

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

**Financial Statements &  
Supplemental Schedules**

**For the Year Ended December 31, 2010**

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INDEPENDENT AUDITORS' REPORT

Board of Directors  
United States Table Tennis Association, Inc.  
Colorado Springs, Colorado

We have audited the accompanying statement of financial position of United States Table Tennis Association, Inc. as of December 31, 2010, 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, 2009 financial statements and, in our report dated March 19, 2010, 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, 2010, 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 conducted 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, 2010 are presented for purposes of additional analysis and are not a required part of the basic 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 basic 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 basic financial statements taken as a whole.

*Wareh & Goodwin, LLP*  
March 18, 2011

UNITED STATES TABLE TENNIS ASSOCIATION, INC.

Statement of Financial Position

December 31, 2010

(With Comparative Amounts for 2009)

	<u>ASSETS</u>	
	<u>2010</u>	<u>2009</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 138,971	\$ 114,143
Short-term investments (Note B)	518,537	510,729
Accounts receivable	25,043	32,851
Due from USOC	1,929	10,109
Prepaid expenses	<u>9,624</u>	<u>9,322</u>
Total current assets	694,104	677,154
<b>FURNITURE AND EQUIPMENT:</b>		
Office furniture and equipment	40,500	40,500
Undivided interest in building and land	125,776	119,576
Less accumulated depreciation	<u>(63,354)</u>	<u>(59,929)</u>
Furniture and equipment - net	<u>102,922</u>	<u>100,147</u>
<b>TOTAL ASSETS</b>	<u>\$ 797,026</u>	<u>\$ 777,301</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 56,924	\$ 43,947
Due to USOC	3,455	670
Accrued liabilities	17,439	12,643
Deferred revenue (Note D)	<u>72,262</u>	<u>66,539</u>
Total current liabilities	150,080	123,799
<b>LONG-TERM LIABILITIES:</b>		
Deferred revenue (Note D)	<u>49,658</u>	<u>49,840</u>
Total long-term liabilities	49,658	49,840
Total liabilities	199,738	173,639
<b>NET ASSETS:</b>		
Unrestricted	588,722	593,626
Temporarily restricted (Note E)	<u>8,566</u>	<u>10,036</u>
Total net assets	<u>597,288</u>	<u>603,662</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 797,026</u>	<u>\$ 777,301</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, 2010  
(With Comparative Totals for 2009)

	Unrestricted	Temporarily Restricted	2010 Totals	2009 Totals
<b>REVENUE:</b>				
Tournaments, camps & programs	\$ 412,830	\$	\$ 412,830	\$ 319,066
Membership registrations	403,195		403,195	384,113
Advertising	120,108		120,108	114,435
Grants from the USOC (Note C)	107,589		107,589	78,338
USOC content license agreement (Note C)	75,000		75,000	75,000
Equipment approval, sanctions & fees	44,668		44,668	39,556
Grants from USTTA Foundation (Note C)	39,000		39,000	28,000
Corporate sponsorships	25,000		25,000	25,000
Investment income (Note B)	8,485		8,485	8,935
Contributions	100	4,473	4,573	10,331
Other income	1,854		1,854	1,987
Satisfied program restrictions	<u>5,943</u>	<u>(5,943)</u>	<u>        </u>	<u>        </u>
Total revenue	1,243,772	(1,470)	1,242,302	1,084,761
<b>EXPENSES:</b>				
Program services:				
Membership services	375,214		375,214	355,472
Tournaments	312,170		312,170	263,780
Athlete development	191,058		191,058	113,717
Coaching program	58,277		58,277	20,636
Committees	<u>13,268</u>	<u>        </u>	<u>13,268</u>	<u>8,104</u>
Total program services	949,987		949,987	761,709
Supporting services:				
General & administrative	<u>298,689</u>	<u>        </u>	<u>298,689</u>	<u>287,797</u>
Total supporting services	298,689		298,689	287,797
Total expenses	<u>1,248,676</u>	<u>        </u>	<u>1,248,676</u>	<u>1,049,506</u>
CHANGE IN NET ASSETS	(4,904)	(1,470)	(6,374)	35,255
NET ASSETS, beginning of year	<u>593,626</u>	<u>10,036</u>	<u>603,662</u>	<u>568,407</u>
NET ASSETS, end of year	<u>\$ 588,722</u>	<u>\$ 8,566</u>	<u>\$ 597,288</u>	<u>\$ 603,662</u>

See Notes to Financial Statements

UNITED STATES TABLE TENNIS ASSOCIATION, INC.

