

**UNITED STATES TABLE TENNIS ASSOCIATION
AND AFFILIATE**

COMBINED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS REPORT

DECEMBER 31, 2020 AND 2019



SOBEL & CO. LLC

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE

DECEMBER 31, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United States Table Tennis Association and Affiliate

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of United States Table Tennis Association and Affiliate (“Organization”), which comprise the combined statements of financial position as of December 31, 2020, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

Management’s Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 audits to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Organization’s preparation and fair presentation of the combined 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 Organization’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 combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of United States Table Tennis Association and Affiliate as of December 31, 2020, 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.

Adjustments to Prior Period Financial Statements

The financial statements of United States Table Tennis Association as of December 31, 2019, were audited by other auditors whose report, dated June 15, 2020, expressed a qualified opinion on those financial statements. The basis for the qualified opinion was due to United States Table Tennis Association not combining its financial statements with the United States Table Tennis Association Foundation, an entity over which United States Table Tennis Association has a controlling financial interest. As discussed in Note 4, the Organization has restated its 2019 financial statements during the current year to conform with *ASC 958-Consolidation* in accordance with accounting principles generally accepted in the United States of America.

As part of our audit of the 2020 combined financial statements, we also audited the adjustments in Note 4 that were applied to restate the 2019 combined financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2019 financial statements of the United States Table Tennis Association other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2019 financial statements as a whole.

Livingston, New Jersey
October 12, 2021

Sobel & Co, LLC

Certified Public Accountants



**UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
COMBINED STATEMENTS OF FINANCIAL POSITION**

	December 31,	
	2020	2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 284,817	\$ 347,901
Accounts receivable, net	214,370	123,102
Contributions receivable	-	20,000
Due from the USOPC	-	84,803
Investments	1,106,368	1,020,346
Prepaid expenses	17,925	14,824
Total Current Assets	<u>1,623,480</u>	<u>1,610,976</u>
FURNITURE AND EQUIPMENT		
Office furniture and equipment	47,154	47,154
Leasehold improvements	10,340	10,340
Less accumulated depreciation	(52,882)	(46,093)
Furniture and equipment, net	<u>4,612</u>	<u>11,401</u>
Total Assets	<u>\$ 1,628,092</u>	<u>\$ 1,622,377</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 102,312	\$ 296,682
Due to USOPC	2,181	8,669
Accrued liabilities	21,236	41,837
Refundable advance	115,296	-
Current portion of deferred revenue	33,183	41,343
Current portion of long-term debt	576	-
Total Current Liabilities	<u>274,784</u>	<u>388,531</u>
NONCURRENT LIABILITIES:		
Deferred revenue	37,590	51,434
Long term debt	149,324	-
Total Liabilities	<u>461,698</u>	<u>439,965</u>
NET ASSETS:		
Without donor restrictions	1,135,371	1,171,514
With donor restrictions	31,023	10,898
Total Net Assets	<u>1,166,394</u>	<u>1,182,412</u>
Total Liabilities and Net Assets	<u>\$ 1,628,092</u>	<u>\$ 1,622,377</u>

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
COMBINED STATEMENT OF ACTIVITIES AND
CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>2020</u> <u>Totals</u>
REVENUE:			
Tournaments, camps & programs	\$ 45,683	\$ -	\$ 45,683
Membership registrations	182,301	-	182,301
Corporate sponsorships	170,100	-	170,100
Contributions	172,231	-	172,231
Grants from the USOPC, including value-in-kind amounts of \$2,334	285,870	20,208	306,078
USOC media/marketing agreement	150,000	-	150,000
Value-in-kind	1,673	-	1,673
Other income	71,620	-	71,620
Equipment approval, sanctions & fees	14,505	-	14,505
Investment income	127,499	-	127,499
Satisfied program restrictions	83	(83)	-
Total support and revenue	<u>1,221,565</u>	<u>20,125</u>	<u>1,241,690</u>
EXPENSES:			
Program Services:			
Athlete development	199,980	-	199,980
Tournaments	30,347	-	30,347
Membership services	102,419	-	102,419
Coaching & officials program	3,577	-	3,577
Other committees	73	-	73
Total program services	<u>336,396</u>	<u>-</u>	<u>336,396</u>
Supporting services:			
National office	813,787	-	813,787
Marketing, media, & fundraising	67,978	-	67,978
Board of directors	39,547	-	39,547
Total supporting services	<u>921,312</u>	<u>-</u>	<u>921,312</u>
Total expenses	<u>1,257,708</u>	<u>-</u>	<u>1,257,708</u>
CHANGES IN NET ASSETS	(36,143)	20,125	(16,018)
NET ASSETS, beginning of year	<u>1,171,514</u>	<u>10,898</u>	<u>1,182,412</u>
NET ASSETS, end of year	<u>\$ 1,135,371</u>	<u>\$ 31,023</u>	<u>\$ 1,166,394</u>

**UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
COMBINED STATEMENT OF ACTIVITIES AND
CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	2019 Totals
REVENUE:			
Tournaments, camps & programs	\$ 1,041,040	\$ -	\$ 1,041,040
Membership registrations	369,259	-	369,259
Corporate sponsorships	292,400	-	292,400
Contributions	241,547	24,000	265,547
Grants from the USOPC, including value-in-kind amounts of \$6,900	178,767	-	178,767
USOC media/marketing agreement	150,000	-	150,000
Value-in-kind	133,499	-	133,499
Other income	61,404	-	61,404
Equipment approval, sanctions & fees	38,685	-	38,685
Investment income	183,801	-	183,801
Satisfied program restrictions	21,369	(21,369)	-
Total support and revenue	2,711,771	2,631	2,714,402
EXPENSES:			
Program Services:			
Athlete development	1,117,480	-	1,117,480
Tournaments	673,032	-	673,032
Membership services	179,724	-	179,724
Coaching & officials program	2,664	-	2,664
Other committees	372	-	372
Total program services	1,973,272	-	1,973,272
Supporting services:			
National office	546,653	-	546,653
Marketing, media, & fundraising	76,374	-	76,374
Board of directors	39,997	-	39,997
USTTA Foundation	1,230	-	1,230
Total supporting services	664,254	-	664,254
Total expenses	2,637,526	-	2,637,526
CHANGES IN NET ASSETS	74,245	2,631	76,876
NET ASSETS, beginning of year	1,097,269	8,267	1,105,536
NET ASSETS, end of year	\$ 1,171,514	\$ 10,898	\$ 1,182,412

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Athlete Development	Tournaments	Membership Services	Coaching & Officials Programs	Other Committees	Total Program Services	National Office	Board of Directors	Marketing, Media, & Fundraising	Total Supporting Services	2020 Total Expenses
Accounting, audit, & bookkeeping	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,702	\$ -	\$ -	\$ 49,702	\$ 49,702
Background screenings	-	-	5,236	-	-	5,236	-	-	-	-	5,236
Bank charges & credit card fees	10	-	1,568	-	-	1,578	12,602	-	-	12,602	14,180
Bad debt	-	-	-	-	-	-	24,962	-	-	24,962	24,962
Coaching fees	4,439	-	495	-	-	4,934	-	-	-	-	4,934
Contract labor & services	3,640	-	848	3,250	-	7,738	27,650	30,000	2,800	60,450	68,188
Depreciation	-	-	-	-	-	-	6,789	-	-	6,789	6,789
Direct athlete support	382	-	-	-	-	382	7,338	-	-	7,338	7,720
Dues & subscriptions	1,422	-	4,882	27	-	6,331	1,093	-	107	1,200	7,531
Employee benefits	-	-	5,130	-	-	5,130	13,056	-	15,798	28,854	33,984
Equipment	16,491	-	-	-	-	16,491	-	-	-	-	16,491
Equipment rental	-	-	-	-	-	-	3,844	-	-	3,844	3,844
Gifts	50	-	14	-	-	64	-	-	-	-	64
Insurance	738	-	-	-	-	738	35,184	-	-	35,184	35,922
IT support	-	730	3,237	-	-	3,967	1,378	-	361	1,739	5,706
Miscellaneous	2,000	-	1,056	-	-	3,056	445	-	68	513	3,569
Officials & classifiers	4,736	-	278	-	-	5,014	-	-	-	-	5,014
Payroll service	-	-	-	-	-	-	2,672	-	-	2,672	2,672
Payroll taxes	6,558	-	2,806	-	-	9,364	34,017	-	3,224	37,241	46,605
Postage & shipping	7,878	1,087	14	-	-	8,979	10,484	-	-	10,484	19,463
Prize money	583	17,575	-	-	-	18,158	293	-	-	293	18,451
Professional fees & settlements	-	-	-	-	-	-	120,894	460	450	121,804	121,804
Promotions	63	-	-	-	-	63	-	-	-	-	63
Ratings	-	-	42,000	-	-	42,000	-	-	-	-	42,000
Rent	-	-	-	-	-	-	31,677	-	-	31,677	31,677
Salaries	89,579	-	34,855	-	-	124,434	397,439	-	42,145	439,584	564,018
Supplies	11,335	9,100	-	300	-	20,735	12,770	-	-	12,770	33,505
Telephone	15	-	-	-	73	88	11,152	333	-	11,485	11,573
Transportation	182	-	-	-	-	182	-	-	-	-	182
Travel, food, and lodging	49,879	1,855	-	-	-	51,734	4,339	8,754	-	13,093	64,827
Value-in-kind expenses	-	-	-	-	-	-	4,007	-	-	4,007	4,007
Webmaster	-	-	-	-	-	-	-	-	3,025	3,025	3,025
	<u>\$ 199,980</u>	<u>\$ 30,347</u>	<u>\$ 102,419</u>	<u>\$ 3,577</u>	<u>\$ 73</u>	<u>\$ 336,396</u>	<u>\$ 813,787</u>	<u>\$ 39,547</u>	<u>\$ 67,978</u>	<u>\$ 921,312</u>	<u>\$ 1,257,708</u>

