

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Naismith Memorial Basketball
Hall of Fame, Inc.

Report on the Financial Statements

We have audited the accompanying statements of Naismith Memorial Basketball Hall of Fame, Inc. (the "Hall of Fame") which comprise the statement of financial position as of December 31, 2015, and the related 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 financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

Basis for Qualified Opinion

Accounting principles generally accepted in the United States of America require that all wholly-owned subsidiaries be accounted for as consolidated subsidiaries. As discussed in Note 19 to the financial statements, the Hall of Fame reports its investment in Springfield Riverfront Development Corporation, a wholly-owned subsidiary, on the equity method of accounting, and therefore, the financial statements referred to above are not intended to be a complete presentation of the consolidated financial position, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States of America.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Naismith Memorial Basketball Hall of Fame, Inc. as of December 31, 2015, and the changes in its net assets and its 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 the Naismith Memorial Basketball Hall of Fame, Inc.'s 2014 financial statements, and we expressed a qualified opinion on those audited statements in our report dated June 2, 2015. In our opinion, the 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.

Moriarty Primack, P.C.
Springfield, Massachusetts
September 16, 2016

**NAISMITH MEMORIAL BASKETBALL HALL OF FAME, INC.
(PARENT COMPANY ONLY)**

STATEMENTS OF FINANCIAL POSITION

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets		
Cash and cash equivalents.....	\$ 1,988,282	\$ 1,750,226
Accounts receivable, net.....	637,118	387,219
Contributions receivable, net.....	1,174,935	263,171
Sponsorships receivable, net.....	75,000	130,000
Prepaid expenses.....	195,159	139,866
Investments.....	537,251	31,734
Total current assets.....	<u>4,607,745</u>	<u>2,702,216</u>
Cash surrender value - life insurance.....	103,476	98,469
Contributions receivable, net.....	1,930,360	184,900
Investments.....	255,051	224,676
Intangible assets, net.....	3,486,906	3,492,916
Property, plant and equipment, net.....	5,372,734	5,515,181
Investment in subsidiary.....	321,955	49,831
Total assets.....	<u>\$ 16,078,227</u>	<u>\$ 12,268,189</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable.....	\$ 673,985	\$ 902,819
Accrued expenses.....	480,305	642,152
Deferred revenue.....	184,684	393,821
Current portion of long-term debt.....	117,023	112,699
Current portion of capital leases.....	94,426	63,868
Total current liabilities.....	<u>1,550,423</u>	<u>2,115,359</u>
Deferred revenue, net of current portion.....		10,962
Long-term debt, net of current portion.....	2,810,516	2,926,784
Note payable, related party.....	3,904,453	3,837,783
Capital leases, net of current portion.....	185,159	145,909
Total liabilities.....	<u>8,450,551</u>	<u>9,036,797</u>
Net Assets		
Unrestricted - operations.....	4,174,079	2,811,735
Unrestricted - board designated.....	104,631	104,631
Temporarily restricted.....	3,193,966	160,026
Permanently restricted.....	155,000	155,000
Total net assets.....	<u>7,627,676</u>	<u>3,231,392</u>
Total liabilities and net assets.....	<u>\$ 16,078,227</u>	<u>\$ 12,268,189</u>

See notes to financial statements.

**NAISMITH MEMORIAL BASKETBALL HALL OF FAME, INC.
(PARENT COMPANY ONLY)**

STATEMENT OF ACTIVITIES

for the year ended December 31, 2015 (with comparative totals for December 31, 2014)

	Unrestricted Operations	Unrestricted Designated	Temporarily Restricted	Permanently Restricted	2015 Total	2014 Total
Public support						
Contributions.....	\$ 3,366,239		\$ 3,105,295		\$ 6,471,534	\$ 2,117,874
Sponsorships.....	3,716,607				3,716,607	2,291,158
Total public support.....	7,082,846		3,105,295		10,188,141	4,409,032
Other Revenues						
Admissions.....	1,427,170				1,427,170	1,490,454
Gift shop licensing fee.....	205,452				205,452	218,814
Events.....	2,127,940				2,127,940	1,612,463
Investment gain (loss), net.....	39,025				39,025	(12,067)
Rental revenue.....	285,871				285,871	334,525
Income from subsidiary, equity method.....	272,124				272,124	114,281
Other revenue.....	112,991				112,991	135,337
Net assets released from restrictions.....	71,355		(71,355)			
Total other revenues.....	4,541,928		(71,355)		4,470,573	3,893,807
Expense						
Management and general.....	1,897,858				1,897,858	1,479,246
Sales and marketing.....	5,657,888				5,657,888	2,843,203
Building operations.....	1,454,848				1,454,848	1,414,287
Museum and library operations.....	142,974				142,974	102,574
Fundraising.....	707,305				707,305	480,959
Interest expense.....	401,557				401,557	428,825
Total expenses.....	10,262,430				10,262,430	6,749,094
Change in net assets	1,362,344		3,033,940		4,396,284	1,553,745
Net assets, beginning of year.....	2,811,735	104,631	160,026	155,000	3,231,392	1,677,647
Net assets, end of year.....	\$ 4,174,079	\$ 104,631	\$ 3,193,966	\$ 155,000	\$ 7,627,676	\$ 3,231,392

See notes to financial statements.