

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

**Financial Statements &
Supplemental Schedules**

For the Year Ended December 31, 2015

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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, 2015, 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, 2015, 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 2014 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated April 17, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of program and supporting services are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Waugh & Goodwin, LLP

Colorado Springs, Colorado
May 2, 2016

UNITED STATES TABLE TENNIS ASSOCIATION, INC.
Statement of Financial Position
December 31, 2015
(With Comparative Amounts for 2014)

	<u>ASSETS</u>	
	<u>2015</u>	<u>2014</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 434,077	\$ 589,508
Short-term investments	24,474	24,472
Accounts receivable	52,010	24,959
Due from the USOC	25,000	
Prepaid expenses	36,390	23,096
Total current assets	571,951	662,035
NON-CURRENT PREPAID EXPENSES	7,730	
FURNITURE AND EQUIPMENT:		
Office furniture and equipment	54,179	46,124
Leasehold improvements	10,340	10,340
Internal use software development	36,700	36,700
Less accumulated depreciation	(61,652)	(46,692)
Furniture and equipment - net	39,567	46,472
TOTAL ASSETS	\$ 619,248	\$ 708,507
 <u>LIABILITIES AND NET ASSETS</u> 		
CURRENT LIABILITIES:		
Accounts payable	\$ 85,433	\$ 67,100
Accrued liabilities	17,670	15,353
Current portion of deferred revenue	143,921	68,836
Total current liabilities	247,024	151,289
LONG-TERM LIABILITIES:		
Other liabilities	7,730	
Deferred revenue	57,611	66,507
Total long-term liabilities	65,341	66,507
Total liabilities	312,365	217,796
NET ASSETS:		
Unrestricted	301,616	485,350
Temporarily restricted	5,267	5,361
Total net assets	306,883	490,711
TOTAL LIABILITIES AND NET ASSETS	\$ 619,248	\$ 708,507

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, 2015
(With Comparative Totals for 2014)

	Unrestricted	Temporarily Restricted	2015 Totals	2014 Totals
REVENUE:				
Tournaments, camps & programs	\$ 579,025	\$	\$ 579,025	\$ 480,301
Membership registrations	458,154		458,154	439,276
Grants from USTTA Foundation	145,000		145,000	45,000
USOC media/marketing agreement	75,000		75,000	75,000
Grants from the USOC	66,174		66,174	310,354
Equipment approval, sanctions & fees	48,860		48,860	51,760
Advertising	38,200		38,200	53,619
Contributions	29,418	4,206	33,624	20,665
Other income	14,755		14,755	8,297
Corporate sponsorships	10,000		10,000	10,000
Value in kind	7,294		7,294	5,472
Investment income	318		318	1,828
Loss on sale of building				(12,336)
Satisfied program restrictions	4,300	(4,300)		
 Total revenue	 1,476,498	 (94)	 1,476,404	 1,489,236
EXPENSES:				
Program services:				
Tournaments	554,562		554,562	407,385
Athlete development	386,630		386,630	498,977
Membership services	300,468		300,468	311,390
Coaching program	64,120		64,120	65,474
Committees	859		859	4,604
Total program services	1,306,639		1,306,639	1,287,830
Supporting services:				
General & administrative	353,593		353,593	281,896
Total supporting services	353,593		353,593	281,896
Total expenses	1,660,232		1,660,232	1,569,726
CHANGE IN NET ASSETS	(183,734)	(94)	(183,828)	(80,490)
NET ASSETS, beginning of year	485,350	5,361	490,711	571,201
NET ASSETS, end of year	\$ 301,616	\$ 5,267	\$ 306,883	\$ 490,711

See Notes to Financial Statements

UNITED STATES TABLE TENNIS ASSOCIATION, INC.
Statement of Cash Flows
December 31, 2015
(With Comparative Amounts for 2014)

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (183,828)	\$ (80,490)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	14,961	4,937
Realized & unrealized gains on investments		(421)
Loss on sale of building		12,336
Decrease (increase) in assets:		
Accounts receivable	(27,051)	102,567
Due from USOC	(25,000)	60,000
Prepaid expenses	(13,294)	6,449
Non-current prepaid expenses	(7,730)	
Increase (decrease) in liabilities:		
Accounts payable	18,333	(125,249)
Due to USOC		(71)
Accrued liabilities	2,317	(25,452)
Other liabilities	7,730	
Deferred revenue	<u>66,189</u>	<u>(4,771)</u>
Total adjustments	<u>36,455</u>	<u>30,325</u>
Net cash used by operating activities	(147,373)	(50,165)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of long-term assets		80,060
Purchase of property and equipment	(8,058)	(36,700)
Short-term investments, net		<u>154,556</u>
Net cash provided (used) by investing activities	<u>(8,058)</u>	<u>197,916</u>
NET INCREASE (DECREASE) IN CASH	(155,431)	147,751
CASH AND CASH EQUIVALENTS, beginning of year	<u>589,508</u>	<u>441,757</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 434,077</u>	<u>\$ 589,508</u>