Statement of Cash Flows

December 31, 2010

(With Comparative Amounts for 2009)

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (6,374)	\$ 35,255
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,425	3,296
Unrealized gains on investments	(40)	(1,547)
Decrease (increase) in assets:		
Accounts receivable	7,808	6,602
Due from USOC	8,180	(442)
Prepaid expenses	(302)	5,751
Increase (decrease) in liabilities:		
Accounts payable	12,977	(26,044)
Due to USOC	2,785	(1,354)
Accrued liabilities	4,796	5,091
Deferred revenue	5,541	(15,136)
Total adjustments	<u>45,170</u>	<u>(23,783)</u>
Net cash provided by operating activities	38,796	11,472
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(6,200)	
Short-term investments, net	<u>(7,768)</u>	<u>(390,812)</u>
Net cash used by investing activities	<u>(13,968)</u>	<u>(390,812)</u>
NET INCREASE (DECREASE) IN CASH	24,828	(379,340)
CASH AND CASH EQUIVALENTS, beginning of year	<u>114,143</u>	<u>493,483</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 138,971</u>	<u>\$ 114,143</u>

See Notes to Financial Statements

UNITED STATES TABLE TENNIS ASSOCIATION, INC.

Notes to Financial Statements

For the Year Ended December 31, 2010

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.

Income Taxes

The Association is an organization which is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986.

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 Association's income tax returns.

The Association's income tax filings are subject to audit by various taxing authorities. The Association's open audit periods are 2007 - 2010. The Association believes that its operations have been conducted in accordance with its tax-exempt status.

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.

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.



## Notes to Financial Statements

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

#### 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. At December 31, 2010, the Association's deposits were fully insured.

#### 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.

#### 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 with a cost of \$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, 2010 and 2009 was \$3,425 and \$3,296, respectively.

#### 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, 2009, from which the summarized information was derived.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through March 18, 2011, the date that the financial statements were available to be issued.

B. FAIR VALUE MEASUREMENTS

The Association applies 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 Association has 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, 2010 and 2009:

Assets at Fair Value as of December 31, 2010

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ 512,649	\$	\$	\$ 512,649
Equities	4,882			4,882
Money market	1,006			1,006
	<u>\$ 518,537</u>	<u>\$</u>	<u>\$</u>	<u>\$ 518,537</u>

Notes to Financial Statements

B. FAIR VALUE MEASUREMENTS - Continued

Assets at Fair Value as of December 31, 2009

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ 505,029	\$	\$	\$ 505,029
Equities	4,842			4,842
Money market	858			858
	<u>\$ 510,729</u>	<u>\$</u>	<u>\$</u>	<u>\$ 510,729</u>

Investment income in the accompanying statement of activities consists of the following for the years ended December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Interest and dividends	\$ 8,445	\$ 7,388
Unrealized gains	40	1,547
	<u>\$ 8,485</u>	<u>\$ 8,935</u>

C. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2010 and 2009, the United States Olympic Committee (USOC) provided grants to the Association as follows:

	<u>2010</u>	<u>2009</u>
NGB funding	\$ 68,982	\$ 62,618
Paralympic funding	25,000	5,000
Professional services	6,600	
Value in-kind	5,178	3,771
Media consulting	1,829	6,949
	<u>\$ 107,589</u>	<u>\$ 78,338</u>

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 previous joint marketing agreement was terminated. The Association received \$75,000 for each of the years ended December 31, 2010 and 2009.

The United States Table Tennis Association Foundation, Inc. (USTTAF) provided the Association with grants of \$39,000 and \$28,000 for the years ended December 31, 2010 and 2009, respectively.

The Association receives economic benefits in the form of grants from the USOC and the USTTAF in order to enhance its programs at current levels.

Notes to Financial Statements

C. RELATED PARTY TRANSACTIONS - Continued

At December 31, 2010 and 2009 the USOC owed the Association \$1,929 and \$10,109 under the above grant categories and the Association owes the USOC \$3,455 and \$670, respectively, for office expenses and insurance.

