ULTIMATE PLAYERS ASSOCIATION
d/b/a USA ULTIMATE
USA ULTIMATE FOUNDATION

Financial Statements

For the Year Ended December 31, 2014

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WAUGH & GOODWIN, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Ultimate Players Association
d/b/a USA Ultimate
USA Ultimate Foundation
Colorado Springs, Colorado

We have audited the accompanying consolidating financial statements of Ultimate Players Association d/b/a USA Ultimate and USA Ultimate Foundation (a nonprofit organization) which comprise the consolidating statements of financial position as of December 31, 2014, and the related consolidating statements of activities and 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 consolidating financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidating financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidating financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the consolidating financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidating 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 consolidating financial statements referred to above present fairly, in all material respects, the financial position of USA Ultimate and USA Ultimate Foundation as of December 31, 2014, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited USA Ultimate's December 31, 2013 financial statements, and our report dated June 5, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Waugh & Goodwin, LLP
Colorado Springs, Colorado
May 22, 2015

ULTIMATE PLAYERS ASSOCIATION
d/b/a USA ULTIMATE
USA ULTIMATE FOUNDATION
Consolidating Statements of Financial Position
December 31, 2014
(With Unconsolidated Totals for 2013)

	USA Ultimate	USA Ultimate Foundation	Eliminating Entries	Consolidated Totals 2014	(Unconsolidated) USA Ultimate Totals 2013
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$ 842,897	$ 44,982	$	$ 887,879	$ 1,601,207
Certificate of deposit	245,859			245,859	244,210
Accounts receivable, net	84,149			84,149	70,950
Due from USA Ultimate Foundation	8,097		(8,097)		
Inventory	24,500	1,500		26,000	24,500
Prepaid expenses and deposits	26,636			26,636	26,623
Total current assets	1,232,138	46,482	(8,097)	1,270,523	1,967,490
LONG-TERM INVESTMENTS	744,103			744,103	
PROPERTY AND EQUIPMENT:					
IT infrastructure system	239,277			239,277	176,219
Furniture and equipment	41,668			41,668	39,368
Computer equipment	20,245			20,245	18,436
Other depreciable projects	6,600			6,600	77,732
Software	5,086			5,086	
	312,876			312,876	311,755
Less accumulated depreciation	(89,836)			(89,836)	(114,862)
Property and equipment - net	223,040			223,040	196,893
OTHER ASSETS	10,500			10,500	3,500
TOTAL ASSETS	$ 2,209,781	$ 46,482	$ (8,097)	$ 2,248,166	$ 2,167,883
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES:					
Accounts payable	258,674			258,674	240,316
Due to USA Ultimate		8,097	(8,097)		
Accrued liabilities	60,342			60,342	56,871
Current portion of deferred revenue	288,555			288,555	279,886
Total current liabilities	607,571	8,097	(8,097)	607,571	577,073
DEFERRED REVENUE	246,767			246,767	214,852
Total liabilities	854,338	8,097	(8,097)	854,338	791,925
NET ASSETS:					
Unrestricted	1,355,443	26,477		1,381,920	1,375,868
Temporarily restricted		11,908		11,908	90
Total net assets	1,355,443	38,385		1,393,828	1,375,958
TOTAL LIABILITIES AND NET ASSETS	$ 2,209,781	$ 46,482	$ (8,097)	$ 2,248,166	$ 2,167,883

See Notes to Financial Statements

ULTIMATE PLAYERS ASSOCIATION
d/b/a USA ULTIMATE
USA ULTIMATE FOUNDATION
Consolidating Statements of Activities and Changes in Net Assets
For the Year Ended December 31, 2014
(With Unconsolidated Totals for 2013)

	USA Ultimate	USA Ultimate Foundation	Consolidated Totals 2014	(Unconsolidated) USA Ultimate Totals 2013
REVENUE:				
Membership dues	$ 1,804,277	$	$ 1,804,277	$ 1,666,087
Competition and athlete programs	611,765		611,765	536,169
Sponsorship and licensing	374,623		374,623	347,686
National teams	152,677		152,677	124,850
Sport development and outreach	85,923		85,923	107,960
Sales	56,615		56,615	58,014
Cost of goods sold	(47,066)		(47,066)	(48,452)
Coach and observer development program	31,005		31,005	31,880
Contributions		26,750	26,750	21,793
Other income	4,200		4,200	7,830
Investment income	680		680	11,306
Total revenue	3,074,699	26,750	3,101,449	2,865,123
EXPENSES:				
Program services:				
Triple Crown Tour, Beach and Masters events and programs	589,350		589,350	479,092
Communications and publications	384,073		384,073	392,357
Marketing and sponsorship	345,511		345,511	339,321
Youth events and programs	314,670		314,670	303,984
National teams	285,706		285,706	269,134
College events and programs	218,974		218,974	213,822
Sport development and outreach	189,071		189,071	123,950
Member services	161,975		161,975	136,068
Event standards/Spirit of the Game/ rules/disc standards	107,497		107,497	105,098
Coach and observer development programs	104,037		104,037	92,373
AE system	68,005		68,005	77,902
International programs	21,757		21,757	52,545
Total program services	2,790,626		2,790,626	2,585,646
Supporting services:				
Board of directors	106,035		106,035	91,346

