

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

**Financial Statements**

**For the Year Ended December 31, 2019**



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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, 2019, 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 2019 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, 2019, 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.

### **Emphasis of Matter**

As described in Note A to the financial statements, in 2019, United States Table Tennis Association, Inc. adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), and Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

### **Emphasis of Other Matter**

As described in Note M, In March 2020, the World Health Organization declared a pandemic related to a fast-spreading novel strain of coronavirus. The outbreak caused significant global disruption in commercial and noncommercial activities. The disruption may have a significant impact on future financial performance; however, the ultimate impact of this global concern cannot be determined. Our opinion is not modified with respect to that matter.

### **Report on Summarized Comparative Information**

We previously audited the United States Table Tennis Association, Inc.'s financial statements for the year ended December 31, 2018, and expressed a qualified audit opinion on those audited financial statements in our report dated September 30, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*McMillen & Company, PLLC*

Colorado Springs, Colorado  
June 15, 2020

UNITED STATES TABLE TENNIS ASSOCIATION, INC.  
 Statements of Financial Position  
 December 31, 2019  
 (With Comparative Amounts for 2018)

	<u>ASSETS</u>	
	<u>2019</u>	<u>2018</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 276,917	\$ 141,162
Accounts receivable, net	123,102	282,681
Contributions receivable	20,000	23,110
Due from the USOPC	84,803	36,847
Prepaid expenses	<u>14,824</u>	<u>64,698</u>
Total current assets	519,646	548,498
<b>FURNITURE AND EQUIPMENT:</b>		
Office furniture and equipment	47,154	44,215
Leasehold improvements	10,340	10,340
Less accumulated depreciation	<u>(46,093)</u>	<u>(37,759)</u>
Furniture and equipment - net	<u>11,401</u>	<u>16,796</u>
<b>TOTAL ASSETS</b>	<u>\$ 531,047</u>	<u>\$ 565,294</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 296,682	\$ 292,518
Due to the USOPC	8,669	6,047
Accrued liabilities	41,837	18,867
Current portion of deferred revenue	<u>41,343</u>	<u>53,506</u>
Total current liabilities	388,531	370,938
<b>NONCURRENT LIABILITIES:</b>		
Deferred revenue	<u>51,434</u>	<u>47,579</u>
Total noncurrent liabilities	<u>51,434</u>	<u>47,579</u>
Total liabilities	439,965	418,517
<b>NET ASSETS:</b>		
Without donor restrictions	80,184	138,510
With donor restrictions	<u>10,898</u>	<u>8,267</u>
Total net assets	<u>91,082</u>	<u>146,777</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 531,047</u>	<u>\$ 565,294</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, 2019  
(With Comparative Totals for 2018)

	Without Donor Restrictions	With Donor Restrictions	2019 Totals	2018 Totals
<b>REVENUE:</b>				
Tournaments, camps & programs	\$ 1,041,040	\$	\$ 1,041,040	\$ 747,815
Membership registrations	369,259		369,259	391,860
Corporate sponsorships	292,400		292,400	118,000
Contributions	241,547	24,000	265,547	116,403
Grants from the USOPC, including value-in-kind amounts of \$6,900 and \$12,101	178,767		178,767	186,861
USOC media/marketing agreement	150,000		150,000	75,000
Value-in-kind	133,499		133,499	1,852
Other income	61,404		61,404	38,583
Grants from USTA Foundation	50,000		50,000	50,000
Equipment approval, sanctions & fees	38,685		38,685	43,950
Advertising				9,700
Investment income				2,858
World Veterans Championships				1,723,517
Satisfied program restrictions	21,369	(21,369)		
Total revenue	2,577,970	2,631	2,580,601	3,506,399
<b>EXPENSES:</b>				
Program services:				
Athlete development	1,117,480		1,117,480	429,661
Tournaments	673,032		673,032	900,918
Membership services	179,724		179,724	176,348
Coaching & officials program	2,664		2,664	12,156
Other Committees	372		372	270
World Veterans Championship				1,624,511
Total program services	1,973,272		1,973,272	3,143,864
Supporting services:				
National office	546,653		546,653	361,232
Marketing, media, & fundraising	76,374		76,374	7,640
Board of directors	39,997		39,997	26,326
Total supporting services	663,024		663,024	395,198
Total expenses	2,636,296		2,636,296	3,539,062
CHANGE IN NET ASSETS	(58,326)	2,631	(55,695)	(32,663)
NET ASSETS, beginning of year	138,510	8,267	146,777	179,440
NET ASSETS, end of year	\$ 80,184	\$ 10,898	\$ 91,082	\$ 146,777