See Notes to Financial Statements

UNITED STATES TABLE TENNIS ASSOCIATION, INC.

Notes to Financial Statements

For the Year Ended December 31, 2015

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 Corporation'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 it was filed. Management of the Corporation 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.

Depreciation expense for the years ending December 31, 2015 and 2014 was \$14,961 and \$4,937, 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, 2014, 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 May 2, 2016, 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, 2015 and 2014:

Assets at Fair Value as of December 31, 2015

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market	\$ 24,474			\$ 24,474
	<u>\$ 24,474</u>	<u>\$</u>	<u>\$</u>	<u>\$ 24,474</u>

Assets at Fair Value as of December 31, 2014

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

Investment income in the accompanying statement of activities consists of the following for the years ended December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 318	\$ 1,407
Realized and unrealized gains		<u>421</u>
	<u>\$ 318</u>	<u>\$ 1,828</u>

C. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2015 and 2014, the United States Olympic Committee (USOC) provided grants to the Association as follows:

	<u>2015</u>	<u>2014</u>
Professional services	\$ 31,174	\$ 33,354
Matching	25,000	30,000
Paralympic funding	10,000	37,000
NGB funding		110,000
VA Para program		<u>100,000</u>
	<u>\$ 66,174</u>	<u>\$ 310,354</u>

Notes to Financial Statements

C. RELATED PARTY TRANSACTIONS - Continued

In July, 2012 the Association entered into a digital media agreement with the USOC. The term of the agreement is January 1, 2013 through December 31, 2016. Under the terms of the digital media agreement the previous content license agreement was terminated. The Association received \$75,000 for each of the years ended December 31, 2015 and 2014.

At December 31, 2015 and 2014, the USOC owed the Association \$25,000 and \$0 under the above grant categories and the Association owed the USOC \$0 and \$0, respectively, for office expenses and insurance.

The United States Table Tennis Association Foundation, Inc. (USTTAF) provided the Association with grants of \$145,000 and \$45,000 for the years ended December 31, 2015 and 2014, respectively.

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

D. DEFERRED REVENUE

Deferred revenue consists of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Membership dues	\$ 115,987	\$ 125,173
USOC Olympic Trials Grant	60,000	
Olympic Trials	17,250	
Tournament sanction fees	<u>8,295</u>	<u>10,170</u>
	<u>\$ 201,532</u>	<u>\$ 135,343</u>

E. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Floormat fund	\$ 4,957	\$ 4,957
Senior fund	205	50
NCTTA scholarship program	105	100
Hall of fame	<u> </u>	<u>254</u>
	<u>\$ 5,267</u>	<u>\$ 5,361</u>

Notes to Financial Statements

E. TEMPORARILY RESTRICTED NET ASSETS - Continued

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2015 and 2014, net assets were released from restrictions for satisfying the following purposes:

	<u>2015</u>	<u>2014</u>
Paralympic events	\$ 3,026	\$ 110
Junior/developing player national event	1,000	1,000
Hall of Fame	274	
NYC High School Challenge Grant		5,000
	<u>\$ 4,300</u>	<u>\$ 6,110</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 \$4,739 and \$8,470 for the years ended December 31, 2015 and 2014, respectively.

G. BUILDING ACQUISITION

In April 2002, the Association purchased an undivided interest in a building as tenants in common with the National Archery Association of the United States, United States Fencing Association, United States Team Handball Federation, and United States Field Hockey Association, Inc. The Association received a 17% ownership interest in the land, building and related improvements. During 2010, the Association acquired an additional 2% ownership through the purchase of a portion of United States Team Handball Federation's undivided interest, increasing their ownership to 19%. The purchase of the building was made possible by a grant in the amount of \$25,500 from the El Pomar Foundation and a grant of \$91,800 from the United States Olympic Committee. A condition of the El Pomar grant is that if the Association relocates outside of El Paso County within 15 years, it will forfeit to the remaining tenants in common that portion of its interest paid for with El Pomar grant monies.