Operations	120,435	25,388	145,823	73,646
Fundraising	43,118	9,885	53,003	74,118
Total supporting services	269,588	35,273	304,861	239,110
Total unrestricted expenses	3,060,214	35,273	3,095,487	2,824,756
CHANGE IN UNRESTRICTED NET ASSETS	14,485	(8,523)	5,962	40,367
TEMPORARILY RESTRICTED NET ASSETS				
Play It Forward	90	7,842	7,932	90
National Teams		3,976	3,976	
Less satisfied program restrictions	(90)	90		
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS		11,908	11,908	90
CHANGE IN NET ASSETS	14,485	3,385	17,870	40,457
NET ASSETS, beginning of year	1,375,958		1,375,958	1,335,591
TRANSFER OF NET ASSETS	(35,000)	35,000		
NET ASSETS, end of year	$ 1,355,443	$ 38,385	$ 1,393,828	$ 1,376,048

See Notes to Financial Statements

ULTIMATE PLAYERS ASSOCIATION
d/b/a USA ULTIMATE
USA ULTIMATE FOUNDATION
Consolidating Statements of Cash Flows
For the Year Ended December 31, 2014
(With Unconsolidated Totals for 2013)

	USA Ultimate	USA Ultimate Foundation	Consolidated Totals 2014	(Unconsolidated) USA Ultimate Totals 2013
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in net assets	$ 14,485	$ 3,385	$ 17,870	$ 40,367
Adjustments to reconcile the change in net assets to net cash provided by operating activities:				
Depreciation	53,833		53,833	35,809
Realized loss on investments	7,952		7,952	
Decrease (increase) in assets:				
Accounts receivable, net	(21,296)		(21,296)	(63,200)
Inventory		(1,500)	(1,500)	(4,500)
Prepaid expenses and deposits	(13)		(13)	15,590
Other assets	(7,000)		(7,000)	
Increase (decrease) in liabilities:				
Accounts payable	18,358	8,097	26,455	185,359
Accrued liabilities	3,471		3,471	(26,417)
Deferred revenue	40,584		40,584	(2,743)
Total adjustments	95,889	6,597	102,486	139,898
Net cash provided by operating activities	110,374	9,982	120,356	180,265
CASH FLOWS FROM INVESTING ACTIVITIES:				
Certificate of deposit, net	(1,649)		(1,649)	489,442
Acquisition of property and equipment	(79,980)		(79,980)	(94,656)
Purchase of investments	(752,055)		(752,055)	
Net cash provided (used) by investing activities	(833,684)		(833,684)	394,786
CASH FLOWS FROM FINANCING ACTIVITIES:				
Transfer to USA Ultimate Foundation	(35,000)	35,000		
Net cash provided (used) by financing activities	(35,000)	35,000		
NET INCREASE (DECREASE) IN CASH	(758,310)	44,982	(713,328)	575,051
CASH AND CASH EQUIVALENTS, beginning of year	1,601,207		1,601,207	1,026,156
CASH AND CASH EQUIVALENTS, end of year	$ 842,897	$ 44,982	$ 887,879	$ 1,601,207

See Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of USA Ultimate are being presented on a consolidated basis with the USA Ultimate Foundation 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 two entities are shown as eliminating entries and removed in order to properly reflect consolidated totals.

Organization

USA Ultimate (Corporation) is the national governing body for the sport of Ultimate and is a member of the World Flying Disc Federation. The Corporation is responsible for the promotion and development of the sport of Ultimate in the United States.

The USA Ultimate Foundation (Foundation) was incorporated in 2014. The purpose of the Foundation is to raise funds and acquire assets that will enable USA Ultimate to encourage, improve and promote the sport of Ultimate in the United States.

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. Accordingly, no income tax provision has been recorded.

The Corporation's 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 Corporation and the Foundation believes that it does not have any uncertain tax positions that are material to the financial statements.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributions

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

Membership Registrations

Membership dues consist of lifetime and annual registrations and are recognized as revenue over the duration of the membership. Lifetime memberships are recognized over fifteen years.

Cash and Cash Equivalents

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

Inventory

Inventory is stated at the lower of cost (first-in, first-out method) or market and consists of discs, rulebooks, DVD's, manuals, guides and clothing.

Furniture and Equipment

Furniture and equipment is recorded at cost or, in the case of donated property, at their estimated fair value at date of receipt. All acquisitions of furniture and equipment in excess of $200 are capitalized.

Depreciation is recorded using the straight-line method over estimated useful lives of three to seven years. Depreciation expense for the years ended December 31, 2014 and December 31, 2013, was $53,833 and $35,809, respectively.

