

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

**Financial Statements**

**For the Year Ended December 31, 2018**



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INDEPENDENT AUDITOR'S REPORT

To the 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. (an Illinois not-for-profit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, 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 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 qualified audit opinion.

**Basis for Qualified Opinion**

As discussed in Note D to the financial statements, the Association has not consolidated its financial statements with the United States Table

Tennis Association Foundation, Inc. (the Foundation), an entity over which United States Table Tennis Association, Inc. has a controlling financial interest. Accounting principles generally accepted in the United States of America require that a reporting entity consolidates the financial statements of a separate non-profit entity for which it has a controlling financial interest, as defined by ASC 958-810-25-2.

As described in auditing standards generally accepted in the United States of America, it was not practicable to quantify the effect of consolidating the financial statements of the Foundation with the financial statements of United States Table Tennis Association, Inc.

### **Qualified Opinion**

In our opinion, except for the effects of not consolidating the Foundation, as discussed in the Basis for Qualified Opinion paragraph, the 2018 financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of United States Table Tennis Association, Inc. as of December 31, 2018, 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.

### **Prior Period Financial Statements**

The financial statements of United States Table Tennis Association, Inc. as of December 31, 2017, were audited by other auditors whose opinion, dated August 3, 2018, on those statements was qualified because of the departure from generally accepted accounting principles described in the Basis for Qualified Opinion paragraph.

### **Emphasis of Matters**

As described in Note A to the financial statements, in 2018, United States Table Tennis Association, Inc. adopted Accounting Standards Update (ASU) 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. Our opinion is not modified with respect to this matter.

As described in Note J to the financial statements, during the year ended December 31, 2018, United States Table Tennis Association, Inc. organized and conducted the largest event in its history, which will not recur in the foreseeable future. This is a matter that is important to understanding the financial statements for the year ended December 31, 2018.

*McMillen & Company, PLLC*

Colorado Springs, Colorado  
September 30, 2019

UNITED STATES TABLE TENNIS ASSOCIATION, INC.  
 Statements of Financial Position  
 December 31, 2018  
 (With Comparative Amounts for 2017)

	<u>ASSETS</u>	
	<u>2018</u>	<u>2017</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 141,162	\$ 678,764
Accounts receivable, net	282,681	278,638
Contributions receivable	23,110	41,425
Due from the USOPC	36,847	
Inventory		17,493
Prepaid expenses	<u>64,698</u>	<u>131,185</u>
Total current assets	548,498	1,147,505
<b>FURNITURE AND EQUIPMENT:</b>		
Office furniture and equipment	44,215	43,133
Leasehold improvements	10,340	10,340
Less accumulated depreciation	<u>(37,759)</u>	<u>(30,386)</u>
Furniture and equipment - net	<u>16,796</u>	<u>23,087</u>
<b>TOTAL ASSETS</b>	<u>\$ 565,294</u>	<u>\$ 1,170,592</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 292,518	\$ 229,219
Due to the USOPC	6,047	
Accrued liabilities	18,867	25,130
Current portion of deferred revenue	<u>53,506</u>	<u>694,374</u>
Total current liabilities	370,938	948,723
<b>LONG-TERM LIABILITIES:</b>		
Deferred revenue	<u>47,579</u>	<u>42,429</u>
Total long-term liabilities	<u>47,579</u>	<u>42,429</u>
Total liabilities	418,517	991,152
<b>NET ASSETS:</b>		
Without donor restrictions	138,510	174,173
With donor restrictions	<u>8,267</u>	<u>5,267</u>
Total net assets	<u>146,777</u>	<u>179,440</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 565,294</u>	<u>\$ 1,170,592</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, 2018  
(With Comparative Totals for 2017)

