

**UNITED STATES OF AMERICA RUGBY  
FOOTBALL UNION, LTD.  
USA RUGBY CHARITABLE FOUNDATION  
RUGBY INTERNATIONAL MARKETING, LLC**

**Consolidated Financial Statements &  
Supplemental Schedules**

**For the Year Ended December 31, 2015**

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INDEPENDENT AUDITORS' REPORT

The Board of Directors  
United States of America Rugby Football Union, Ltd.  
Lafayette, Colorado

We have audited the accompanying consolidated financial statements of United States of America Rugby Football Union, Ltd. (a non-profit organization), USA Rugby Charitable Foundation (a non-profit organization), and Rugby International Marketing, LLC (a for-profit organization), which comprise the consolidated statement of financial position as of December 31, 2015, and the related consolidated statements of activities and changes in net assets 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.

**Auditors' 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 of America Rugby Football Union, Ltd., USA Rugby Charitable Foundation, and Rugby International Marketing, LLC as of December 31, 2015, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited United States of America Rugby Football Union, Ltd., USA Rugby Charitable Foundation, and Rugby International Marketing, LLC's 2014 consolidated financial statements, and our report dated May 22, 2015, expressed an unmodified opinion on those consolidated audited financial statements. In our opinion, the consolidated summarized comparative information presented herein as of and for the year ended December 31, 2014, 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 consolidated schedules of program and supporting services and 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  
June 3, 2016

UNITED STATES OF AMERICA RUGBY FOOTBALL UNION, LTD.  
USA RUGBY CHARITABLE FOUNDATION  
RUGBY INTERNATIONAL MARKETING, LLC  
Consolidated Statement of Financial Position  
December 31, 2015  
(With Comparative Amounts for 2014)

	<u>ASSETS</u>	
	<u>2015</u>	<u>2014</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 2,072,942	\$ 1,574,591
Accounts receivable	1,364,642	1,107,309
Due from affiliated organizations	3,119	183,884
Inventory	2,425	7,904
Prepaid expenses	<u>654,061</u>	<u>283,386</u>
Total current assets	4,097,189	3,157,074
LONG-TERM INVESTMENTS	140,024	150,518
<b>PROPERTY AND EQUIPMENT:</b>		
Furniture and equipment	323,485	214,297
Leasehold improvements	4,645	3,200
Website	48,291	45,291
Software	19,275	14,775
Less accumulated depreciation	<u>(256,598)</u>	<u>(173,847)</u>
Furniture and equipment - net	139,098	103,716
OTHER ASSET:		
Deposits	<u>21,575</u>	<u>21,575</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,397,886</u>	<u>\$ 3,432,883</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 530,263	\$ 1,397,794
Due to affiliated organizations	1,385	32,132
Accrued liabilities	106,478	208,660
Deferred revenue	<u>2,292,083</u>	<u>2,132,622</u>
Total liabilities	2,930,209	3,771,208
<b>NET ASSETS:</b>		
Unrestricted	(408,962)	(338,325)
Unrestricted - non-controlling interest in Rugby International Marketing, LLC	1,852,266	
Temporarily restricted	<u>24,373</u>	
Total net assets	<u>1,467,677</u>	<u>(338,325)</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 4,397,886</u>	<u>\$ 3,432,883</u>