Supplemental Cash Flow Disclosures

The Corporation and the Foundation paid no interest or income taxes during the years ended December 31, 2014 and December 31, 2013.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 credit history with customers having outstanding balances and current relationships with them, it has concluded that an allowance for doubtful accounts at December 31, 2014 and at December 31, 2013 of $1,000 is necessary.

Accounts receivable outstanding for more than 60 days are considered delinquent. Delinquent receivables are determined to be uncollectible on a case by case basis and are written off to bad debt expense at such point of determination.

Functional Allocation of Expenses

Certain costs and expenses are allocated among the various programs and supporting service expenses based on salary expenses. For the years ended December 31, 2014 and December 31, 2013, the Corporation's supporting service expenses amounted to 8.77% and 8.35%, respectively, of total support and revenue.

Use of Estimates

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

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

Donated Services

The Corporation and the Foundation receive 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 ASC 958, "Not-For-Profit Entities".

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Date of Management's Review

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through May 22, 2015, the date that the financial statements were available to be issued.

B. FAIR VALUE MEASUREMENTS

The Corporation and Foundation 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, and Foundation 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 December 31, 2014 and 2013:

B. FAIR VALUE MEASUREMENTS - Continued

Assets at Fair Value as of December 31, 2014

	Level 1	Level 2	Level 3	Total
Certificates of deposit	$ 245,859	$	$	$ 245,859
USOE pooled Fund		744,103		744,103
	$ 245,859	$ 744,103	$	$ 989,962

Assets at Fair Value as of December 31, 2013

	Level 1	Level 2	Level 3	Total
Certificates of deposit	$ 244,210	$	$	$ 244,210
	$ 244,210	$	$	$ 244,210

The United States Olympic Endowment (USOE) investment consists of units in a pooled portfolio managed by the USOE. At December 31, 2014, the USOE portfolio consisted of the following types of securities:

Alternative investments	32.11%
Domestic equities	29.40
International equities	24.02
Domestic bonds	6.20
Cash & cash equivalents	5.45
International bonds	2.82
	100.00%

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

Some investments are exposed to various risks that may cause their reported fair values to fluctuate from period to period and could materially affect the recorded amount of investments in the Corporation's 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.

B. FAIR VALUE MEASUREMENTS - Continued

Though the market values of investments are subject to fluctuation, management believes that the investment policy is prudent for the long-term welfare of the Corporation.

Investment income consists of the following at December 31, 2014 and 2013:

	2014	2013
Interest and dividends	$ 8,632	$ 11,306
Unrealized loss on securities	(8,285)	
Realized gains on securities	333	
	$ 680	$ 11,306

C. CERTIFICATE OF DEPOSIT

Certificate of deposit at December 31, 2014 consists of one certificate from a commercial bank in the amount of $245,859 earning interest at a rate of .70% and maturing June 19, 2015. The Corporation intends to hold this certificate until maturity.

D. DEFERRED REVENUE

Deferred revenue consists of the following at December 31, 2014 and 2013:

	2014	2013
Membership dues	$ 431,000	$ 395,599
Lifetime membership dues	82,517	83,330
Other	21,655	10,309
Sanctioned event fees	150	5,500
	$ 535,322	$ 494,738

E. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at December 31, 2014 and 2013:

	2014	2013
Play it Forward	$ 7,932	$ 90
National teams	3,976	
	$ 11,908	$ 90

F. RETIREMENT PLAN

The Corporation has a SIMPLE retirement plan for its employees. Employees are eligible to make contributions to the plan if they expect to receive at least $5,000 in compensation during the year. The Corporation matches 100% of the voluntary contributions of its employees up to 3% of the employee's compensation for the calendar year. Employer contribution expense for the years ended December 31, 2014 and December 31, 2013, amounted to $22,295 and $20,014, respectively.

G. LEASES

During 2014, the Corporation leased office space in Boulder, Colorado under an operating lease. The lease required monthly payments of $5,308 through December 31, 2014. After December 31, 2014, the Corporation leased one room of the former office space under an amended office lease at a rate of $800 per month through May, 2015.

The Corporation entered into a new operating lease for office and storage space in Colorado Springs, Colorado in January 2015. This lease requires monthly payments at an initial base rent of $3,455 starting January 1, 2016.

The Corporation began occupying the space in January, 2015 but the base rent is waived for 2015. The base rent increases annually and the lease expires on December 31, 2020.

Future minimum lease payments for the years ending December 31 are as follows:

2015	$ 4,000
2016	41,964
2017	45,688
2018	49,412
2019	53,136
2020	56,860

H. TECHNOLOGY CONTRACT OBLIGATION

The Corporation entered into an agreement with a software and networking company to build a new online portal in October 2010. Under this agreement, the Corporation is required to pay a monthly license fee of $3,000, beginning in November 2013 and continuing for 48 months. If the Corporation cancelled the agreement at December 31, 2014, the Corporation would be obligated to pay $3,000 per month for the next 34 months.