	Without Donor Restrictions	With Donor Restrictions	2018 Totals	2017 Totals
<b>REVENUE:</b>				
World Veterans Championships	\$ 1,723,517	\$	\$ 1,723,517	\$
Tournaments, camps & programs	747,815		747,815	762,021
Membership registrations	391,860		391,860	412,542
Grants from the USOPC, including value-in-kind amounts of \$12,101 and \$16,998	186,861		186,861	192,398
Corporate sponsorships	118,000		118,000	139,315
Contributions	103,378	13,025	116,403	120,628
USOC media/marketing agreement	75,000		75,000	75,000
Grants from USTTA Foundation	50,000		50,000	25,000
Equipment approval, sanctions & fees	43,950		43,950	51,100
Other income	38,583		38,583	54,207
Advertising	9,700		9,700	11,200
Investment income	2,858		2,858	511
Value in kind	1,852		1,852	34,164
Satisfied program restrictions	<u>10,025</u>	<u>(10,025)</u>		
Total revenue	3,503,399	3,000	3,506,399	1,878,086
<b>EXPENSES:</b>				
Program services:				
World Veterans Championship	1,624,511		1,624,511	
Tournaments	900,918		900,918	807,954
Athlete development	429,661		429,661	397,635
Membership services	176,348		176,348	299,548
Coaching & officials program	12,156		12,156	23,849
Other Committees	<u>270</u>		<u>270</u>	<u>464</u>
Total program services	3,143,864		3,143,864	1,529,450
Supporting services:				
National office	343,731		343,731	287,552
Board of directors	26,326		26,326	32,396
Marketing, media, & fundraising	<u>25,141</u>		<u>25,141</u>	<u>13,667</u>
Total supporting services	395,198		395,198	333,615
Total expenses	<u>3,539,062</u>		<u>3,539,062</u>	<u>1,863,065</u>
CHANGE IN NET ASSETS	(35,663)	3,000	(32,663)	15,021
NET ASSETS, beginning of year	<u>174,173</u>	<u>5,267</u>	<u>179,440</u>	<u>164,419</u>
NET ASSETS, end of year	<u>\$ 138,510</u>	<u>\$ 8,267</u>	<u>\$ 146,777</u>	<u>\$ 179,440</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, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2017 Totals</u>
<b>REVENUE:</b>			
Tournaments, camps & programs	\$ 762,021	\$	\$ 762,021
Membership registrations	412,542		412,542
Grants from the USOPC, including value-in-kind amounts of \$16,998	192,398		192,398
Corporate sponsorships	139,315		139,315
Contributions	95,804	24,824	120,628
USOC media/marketing agreement	75,000		75,000
Other income	54,207		54,207
Equipment approval, sanctions & fees	51,100		51,100
Value in kind	34,164		34,164
Grants from USTTA Foundation	25,000		25,000
Advertising	11,200		11,200
Investment income	511		511
Satisfied program restrictions	<u>39,824</u>	<u>(39,824)</u>	
Total revenue	1,893,086	(15,000)	1,878,086
<b>EXPENSES:</b>			
Program services:			
Tournaments	807,954		807,954
Athlete development	397,635		397,635
Membership services	299,548		299,548
Coaching program	23,849		23,849
Committees	<u>464</u>		<u>464</u>
Total program services	1,529,450		1,529,450
Supporting services:			
National office	282,485		282,485
Board of directors	32,396		32,396
Marketing, media, & fundraising	<u>18,734</u>		<u>18,734</u>
Total supporting services	<u>333,615</u>		<u>333,615</u>
Total expenses	<u>1,863,065</u>		<u>1,863,065</u>
CHANGE IN NET ASSETS	30,021	(15,000)	15,021
NET ASSETS, beginning of year	<u>144,152</u>	<u>20,267</u>	<u>164,419</u>
NET ASSETS, end of year	<u>\$ 174,173</u>	<u>\$ 5,267</u>	<u>\$ 179,440</u>

See Notes to Financial Statements

UNITED STATES TABLE TENNIS ASSOCIATION, INC.  
Statement of Functional Expenses  
For the year ended December 31, 2018