See Notes to Financial Statements

UNITED STATES OF AMERICA RUGBY FOOTBALL UNION, LTD.  
USA RUGBY CHARITABLE FOUNDATION  
RUGBY INTERNATIONAL MARKETING, LLC  
Consolidated Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2015  
(With Comparative Totals for 2014)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Consolidated Totals</u>	<u>2014 Consolidated Totals</u>
<b>REVENUE:</b>				
Membership dues	\$ 4,681,011	\$	\$ 4,681,011	\$ 4,483,754
Corporate sponsorship	2,470,753		2,470,753	2,200,203
High performance grants	2,388,852		2,388,852	1,972,974
Event revenue	2,120,698		2,120,698	5,364,238
Donations	915,997	79,861	995,858	547,286
In-kind contributions	832,050		832,050	645,700
Rugby development	771,159		771,159	516,632
Licensing	204,341		204,341	239,575
Merchandise sales, net of cost of goods sold of \$130,687 and \$408,677	44,966		44,966	223,733
Other income	35,721		35,721	79,003
Fundraising event contributions & revenue, net of direct expenses of \$26,792 and \$216,643	34,963		34,963	84,268
Amounts released from restriction	<u>55,488</u>	<u>(55,488)</u>		
Total revenue	14,555,999	24,373	14,580,372	16,357,366
<b>EXPENSES:</b>				
Program services:				
Men's senior national team	3,900,354		3,900,354	2,972,590
Events	2,948,584		2,948,584	5,115,109
Rugby development	1,953,250		1,953,250	2,164,021
Membership	1,625,390		1,625,390	1,406,203
Women's senior national team	1,380,941		1,380,941	1,374,309
High performance	<u>591,428</u>		<u>591,428</u>	<u>1,390,903</u>
Total program services	12,399,947		12,399,947	14,423,135
Supporting services:				
Media & marketing	1,035,867		1,035,867	559,562
National office	1,015,926		1,015,926	1,030,032
Fundraising	<u>322,830</u>		<u>322,830</u>	<u>167,588</u>
Total supporting services	<u>2,374,623</u>		<u>2,374,623</u>	<u>1,757,182</u>
Total expenses	<u>14,774,570</u>		<u>14,774,570</u>	<u>16,180,317</u>
CONSOLIDATED CHANGE IN NET ASSETS	(218,571)	24,373	(194,198)	177,049
NET ASSETS, beginning of year	(338,325)	0	(338,325)	(515,374)
CAPITAL CONTRIBUTIONS TO RUGBY INTERNATIONAL MARKETING, LLC				
	<u>2,000,200</u>		<u>2,000,200</u>	
NET ASSETS, end of year	<u>\$ 1,443,304</u>	<u>\$ 24,373</u>	<u>\$ 1,467,677</u>	<u>\$ (338,325)</u>

See Notes to Financial Statements

UNITED STATES OF AMERICA RUGBY FOOTBALL UNION, LTD.  
USA RUGBY CHARITABLE FOUNDATION  
RUGBY INTERNATIONAL MARKETING, LLC  
Consolidated Statement of Cash Flows  
For the Year Ended December 31, 2015  
(With Comparative Amounts for 2014)

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (194,198)	\$ 177,049
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	82,751	58,046
(Increase) decrease in current operating assets:		
Accounts receivable	(257,333)	(794,980)
Due from affiliated organizations	180,765	(183,884)
Inventory	5,479	300
Prepaid expenses	(370,675)	359,905
Increase (decrease) in current operating liabilities:		
Accounts payable	(867,531)	1,036,681
Due to affiliated organizations	(30,747)	32,132
Payroll liabilities	(102,182)	44,951
Deferred revenue	<u>159,461</u>	<u>458,378</u>
Total adjustments	<u>(1,200,012)</u>	<u>1,011,529</u>
Net cash provided (used) by operating activities	(1,394,210)	1,188,578
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property & equipment	(118,133)	(38,894)
Change in investments, net	<u>10,494</u>	<u>          </u>
Net cash used by investing activities	(107,639)	(38,894)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital contributions to Rugby International Marketing, LLC	<u>2,000,200</u>	<u>          </u>
Net cash provided by financing activities	<u>2,000,200</u>	<u>          </u>
NET INCREASE IN CASH	498,351	1,149,684
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,574,591</u>	<u>424,907</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,072,942</u>	<u>\$ 1,574,591</u>

See Notes to Financial Statements

UNITED STATES OF AMERICA RUGBY FOOTBALL UNION, LTD.  
USA RUGBY CHARITABLE FOUNDATION  
RUGBY INTERNATIONAL MARKETING, LLC

Notes to Financial Statements

For the Year Ended December 31, 2015

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

USA Rugby Football Union, Ltd. d/b/a USA Rugby (a non-profit organization) is the national governing body for the sport of rugby and is responsible for the promotion and development of the sport in the United States and promotion of U.S. international participation. USA Rugby is an official member of the United States Olympic Committee (USOC) and World Rugby (WR). The Corporation has approximately 115,000 members and is responsible for the development of the boys, girls, high school, collegiate, club athletic programs, and ultimately the ten national teams representing the U.S. in international competitions. USA Rugby's current structure comprises 1 Territorial Union, 13 Local Geographic Unions, 40 State Rugby Organizations, and 105 college conferences that compete for regional and national championships. USA Rugby's national office is located in Lafayette, Colorado.