The accompanying notes are an integral part of these combined financial statements.

**UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019**

	Athlete Development	Tournaments	Membership Services	Coaching & Officials Programs	Other Committees	Total Program Services	National Office	Board of Directors	Marketing, Media, & Fundraising	USATT Foundation	Total Supporting Services	2019 Total Expenses
Accounting, audit, & bookkeeping	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,343	\$ -	\$ -	\$ -	\$ 50,343	\$ 50,343
Background screenings	-	-	11,345	-	-	11,345	52	-	-	-	52	11,397
Bank charges & credit card fees	43	-	22,571	-	-	22,614	6,346	-	-	-	6,346	28,960
Bad debt	-	-	-	-	-	-	5,080	-	-	-	5,080	5,080
Coaching fees	78,465	500	-	-	-	78,965	-	-	-	-	-	78,965
Contract labor & services	8,000	173,781	9,360	-	-	191,141	24,057	5,453	1,000	-	30,510	221,651
Depreciation	-	-	-	-	-	-	9,055	-	-	-	9,055	9,055
Dues & subscriptions	17,765	-	1,918	-	-	19,683	3,417	-	-	-	3,417	23,100
Employee benefits	3,023	-	3,068	-	-	6,091	21,713	-	8,967	-	30,680	36,771
Equipment	94,104	64,870	-	-	-	158,974	-	-	-	-	-	158,974
Equipment rental	-	-	-	-	-	-	1,835	-	-	-	1,835	1,835
Gifts	1,369	-	-	-	-	1,369	19	-	-	-	19	1,388
Insurance	5,539	-	28,323	-	-	33,862	6,184	-	-	1,230	7,414	41,276
IT support	-	-	-	-	-	-	2,545	-	-	-	2,545	2,545
Miscellaneous	3,457	642	2,337	-	-	6,436	9,557	139	-	-	9,696	16,132
Officials & classifiers	924	53,918	-	-	-	54,842	-	-	-	-	-	54,842
Payroll service	-	-	-	-	-	-	4,277	-	-	-	4,277	4,277
Payroll taxes	9,966	-	4,019	-	-	13,985	20,117	-	-	-	20,117	34,102
Postage & shipping	15,612	652	50	51	-	16,365	1,287	-	3,256	-	4,543	20,908
Printing, copying, & photography	-	-	-	214	-	214	-	62	-	-	62	276
Prize money	15,042	105,955	-	-	-	120,997	-	-	-	-	-	120,997
Professional fees & settlements	-	-	-	-	-	-	47,718	2,681	-	-	50,399	50,399
Promotions	1,940	11,007	-	-	-	12,947	-	-	-	-	-	12,947
Ratings	-	-	42,000	-	-	42,000	5,700	-	-	-	5,700	47,700
Rent	-	-	-	-	-	-	19,977	-	-	-	19,977	19,977
Safesport expense	-	-	100	-	-	100	1,750	-	-	-	1,750	1,850
Salaries	106,036	32,159	53,772	-	-	191,967	265,403	-	38,318	-	303,721	495,688
Supplies	12,895	34,008	339	-	-	47,242	2,173	88	333	-	2,594	49,836
Telephone	1,319	-	-	-	372	1,691	9,793	1,721	-	-	11,514	13,205
Transportation	3,985	-	-	-	-	3,985	-	-	-	-	-	3,985
Travel, food, and lodging	604,497	165,380	522	2,399	-	772,798	28,255	29,853	-	-	58,108	830,906
Value-in-kind expenses	133,499	6,900	-	-	-	140,399	-	-	-	-	-	140,399
Volunteers/operations/committee	-	23,260	-	-	-	23,260	-	-	-	-	-	23,260
Webmaster	-	-	-	-	-	-	-	-	24,500	-	24,500	24,500
	<u>\$ 1,117,480</u>	<u>\$ 673,032</u>	<u>\$ 179,724</u>	<u>\$ 2,664</u>	<u>\$ 372</u>	<u>\$ 1,973,272</u>	<u>\$ 546,653</u>	<u>\$ 39,997</u>	<u>\$ 76,374</u>	<u>\$ 1,230</u>	<u>\$ 664,254</u>	<u>\$ 2,637,526</u>