Notes to Financial Statements

G. BUILDING ACQUISITION - Continued

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

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

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

H. OPERATING LEASES

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 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:

2016	\$ 20,961
2017	21,423
2018	23,384
2019	24,633
2020	26,090
Remaining years	60,267

Notes to Financial Statements

I. SINGLE EVENT IMPACT AND CONTINGENCY

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

The facility where the 2013 event was held claims that the Association was committed to hold a 2014 event at the same facility. This vendor presented a contract, claiming to represent a commitment from the Association for a 2014 event. However, the contract was executed by the Local Organizing Committee Director, who was not employed by the Association and had no authority to commit the Association. During the year ended December 31, 2015, the Association was involved in arbitration proceedings in regard to this matter. The outcome of this matter is unknown. Therefore, no amount has been accrued in the financial statements as of December 31, 2015.

UNITED STATES TABLE TENNIS ASSOCIATION, INC.

Schedule of Program Services

For the Year Ended December 31, 2015

	Tournaments	Athlete Development	Membership Services	Coaching & Officials Programs	Committees	Totals
Athlete support	\$	\$ 24,000	\$	\$	\$	\$ 24,000
Bank fees			20			20
Camps & competitions		242,227				242,227
Club membership discounts			23,420			23,420
Coaching fees		6,300		39,950		46,250
Contract labor	36,293	19,200				55,493
Credit card processing fees			23,697			23,697
Development programs				6,941		6,941
Delegate meals	360					360
Equipment	11,284	5,496	2,451			19,231
Facility	29,873	450				30,323
Guests	2,303					2,303
Health insurance	6,580	9,739	9,071			25,390
Insurance		1,275	20,566			21,841
ITTF representation					36	36
Newsletter			2,184			2,184
Media	20,693					20,693
Miscellaneous			964		823	1,787
Payroll taxes	3,976	4,235	7,711	1,186		17,108
Postage & shipping	5,608		4,751			10,359
Printing, copying, & photography			3,213			3,213
Prize money	103,450					103,450
Programs	14,985	8,000				22,985
Promotional merchandise	2,638					2,638
Ratings			52,467			52,467
Salaries	55,426	53,186	110,805	15,500		234,917
Simple IRA			1,752			1,752
Sponsors/exhibitors expense	3,031					3,031
Supplies	12,862		2,084	543		15,489
Tables, pipe, flooring & drapes	9,982					9,982
Telephone	293	19	5,312			5,624
Tournament contractor	57,658					57,658
Transportation	32,488					32,488
Travel	126,310	12,503				138,813
Trophies & awards	10,014					10,014
T-shirts	8,181					8,181
Webmaster			30,000			30,000
Writer payments	274					274
	<u>\$ 554,562</u>	<u>\$ 386,630</u>	<u>\$ 300,468</u>	<u>\$ 64,120</u>	<u>\$ 859</u>	<u>\$ 1,306,639</u>

UNITED STATES TABLE TENNIS ASSOCIATION, INC.
Schedule of Supporting Services
For the Year Ended December 31, 2015

	<u>General & Administrative</u>			<u>Totals</u>
	<u>National Office</u>	<u>Board of Directors</u>	<u>Marketing & Media</u>	
Accounting & bookkeeping	\$ 560	\$	\$	\$ 560
Audit & tax preparation	6,710			6,710
Bad debts	8,000			8,000
Bank charges	70			70
Business fees	357			357
Computer costs	307			307
Contract labor	21,000			21,000
Depreciation	14,961			14,961
Dues & subscriptions	1,000			1,000
Equipment rental	974			974
Food & lodging	1,867	9,263		11,130
Gifts	1,241			1,241
Health insurance	16,749			16,749
Insurance	3,044	6,280		9,324
IT support	138			138
Marketing & media services			17,047	17,047
Payroll service	2,062			2,062
Payroll taxes	10,330			10,330
Postage & shipping	473	10		483
Printing & copying		49		49
Professional fees	9,838	120		9,958
Rent	18,752			18,752
Representation		351		351
Salaries	162,699			162,699
Simple IRA	2,987			2,987
Supplies	2,276	164		2,440
Telephone	3,748	341		4,089
Travel	13,201	16,624		29,825
	<u>\$ 303,344</u>	<u>\$ 33,202</u>	<u>\$ 17,047</u>	<u>\$ 353,593</u>