

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

**Financial Statements &
Supplemental Schedules**

For the Year Ended December 31, 2014

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of United States Table Tennis Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and changes in net assets 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.

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 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, 2014, 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 United States Table Tennis Association, Inc.'s 2013 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated April 17, 2014. 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of program and supporting services 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
April 17, 2015

UNITED STATES TABLE TENNIS ASSOCIATION, INC.
Statement of Financial Position
December 31, 2014
(With Comparative Amounts for 2013)

	<u>ASSETS</u>	
	<u>2014</u>	<u>2013</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 589,508	\$ 441,757
Short-term investments	24,472	178,607
Accounts receivable	24,959	127,526
Due from the USOC		60,000
Prepaid expenses	<u>23,096</u>	<u>29,545</u>
Total current assets	662,035	837,435
FURNITURE AND EQUIPMENT:		
Office furniture and equipment	46,124	46,124
Leasehold improvements	10,340	10,340
Internal use software development	36,700	
Undivided interest in building and land		126,228
Less accumulated depreciation	<u>(46,692)</u>	<u>(75,587)</u>
Furniture and equipment - net	<u>46,472</u>	<u>107,105</u>
TOTAL ASSETS	<u>\$ 708,507</u>	<u>\$ 944,540</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
CURRENT LIABILITIES:		
Accounts payable	\$ 67,100	\$ 192,349
Due to the USOC		71
Accrued liabilities	15,353	40,805
Current portion of deferred revenue	<u>68,836</u>	<u>74,138</u>
Total current liabilities	151,289	307,363
LONG-TERM LIABILITIES:		
Deferred revenue	<u>66,507</u>	<u>65,976</u>
Total long-term liabilities	<u>66,507</u>	<u>65,976</u>
Total liabilities	217,796	373,339
NET ASSETS:		
Unrestricted	485,350	565,995
Temporarily restricted	<u>5,361</u>	<u>5,206</u>
Total net assets	<u>490,711</u>	<u>571,201</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 708,507</u>	<u>\$ 944,540</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, 2014
(With Comparative Totals for 2013)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2014 Totals</u>	<u>2013 Totals</u>
REVENUE:				
Tournaments, camps & programs	\$ 480,301	\$	\$ 480,301	\$ 725,955
Membership registrations	439,276		439,276	429,476
Grants from the USOC	310,354		310,354	188,000
USOC media/marketing agreement	75,000		75,000	75,000
Advertising	53,619		53,619	92,980
Equipment approval, sanctions & fees	51,760		51,760	50,850
Grants from USTTA Foundation	40,000	5,000	45,000	45,500
Contributions	19,400	1,265	20,665	137,639
Corporate sponsorships	10,000		10,000	17,972
Other income	8,297		8,297	6,693
Value in kind	5,472		5,472	14,610
Investment income	1,828		1,828	9,880
Loss on sale of building	(12,336)		(12,336)	
Satisfied program restrictions	6,110	(6,110)		
Total revenue	1,489,081	155	1,489,236	1,794,555
EXPENSES:				
Program services:				
Tournaments	498,977		498,977	714,685
Athlete development	407,385		407,385	383,304
Membership services	311,390		311,390	358,768
Coaching program	65,474		65,474	65,754
Committees	4,604		4,604	3,958
Total program services	1,287,830		1,287,830	1,526,469
Supporting services:				
General & administrative	281,896		281,896	250,868
Total supporting services	281,896		281,896	250,868
Total expenses	1,569,726		1,569,726	1,777,337
CHANGE IN NET ASSETS	(80,645)	155	(80,490)	17,218
NET ASSETS, beginning of year	565,995	5,206	571,201	553,983
NET ASSETS, end of year	<u>\$ 485,350</u>	<u>\$ 5,361</u>	<u>\$ 490,711</u>	<u>\$ 571,201</u>

See Notes to Financial Statements

UNITED STATES TABLE TENNIS ASSOCIATION, INC.

Statement of Cash Flows

December 31, 2014

(With Comparative Amounts for 2013)

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (80,490)	\$ 17,218
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	4,937	5,163
Realized & unrealized gains on investments	(421)	(7,207)
Loss on sale of building	12,336	
Decrease (increase) in assets:		
Accounts receivable	102,567	(94,222)
Due from USOC	60,000	(41,143)
Prepaid expenses	6,449	(15,657)
Increase (decrease) in liabilities:		
Accounts payable	(125,249)	98,283
Due to USOC	(71)	(1,079)
Accrued liabilities	(25,452)	8,829
Deferred revenue	<u>(4,771)</u>	<u>(18,513)</u>
Total adjustments	<u>30,325</u>	<u>(65,546)</u>
Net cash used by operating activities	(50,165)	(48,328)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of long-term assets	80,060	
Purchase of property and equipment	(36,700)	
Short-term investments, net	<u>154,556</u>	<u>(2,079)</u>
Net cash provided (used) by investing activities	<u>197,916</u>	<u>(2,079)</u>
NET INCREASE (DECREASE) IN CASH	147,751	(50,407)
CASH AND CASH EQUIVALENTS, beginning of year	<u>441,757</u>	<u>492,164</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 589,508</u>	<u>\$ 441,757</u>

See Notes to Financial Statements

UNITED STATES TABLE TENNIS ASSOCIATION, INC.

