Corporation had been named as a defendant in a class action lawsuit which was settled during the year ended August 31, 2011. As part of this settlement, the Corporation is required invest additional funds in programs defined in the terms of the settlement. A liability has been recorded and these funds are included in restricted cash on the Corporation's statement of activities.

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

Schedule of Program Services

For the Year Ended August 31, 2012

	Membership Services	International Programs	National Team Development	Coaching	American Development Model	Officials	Player Development	Adult Hockey	Annual Congress/ Mid-Winter Meetings
Salaries	$ 852,835	$ 624,100	$ 961,832	$ 291,228	$ 733,527	$ 287,064	$	$ 279,120	$
Payroll taxes	55,276	41,671	72,898	21,523	56,270	21,586		19,695	
Health insurance	129,893	100,148	162,851	42,071	126,966	50,848		48,967	
Pension plan	55,897	50,856	33,959	22,962	54,190	23,624		23,565	
Audio/visual									118,259
Advertising & promotion	67,031	79,049	22,607	2,886	13,662	1,500		103,928	
Building rent			105,026						
Vehicle lease		5,828							
Building maintenance			5,508						
Dues & subscriptions	2,484	157,358	1,079	15	3,359	6,011		4	
Equipment	8,383	154,388	18,198	119,682	54,621	11,059	1,063	312	24,177
Computer maintenance & support	84,000								
Postage & freight	975,612	146,752	18,753	56,116	28,018	158,904	17,877	28,553	5,164
Grants		1,150,000				60,000	551,911		
Ice rental	188	162,790	143,794	79,041	1,315	46,297	72,237	306,868	
Insurance	5,376,280	126,560							
Investment & bank fees									
Meetings	1,907	871	6,720	732					
Other	504,708	171,534	5,897	104,146	5,154	60,171	12,157	103,752	4,402
Printing & publications	42,368	5,505	17,145	82,701	155,714	86,395	11,787	4,211	26,547
Protocol gifts	4,290	4,263	899			177			
Trophies & awards	6,083	28,613	3,738	52,879	2,428	15,230	1,593	125,261	23,660
Seminars & training	1,857		108,358	199					
Honoraria	25,302	263,597	208,882	160,815	7,000	184,205	159,975	2,900	
Contract services	320,245	125,004	239,995	78,026	219,569	11,597	17,541	187,406	29,022
Supplies	11,270	49,835	248,516	95,810	20,227	14,964	13,490	7,682	7,512
Telephone	48,196	20,699	8,538	5,902	20,386	17,668	1,158	1,265	1,733
Uniforms		86,105	11,315	29,867	84,089	17,533	47,417		
Corporate sponsor - VIK	550	199,673	124,693	13,609	2,039		91,157	7,200	5,766
Utilities			15,224						
Travel	106,453	1,277,759	428,394	250,143	143,688	453,793	304,184	66,739	251,907
Lodging & meals	75,887	1,166,119	210,646	654,255	220,893	349,840	520,970	88,816	472,884
	$ 8,756,995	$ 6,199,077	$ 3,185,465	$ 2,164,608	$ 1,953,115	$ 1,878,466	$ 1,824,517	$ 1,406,244	$ 971,033

	Membership Development	Internet Project	Youth Program	Junior Program	Patty Kazmaier Memorial Award	Lester Patrick Award	B. Burke Internship Program	Total
Salaries	$ 378,328	$ 154,802	$ 313,363	$	$	$	$	$ 4,876,199
Payroll taxes	25,559	10,733	21,540					346,751
Health insurance	57,654	25,591	51,295					796,284
Pension plan	34,717	12,998	24,443					337,211
Audio/visual								118,259
Advertising & promotion	24,095		5,376	4,950	867			325,951
Building rent								105,026
Vehicle lease								5,828
Building maintenance								5,508
Dues & subscriptions	450		150					170,910
Equipment	2,152		627		2,925			397,587
Computer maintenance & support		49,480						133,480
Postage & freight	43,045	65	6,947	1,962	2,060	253		1,490,081
Grants				238,634				2,000,545
Ice rental	700		900	20,619	310			835,059
Insurance								5,502,840
Investment & bank fees							36	36
Meetings	808							11,038
Other	2,262	366	61	1,338	321			976,269
Printing & publications	4,508	35	33	136	902			437,987
Protocol gifts	4,424							14,053
Trophies & awards			57,680	11,218	3,453	6,933		338,769
Seminars & training	3,500		199					114,113
Honoraria				7,000				1,019,676
Contract services	108,935	408,850	474	16,000	1,000			1,763,664
Supplies	1,394		1,803	1,549	917			474,969
Telephone	5,008	287	5,989	2,052				138,881
Uniforms	141,144			2,696				420,166
Corporate sponsor - VIK	328		4,002	11,369				460,386
Utilities								15,224
Travel	21,214	2,702	50,320	61,099	18,273			3,436,668
Lodging & meals	19,689	3,419	37,775	37,613				3,858,806
	$ 879,914	$ 669,328	$ 582,977	$ 418,235	$ 31,028	$ 7,186	$ 36	$ 30,928,224

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

Schedule of Supporting Services

For the Year Ended August 31, 2012

	General & Administrative	Marketing & Fundraising	Total
Salaries	$ 1,606,616	$ 626,709	$ 2,233,325
Other	44,593	68,913	113,506
Building rent	132,676		132,676
Depreciation	503,268		503,268
Legal	56,976	5,849	62,825
Health insurance	467,866	96,199	564,065
Contract services	191,443	134,776	326,219
Travel	126,345	19,831	146,176
Pension plan	115,828	64,673	180,501
Lodging & meals	162,842	20,153	182,995
Insurance	134,925	2,501	137,426
Support for STAR	125,000		125,000
Payroll taxes	115,945	44,645	160,590
Printing & publications	17,763	1,370	19,133
Computer maintenance & support	72,945		72,945
Bank & investment fees	103,182	2,503	105,685
Telephone	70,514	2,372	72,886
Utilities	76,255		76,255
Supplies	57,771	1,769	59,540
Postage & freight	20,870	20,617	41,487
Trophies & awards	20,298	7,490	27,788
Accounting	63,871		63,871
Equipment purchases	82,781	9,548	92,329
Corporate sponsor - VIK		44,872	44,872
Advertising	15,000	8,534	23,534
Dues & subscriptions	18,815	1,240	20,055
Meetings	15,092	285	15,377
Bad debts	5,525		5,525
Vehicle lease	7,591		7,591
Building maintenance	80,758		80,758
Ice rental	12,088		12,088
Seminars & training	970	1,505	2,475
Protocol gifts	6,863	358	7,221
Uniforms	980		980
Gas & vehicle maintenance	724		724
	$ 4,534,979	$ 1,186,712	$ 5,721,691