USA Rugby Foundation (the Foundation) was formed in 2002, as a Pennsylvania non-profit corporation, and is a supporting organization for USA Rugby. The Foundation is organized as a membership organization with the sole member being USA Rugby.

Rugby International Marketing, LLC (a for-profit organization) was formed in 2014 as a Delaware limited liability company. Rugby International Marketing, LLC (RIM) is responsible for promoting the sport of rugby through alternative channels and the international events. As of December 31, 2014, RIM was a single-member LLC, with the sole member being USA Rugby. However, in 2015, a non-controlling interest was acquired by an unrelated investor, Rugby Football Union USA, Inc.

Basis of Presentation

The financial statements of USA Rugby (the Corporation) are being presented on a consolidated basis with the Foundation and RIM, 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 interest in other entities. All inter-organizational accounts have been eliminated in the accompanying financial statements.



## Notes to Financial Statements

### A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Supplemental Cash Flow Disclosure

Cash and cash equivalents consist of the Organizations' checking and savings accounts. Cash flows from operating activities reflect interest paid of \$2,486 and \$9,436 and no income taxes paid for the years ended December 31, 2015 and 2014, respectively.

#### Accounts Receivable

Accounts receivable are stated at the amount management expects 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 realization losses on balances outstanding at year-end will be immaterial. Therefore, no allowance for doubtful accounts is considered necessary.

#### Depreciation

Assets are recorded at cost and depreciated using the straight-line method over estimated useful lives of three to five years. Depreciation expense amounted to \$82,751 and \$58,046 for the years ended December 31, 2015 and 2014, 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.

## Notes to Financial Statements

### A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Contributions - continued

The Foundation maintains and publishes a gift acceptance policy. This policy states that administrative fees to cover all or a portion of the Foundation's indirect costs of administering certain gifts will be determined and charged against gifts as follows:

- Current, restricted gifts - determined by the [Foundation's] Board annually.
- Endowments - 2% per annum, which will be assessed quarterly based upon the value of the Fund at the end of each quarter.

Administrative fees that were charged against current, restricted gifts and endowments are reported as amounts released from restriction in the statement of activities.

During the year ended December 31, 2015, temporarily restricted net assets granted to USA Rugby from the Foundation for satisfaction of the respective restriction were granted with restrictions intact. However, in accordance with the USA Rugby policy, these restricted contributions were reported as unrestricted revenue when the restrictions were satisfied in the same period.

#### Donated Services

The Corporation 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.

#### Income Tax

The Corporation and 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.

## Notes to Financial Statements

### A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Income Tax - continued

Beginning in the year ended December 31, 2015, RIM is a limited liability company taxed as a partnership. The entity files Form 1065 and issues Schedules K-1 to each member according to the income/loss allocation prescribed by the entity's operating agreement. Profits that are generated from activity unrelated to USA Rugby's exempt purpose are subject to income tax.

Management of the Organizations believe that they do not have any uncertain tax positions that are material to the financial statements.

#### 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 State of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

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

#### Date of Management's Review

In preparing the financial statements, the Organizations have evaluated events and transactions for potential recognition or disclosure through June 3, 2016, the date that the financial statements were available to be issued.

### B. FAIR VALUE MEASUREMENT

The Organizations 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.