	World Veterans Championships	Tournaments	Athlete Development	Membership Services	Coaching & Officials Programs	Other Committees	Total Program Services
Accounting, audit, & bookkeeping	\$	\$	\$	\$	\$	\$	\$
Athlete support			23,232				23,232
Background screenings				10,126			10,126
Bank charges & credit card fees	17,820	40		25,722			43,582
Camps & competitions - direct costs			139,291				139,291
Coaching fees			28,507		6,900		35,407
Contract labor & services	282,602	225,067	18,613				526,282
Delegate meals		28,105					28,105
Depreciation							
Development programs					4,756		4,756
Dues & subscriptions							
Employee benefits	7,075	9,185	13,697	3,564			33,521
Equipment		12,430	5,723	1,629			19,782
Equipment rental	8,456						8,456
Event partners	77,036						77,036
Facility			2,500				2,500
WVC Flooring	163,500						163,500
Gifts							
Insurance			1,275	21,396			22,671
International relations		3,334					3,334
IT support							
Merchandise	64,850						64,850
Miscellaneous	76,442	10,662		1,001		270	88,375
National Ranking tournaments		61,616					61,616
Newsletter				2,478			2,478
Officials & classifiers	47,446	6,128					53,574
Payroll service							
Payroll taxes	5,314	6,900	10,363	2,678			25,255
Postage & shipping	5,446	23,972	702				30,120
Printing, copying, & photography	86,101	7,186		479			93,766
Prize money		106,968			500		107,468
Professional fees							
Programs		7,015					7,015
Promotions	57,383	26,297					83,680
Ratings				42,000			42,000
Rent							
Repairs & maintenance							
Representation							
Salaries	69,471	90,199	135,464	35,000			330,134
Supplies	21,191	11,011	246	1,160			33,608
Tables, pipe, & drape		12,950					12,950
Telephone			1,257	3,915			5,172
Tournament contractor		8,347					8,347
Transportation	31,827	8,910					40,737
Travel, food, & lodging	533,138	186,171	42,645				761,954
Trophies & awards		5,209					5,209
T-shirts		13,994					13,994
Uniforms, including VIK			6,136				6,136
Volunteers/operations/committee	69,413	29,222					98,635
Webmaster			10	25,200			25,210
	\$ 1,624,511	\$ 900,918	\$ 429,661	\$ 176,348	\$ 12,156	\$ 270	\$ 3,143,864



UNITED STATES TABLE TENNIS ASSOCIATION, INC.  
Statement of Functional Expenses - Continued  
For the year ended December 31, 2018

	National Office	Board of Directors	Marketing, Media, & Fundraising	Total Supporting Services	2018 Total Expenses
Accounting, audit, & bookkeeping	\$ 16,061			\$ 16,061	\$ 16,061
Athlete support					23,232
Background screenings					10,126
Bank charges & credit card fees	3,923			3,923	47,505
Camps & competitions - direct costs					139,291
Coaching fees					35,407
Contract labor & services					526,282
Delegate meals					28,105
Depreciation	7,373			7,373	7,373
Development programs					4,756
Dues & subscriptions	11,441			11,441	11,441
Employee benefits	20,140			20,140	53,661
Equipment					19,782
Equipment rental	1,036	2,666		3,702	12,158
Event partners					77,036
Facility					2,500
WVC Flooring					163,500
Gifts	313	1,500		1,813	1,813
Insurance	2,480	4,332	3,400	10,212	32,883
International relations					3,334
IT support	863			863	863
Merchandise					64,850
Miscellaneous	2,052			2,052	90,427
National Ranking tournaments					61,616
Newsletter					2,478
Officials & classifiers					53,574
Payroll service	3,642			3,642	3,642
Payroll taxes	10,637		1,339	11,976	37,231
Postage & shipping	10,752		264	11,016	41,136
Printing, copying, & photography	307	24	253	584	94,350
Prize money					107,468
Professional fees	10,482			10,482	10,482
Programs					7,015
Promotions			7,640	7,640	91,320
Ratings					42,000
Rent	15,905			15,905	15,905
Repairs & maintenance	870			870	870
Representation		735		735	735
Salaries	160,923		17,501	178,424	508,558
Supplies	3,883		363	4,246	37,854
Tables, pipe, & drape					12,950
Telephone	5,248	643		5,891	11,063
Tournament contractor					8,347
Transportation					40,737
Travel, food, & lodging	48,001	16,426	1,780	66,207	828,161
Trophies & awards					5,209
T-shirts					13,994
Uniforms, including VIK					6,136
Volunteers/operations/committee					98,635
Webmaster					25,210
	<u>\$ 336,332</u>	<u>\$ 26,326</u>	<u>\$ 32,540</u>	<u>\$ 395,198</u>	<u>\$ 3,539,062</u>

