

**UNITED STATES TABLE TENNIS ASSOCIATION
AND AFFILIATE**

**COMBINED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2021 AND 2020



SobelCo
Certified Public Accountants & Advisors

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE

DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2021 and 2020, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Organization as of December 31, 2021 and 2020, and the combined changes in activities and net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

A handwritten signature in blue ink that reads "Sobel & Co, LLC".

Certified Public Accountants

Livingston, New Jersey
October 4, 2022

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

	December 31,	
	2021	2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 570,703	\$ 284,817
Accounts receivable, net	155,000	214,370
Investments	1,232,042	1,106,368
Prepaid expenses	4,065	17,925
Total Current Assets	<u>1,961,810</u>	<u>1,623,480</u>
FURNITURE AND EQUIPMENT:		
Office furniture and equipment	25,192	47,154
Computer equipment	5,000	-
Leasehold improvements	-	10,340
Less: Accumulated depreciation	(19,082)	(52,882)
Furniture and equipment, net	<u>11,110</u>	<u>4,612</u>
Total Assets	<u>\$ 1,972,920</u>	<u>\$ 1,628,092</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 150,108	\$ 102,312
Due to USOPC	34,459	2,181
Accrued liabilities	87,550	21,236
Refundable advance	-	115,296
Current portion of deferred revenue	18,928	33,183
Total Current Liabilities	<u>291,045</u>	<u>274,208</u>
NONCURRENT LIABILITIES:		
Deferred revenue	9,595	37,590
Long-term debt	149,900	149,900
Total Liabilities	<u>450,540</u>	<u>461,698</u>
NET ASSETS:		
Without donor restrictions	1,522,380	1,135,371
With donor restrictions	-	31,023
Total Net Assets	<u>1,522,380</u>	<u>1,166,394</u>
Total Liabilities and Net Assets	<u>\$ 1,972,920</u>	<u>\$ 1,628,092</u>

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

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
COMBINED STATEMENT OF ACTIVITIES AND
CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>2021</u> <u>Totals</u>
REVENUE:			
Tournaments, camps, and programs	\$ 535,552	\$ -	\$ 535,552
Membership registrations, net	259,673	-	259,673
Corporate sponsorships	196,000	-	196,000
Contributions	140,302	-	140,302
Grants from the USOPC	246,728	-	246,728
USOC media/marketing agreement	150,000	-	150,000
Other income	28,829	-	28,829
Equipment approval, sanctions, and fees	28,486	-	28,486
Government grants	230,016	-	230,016
Investment income	141,829	-	141,829
Satisfied program restrictions	31,023	(31,023)	-
Total support and revenue	<u>1,988,438</u>	<u>(31,023)</u>	<u>1,957,415</u>
EXPENSES:			
Program Services:			
Athlete development	163,283	-	163,283
Tournaments	782,362	-	782,362
Membership services	129,882	-	129,882
Total program services	<u>1,075,527</u>	<u>-</u>	<u>1,075,527</u>
Supporting services:			
National office	509,726	-	509,726
Marketing, media, and fundraising	14,840	-	14,840
Board of Directors	106	-	106
United States Table Tennis Foundation	1,230	-	1,230
Total supporting services	<u>525,902</u>	<u>-</u>	<u>525,902</u>
Total expenses	<u>1,601,429</u>	<u>-</u>	<u>1,601,429</u>
CHANGES IN NET ASSETS	387,009	(31,023)	355,986
NET ASSETS, beginning of year	<u>1,135,371</u>	<u>31,023</u>	<u>1,166,394</u>
NET ASSETS, end of year	<u>\$ 1,522,380</u>	<u>\$ -</u>	<u>\$ 1,522,380</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, and programs	\$ 45,683	\$ -	\$ 45,683
Membership registrations, net	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, and 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 and 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, and 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 FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Athlete Development	Tournaments	Membership Services	Total Program Services	National Office	Board of Directors	Marketing, Media, & Fundraising	USATT Foundation	Total Supporting Services	2021 Total Expenses
Accounting, audit, and bookkeeping	\$ -	\$ -	\$ -	\$ -	\$ 42,798	\$ -	\$ -	\$ -	\$ 42,798	\$ 42,798
Background screenings	-	-	10,863	10,863	-	-	-	-	-	10,863
Bank charges and credit card fees	-	323	-	323	22,739	-	-	-	22,739	23,062
Bad debt	-	5,161	-	5,161	-	-	-	-	-	5,161
Coaching fees	8,220	5,110	693	14,023	-	-	-	-	-	14,023
Contract labor and services	48,000	167,802	-	215,802	30,550	-	7,500	-	38,050	253,852
Depreciation	-	-	-	-	4,530	-	-	-	4,530	4,530
Direct athlete support	23,720	39,030	-	62,750	-	-	-	-	-	62,750
Dues and subscriptions	-	-	3,532	3,532	3,576	-	60	-	3,636	7,168
Employee benefits	-	-	6,580	6,580	14,344	-	677	-	15,021	21,601
Equipment	-	17,773	-	17,773	-	-	-	-	-	17,773
Equipment rental	-	-	-	-	1,627	-	-	-	1,627	1,627
Gifts	-	-	-	-	1,575	-	-	-	1,575	1,575
Insurance	280	4,836	-	5,116	32,312	-	-	1,230	33,542	38,658
Interest expense	-	1,706	-	1,706	3,393	-	-	-	3,393	5,099
IT support	-	51	1,600	1,651	8,412	-	-	-	8,412	10,063
Miscellaneous	-	9,728	25	9,753	4,240	-	-	-	4,240	13,993
Officials and classifiers	-	42,897	-	42,897	255	-	-	-	255	43,152
Payroll service	-	-	-	-	930	-	-	-	930	930
Payroll taxes	7,063	-	3,656	10,719	18,775	-	480	-	19,255	29,974
Postage and shipping	-	23,241	-	23,241	3,828	-	-	-	3,828	27,069
Prize money	-	146,063	-	146,063	5,000	-	-	-	5,000	151,063
Professional fees	-	-	-	-	28,133	-	-	-	28,133	28,133
Promotions	-	4,742	-	4,742	-	-	2,036	-	2,036	6,778
Ratings	-	-	42,000	42,000	-	-	-	-	-	42,000
Rent	-	-	-	-	23,501	-	-	-	23,501	23,501
Safesport expense	-	-	18,720	18,720	-	-	-	-	-	18,720
Salaries	76,000	-	42,213	118,213	248,656	-	4,087	-	252,743	370,956
Supplies	-	29,425	-	29,425	1,440	-	-	-	1,440	30,865
Telephone	-	-	-	-	5,989	-	-	-	5,989	5,989
Transportation	-	2,414	-	2,414	-	-	-	-	-	2,414
Travel, food, and lodging	-	270,308	-	270,308	3,123	106	-	-	3,229	273,537
Volunteers/operation/committee	-	11,752	-	11,752	-	-	-	-	-	11,752
	<u>\$ 163,283</u>	<u>\$ 782,362</u>	<u>\$ 129,882</u>	<u>\$ 1,075,527</u>	<u>\$ 509,726</u>	<u>\$ 106</u>	<u>\$ 14,840</u>	<u>\$ 1,230</u>	<u>\$ 525,902</u>	<u>\$ 1,601,429</u>