The accompanying notes are an integral part of these combined financial statements.

**UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
COMBINED STATEMENTS OF CASH FLOWS**

	Year Ended December 31,	
	2020	2019
CASH FLOWS (USED FOR) PROVIDED BY:		
<u>OPERATING ACTIVITIES:</u>		
Changes in net assets	\$ (16,018)	\$ 76,876
Adjustments to reconcile changes in net assets to net cash (used for) provided by operating activities:		
Depreciation	6,789	9,055
Net realized and unrealized gain on investment	(105,715)	(157,231)
Bad debt expense	24,962	5,080
Changes in operating assets		
Accounts receivable, net	(116,230)	154,499
Contributions receivable	20,000	3,110
Due from USOC	84,803	(47,956)
Prepaid expenses	(3,101)	49,874
Changes in operating liabilities		
Accounts payable	(194,370)	4,164
Due to USOC	(6,488)	2,622
Accrued liabilities	(20,601)	22,970
Refundable advance	115,296	-
Deferred revenue	(22,004)	(8,308)
Net Cash (Used for) Provided by Operating Activities	<u>(232,677)</u>	<u>114,755</u>
<u>INVESTING ACTIVITIES:</u>		
Cash paid for investments	(417,157)	(189,379)
Proceeds from sale and investments	436,850	281,570
Property and equipment purchases	-	(3,660)
Net cash provided by investing activities	<u>19,693</u>	<u>88,531</u>
<u>FINANCING ACTIVITIES:</u>		
Proceeds from notes payable	<u>149,900</u>	<u>-</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(63,084)	203,286
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>347,901</u>	<u>144,615</u>
End of year	<u><u>\$ 284,817</u></u>	<u><u>\$ 347,901</u></u>

**UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 - NATURE OF ACTIVITIES:

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.

United States Table Tennis Foundation, Inc. (“Foundation”), was founded in 1985 to exclusively benefit, perform the functions of, and to carry out the educational and charitable purposes of the United States Table Tennis Association, Inc.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:

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

Principles of Combination:

The accompanying combined financial statements include the accounts of United States Table Tennis Association, Inc., and United States Table Tennis Foundation, Inc. (collectively, “Organization”), which are under common control. All significant intercompany transactions and balances have been eliminated in combination.

The Foundation is organized exclusively for the benefit of the Association and maintains the investments on behalf of the Association. The Foundation assets are managed by a board of directors that has authority to make distributions to or for the use of the Association. The Foundation’s board approves distributions to the Association on an annual basis based on grant proposals submitted by the Association.

Combined Financial Statement Presentation:

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

Net Assets Without Donor Restrictions - Net assets not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the Organization.