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

	Without Donor Restrictions	With Donor Restrictions	2018 Totals
<b>REVENUE:</b>			
World Veterans Championships	\$ 1,723,517	\$	\$ 1,723,517
Tournaments, camps & programs	747,815		747,815
Membership registrations	391,860		391,860
Grants from the USOPC, including value-in-kind amounts of \$12,101	186,861		186,861
Corporate sponsorships	118,000		118,000
Contributions	103,378	13,025	116,403
USOC media/marketing agreement	75,000		75,000
Grants from USTTA Foundation	50,000		50,000
Equipment approval, sanctions & fees	43,950		43,950
Other income	38,583		38,583
Advertising	9,700		9,700
Investment income	2,858		2,858
Value-in-kind	1,852		1,852
Satisfied program restrictions	10,025	(10,025)	
Total revenue	3,503,399	3,000	3,506,399
<b>EXPENSES:</b>			
Program services:			
World Veterans Championship	1,624,511		1,624,511
Tournaments	900,918		900,918
Athlete development	429,661		429,661
Membership services	176,348		176,348
Coaching program	12,156		12,156
Committees	270		270
Total program services	3,143,864		3,143,864
Supporting services:			
National office	350,138		350,138
Board of directors	26,326		26,326
Marketing, media, & fundraising	18,734		18,734
Total supporting services	395,198		395,198
Total expenses	3,539,062		3,539,062
CHANGE IN NET ASSETS	(35,663)	3,000	(32,663)
NET ASSETS, beginning of year	174,173	5,267	179,440
NET ASSETS, end of year	\$ 138,510	\$ 8,267	\$ 146,777

See Notes to Financial Statements

UNITED STATES TABLE TENNIS ASSOCIATION, INC.  
Statement of Functional Expenses - Continued  
For the year ended December 31, 2019

	National Office	Board of Directors	Marketing, Media, & Fundraising	Total Supporting Services	2019 Total Expenses
Accounting, audit, & bookkeeping	\$ 50,343	\$	\$	\$ 50,343	\$ 50,343
Background screenings	52			52	11,397
Bank charges & credit card fees	6,346			6,346	28,960
Bad debt	5,080			5,080	5,080
Coaching fees					78,965
Contract labor & services	24,057	5,453	1,000	30,510	221,651
Depreciation	9,055			9,055	9,055
Dues & subscriptions	3,417			3,417	23,100
Employee benefits	21,713		8,967	30,680	36,771
Equipment					158,974
Equipment rental	1,835			1,835	1,835
Gifts	19			19	1,388
Insurance	6,184			6,184	40,046
IT support	2,545			2,545	2,545
Miscellaneous	9,557	139		9,696	16,132
Officials & classifiers					54,842
Payroll service	4,277			4,277	4,277
Payroll taxes	20,117		3,256	23,373	37,358
Postage & shipping	1,287	62		1,349	17,714
Printing, copying, & photography					214
Prize money					120,997
Professional fees & settlements	47,718	2,681		50,399	50,399
Promotions					12,947
Ratings	5,700			5,700	47,700
Rent	19,977			19,977	19,977
SafeSport expense	1,750			1,750	1,850
Salaries	265,403		38,318	303,721	495,688
Supplies	2,173	88	333	2,594	49,836
Telephone	9,793	1,721		11,514	13,205
Transportation					3,985
Travel, food, & lodging	28,255	29,853		58,108	830,906
Value-in-kind expenses					140,399
Volunteers/operations/committee					23,260
Webmaster			24,500	24,500	24,500
	<u>\$ 546,653</u>	<u>\$ 39,997</u>	<u>\$ 76,374</u>	<u>\$ 663,024</u>	<u>\$ 2,636,296</u>