Notes to Financial Statements

For the Year Ended December 31, 2014

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 qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income tax. Accordingly, no income tax provision has been recorded.

The Association's form 990, Return of Organization Exempt from Income Tax, for the years ending 2011 to 2014 are subject to examination by various taxing authorities, generally for three years after the date they were filed. Management of the Association believes that it does not have any uncertain tax positions that are material to the financial statements.

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 non-interest bearing 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 could suffer a loss to the extent its deposits exceed the respective bank's insurance limits.

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, three-year memberships, and five-year memberships. Annual memberships are recognized as revenue upon receipt. In the case of three-year and five-year memberships, membership revenue is recognized over a three-year and five-year period, respectively.

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, equipment, and leasehold improvements 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, 2014 and 2013 was \$4,937 and \$5,163, respectively.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 2013, from which the summarized information was derived.

Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through April 17, 2015, 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.

Notes to Financial Statements

B. FAIR VALUE MEASUREMENTS - Continued

The following tables present assets that are measured at fair value on a recurring basis at December 31, 2014 and 2013:

Assets at Fair Value as of December 31, 2014

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market	\$ 24,472			\$ 24,472
	<u>\$ 24,472</u>	<u>\$</u>	<u>\$</u>	<u>\$ 24,472</u>

Assets at Fair Value as of December 31, 2013

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ 154,675	\$	\$	\$ 154,675
Equities	22,513			22,513
Money market	1,419			1,419
	<u>\$ 178,607</u>	<u>\$</u>	<u>\$</u>	<u>\$ 178,607</u>

Investment income in the accompanying statement of activities consists of the following for the years ended December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Interest and dividends	\$ 1,407	\$ 2,673
Realized and unrealized gains	<u>421</u>	<u>7,207</u>
	<u>\$ 1,828</u>	<u>\$ 9,880</u>

C. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2014 and 2013, the United States Olympic Committee (USOC) provided grants to the Association as follows:

	<u>2014</u>	<u>2013</u>
NGB funding	\$ 110,000	\$ 110,000
VA Para program	100,000	
Paralympic funding	37,000	37,000
Matching	30,000	35,000
Professional services	<u>33,354</u>	<u>6,000</u>
	<u>\$ 310,354</u>	<u>\$ 188,000</u>

Notes to Financial Statements

C. RELATED PARTY TRANSACTIONS - Continued

In July, 2012 the Association entered into a digital media agreement with the USOC. The term of the agreement is January 1, 2013 through December 31, 2016. Under the terms of the digital media agreement the previous content license agreement was terminated. The Association received \$75,000 for each of the years ended December 31, 2014 and 2013.

At December 31, 2014 and 2013, the USOC owed the Association \$0 and \$60,000 under the above grant categories and the Association owed the USOC \$0 and \$71, respectively, for office expenses and insurance.

The United States Table Tennis Association Foundation, Inc. (USTTAF) provided the Association with grants of \$45,000 and \$45,500 for the years ended December 31, 2014 and 2013, 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.

D. DEFERRED REVENUE

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

	<u>2014</u>	<u>2013</u>
Membership dues	\$ 125,173	\$ 121,835
Tournament sanction fees	10,170	15,765
Other		1,714
Magazine		800
	<u>\$ 135,343</u>	<u>\$ 140,114</u>

E. TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2014</u>	<u>2013</u>
Floormat fund	\$ 4,957	\$ 4,907
Hall of fame	254	224
NCTTA scholarship program	100	60
Senior fund	<u>50</u>	<u>15</u>
	<u>\$ 5,361</u>	<u>\$ 5,206</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, 2014 and 2013, net assets were released from restrictions for satisfying the following purposes:

	<u>2014</u>	<u>2013</u>
NYC High School Challenge Grant	\$ 5,000	\$
Junior/developing player national event	1,000	1,000
Paralympic events	<u>110</u>	<u>105,766</u>
	<u>\$ 6,110</u>	<u>\$ 106,766</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 3% of salaries. Employer contributions amounted to \$8,470 and \$8,922 for the years ended December 31, 2014 and 2013, 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.

Notes to Financial Statements

G. BUILDING ACQUISITION - Continued

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

During the year ended December 2012, the Association moved out of this building and, in conjunction with the other tenants in common, listed the property for sale.

On December 1, 2014, the Association, in conjunction with the other tenants in common, sold the building. The sale proceeds were prorated among the tenants using each tenant's undivided interest. The Association received 19% of the proceeds or \$80,060 and realized a loss of \$12,336 on the sale.