Notes to Financial Statements

B. FAIR VALUE MEASUREMENT - Continued

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 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 following tables present assets that are measured at fair value on a recurring basis at December 31, 2015 and 2014:

Assets at Fair Value as of December 31, 2015

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income	\$ 100,845	\$	\$	\$ 100,845
Cash	39,067			39,067
Equities	<u>112</u>			<u>112</u>
	<u>\$ 140,024</u>	<u>\$</u>	<u>\$</u>	<u>\$ 140,024</u>

Assets at Fair Value as of December 31, 2014

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income	\$ 104,231	\$	\$	\$ 104,231
Cash	29,249			29,249
Equities	10,237			10,237
Mutual funds	<u>6,801</u>			<u>6,801</u>
	<u>\$ 150,518</u>	<u>\$</u>	<u>\$</u>	<u>\$ 150,518</u>

## Notes to Financial Statements

### C. INVESTMENT INCOME (LOSS)

Investment income (loss) is recorded as other income in the accompanying statement of activities consists of the following for the years ended December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 2,071	\$ 975
Realized and unrealized loss	<u>(2,169)</u>	<u>(3,258)</u>
Investment income (loss)	<u>\$ (98)</u>	<u>\$ (2,283)</u>

### D. LINES OF CREDIT

The Corporation had two lines of credit available from commercial banks. The first is a \$200,000 line that carries interest at lender's prime rate plus 2.990% and matures October 23, 2016. The second was a \$500,000 line that was secured by all business assets and carried interest at LIBOR plus 10.005% and matured on November 15, 2015; this line was renewed under similar terms during 2015. As of December 31, 2015 and 2014, there were no outstanding borrowings on either of the lines of credit.

### E. DEFERRED REVENUE

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

	<u>2015</u>	<u>2014</u>
Membership revenue	\$ 1,897,535	\$ 1,858,337
Grants	159,090	176,809
Miscellaneous	152,124	43,501
Corporate sponsorship	<u>83,334</u>	<u>53,975</u>
	<u>\$ 2,292,083</u>	<u>\$ 2,132,622</u>

The Corporation uses a membership year of September 1 to August 31. At December 31, 2015 and 2014, eight months of membership revenue is deferred to the subsequent year.

Notes to Financial Statements

F. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2015 and 2014, consist of contributions received for the following purpose:

	<u>2015</u>	<u>2014</u>
Don Morrison Referee Fund	\$ <u>24,373</u>	\$ <u>0</u>

The Foundation incurs costs for administering certain restricted contributions, which are charged against restricted net assets. During the year ended December 31, 2015, these costs represented approximately 7.4% of total restricted contributions received by the Foundation.

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

	<u>2015</u>	<u>2014</u>
Administrative cost allocation	\$ 53,393	\$
EMT services	2,095	
Don Morrison Referee Fund	<u>0</u>	<u>12,152</u>
	<u>\$ 55,488</u>	<u>\$ 12,152</u>

G. CHANGES IN CONSOLIDATED UNRESTRICTED NET ASSETS ATTRIBUTABLE TO RUGBY INTERNATIONAL MARKETING, LLC

During the year ended December 31, 2015, an unrelated entity, Rugby Football Union USA, Inc., acquired a non-controlling interest in RIM for \$2,000,000, acquiring Class A Preferred Units. As of December 31, 2015, USA Rugby controlled RIM through Class A Common Units and a majority representation on RIM's Board of Directors.

	<u>Controlling Interest</u>	<u>Non- controlling Interest</u>
Balance at January 1, 2014	\$ 0	\$ 0
Capital contributions	0	0
Change in net assets	<u>(97,686)</u>	<u>0</u>
Balance at December 31, 2014	(97,686)	0
Capital contributions	200	2,000,000
Change in net assets	<u>(106,003)</u>	<u>(147,734)</u>
Balance at December 31, 2015	<u>\$ (203,489)</u>	<u>\$ 1,852,266</u>

## Notes to Financial Statements

### H. 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 December 31, 2015 and 2014, consist of the following project categories:

	<u>2015</u>	<u>2014</u>
High performance grant	\$ 812,160	\$ 559,300
Other grants	53,088	
Value-in-kind	51,840	35,700
International relations grant	<u>10,000</u>	<u>20,000</u>
	<u>\$ 927,088</u>	<u>\$ 615,000</u>

For the year ended December 31, 2015, the USOC also provided \$220,000 in direct athlete support, which is not recorded in the consolidated statement of activities.