See Notes to Financial Statements



UNITED STATES TABLE TENNIS ASSOCIATION, INC.  
 Statements of Cash Flows  
 For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (55,695)	\$ (32,663)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	9,055	7,373
(Increase) decrease in operating assets:		
Accounts receivable, net	159,579	(4,043)
Contributions receivable	3,110	18,315
Due from USOC	(47,956)	(36,847)
Inventory		17,493
Prepaid expenses	49,874	66,487
Increase (decrease) in operating liabilities:		
Accounts payable	4,164	63,299
Due to USOC	2,622	6,047
Accrued liabilities	22,970	(6,263)
Deferred revenue	<u>(8,308)</u>	<u>(635,718)</u>
Total adjustments	<u>195,110</u>	<u>(503,857)</u>
Net cash provided (used) by operating activities	139,415	(536,520)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(3,660)</u>	<u>(1,082)</u>
Net cash used by investing activities	<u>(3,660)</u>	<u>(1,082)</u>
NET INCREASE (DECREASE) IN CASH	135,755	(537,602)
CASH AND CASH EQUIVALENTS, beginning of year	<u>141,162</u>	<u>678,764</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 276,917</u>	<u>\$ 141,162</u>

See Notes to Financial Statements

UNITED STATES TABLE TENNIS ASSOCIATION, INC.

Notes to Financial Statements

For the Years Ended December 31, 2019

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.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This standard implements a single, comprehensive framework for recognition of all revenue earned from customers. The topic's framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating the transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. For certain entities, including the Association, the standard is effective for fiscal years beginning after December 15, 2018, notwithstanding extensions available under relief from COVID-19 (Note L). During the year ended December 31, 2019, the Association adopted ASU 2014-09 using the full retrospective adoption method. In accordance with transition guidance, the Association elected to retroactively adjust only those contracts that did not meet the definition of a completed contract at the date of initial application. This guidance did not significantly impact the timing of the United States Table Tennis Association's revenue recognition.

In June 2018, the FASB issued standard ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard provides a more robust framework for determining whether an entity should account for a transaction as a contribution or as an exchange transaction. The guidance also helps determine whether a contribution is conditional and better distinguishes a donor-

## Notes to Financial Statements

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

#### New Accounting Pronouncements - continued

imposed condition from a donor-imposed restriction. During the year ended December 31, 2019, the Association adopted this standard for contracts not yet completed as of December 31, 2019, or entered into subsequent to December 31, 2019, the beginning of the fiscal year. The adoption did not result in a material change to how the Association accounts for revenue from contributions, grants, and contracts.

#### New Authoritative Pronouncements Not Yet Adopted

In February 2016, the Financial Accounting Standard Board (FASB) issued ASU 2016-02, *Leases*. This guidance requires the recognition of all leases as rights and obligations to be presented on the statement of financial position as assets and liabilities. The standard further defines the proper initial and subsequent recognition and required disclosure of leases based on the type of lease, as defined under the new ASC 842. The update is effective for annual reporting periods beginning after December 15, 2019. The Association is evaluating the impact this will have on its 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

## Notes to Financial Statements

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

#### Basis of Presentation - continued

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.

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.