H. OPERATING LEASES

The Association entered into an operating lease for a copier during the year ended December 31, 2009. This lease requires monthly payments of \$161 through September 30, 2014, but was terminated in June 2014. In June 2014, the Association entered into another operating lease for a copier. This lease requires monthly payments of \$152 through June 30, 2019.

The Association also entered into an operating lease for a postage machine during the year ended December 31, 2012. This lease requires monthly payments of \$132 through October 31, 2016.

The Association also entered into an operating lease for office space during the year ended December 31, 2012. This lease requires monthly payments based on an escalating scale through December 31, 2022.

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

2015	\$ 19,606
2016	20,961
2017	21,423
2018	23,384
2019	24,633
Remaining years	86,357

Notes to Financial Statements

I. SINGLE EVENT IMPACT AND CONTINGENCY

During the year ended December 31, 2013, the Association sanctioned the 2013 Mike Dempsey Memorial Championships. The tournament was managed and run by a Local Organizing Committee. This event was not conducted in the year ended December 31, 2014, which accounts for the reduction in tournament revenue and expense reported in the 2014 statement of activities.

The facility where the 2013 event was held claims that the Association was committed to hold a 2014 event at the same facility. This vendor presented a contract, claiming to represent a commitment from the Association for a 2014 event. However, the contract was executed by the Local Organizing Committee Director, who was not employed by the Association and had no authority to commit the Association. Management and legal counsel of the Association believe the likelihood that the vendor's claim will result in a future liability to the Association is remote. Therefore, no amount has been accrued in the financial statements as of December 31, 2014.

UNITED STATES TABLE TENNIS ASSOCIATION, INC.

Schedule of Program Services
For the Year Ended December 31, 2014

	Athlete Development	Tournaments	Membership Services	Coaching & Officials Programs	Committees	Totals
Athlete support	\$ 15,756	\$	\$	\$	\$	\$ 15,756
Camps & competitions	310,505					310,505
Club membership discounts			23,261			23,261
Coaching fees	10,950			50,167		61,117
Contract labor	19,200	17,756	33,204			70,160
Credit card processing fees			18,841			18,841
Development programs	5,000			8,783		13,783
Delegate meals		1,330				1,330
Equipment	50,861	11,327	1,787			63,975
Facility	2,470	24,240				26,710
Guests		2,180				2,180
Health insurance			14,685			14,685
HSA contributions			7,500			7,500
Insurance	1,275		16,820			18,095
ITTF representation					4,319	4,319
Media		18,140	1,206			19,346
Miscellaneous			1,706	214	285	2,205
Payroll taxes			8,370	402		8,772
Postage & shipping		6,037	10,358			16,395
Printing, copying, & photography			10,539			10,539
Prize money		96,275				96,275
Programs		5,352				5,352
Promotional merchandise		1,645				1,645
Ratings		4,532	41,302			45,834
Salaries	54,558	39,132	77,626	5,250		176,566
Simple IRA			3,109			3,109
Sponsors/exhibitors expense		3,627				3,627
Supplies		3,686	4,686	658		9,030
Tables, pipe, flooring & drapes		7,865				7,865
Telephone	358	101	4,932			5,391
Tournament contractor		45,035				45,035
Travel	28,044	104,711	1,458			134,213
Trophies & awards		6,910				6,910
T-shirts		7,504				7,504
Webmaster			30,000			30,000
	<u>\$ 498,977</u>	<u>\$ 407,385</u>	<u>\$ 311,390</u>	<u>\$ 65,474</u>	<u>\$ 4,604</u>	<u>\$ 1,287,830</u>

UNITED STATES TABLE TENNIS ASSOCIATION, INC.
Schedule of Supporting Services
For the Year Ended December 31, 2014

	General & Administrative			Totals
	National Office	Board of Directors	Marketing & Media	
Accounting & bookkeeping	\$ 19,851	\$	\$	\$ 19,851
Audit & tax preparation	7,765			7,765
Background check		40		40
Bank charges	113			113
Building maintenance	4,830			4,830
Business fees	1,124			1,124
Computer costs	235			235
Depreciation	4,937			4,937
Dues & subscriptions	500			500
Equipment rental	1,131			1,131
Food & lodging	1,381	12,910		14,291
Health insurance	22,435			22,435
HSA contributions	5,500			5,500
Insurance	2,715	5,487		8,202
IT support	325			325
Marketing & media services			2,500	2,500
Payroll service	1,971			1,971
Payroll taxes	15,766			15,766
Postage & shipping	171	76		247
Printing & copying	529	80		609
Professional fees		10,000		10,000
Rent	14,016			14,016
Repairs & maintenance	470			470
Representation		75		75
Salaries	118,146			118,146
Simple IRA	5,361			5,361
Supplies	5,415	371		5,786
Telephone	1,608	672		2,280
Travel	1,927	11,463		13,390
	<u>\$ 238,222</u>	<u>\$ 41,174</u>	<u>\$ 2,500</u>	<u>\$ 281,896</u>