

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

**Financial Statements &
Supplemental Schedules**

For the Year Ended December 31, 2012

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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, 2012, and the related statements of activities 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, 2012, 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 2011 financial statements, and our report dated April 23, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011, 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.

Wang & Goodwin, LLP
Colorado Springs, Colorado
March 8, 2013

UNITED STATES TABLE TENNIS ASSOCIATION, INC.

Statement of Financial Position

December 31, 2012

(With Comparative Amounts for 2011)

	<u>ASSETS</u>	
	<u>2012</u>	<u>2011</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 492,164	\$ 463,207
Short-term investments	169,321	156,356
Accounts receivable	33,304	44,709
Due from the USOC	18,857	50,713
Prepaid expenses	<u>13,888</u>	<u>18,234</u>
Total current assets	727,534	733,219
FURNITURE AND EQUIPMENT:		
Office furniture and equipment	46,123	40,500
Leasehold improvements	10,340	
Undivided interest in building and land	126,228	126,228
Less accumulated depreciation	<u>(70,423)</u>	<u>(66,383)</u>
Furniture and equipment - net	<u>112,268</u>	<u>100,345</u>
TOTAL ASSETS	<u>\$ 839,802</u>	<u>\$ 833,564</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 94,066	\$ 57,401
Due to the USOC	1,150	8,479
Accrued liabilities	31,976	26,597
Current portion of deferred revenue	<u>101,624</u>	<u>93,664</u>
Total current liabilities	228,816	186,141
LONG-TERM LIABILITIES:		
Deferred revenue	<u>57,003</u>	<u>51,616</u>
Total long-term liabilities	<u>57,003</u>	<u>51,616</u>
Total liabilities	285,819	237,757
NET ASSETS:		
Unrestricted	548,927	590,881
Temporarily restricted	<u>5,056</u>	<u>4,926</u>
Total net assets	<u>553,983</u>	<u>595,807</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 839,802</u>	<u>\$ 833,564</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, 2012
(With Comparative Totals for 2011)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2012 Totals</u>	<u>2011 Totals</u>
REVENUE:				
Tournaments, camps & programs	\$ 635,664	\$	\$ 635,664	\$ 429,544
Membership registrations	438,712		438,712	432,278
Contributions	21,801	200,383	222,184	29,958
Grants from the USOC	130,055		130,055	142,359
Advertising	106,210		106,210	109,677
USOC content license agreement	75,000		75,000	75,000
Equipment approval, sanctions & fees	56,328		56,328	49,162
Grants from USTTA Foundation	35,500		35,500	36,000
Value in kind	16,734		16,734	
Corporate sponsorships	11,750		11,750	25,000
Other income	7,130		7,130	9,405
Investment income	3,621		3,621	4,253
Satisfied program restrictions	<u>200,253</u>	<u>(200,253)</u>		
Total revenue	1,738,758	130	1,738,888	1,342,636
EXPENSES:				
Program services:				
Tournaments	792,034		792,034	480,944
Membership services	354,716		354,716	342,618
Athlete development	331,296		331,296	225,883
Coaching program	55,842		55,842	44,553
Committees	<u>12,916</u>		<u>12,916</u>	<u>14,034</u>
Total program services	1,546,804		1,546,804	1,108,032
Supporting services:				
General & administrative	<u>233,908</u>		<u>233,908</u>	<u>236,085</u>
Total supporting services	<u>233,908</u>		<u>233,908</u>	<u>236,085</u>
Total expenses	<u>1,780,712</u>		<u>1,780,712</u>	<u>1,344,117</u>
CHANGE IN NET ASSETS	(41,954)	130	(41,824)	(1,481)
NET ASSETS, beginning of year	<u>590,881</u>	<u>4,926</u>	<u>595,807</u>	<u>597,288</u>
NET ASSETS, end of year	<u>\$ 548,927</u>	<u>\$ 5,056</u>	<u>\$ 553,983</u>	<u>\$ 595,807</u>

See Notes to Financial Statements

UNITED STATES TABLE TENNIS ASSOCIATION, INC.