#### Revenue Recognition

The Association has analyzed the provisions of the Financial Accounting Standard Board's (FASB) ASC Topic 606, *Revenue from Contracts with Customers*, and have concluded that no material changes are necessary to conform with the new standard. The Association's revenue recognition policies are as follows:

- Tournament Camps & Programs - National Tournament income contains a specific delivery element and revenue is recognized at a single point in time when ownership, risks, and rewards transfer. Revenue is recognized when events are successfully conducted.
- Membership registrations - Membership registration revenue is recognized in an amount that reflects the consideration that the Association is entitled to in exchange for providing membership services. Registrations are recognized as revenue in the period in which the Association satisfies its performance obligation to its members. A performance obligation is a promise in a contract to transfer a distinct good or service to a customer, as defined by ASC 606. The Association's performance obligation for membership registration revenue is to provide access to competitions, membership services, and benefits accessible only to members. 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.

## Notes to Financial Statements

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

#### Revenue Recognition - continued

- Grant revenue - The Association receives grants from the United States Olympic and Paralympic Committee (USOPC) and other organizations to support its High-Performance program and other initiatives. The Association assesses grants to determine if an exchange transaction exists. If so, revenue is recognized upon substantially satisfying the performance obligations under such exchange transactions.
- Sponsorship revenue - Sponsorship revenue is recognized in an amount that reflects the consideration that the Association is entitled to in exchange for substantially fulfilling performance obligations specific to each contract. Sponsorships are recognized as revenue in the period in which the Association satisfies its performance obligation to its sponsors. The Association's performance obligations for sponsorship revenue is to provide promotion and advertising opportunities as arranged under each contract. The Association has determined that performance obligations of existing multi-year contracts do not materially differ from year-to-year; but it continues to evaluate each new contract for proper recognition under ASC 606.

#### 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.

## Notes to Financial Statements

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

#### 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. Therefore, the Association recorded an allowance for doubtful accounts of \$5,080 as \$0 December 31, 2019 and 2018, respectively.

#### In-kind Contributions

The Association received in-kind sponsorships and donations from various supporters, including affiliated organizations. In-kind sponsorships and donations recorded in the Associations' financial statements are \$140,399 and \$13,953 for the years ended December 31, 2019 and 2018, respectively.

The Association receives a substantial amount of donated services in carrying out its programs. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under generally accepted accounting principles.

#### 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.

## Notes to Financial Statements

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

#### Supplemental Cash Flow Disclosures

During the years ended December 31, 2019 and 2018, 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.

#### 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.

#### Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through June 15 2020, the date that the financial statements were available to be issued.

## Notes to Financial Statements

### 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.

The following table reflects the Association's financial assets as of December 31, 2019 and 2018. 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>2019</u>	<u>2018</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 276,917	\$ 141,162
Accounts receivable, net	215,136	342,638
Less: net assets with donor restrictions:	<u>(10,898)</u>	<u>(8,267)</u>
Financial assets available within one year:	<u>\$ 481,155</u>	<u>\$ 475,533</u>

### C. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2019 and 2018, the United States Olympic & Paralympic Committee (USOPC) provided grants to the Association as follows:

	<u>2019</u>	<u>2018</u>
High performance	\$ 108,100	\$ 144,760
Other grants (including matching)	40,367	20,000
CEO search grant	15,000	
Communications support	8,400	
Value-in-kind	6,900	12,101
International relations	<u>          </u>	<u>10,000</u>
Total	<u>\$ 178,767</u>	<u>\$ 186,861</u>



## Notes to Financial Statements

### C. RELATED PARTY TRANSACTIONS - Continued

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 was terminated. During the year ended December 31, 2017, the agreement was extended with the same terms through December 31, 2020. The Association recognized \$150,000 and \$75,000 during the years ended December 31, 2019 and 2018, under the agreement, respectively.

At December 31, 2019 and 2018, the USOPC owed the Association \$84,803 and \$36,847, respectively, under the above grant categories and the Association owed the USOPC \$8,669 and \$6,047, respectively, for miscellaneous expenses.