See Notes to Financial Statements

UNITED STATES TABLE TENNIS ASSOCIATION, INC.  
Statements of Cash Flows  
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (32,663)	\$ 15,021
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	7,373	5,685
Decrease (increase) in operating assets:		
Accounts receivable	(4,043)	(140,521)
Other receivable		33,238
Contributions receivable	18,315	(20,425)
Due from USOC	(36,847)	92,500
Inventory	17,493	(17,493)
Prepaid expenses	66,487	(98,111)
Non-current prepaid expenses		34,749
Increase (decrease) in operating liabilities:		
Accounts payable	63,299	19,583
Due to USOC	6,047	(244)
Accrued liabilities	(6,263)	3,309
Other liabilities		(34,749)
Deferred revenue	<u>(635,718)</u>	<u>597,926</u>
Total adjustments	<u>(503,857)</u>	<u>475,447</u>
Net cash provided (used) by operating activities	(536,520)	490,468
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(1,082)</u>	<u>(13,543)</u>
Net cash used by investing activities	<u>(1,082)</u>	<u>(13,543)</u>
NET INCREASE (DECREASE) IN CASH	(537,602)	476,925
CASH AND CASH EQUIVALENTS, beginning of year	<u>678,764</u>	<u>201,839</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 141,162</u>	<u>\$ 678,764</u>

See Notes to Financial Statements

UNITED STATES TABLE TENNIS ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended December 31, 2018

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

United States Table Tennis Association, Inc. (the Association) 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.

Accounting Standards Update

On August 18, 2016, the FASB issued *ASU 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Association has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented except for the presentation of prior year expenses according to their natural classification which is allowable under transition guidance for ASU 2016-14. The new standards change the following aspects of the Association's financial statements:

- The temporarily restricted and permanently restricted net asset classes, if any existed, have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements now include a presentation of expenses that describes both the functional nature of the expenses and their natural classification according to the actual usage of resources.
- The financial statements include a new disclosure about liquidity and availability of resources (Note B).

The changes have the following effect on net assets at December 31, 2017:

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounting Standards Update - continued

<u>Net Asset Class</u>	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted net assets	\$ 174,173	\$
Temporarily restricted net assets	5,267	
Net assets without donor restrictions		\$ 174,173
Net assets with donor restrictions		<u>5,267</u>
Total net assets	<u>\$ 179,440</u>	<u>\$ 179,440</u>

In addition, certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Basis of Presentation

The financial statements are prepared on the accrual basis of accounting.

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- Net assets without donor restrictions: net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association.
- Net assets with donor restrictions: net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other purposes specified by the donor. Other donor restrictions are perpetual in nature, where-by the donor has stipulated the funds be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

## Notes to Financial Statements

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

#### Basis of Presentation - continued

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

#### 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. However, income from certain activities not directly related to the Association's tax-exempt purposes is subject to taxation as unrelated business income.

The Association's Form 990, Return of Organization Exempt from Income Tax, is subject to examination by various taxing authorities, generally for three years after the date 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.

#### Inventory

During the year ended December 31, 2017, inventory consisted primarily of various merchandise items which are stated at the lower of cost (first-in, first-out method) or net realizable value. These items were sold during the year ended December 31, 2018, at program events. The Association's policy is to record as revenue, value-in-kind merchandise received that is budget relieving and to expense these items as they are used.

## Notes to Financial Statements

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

#### 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as satisfied program restrictions.

#### 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 could suffer a loss to the extent its deposits exceed the respective bank's insurance limits.

#### Supplemental Cash Flow Disclosures

During the years ended December 31, 2018 and 2017, cash flows from operating activities contained no amounts paid for interest or income taxes.

#### 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.

#### Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Association have been presented by natural classification and on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services in proportion to the benefits received. Salaries are allocated based on an estimate of time and effort between program and supporting services.

## Notes to Financial Statements

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

#### 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.

Depreciation expense for the years ending December 31, 2018 and 2017, was \$7,373 and \$5,685, respectively.

#### Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through September 30, 2019, the date that the financial statements were available to be issued.

### B. AVAILABLE RESOURCES AND LIQUIDITY

The Association regularly monitors liquidity required to meet its operating needs and other commitments, while also striving to effectively invest their available funds. The Association has various sources of liquidity at its disposal, including cash and cash equivalents and current accounts receivable. The Association does not have an official investment policy; but, the Board of Directors is directly involved in all investment decisions, if needed.