World Rugby (WR) also provides grants to the Corporation for sports development, international competition, and team preparation. Total grants from WR for the years ended December 31, 2015 and 2014, consist of the following project categories:

	<u>2015</u>	<u>2014</u>
High performance grant	\$ 1,085,095	\$ 1,280,189
Rugby World Cup Participation	491,597	133,485
Rugby development grants	<u>396,107</u>	<u>315,446</u>
	<u>\$ 1,972,799</u>	<u>\$ 1,729,120</u>

### I. IN-KIND CONTRIBUTIONS

The Corporation received in-kind sponsorships and donations from various supporters, including affiliated organizations. In-kind sponsorships and donations recorded in the Organizations' financial statements are \$832,050 and \$645,700 for the years ended December 31, 2015 and 2014, respectively.

### J. PENSION PLAN

The Corporation adopted a 401(k) plan (the Plan) covering all employees who are at least 21 years old and who work at least 1,000 hours per year. Plan participants may make pre-tax deferrals subject to limitations imposed by the Internal Revenue Code. The Corporation matches a portion of the

## Notes to Financial Statements

### J. PENSION PLAN - Continued

employee's deferral, subject to limits set by the Plan. During the years ended December 31, 2015 and 2014, the Corporation made matching contributions to the Plan totaling \$15,847 and \$11,229, respectively.

### K. CONTINGENCIES

During the year ended December, 31, 2014, a former employee filed legal action against the Corporation for payment of commissions earned on future sponsorships negotiated in advance by the former employee. The Corporation and the former employee settled the issue in March, 2015. The settlement agreement provides for additional commissions to be paid in two installments in 2015 and 2016 in the amounts of \$60,000 and \$15,000, respectively. The commissions were not accrued as of December 31, 2014, as these additional commissions were considered commissions that would have been payable on sponsorship revenues realized subsequent to December 31, 2014. In 2015, the Corporation received \$35,000 in insurance claim proceeds to abate a portion of the settlement costs. As of December 31, 2015, all commissions owed from this settlement had been paid.

### L. INTERCOMPANY TRANSACTIONS

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

### M. OPERATING LEASE AGREEMENTS

The Corporation leased office and warehouse space in Boulder, Colorado until these leases expired in 2015. Subsequent to December 31, 2015, the Corporation moved its office location to Lafayette, Colorado, executed a new lease for office space, and terminated the lease for warehouse space. The Corporation also leases a postage meter and copier.

The term for the office lease is April 1, 2016, through April 30, 2021, with an initial rate of \$6,250 per month and an escalation factor every 12 months.



Notes to Financial Statements

M. OPERATING LEASE AGREEMENTS - Continued

The postage meter lease expired on January 31, 2016. A new lease for a postage meter was executed in January, 2016, for an additional 51 month term at a quarterly rate of \$475.

The copier lease expired on May 1, 2016. A new copier lease was signed in February, 2016, for an additional 48 month term at a monthly rate of \$570.

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

2016	\$	108,079
2017		129,318
2018		141,903
2019		147,484
2020		146,167
2021		36,679

UNITED STATES OF AMERICA RUGBY FOOTBALL UNION, LTD.  
USA RUGBY CHARITABLE FOUNDATION  
RUGBY INTERNATIONAL MARKETING, LLC  
Consolidated Schedule of Program Services  
For the Year Ended December 31, 2015

