

**UNITED STATES TABLE TENNIS
ASSOCIATION, INC.**

**Financial Statements &
Supplemental Schedules**

For the Year Ended December 31, 2007

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INDEPENDENT AUDITORS' REPORT

Board of Directors
United States Table Tennis Association, Inc.

We have audited the accompanying statement of financial position of United States Table Tennis Association, Inc. as of December 31, 2007, and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Association's December 31, 2006 financial statements and, in our report dated March 21, 2007, 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, the financial statements referred to above present fairly, in all material respects, the financial position of United States Table Tennis Association, Inc. as of December 31, 2007, and the 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.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of program services and of supporting services for the year ended December 31, 2007 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Waugh & Goodwin, LLP
May 16, 2008

UNITED STATES TABLE TENNIS ASSOCIATION, INC.

Statement of Financial Position

December 31, 2007

(With Comparative Amounts for 2006)

	<u>ASSETS</u>	
	<u>2007</u>	<u>2006</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 560,034	\$ 459,004
Short-term investments (Note B)	116,689	109,724
Accounts receivable	31,053	23,363
Due from USOC	6,000	
Prepaid expenses	<u>15,029</u>	<u>5,066</u>
Total current assets	728,805	597,157
FURNITURE AND EQUIPMENT:		
Office furniture and equipment	40,500	40,500
Undivided interest in building and land	119,576	119,576
Less accumulated depreciation	<u>(52,860)</u>	<u>(47,184)</u>
Furniture and equipment - net	<u>107,216</u>	<u>112,892</u>
TOTAL ASSETS	<u>\$ 836,021</u>	<u>\$ 710,049</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 88,970	\$ 88,840
Due to USOC	6,628	
Accrued liabilities	4,143	9,785
Deferred revenue (Note D)	<u>148,576</u>	<u>124,656</u>
Total liabilities	248,317	223,281
NET ASSETS:		
Unrestricted	575,187	476,497
Temporarily restricted (Note E)	<u>12,517</u>	<u>10,271</u>
Total net assets	<u>587,704</u>	<u>486,768</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 836,021</u>	<u>\$ 710,049</u>

See Notes to Financial Statements

UNITED STATES TABLE TENNIS ASSOCIATION, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2007
(With Comparative Totals for 2006)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2007 Totals</u>	<u>2006 Totals</u>
REVENUE:				
Membership registrations	\$ 345,942	\$	\$ 345,942	\$ 353,724
Tournaments, camps & programs	343,919		343,919	306,733
Advertising	108,028		108,028	100,607
USOC joint marketing agreement (Note C)	72,000		72,000	72,000
Grants from the USOC (Note C)	67,954		67,954	178,207
Equipment approval, sanctions & fees	51,551		51,551	53,688
Grants from USTTA Foundation (Note C)	40,000		40,000	47,250
Contributions	5,474	25,566	31,040	8,061
USOC content license agreement (Note C)	25,000		25,000	
Investment income (Note B)	22,511		22,511	8,972
Corporate sponsorships	16,021		16,021	15,000
Other income	1,727		1,727	
Sale of publications & promotional merchandise	822		822	798
Satisfied program restrictions	<u>23,320</u>	<u>(23,320)</u>		
Total revenue	1,124,269	2,246	1,126,515	1,145,040
EXPENSES:				
Program services:				
Membership services	351,163		351,163	377,860
Tournaments	304,635		304,635	258,941
Athlete development	152,245		152,245	149,482
Coaching program	22,030		22,030	50,088
Committees	<u>7,084</u>		<u>7,084</u>	<u>14,588</u>
Total program services	837,157		837,157	850,959
Supporting services:				
General & administrative	<u>188,422</u>		<u>188,422</u>	<u>204,343</u>
Total supporting services	<u>188,422</u>		<u>188,422</u>	<u>204,343</u>
Total expenses	<u>1,025,579</u>		<u>1,025,579</u>	<u>1,055,302</u>
CHANGE IN NET ASSETS	98,690	2,246	100,936	89,738
NET ASSETS, beginning of year	<u>476,497</u>	<u>10,271</u>	<u>486,768</u>	<u>397,030</u>
NET ASSETS, end of year	<u>\$ 575,187</u>	<u>\$ 12,517</u>	<u>\$ 587,704</u>	<u>\$ 486,768</u>

See Notes to Financial Statements

UNITED STATES TABLE TENNIS ASSOCIATION, INC.

Statement of Cash Flows

For the Year Ended December 31, 2007

(With Comparative Amounts for 2006)

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 100,936	\$ 89,738
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,676	5,988
Unrealized gains on investments	(380)	(332)
Decrease (increase) in assets:		
Accounts receivable	(7,690)	50,144
Due from USOC	(6,000)	
Prepaid expenses	(9,963)	(3,490)
Inventory		4,875
Increase (decrease) in liabilities:		
Accounts payable	130	(788)
Due to USOC	6,628	
Accrued liabilities	(5,642)	591
Deferred revenue	<u>23,920</u>	<u>(2,696)</u>
Total adjustments	<u>6,679</u>	<u>54,292</u>
Net cash provided by operating activities	107,615	144,030
CASH FLOWS FROM INVESTING ACTIVITIES:		
Short-term investments, net	(6,585)	(54,727)
Acquisition of equipment	<u> </u>	<u>(3,683)</u>
Net cash used by investing activities	<u>(6,585)</u>	<u>(58,410)</u>
NET INCREASE IN CASH	101,030	85,620
CASH AND CASH EQUIVALENTS, beginning of year	<u>459,004</u>	<u>373,384</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 560,034</u>	<u>\$ 459,004</u>

See Notes to Financial Statements

UNITED STATES TABLE TENNIS ASSOCIATION, INC.