Statement of Cash Flows

December 31, 2012

(With Comparative Amounts for 2011)

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (41,824)	\$ (1,481)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	4,040	3,029
Unrealized (gains) losses on investments	(541)	227
Decrease (increase) in assets:		
Accounts receivable	11,405	(19,666)
Due from USOC	31,856	(48,784)
Prepaid expenses	4,346	(8,610)
Increase (decrease) in liabilities:		
Accounts payable	36,665	477
Due to USOC	(7,329)	5,024
Accrued liabilities	5,379	9,158
Deferred revenue	13,347	23,360
Total adjustments	<u>99,168</u>	<u>(35,785)</u>
Net cash provided (used) by operating activities	57,344	(37,266)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(15,963)	(452)
Short-term investments, net	<u>(12,424)</u>	<u>361,954</u>
Net cash provided (used) by investing activities	<u>(28,387)</u>	<u>361,502</u>
NET INCREASE IN CASH	28,957	324,236
CASH AND CASH EQUIVALENTS, beginning of year	<u>463,207</u>	<u>138,971</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 492,164</u>	<u>\$ 463,207</u>

See Notes to Financial Statements

UNITED STATES TABLE TENNIS ASSOCIATION, INC.

Notes to Financial Statements

For the Year Ended December 31, 2012

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 Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2009 to 2012 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, 2012 and 2011 was \$4,040 and \$3,029, 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, 2011, 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 March 8, 2013, 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, 2012 and 2011:

Assets at Fair Value as of December 31, 2012

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ 152,724	\$	\$	\$ 152,724
Equities	15,306			15,306
Money market	<u>1,291</u>			<u>1,291</u>
	<u>\$ 169,321</u>	<u>\$</u>	<u>\$</u>	<u>\$ 169,321</u>

Assets at Fair Value as of December 31, 2011

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ 150,542	\$	\$	\$ 150,542
Equities	4,655			4,655
Money market	<u>1,159</u>			<u>1,159</u>
	<u>\$ 156,356</u>	<u>\$</u>	<u>\$</u>	<u>\$ 156,356</u>

Investment income in the accompanying statement of activities consists of the following for the years ended December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Interest and dividends	\$ 3,080	\$ 4,480
Unrealized gains (losses)	<u>541</u>	<u>(227)</u>
	<u>\$ 3,621</u>	<u>\$ 4,253</u>

C. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2012 and 2011, the United States Olympic Committee (USOC) provided grants to the Association as follows:

	<u>2012</u>	<u>2011</u>
Matching	\$ 35,455	\$ 14,545
Paralympic funding	35,000	25,000
NGB funding	30,000	52,640
Olympic team trials	25,000	
Professional services	4,600	8,300
International relations		35,000
Value in-kind		5,344
Media consulting		<u>1,530</u>
	<u>\$ 130,055</u>	<u>\$ 142,359</u>

Notes to Financial Statements

C. RELATED PARTY TRANSACTIONS - Continued

In May, 2007 the Association entered into a content license agreement with the USOC. The term of the agreement is July 1, 2007 through December 31, 2012. Under the terms of the content license agreement the previous joint marketing agreement was terminated. The Association received \$75,000 for each of the years ended December 31, 2012 and 2011.

At December 31, 2012 and 2011 the USOC owed the Association \$18,857 and \$50,713 under the above grant categories and the Association owes the USOC \$1,150 and \$8,479, respectively, for office expenses and insurance.

The United States Table Tennis Association Foundation, Inc. (USTTAF) provided the Association with grants of \$35,500 and \$36,000 for the years ended December 31, 2012 and 2011, respectively.

During the year ended December 31, 2012. The USTTAF collected funding restricted for the Mike Dempsey Memorial International Table Tennis Championships (the Championships). These funds were designated to cover costs associated with the Championships. Most of these funds flowed through the Association as restricted contributions and were appropriately released from restriction as costs for the Championships were covered. However, a small portion of the restricted funding received by USTTAF did not flow through the Association and was used by USTTAF to directly support the Championships. The Association did not recognize this portion of the funding issued directly from USTTAF in its financial statements.

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, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Membership dues	\$ 112,242	\$ 109,577
Paralympics events	30,595	
Tournament sanction fee	14,790	11,080
Magazine	800	800
Olympic trials	200	23,100
Other		<u>723</u>
	<u>\$ 158,627</u>	<u>\$ 145,280</u>

Notes to Financial Statements

E. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Floormat fund	\$ 4,862	\$ 4,816
Hall of fame	144	40
NCTTA scholarship program	50	20
Umpire award	<u> </u>	<u>50</u>
	<u>\$ 5,056</u>	<u>\$ 4,926</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2012 and 2011, net assets were released from restrictions for satisfying the following purposes:

	<u>2012</u>	<u>2011</u>
Paralympic events	\$ 198,181	\$ 12,396
Junior/developing player national event	2,000	4,525
Umpire award	50	150
Hall of fame	22	
Senior fund		1,140
Youth program		677
National team	<u> </u>	<u>165</u>
	<u>\$ 200,253</u>	<u>\$ 19,053</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 \$8,627 and \$6,832 for the years ended December 31, 2012 and 2011, 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

Notes to Financial Statements

G. BUILDING ACQUISITION - Continued

improvements. During 2010, the Association acquired an additional 2% ownership through the purchase of a portion of United States Team Handball Federation's undivided interest, increasing their ownership to 19%. The purchase of the building was made possible by a grant in the amount of \$25,500 from the El Pomar Foundation and a grant of \$91,800 from the United States Olympic Committee. A condition of the El Pomar grant is that if the Association relocates outside of El Paso County within 15 years, it will forfeit to the remaining tenants in common that portion of its interest paid for with El Pomar grant monies.

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

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

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:

2013	\$ 16,904
2014	17,921
2015	17,784
2016	19,140
2017	19,602
Remaining years	131,640

UNITED STATES TABLE TENNIS ASSOCIATION, INC.
Schedule of Program Services
For the Year Ended December 31, 2012

	Tournaments	Membership Services	Athlete Development	Coaching Program	Committees	Totals
	\$	\$	\$	\$	\$	\$
Athlete support			8,000			8,000
Bank fees	303					303
Camps & competitions		23,269	248,166			248,166
Club membership discounts				41,929		23,269
Coaching fees					9,757	41,929
Committees						9,757
Contract labor	47,551	34,679	16,400			98,630
Credit card processing fees		18,156				18,156
Delegate meals	112,199					112,199
Equipment	20,617	391				21,008
Facility	24,290					24,290
Health insurance		17,534				17,534
HSA contributions		6,250				6,250
Insurance		15,466	1,275			16,741
International relations						12,693
ITTF representation	12,693				3,159	12,693
Media	17,955	768				18,723
Officials & classifiers	7,410					7,410
Payroll taxes		7,994		402		8,396
Postage & shipping	7,650	33,484				41,134
Printing, copying, & photography	22	47,387				47,409
Prize money	135,340					135,340
Programs	5,199					5,199
Promotional merchandise	5,940					5,940
Ratings	4,349					46,203
Salaries	43,474	83,947	54,050	5,250		186,721
Seminars				7,961		7,961
Simple IRA	1,164	2,913				4,077
Sponsors/exhibitors expense	8,767					8,767
Supplies	10,086	4,092		300		14,478
Tables, pipe, flooring & drapes	42,746					42,746
Telephone		3,747				4,345
Tournament contractor	61,061		598			61,061
Transportation	4,137					4,137
Travel	199,666	2,163	2,807			204,636
Trophies & awards	14,869					14,869
T-shirts	4,546					4,546
Website hosting		1,022				1,022
Webmaster		9,600				9,600
	<u>\$ 792,034</u>	<u>\$ 354,716</u>	<u>\$ 331,296</u>	<u>\$ 55,842</u>	<u>\$ 12,916</u>	<u>\$ 1,546,804</u>

UNITED STATES TABLE TENNIS ASSOCIATION, INC.
 Schedule of Supporting Services
 For the Year Ended December 31, 2012

	General & Administrative			Total
	National Office	Board of Directors	Marketing & Media	
Audit & tax preparation	\$ 6,250		\$	\$ 6,250
Building maintenance	3,458			3,458
Business fees	681			681
Computer costs	423			423
Depreciation	4,040			4,040
Dues & subscriptions	500			500
Equipment rental	884			884
Food & lodging	434	9,577		10,011
Gifts		19		19
Health insurance	23,584			23,584
HSA contributions	6,250			6,250
Insurance	2,603	3,666		6,269
Marketing promotions			574	574
Media services			2,500	2,500
Payroll service	1,550			1,550
Payroll taxes	14,500			14,500
Postage & shipping	362	131		493
Printing & copying	73	67		140
Professional fees		4,864		4,864
Rent	6,065			6,065
Repairs & maintenance	397			397
Salaries	115,171			115,171
Simple IRA	5,714			5,714
Supplies	2,729	689		3,418
Telephone	1,028	847		1,875
Travel	661	13,617		14,278
	<u>\$ 197,357</u>	<u>\$ 33,477</u>	<u>\$ 3,074</u>	<u>\$ 233,908</u>