In addition to financial assets available to meet general expenditures over the next 12 months, the Association strives to produce a conservative budget and anticipates collecting revenue and support to adequately cover operating expenses.

Notes to Financial Statements

B. AVAILABLE RESOURCES AND LIQUIDITY - Continued

The following table reflects the Association's financial assets as of December 31, 2018 and 2017. Additionally, the Association has funds with donor restrictions (Note F). The Association does not have any board designated net assets as of year-end.

	<u>2018</u>	<u>2017</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 141,162	\$ 678,764
Accounts receivable, net	342,638	320,063
Less: net assets with donor restrictions:	<u>(8,267)</u>	<u>(5,267)</u>
Financial assets available within one year:	<u>\$ 475,533</u>	<u>\$ 993,560</u>

Cash and cash equivalents as of December 31, 2017, contained a significant amount of revenue collected in advance of the World Veterans Championships event (Note J). During the year ended December 31, 2018, this event required substantial use of cash for expenses related to this major event in the normal course of business.

C. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2018 and 2017, the United States Olympic & Paralympic Committee (USOPC) provided grants to the Association as follows:

	<u>2018</u>	<u>2017</u>
Other grants	\$ 154,760	\$ 155,400
Matching	20,000	20,000
Value-in-kind	12,101	16,998
International relations	<u>10,000</u>	<u>          </u>
	<u>\$ 186,861</u>	<u>\$ 192,398</u>

In July, 2012, the Association entered into a digital media agreement with the USOPC. The term of the agreement was January 1, 2013, through December 31, 2016. Under the terms of the digital media agreement, the previous content license agreement



## Notes to Financial Statements

### C. RELATED PARTY TRANSACTIONS - Continued

was terminated. During the year ended December 31, 2017, the agreement was extended with the same terms through December 31, 2020. The Association recognized \$75,000 for both the years ended December 31, 2018 and 2017 under the agreement. As of December 31, 2017, the Association had deferred \$75,000 of additional amounts received under this agreement, due to an overpayment of support in 2017; this was recognized in 2018.

At December 31, 2018 and 2017, the USOPC owed the Association \$36,847 and \$0 under the above grant categories and the Association owed the USOPC \$6,047 and \$0, respectively, for miscellaneous expenses.

The United States Table Tennis Association Foundation, Inc. (the Foundation) provided the Association with grants of \$50,000 and \$25,000 for the years ended December 31, 2018 and 2017, respectively.

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

During the years ended December 31, 2018 and 2017, the Association conducted business with a company owned by a member serving on the Association's Board of Directors. The Association paid the Board member's company \$3,500 and \$52,609 for event broadcasting services during the years ended December 31, December 31, 2018 and 2017, respectively.

A Board Member of the United States Table Tennis Foundation, Inc. (see Note D) is the spouse of an individual who was a party in the World Veterans Championship (see Note J) agreement.

During the year ended December 31, 2017, the Association's former CEO became the director of the North American division of the International Table Tennis Federation (ITTF). During the years ended December 31, 2018 and 2017, the Federation granted and sponsored the Association \$106,000 and \$86,333, respectively, to support various program services. As of December 31, 2018, ITTF owed the Association \$28,041, which included some amounts for reimbursable expenses. The former CEO of the Association joined the ITTF staff in late 2018, after separating from the Association.

Notes to Financial Statements

C. RELATED PARTY TRANSACTIONS - Continued

Table Tennis clubs hold USA Table Tennis sanctioned events throughout the year and collect membership fees which are remitted to the Association. The Clubs also pay a sanction fee to the Association based on the total number of participants at events; and, the Clubs occasionally contract with the Association for payments associated with hosting USA Table Tennis ranking tournaments and training camps. Occasionally, these Clubs are directly affiliated with Board Members of the Association.

Board Members and persons related to Board Members also receive reimbursements for expenses incurred on behalf of the Association; and, Board Members and persons related to Board Members may also receive remuneration for support provided to the Association at events.

D. UNITED STATES TABLE TENNIS FOUNDATION, INC.

During the year ended December 31, 2017, it was determined that the Association has control through a controlling financial interest in the Foundation, based on a review of the respective governing documents. According to ASC 958-810-25-2, control of a related (but separate) not-for-profit entity, through a controlling financial interest in the other non-profit entity, requires consolidation. However, the Association has not consolidated the financial statements of the Foundation.