The United States Table Tennis Association Foundation, Inc. (the Foundation) provided the Association with grants of \$50,000 and \$50,000 for the years ended December 31, 2019 and 2018, 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 year ended December 31, 2018, the Association conducted business with a company owned by a member serving on the Association's prior Board of Directors. The Association paid the prior Board member's company \$3,500 for event broadcasting services during the year ended December 31, 2018.

A prior 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.

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.

Notes to Financial Statements

C. RELATED PARTY TRANSACTIONS - Continued

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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Membership dues	\$ 85,822	\$ 90,795
Tournament sanction fees	5,580	10,290
Events	<u>1,375</u>	<u>          </u>
	<u>\$ 92,777</u>	<u>\$ 101,085</u>

F. NET ASSETS WITH DONOR RESTRICTIONS: TEMPORARY IN NATURE

Net assets with temporary donor restrictions consist of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Floormat fund	\$ 4,957	\$ 4,957
Pong for kids	5,631	3,000
Senior fund	205	205
NCTTA scholarship program	<u>105</u>	<u>105</u>
	<u>\$ 10,898</u>	<u>\$ 8,267</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2019 and 2018, net assets were released from restrictions for satisfying the following purposes:

Notes to Financial Statements

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

	<u>2019</u>	<u>2018</u>
Asian Pacific fund	\$ 10,000	\$
Para Youth Wheelchair	10,000	
Paralympic events		10,025
USTTA Hall of Fame	<u>1,369</u>	<u>          </u>
	<u>\$ 21,369</u>	<u>\$ 10,025</u>

G. OPERATING LEASES

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:

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

As of December 31, 2019 and 2018, the Association paid a total rent of \$19,977 and \$15,905, respectively.

H. 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, 2019 and 2018.

I. 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. 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

## Notes to Financial Statements

### I. WORLD VETERANS CHAMPIONSHIP - Continued

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.

### J. CONTINGENT GAIN

Management asserts that a certain charge from a vendor is not 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, 2019, it remains uncertain whether the vendor had adjusted its records to reflect this agreement. Management is pursuing an agreement to waive the remaining amount charged for these event services, which was approximately \$66,000.

### K. CONTINGENT LIABILITY

As discussed in Note I, 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

## Notes to Financial Statements

### K. CONTINGENT LIABILITY - Continued

profit was more than initially calculated when determining the amount paid to these other parties, which may result in additional amounts owed.

### L. OTHER LEGAL MATTERS

During the year ended December 31, 2019, the Association was involved in two operational legal matters regarding matters that initiated in 2019. Both matters were resolved without further liability as of December 31, 2019, aside from attorneys' fees payable.

### M. SUBSEQUENT EVENT

In March 2020, the World Health Organization declared a pandemic related to the fast-spreading novel strain of coronavirus. As a result of the global attention and concern arising from this disease (COVID-19), many event organizers have taken appropriate measures to limit the spread of the disease such as postponing events.

Potential impacts to the Association include disruptions or restrictions on the Association's ability to perform services and/or conduct events, which could inhibit its ability to secure sponsorships and other funding. Furthermore, the financial impacts of COVID-19 on the Association's sponsors and grantors are unknown.

Management continues to evaluate options for appropriate response to this global concern within the context of its operations and events. However, the impact of the COVID-19 outbreak is unknown.

In April 2020, the Association acquired a loan in the amount of \$114,700 pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020, further amended by the Paycheck Protection Program Flexibility Act. The PPP provides loans to qualifying businesses for amounts up to two months of the average monthly payroll expenses plus an additional 25% of that amount. The loans and accrued interest are forgivable after 24 weeks if the borrower uses the loan proceeds for qualified purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels at certain prescribed levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries below the prescribed

## Notes to Financial Statements

### M. SUBSEQUENT EVENT - Continued

level during the 24-weeks period. The Association intends to use the proceeds for purposes consistent with the PPP. Therefore, it expects that the loan will be forgiven in 2020 and it will report the Association's amount, to the extent it is forgiven, as nontaxable income.