D. DEFERRED REVENUE

Deferred revenue consists of the following at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Membership dues	\$ 100,510	\$ 103,647
Tournament sanction fee	12,610	6,800
Paralympics	8,000	
Magazine	800	
Coaching camp		3,182
Equipment		2,500
Other		250
	<u>\$ 121,920</u>	<u>\$ 116,379</u>

E. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Floormat fund	\$ 4,781	\$ 4,686
Junior/developing player National Event	2,500	5,000
Senior fund	1,065	
Umpire award	200	350
Hall of fame	15	
USATT team league	5	
	<u>\$ 8,566</u>	<u>\$ 10,036</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2010 and 2009, net assets were released from restrictions for satisfying the following purposes:

	<u>2010</u>	<u>2009</u>
Paralympic events	\$ 2,596	\$ 9,644
Junior/developing player National Event	2,500	1,426
Youth program	440	
National team	247	
Other	160	268
USATT team league		569
	<u>\$ 5,943</u>	<u>\$ 11,907</u>

## Notes to Financial Statements

### F. SIMPLE IRA

During 2006, the Association adopted a Simple IRA plan for its employees in which the Association matches employee contributions up to 3% of salaries. Employer contributions amounted to \$4,981 and \$4,977 for the years ended December 31, 2010 and 2009, 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. During 2010, the Association acquired an additional 2% ownership through the purchase of a portion of United States Team Handball Federation's undivided interest, increasing their ownership to 19%. 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 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, 2010

	Membership Services	Tournaments	Athlete Development	Coaching Program	Committees	Totals
Bad debt expense	\$ 5,000	\$	\$	\$	\$	\$ 5,000
Camps & competitions	19,936	4,208	189,790			193,998
Club membership discounts						19,936
Coaching fees				44,009		44,009
Committees					9,025	9,025
Contract labor	37,242	23,523				60,765
Credit card processing fees	13,127					13,127
Equipment		13,176				13,176
Facility		15,990				15,990
Health insurance	16,137					16,137
HSA contributions	6,250					6,250
Insurance	17,287		1,268			18,555
Payroll taxes	7,383			438		7,821
Postage & shipping	30,864					30,864
Printing, copying, & photography	56,344					56,344
Prize money		102,368				102,368
Programs		3,615				3,615
Promotional merchandise		2,669				2,669
Ratings	45,889					45,889
Salaries	98,881			5,750		104,631
Seminars				7,780		7,780
Simple IRA	1,311					1,311
Sponsors/exhibitors expense		8,086				8,086
Supplies	7,115	11,194		300		18,609
Tables, pipe & drapes		5,800				5,800
Telephone	1,246	109				1,355
Tournament contractor		38,393				38,393
Travel	2,186	68,575				70,761
Trophies & awards		8,230				8,230
T-shirts		6,234				6,234
ITTF representation	7,290				4,243	11,533
Website magazine						
Website	1,726					1,726
	<u>\$ 375,214</u>	<u>\$ 312,170</u>	<u>\$ 191,058</u>	<u>\$ 58,277</u>	<u>\$ 13,268</u>	<u>\$ 949,987</u>

UNITED STATES TABLE TENNIS ASSOCIATION, INC.  
 Schedule of Supporting Services  
 For the Year Ended December 31, 2010

	General & Administrative			Total
	National Office	Board of Directors	\$	
Audit & tax preparation	5,965		\$ 5,965	
Bank charges	228		228	
Building maintenance	5,434		5,434	
Business fees	288		288	
Depreciation	3,425		3,425	
Dues & subscriptions	750		750	
Equipment rental	305		305	
Food & lodging	61	9,935	9,996	
Gifts	250		250	
Health insurance	18,279		18,279	
HSA contributions	6,250		6,250	
Insurance	3,109	2,260	5,369	
Marketing & fundraising	16,822		16,822	
Payroll service	1,467		1,467	
Payroll taxes	13,550		13,550	
Postage & shipping	482		507	
Professional fees		25	9,823	
Rentals	1,385		1,385	
Repairs & maintenance	1,080		1,080	
Representation		350	350	
Salaries	176,129		176,129	
Simple IRA	3,670		3,670	
Supplies	3,238	605	3,843	
Telephone	653	1,927	2,580	
Travel	183	10,761	10,944	
	<u>\$ 263,003</u>	<u>\$ 35,686</u>	<u>\$ 298,689</u>	