E. DEFERRED REVENUE

Deferred revenue consists of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Membership dues	\$ 90,795	\$ 85,572
Tournament sanction fees	10,290	6,510
2018 World Veterans Championships		569,721
USOPC digital media agreement		75,000
	<u>\$ 101,085</u>	<u>\$ 736,803</u>

F. NET ASSETS WITH DONOR RESTRICTIONS: TEMPORARY IN NATURE

Net assets with temporary donor restrictions consist of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Floormat fund	\$ 4,957	\$ 4,957

Notes to Financial Statements

F. NET ASSETS WITH DONOR RESTRICTIONS: TEMPORARY IN NATURE -  
Continued

Pong for kids	3,000	
Senior fund	205	205
NCTTA scholarship program	<u>105</u>	<u>105</u>
	<u>\$ 8,267</u>	<u>\$ 5,267</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2018 and 2017, net assets were released from restrictions for satisfying the following purposes:

	<u>2018</u>	<u>2017</u>
Paralympic events	\$ 10,025	\$ 23,934
Youth programs		15,000
USTTA Hall of Fame		<u>890</u>
	<u>\$ 10,025</u>	<u>\$ 39,824</u>

G. 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 \$680 and \$1,896 for the years ended December 31, 2018 and 2017, respectively.

H. OPERATING LEASES

In June 2014, the Association entered into an 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 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:

2019	\$ 24,633
2020	26,090
2021	28,699
2022	31,568

## Notes to Financial Statements

### I. TABLE TENNIS USA, INC.

In February 2017, the Association formed Table Tennis USA, Inc., a for-profit corporation and a subsidiary of the Association. The entity did not have any activity during the years ending December 31, 2018 and 2017.

### J. WORLD VETERANS CHAMPIONSHIP

During the year ended December 31, 2018, the Association completed its organization and management of the largest table tennis event in its history, the World Veterans Championship (WVC). The entire financial activity of the event is presented in the financial statements of the Association, since the activity was part of the Association as a single economic entity.

This event required multiple years of preparation and significantly impacted the Association's financial statements over those years. For example, as of December 31, 2017, the Association held significant amounts of cash pertaining to the advanced collections of registrations and exhibitor fees for the WVC (\$569,721), which represented deferred revenue as of December 31, 2017. Upon incurring expenses for this event and fulfilling the earnings process by conducting the event, the Association expended significant amounts of cash to cover event costs and recognized the deferred revenue as event revenue during the year ended December 31, 2018. Thus, the statement of financial position as of December 31, 2018, reflects a reduction in cash and deferred revenue accordingly, in addition to other impactful elements of the WVC, such as reduced prepaid expenses.

For the year ended December 31, 2018, the Association recognized revenue of \$1,723,517 related to the WVC event; and, the Association recognized expenses of \$1,624,511 to conduct the event, resulting in a net event income of approximately \$99,000 as presented. Event expenses, as recorded by the Association, included approximately \$77,000 in payments made as part of an agreement to share event profits with event promoters and allocations of certain personnel costs. The allocations of personnel costs were not factored into the calculation of profit share amounts owed to event promoters.

### K. CONTINGENT GAIN

Management asserts that a certain charge from a vendor is not

## Notes to Financial Statements

### K. CONTINGENT GAIN - Continued

owed due to a verbal agreement with the vendor to waive the remaining amount as recompense for a food poisoning issue at certain events, primarily occurring during the U.S. Para Open and the U.S. Nationals events. However, subsequent to the year ended December 31, 2018, it was uncertain that the vendor had adjusted its records to reflect this agreement. Management is pursuing a formal agreement to waive the remaining amount owed for these event services, which was approximately \$66,000. As of September 30, 2019, the disputed amount had not been paid.

### L. CONTINGENT LIABILITY

As discussed in Note J, the Association had an existing agreement with parties to share the net profit, if any, of the WVC event. During the year ended December 31, 2018, the Association paid approximately \$77,000 related to this agreement. However, the Association is currently investigating the reasonable possibility that the event net profit was more than initially calculated when determining the amount paid to these other parties, which may result in additional amounts owed.

### M. SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2018, the Association was involved in two operational legal matters, regarding matters that initiated in 2019, and incurred approximately \$32,000 of costs to resolve those matters.