	Men's Senior National Team	Events	Rugby Development	Membership	Women's Senior National Team	High Performance	Total
Advertising	\$	\$ 267,213	\$ 10,249	\$	\$	\$ 500	\$ 277,962
Apparel	33,866	21,482	34,759		527	26,525	117,159
Awards & gifts	4,167	23,437	8,940		557	3,983	41,084
Background checks	285			95,916	243		96,444
Bank charges	184	262		69,572	101		70,119
Branding & signage		6,491					6,491
Clinic host reimbursements			22,205				22,205
Conferences	42		473			4,350	4,865
Contract labor	630,382	21,125	180,677	37,904	356,390	63,200	1,289,678
Consulting fees			600				600
Database maintenance	97,466						97,466
Depreciation	21,982	2,379	7,253	4,861	16,720	2,577	55,772
Dues & subscriptions	9,827	5,199	4,017	684	4,671	2,854	27,252
Employee benefits	50,896	24,216	75,618	14,522	22,477	22,720	210,449
Equipment rental & maintenance	2,235	80,918	67	417	15,875	31,366	130,878
Facilities rental	66,218	22,337			12,366		100,921
Grants			332,624				332,624
Graphic design fees		40	845				885
Hosting				93,405			93,405
Insurance	278,753	22,660		1,165,581	96,441	1,500	1,564,935
Legal	10,590		165		266		11,021
Laundry		11,146					11,146
Medical fees	61,332	15,043	1,530		17,998	656	96,559
Miscellaneous	2,871	6,568	477	95	610	300	10,921
Match fees		468,920	7,750				476,670
Payroll taxes	34,399	11,982	45,855	9,353	19,195	9,429	130,213
Player per diem	398,315						398,315
Postage	21,405	37,292	10,940	252	11,332	17,632	98,853
Printing	1,706	26,981	24,719		29	(3)	53,432
Rent - office						28,800	28,800
Stadiums		524,584	6,121				530,705
Supplies			22,568			86	22,654
Telephone	4,782	2,019	6,607	394	1,703	3,203	18,708
Travel, lodging, meals, & transportation	1,053,158	631,347	558,676	12,634	282,595	183,367	2,721,777
TV & broadcasting	130	479,824	12,900			63	492,917
Utilities					130		130
Uniforms	578,668				201,542		780,210
Video			2,907				2,907
Wages	536,695	235,119	565,751	119,800	319,173	188,320	1,964,858
Website			7,957				7,957
	<u>\$ 3,900,354</u>	<u>\$ 2,948,584</u>	<u>\$ 1,953,250</u>	<u>\$ 1,625,390</u>	<u>\$ 1,380,941</u>	<u>\$ 591,428</u>	<u>\$ 12,399,947</u>

UNITED STATES OF AMERICA RUGBY FOOTBALL UNION, LTD.

USA RUGBY CHARITABLE FOUNDATION

RUGBY INTERNATIONAL MARKETING, LLC

Consolidated Schedule of Supporting Services

For the Year Ended December 31, 2015

	<u>Media &amp; Marketing</u>	<u>National Office</u>	<u>Fundraising</u>	<u>Total</u>
Accounting fees	\$ 675	\$ 9,800	\$ 3,925	\$ 14,400
Advertising	74,633			74,633
Apparel	1,592			1,592
Appeals fulfillment			37,316	37,316
Awards & gifts		183	4,299	4,482
Background checks		1,749		1,749
Bank charges	307	14,815	4,808	19,930
Branding & signage	360			360
Conferences		6,471		6,471
Contract labor	125,503	8,441		133,944
Database maintenance			3,546	3,546
Depreciation expense	8,757	17,595	627	26,979
Dues & subscriptions	9,941	28,010	7,320	45,271
Employee benefits	26,214	30,812	23,239	80,265
Entertainment			8,457	8,457
Equipment rental & maintenance	4,997	58,089	3,562	66,648
Facility & equipment rental			610	610
Hosting		5,571		5,571
Insurance		58,639	1,552	60,191
Interest expense	17	2,469		2,486
Legal fees	34,578	51,341		85,919
Legal settlement	9,000			9,000
Media & public relations	11,249			11,249
Miscellaneous	2,800		1,194	3,994
Payroll taxes	20,538	35,884	12,365	68,787
Payroll fees	1,777			1,777
Postage	4,702	10,251	6,518	21,471
Printing	2,402	903	2,711	6,016
Rent		65,297		65,297
Telephone	993	22,240	1,489	24,722
Travel, lodging, meals, & transportation	109,770	62,978	30,876	203,624
Utilities		74,901		74,901
TV & video	203,356			203,356
Wages	381,706	449,487	168,416	999,609
	<u>\$ 1,035,867</u>	<u>\$ 1,015,926</u>	<u>\$ 322,830</u>	<u>\$ 2,374,623</u>