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Combined Financial Statement Presentation: Continued

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, whereby 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.

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 combined statement of activities and changes in net assets.

Cash and Cash Equivalents:

Cash and cash equivalents consist of the Organization's checking and money market accounts. The Organization maintains its cash and cash equivalents at a commercial bank and brokerage firm. In the unlikely event of a bank failure, the Organization could suffer a loss to the extent its deposits exceed the respective bank's insurance limits.

Accounts and Contributions Receivable:

Accounts receivable are stated at the amount the Organization expects to collect from balances outstanding at year-end, based on the Organization's experience with individuals and entities having outstanding balances. Therefore, the Organization recorded an allowance for doubtful accounts of \$5,080 as of December 31, 2020 and 2019, 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 Organization'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.

Deferred Revenue:

Deferred revenue represents revenues received in advance not yet earned.

**UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Revenue Recognition: Continued

The Organization'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 Organization is entitled to in exchange for providing membership services. Registrations are recognized as revenue in the period in which the Organization 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 Accounting Standards Codification 606. The Organization'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.

Grant revenue - The Organization receives grants from the United States Olympic and Paralympic Committee ("USOPC") and other organizations to support its High-Performance program and other initiatives. The Organization 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 Organization 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 Organization satisfies its performance obligation to its sponsors. The Organization's performance obligations for sponsorship revenue is to provide promotion and advertising opportunities as arranged under each contract. The Organization 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.

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 combined statement of activities and changes in net assets as satisfied program restrictions.

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

In-kind Contributions:

The Organization received in-kind sponsorships and donations from various supporters, including affiliated organizations. In-kind sponsorships and donations recorded in the Organization's combined financial statements are \$4,007 and \$140,399 for the years ended December 31, 2020 and 2019, respectively.

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

Fair Value:

Fair value measurements are defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There are three defined hierarchical levels based on the quality of inputs used that directly relate to the amount of subjectivity associated with the determination of fair value.

The fair value hierarchy defines the three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the combined statements of activities and changes in net assets, net of investment fees, as increases or decreases in net assets without donor restrictions unless the use was restricted by explicit donor stipulations or by law.

The fair values of investments are as follows:

Mutual funds – Valued at the net asset value of shares held by the Organization at year-end.

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Income taxes

The Association and Foundation qualify as tax-exempt organizations 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 and Foundation's tax-exempt purposes is subject to taxation as unrelated business income.

The Association and Foundation'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 and Foundation believes that it does not have any uncertain tax positions that are material to the combined financial statements.

Functional Allocation of Expenses:

The costs of providing the various programs and other activities of the Organization have been presented by natural classification and on a functional basis in the combined 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.

Supplemental Cash Flow Disclosures:

During the years ended December 31, 2020 and 2019, cash flows from operating activities contained no amounts paid for interest or income taxes.

Recent Accounting Pronouncements:

The Financial Accounting Standards Board issued an accounting pronouncement, *Leases*, which requires lessees to recognize a right-of-use asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Under this new pronouncement, a modified retrospective transition approach is required, and the new standard is applied to all leases existing at the date of initial application. The standard is effective for annual reporting periods beginning after December 15, 2021. The Organization is currently evaluating the effect the new standard will have on the combined financial statements.

Use of Estimates in Preparation of Combined Financial Statements:

The preparation of combined 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.

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Subsequent Events:

In preparing the combined financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 12, 2021, the date that the combined financial statements were available to be issued.

NOTE 3 - AVAILABLE RESOURCES AND LIQUIDITY:

The Organization regularly monitors liquidity required to meet its operating needs and other commitments, while also striving to effectively invest their available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and current accounts receivable. In the event of an unanticipated liquidity need, with Board approval, the Organization can draw down on Foundation investments.

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

The following table reflects the Organization's financial assets as of December 31, 2020 and 2019. Additionally, the Organization has funds with donor restrictions (Note 9). The Organization does not have any board-designated net assets as of year-end.