Notes to Financial Statements

For the Year Ended December 31, 2007

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

United States Table Tennis Association, Inc. is the national governing body for the sport of table tennis, making it responsible for the conduct and administration of table tennis in the United States.

The Association qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income taxes. The Association is not a private foundation.

Accounts Receivable

Accounts receivable are stated at the amount the Association expects to collect from balances outstanding at year-end. Based on the Association's experience with individuals and entities having outstanding balances, it has concluded that any losses on balances outstanding at year-end will not be material. Therefore, no allowance for doubtful accounts is considered necessary.

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.

Membership Registrations

Membership registrations are received based on the member's anniversary date, for annual and three year memberships. Annual memberships are recognized as revenue upon receipt. In the case of three-year memberships, membership revenue is recognized over a three year period.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Depreciation

Property 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. The Association's policy is to capitalize property and equipment costing \$1,000 or more. Depreciation is recorded for office furniture and equipment using the straight-line method over estimated useful lives of 5 to 10 years. The undivided interest in the office building is being depreciated using the straight-line method over an estimated useful life of 40 years.

Depreciation expense for the years ending December 31, 2007 and 2006 was \$5,676 and \$5,988, respectively.

Cash and Cash Equivalents

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

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 Association's financial statements for the year ended December 31, 2006, from which the summarized information was derived.

B. SHORT-TERM INVESTMENTS

At December 31, 2007 and 2006, short-term investments are recorded at quoted market values and consist of the following:

	<u>2007</u>	<u>2006</u>
Certificate of deposit, 5.26% interest, maturing 3/21/08	\$ 110,126	\$
Certificate of deposit, 5.25% interest, maturing 6/21/07		104,668
Microsoft Corp, 110 shares	3,916	3,285
Fedex Corp, 10 shares	892	1,086
Verisign, 27 shares	1,015	
Money market funds	<u>740</u>	<u>685</u>
Total	<u>\$ 116,689</u>	<u>\$ 109,724</u>

All short-term investments are considered available for sale.

Notes to Financial Statements

B. SHORT-TERM INVESTMENTS - continued

Investment income in the accompanying statement of activities consists of the following for the years ended December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Interest and dividends	\$ 22,131	\$ 8,640
Unrealized gains	<u>380</u>	<u>332</u>
	<u>\$ 22,511</u>	<u>\$ 8,972</u>

C. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2007 and 2006, the United States Olympic Committee (USOC) provided grants to the Association as follows:

	<u>2007</u>	<u>2006</u>
NGB funding	\$ 37,954	\$ 164,184
Paralympic grant		2,088
Value in-kind		8,361
International relations grant	<u>30,000</u>	<u>3,574</u>
	<u>\$ 67,954</u>	<u>\$ 178,207</u>

In addition, the Association entered into a joint marketing agreement with the USOC in 2004. The term of the agreement is January 1, 2005 through December 31, 2008. The Association received \$72,000 during each of the years ended December 31, 2007 and 2006.

In May, 2007 the Association entered into a content license agreement with USOC. The term of the agreement is July 1, 2007 through December 31, 2012. Under the terms of the content license agreement the joint marketing agreement was terminated. The Association received \$25,000 during the year ended December 31, 2007.

The United States Table Tennis Association Foundation, Inc. (USTTAF) provided the Association with grants of \$40,000 and \$47,250 for the years ended December 31, 2007 and 2006, respectively.

The Association is economically dependent upon grants from the USOC and the USTTAF in order to maintain its programs at current levels.

Notes to Financial Statements

C. RELATED PARTY TRANSACTIONS - continued

During 2007 the Executive Director of the Association resigned. In December, 2007 the USOC requested the Association make changes in its governance structure and that the board of directors resign. The Association is currently operating with an executive-on-loan from the USOC and has formed a nominating and governance committee to oversee the selection of a new board of directors. The new board of directors will be responsible for hiring a permanent Chief Executive Officer. During 2007, the Association paid the USOC \$16,248 under the executive-on-loan program.

At December 31, 2007 the USOC owes the Association \$6,000 under the above grant categories and the Association owes the USOC \$6,628 for office expenses, insurance, and the executive-on-loan.