	December 31,	
	2020	2019
Financial assets at year end:		
Cash and cash equivalents	\$ 284,817	\$ 347,901
Accounts receivable, net	214,370	227,905
Invsetments	1,106,368	1,020,346
Total financial assets	<u>1,605,555</u>	<u>1,596,152</u>
Less amounts not available to be used within one year:		
Foundation investments, including cash	(1,174,829)	(1,091,330)
Estimated Foundation distributions	47,000	44,000
Net assets with donor restrictions	(31,023)	(10,898)
	<u>(1,158,852)</u>	<u>(1,058,228)</u>
Financial assets available within one year:	<u>\$ 446,703</u>	<u>\$ 537,924</u>

**UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 4 - RESTATEMENT:

In January 2020, the Association determined it has a controlling financial interest in the Foundation. Therefore, the Association began combining its financial statements with the Foundation. The combined financial statements for 2019 have been restated for the change. The effects of the change in net assets without donor restrictions, net assets without donor restriction, and total assets for 2019 resulting from the restatement are as follows:

	Before		
	Restatement	Adjustment	Restated
Combined change in net assets	\$ (55,695)	\$ 132,571	\$ 76,876
Total net assets without donor restrictions	80,184	1,091,330	1,171,514
Total assets	531,047	1,091,330	1,622,377

NOTE 5 - RELATED-PARTY TRANSACTIONS:

During the years ended December 31, 2020 and 2019, the United States Olympic & Paralympic Committee (USOPC) provided grants to the Organization as follows:

	December 31,	
	2020	2019
High performance	\$ 118,100	\$ 108,100
Other grants (including matching)	105,829	40,367
CEO search grant	-	15,000
Communications support	9,400	8,400
Value-in-kind	2,334	6,900
COVID-19	40,415	-
Board Search	30,000	-
	<u>\$ 306,078</u>	<u>\$ 178,767</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 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 during the years ended December 31, 2020 and 2019, under the agreement, respectively. The agreement was renewed for 2021.

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 5 - RELATED PARTY TRANSACTIONS: (Continued)

At December 31, 2019, the USOPC owed the Association \$84,803 under the above grant categories. At December 31, 2020, there were no such amounts owed to the Association by the USOPC. At December 31, 2020 and 2019, the Association owed the USOPC \$2,181 and \$8,669, respectively, for miscellaneous expenses.

The Foundation provided the Association with grants of \$44,000 and \$50,000 for the years ended December 31, 2020 and 2019, respectively. These balances were eliminated during the combination of the combined financial statements.

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.

Table Tennis clubs hold United States 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 United States 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 Organization; and, Board Members and persons related to Board Members may also receive remuneration for support provided to the Organization at events.

NOTE 6 - INVESTMENTS:

Investments are comprised of the following:

	December 31,			
	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Mutual funds	\$ 982,017	\$ 1,106,368	\$ 961,176	\$ 1,020,346

**UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 6 - INVESTMENTS: (Continued)

Investments are valued as follows:

**FAIR VALUE MEASUREMENTS
AS OF DECEMBER 31, 2020**

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 1,106,368	\$ -	\$ -	\$ 1,106,368

**FAIR VALUE MEASUREMENTS
AS OF DECEMBER 31, 2019**

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 1,020,346	\$ -	\$ -	\$ 1,020,346

Investment income from these investments is summarized as follows:

	Year Ended December 31,	
	2020	2019
Dividend income	\$ 21,784	\$ 26,570
Unrealized gain on investments	42,503	116,732
Realized gain	63,212	40,499
Total Investment Income	\$ 127,499	\$ 183,801

NOTE 7 - DEFERRED REVENUE:

Deferred revenue consists of the following:

	December 31,	
	2020	2019
Membership dues	\$ 61,706	\$ 85,822
Tournament sanction fees	5,580	5,580
Events	3,487	1,375
	\$ 70,773	\$ 92,777

**UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 8 - LOANS PAYABLE:

Loans payable consists of the following:

	December 31, 2020
On November 2, 2020, the Organization secured an emergency injury disaster loan from the Small Business Administration, which is to be used for working capital purposes. The loan is payable over 30 years, beginning 12 months after the loan proceeds have been disbursed. Interest accrues at a rate of 2.75%. Installment payments, including interest and principal, are due monthly beginning November 2, 2021, in the amount of \$641. The loan is collateralized with all of the Organization's tangible assets.	
	\$ 149,900
Less: Current portion	(576)
Loan Payable, net of current portion	<u>\$ 149,324</u>

Maturity of loan for each of the next five years and thereafter is as follows:

Year Ending December 31,	
2021	\$ 576
2022	3,515
2023	3,613
2024	3,713
2025	3,817
Thereafter	<u>134,666</u>
	<u>\$ 149,900</u>

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS: TEMPORARY IN NATURE:

Net assets with temporary donor restrictions consist of the following:

	December 31,	
	2020	2019
Floormate fund	\$ 4,957	\$ 4,957
Pong for kids	5,548	5,631
Senior fund	205	205
NCTTA scholarship program	105	105
COVID USOPC HP Program	20,208	-
	<u>\$ 31,023</u>	<u>\$ 10,898</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2020 and 2019, net assets were released from restrictions for satisfying the following purposes:

	December 31,	
	2020	2019
Asian Pacific fund	\$ -	\$ 10,000
Para Youth Wheelchair	-	10,000
USTTA Hall of Fame	-	1,369
Pong for kids	83	-
	<u>\$ 83</u>	<u>\$ 21,369</u>

NOTE 10 - OPERATING LEASES:

The Organization entered into an operating lease for office space during the year ended December 31, 2012. In lieu of rent, the Organization pays a percentage share of common area operating costs. The Organization receives a reconciliation of common area operating charges within 90 days of year-end from the landlord. Rental payments are then adjusted based on the prior-year total common area operating charges.

The Organization leases storage space for equipment on a month-to-month basis.

For the years ended December 31, 2020 and 2019, the Organization recorded lease expense of \$31,677 and \$19,977, respectively.

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 11 - TABLE TENNIS USA, INC.:

In February 2017, the Organization formed Table Tennis USA, Inc., a for-profit corporation, and a subsidiary of the Organization. The entity did not have any activity during the years ending December 31, 2020 and 2019.

NOTE 12 - 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, 2020, 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.

NOTE 13 - CONTINGENT LIABILITY:

The Organization had an existing agreement with parties to share the net profit, if any, of the World Veterans Championship event. During the year ended December 31, 2018, the Organization paid approximately \$77,000 related to this agreement. However, the Organization 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.

NOTE 14 - REFUNDABLE ADVANCE:

The Organization obtained a Paycheck Protection Program (“PPP”) loan under the Coronavirus Aid, Relief, and Economic Security Act in April 2020 for approximately \$115,000. The loan is to provide the Organization with working capital for the purpose of maintaining employment levels and paying occupancy costs during a stay-at-home period ordered by the governor of Colorado. Paycheck Protection Program loans may be forgiven in part or in whole if the borrower maintains its employee count, as well as salary levels, during a specified period. The Organization expects to receive full forgiveness of the loan based on the criteria for forgiveness.

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 14 - REFUNDABLE ADVANCE: (Continued)

Any portion of the loan that is not forgiven must be repaid. Loan payments, if any, are deferred under the PPP Flexibility Act, which extends the deferral period until the date the lender receives the applicable forgiven amount from the Small Business Administration (“SBA”), which is not to exceed 10 months after the covered period, and are payable with interest at 1%, through 2022. The loan is uncollateralized and guaranteed by the Small Business Administration.

The Organization’s policy is to record the proceeds from the PPP loan as a conditional government grant through refundable advances. Once the conditions of release have been substantially met or explicitly waived, the conditions of this grant will have been satisfied and the Organization will recognize the grant revenue.

In February 2021, the Organization applied for, and received, a second PPP loan for approximately \$115,000. The Organization may receive partial or full forgiveness of the debt if they maintain employee count, as well as salary levels, during such specified period. Any portion of the loan that is not forgiven must be repaid. The loan is uncollateralized and guaranteed by the SBA.

NOTE 15 - SIGNIFICANT RISKS AND UNCERTAINTIES:

The Organization is actively monitoring the COVID-19 outbreak and its potential impact on the employees, volunteers, donors, members, and operations. It is not known at this time how much effect the virus will have on operations and/or financial results. The potential impact of COVID-19 is not foreseeable due to various uncertainties, including the severity of the disease, the duration of the outbreak, and actions that may be taken by governmental authorities.

The Organization is involved in various claims and other routine litigation matters in the normal course of operations. In the opinion of management, after consultation with legal counsel, the outcome of such matters is not expected to have a material adverse effect on the Organization’s financial position or results of operations.