D. DEFERRED REVENUE

Deferred revenue consists of the following at December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Membership dues	\$ 121,564	\$ 96,953
2008 Olympic Trials	18,700	
Paralympic funding		12,213
Tournament sanction fee	5,350	4,850
USOC base funding	2,962	10,416
Team league		224
	<u>\$ 148,576</u>	<u>\$ 124,656</u>

E. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Junior/developing player National Event	\$ 7,800	\$ 7,400
Floormat fund	4,030	2,376
USATT team league	569	
International Veterans Championships	118	
Disabled athlete committee		495
	<u>\$ 12,517</u>	<u>\$ 10,271</u>

Notes to Financial Statements

E. TEMPORARILY RESTRICTED NET ASSETS - continued

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2007 and 2006, net assets were released from restrictions for satisfying the following purposes:

	<u>2007</u>	<u>2006</u>
Paralympic Championships	\$ 13,708	\$
USATT team league	4,431	
Floormat fund		3,683
Junior/developing player National Event	2,200	200
Other	1,998	
International Veterans Championships	<u>983</u>	<u></u>
	<u>\$ 23,320</u>	<u>\$ 3,883</u>

F. SIMPLE IRA

During 2006, the Association adopted a Simple IRA plan for its employees in which the Association matches employee contributions up to 2% of salaries. Employer contributions amounted to \$3,242 and \$3,375 for the years ended December 31, 2007 and 2006, respectively.

G. BUILDING ACQUISITION

In April 2002, the Association purchased an undivided interest in a building as tenants in common with the National Archery Association of the United States, United States Fencing Association, United States Team Handball Federation, and United States Field Hockey Association, Inc. The Association received a 17% ownership interest in the land, building and related improvements. The purchase of the building was made possible by a grant in the amount of \$25,500 from the El Pomar Foundation and a grant of \$91,800 from the United States Olympic Committee. A condition of the El Pomar grant is that if the Association relocates outside of El Paso County within the next 15 years, it will forfeit to the remaining tenants in common that portion of its interest paid for with El Pomar grant monies.

The Association, in conjunction with the other tenants in common, has opened a checking account in which they are contributing funds for utilities, repairs and maintenance to the building. The Association's share of the building is being depreciated over a 40-year life, using the straight-line method of depreciation.

UNITED STATES TABLE TENNIS ASSOCIATION, INC.
 Schedule of Program Services
 For the Year Ended December 31, 2007

	Membership Services	Tournaments	Athlete Development	Coaching Program	Committees	Totals
Bad debt expense	\$ (18)	\$	\$	\$	\$	\$ (18)
Camps & competitions		1,691	132,159			133,850
Club membership discounts	17,495					17,495
Coaching fees				18,250		18,250
Committees					4,948	4,948
Commissions	4,186					4,186
Contract labor	31,700	13,264				44,964
Credit card processing fees	16,243					16,243
Development programs		4,431	2,500			6,931
Equipment		5,238				5,238
Expert fees				1,600		1,600
Facility		1,740				1,740
Health insurance	14,304					14,304
HSA contributions	2,250					2,250
Insurance	20,842		1,275			22,117
International relations		30,215				30,215
Outstanding performance awards			15,275			15,275
Paralympic championships		13,709				13,709
Postage & shipping	26,539					26,539
Printing, copying, & photography	56,356					56,356
Prize money		66,575				66,575
Programs		3,804				3,804
Promotional merchandise		1,827				1,827
Ratings	45,326					45,326
Salaries & payroll taxes	100,707					100,707
Seminars				1,880		1,880
Simple IRA	1,764					1,764
Sponsors/exhibitors expense		1,255				1,255
Stipends			1,036			1,036
Supplies	3,355	13,048		300		16,703
Tables, pipe & drape		22,696				22,696
Telephone	1,683					1,683
Tournament contractor		36,318				36,318
Transportation		22,253				22,253
Travel	833	48,255				49,088
Trophies & awards		8,476				8,476
T-shirts		9,840				9,840
USOC representation	435				2,136	2,136
Writer payments	6,000					6,000
Website magazine	1,163					1,163
Website						
	<u>\$ 351,163</u>	<u>\$ 304,635</u>	<u>\$ 152,245</u>	<u>\$ 22,030</u>	<u>\$ 7,084</u>	<u>\$ 837,157</u>

UNITED STATES TABLE TENNIS ASSOCIATION, INC.
Schedule of Supporting Services
For the Year Ended December 31, 2007

	General & Administrative		Total
	National Office	Board of Directors	
Audit & tax preparation	5,110		5,110
Bank charges	859		859
Building maintenance	5,640		5,640
Business fees	260		260
Computer costs	706		706
Contract labor	4,999		4,999
Depreciation	5,676		5,676
Dues & subscriptions	500		500
Equipment rental	385		385
Executive-on-loan	16,248		16,248
Food & lodging	114	1,716	1,830
Gifts		24	24
Health insurance	5,031		5,031
HSA contributions	1,013		1,013
Insurance	4,090	2,240	6,330
Marketing & fundraising	954		954
Payroll service	1,234		1,234
Postage & shipping	526		588
Printing & copying	166	62	166
Rentals	1,380		1,380
Repairs & maintenance	84		84
Representation		1,024	1,024
Salaries & payroll taxes	115,231		115,231
Simple IRA	1,478		1,478
Supplies	2,194	105	2,299
Telephone	1,177	4,829	6,006
Travel	36	3,331	3,367
	\$ 175,091	\$ 13,331	\$ 188,422