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, and 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 and 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 and 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 and 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>

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE

COMBINED STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2021	2020
CASH-FLOWS PROVIDED BY (USED FOR):		
<u>OPERATING ACTIVITIES:</u>		
Changes in net assets	\$ 355,986	\$ (16,018)
Adjustments to reconcile changes in net assets to net cash provided by (used for) operating activities:		
Depreciation	4,530	6,789
Net realized and unrealized gain on investment	(119,501)	(105,715)
Bad debt expense	5,161	24,962
Loss on disposal of fixed assets	309	-
Changes in operating assets:		
Accounts receivable, net	54,209	(116,230)
Contributions receivable	-	20,000
Due from USOC	-	84,803
Prepaid expenses	13,860	(3,101)
Changes in operating liabilities:		
Accounts payable	47,796	(194,370)
Due to USOC	32,278	(6,488)
Accrued liabilities	66,314	(20,601)
Refundable advance	(115,296)	115,296
Deferred revenue	(42,250)	(22,004)
Net Cash Provided by (Used for) Operating Activities	303,396	(232,677)
 <u>INVESTING ACTIVITIES:</u>		
Cash paid for investments	(278,797)	(417,157)
Proceeds from sale of investments	272,624	436,850
Property and equipment purchases	(11,337)	-
Net Cash (Used for) Provided by Investing activities	(17,510)	19,693
 <u>FINANCING ACTIVITIES:</u>		
Proceeds from notes payable	-	149,900
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	285,886	(63,084)
 CASH AND CASH EQUIVALENTS:		
Beginning of year	284,817	347,901
End of year	\$ 570,703	\$ 284,817
 SUPPLEMENTAL DISCLOSURE OF CASH-FLOW INFORMATION		
Cash paid during the year for interest	\$ 5,099	\$ -

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE 1 - NATURE OF ACTIVITIES:

United States Table Tennis Association, Inc. (“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 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 of Directors 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.

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.

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

Combined Financial Statement Presentation: (Continued)

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the combined statements 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 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. An allowance for doubtful accounts was not deemed necessary for the year ended December 31, 2021.

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, computer 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.

Revenue Recognition:

The Organization's revenue recognition policies are as follows:

Tournaments, Camps, and 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.

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

Revenue Recognition: (Continued)

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 ("ASC 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 statements of activities and changes in net assets as satisfied program restrictions.

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 is \$4,007 for the year ended December 31, 2020. There were no such in-kind contributions for the year ended December 31, 2021.

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.

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

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.

Income taxes

The Association and Foundation qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and, accordingly, are 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 and Foundation's tax-exempt purposes is subject to taxation as unrelated business income.

The Association's 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.

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

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 statements 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.

Recent Accounting Pronouncements:

In February 2016, 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 statement of financial position for all leases with a term longer than 12 months. Under this new pronouncement, a modified retrospective transition approach or a cumulative-effect adjustment transition approach may be used, and the new standard is applied to all leases existing at the date of initial application. An entity may choose to use either (1) its effective date, or (2) the beginning of the earliest comparative period presented in the financial statements as its date of initial application. The standard is effective for annual periods beginning after December 15, 2021. Earlier adoption is permitted subject to certain limitations. The Organization is currently evaluating the effect the 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.

Reclassifications:

Certain amounts have been reclassified in the 2020 combined financial statements to conform to the 2021 presentation. This has no effect on the change in net assets.

Subsequent Events:

In preparing the combined financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 4, 2022, the date that the combined financial statements were available to be issued.

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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, accounts receivable, and amounts due from USOPC. In the event of an unanticipated liquidity need, with the Board of Directors' 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. Additionally, the Organization has funds with donor restrictions (Note 8). The Organization does not have any Board-designated net assets as of year-end.

	December 31,	
	2021	2020
Financial assets at year end:		
Cash and cash equivalents	\$ 570,703	\$ 284,817
Accounts receivable, net	155,000	214,370
Investments	1,232,042	1,106,368
Total financial assets	<u>1,957,745</u>	<u>1,605,555</u>
Less amounts not available to be used within one year:		
Foundation investments, including cash	(1,255,428)	(1,174,829)
Estimated Foundation distributions	50,200	47,000
Net assets with donor restrictions	-	(31,023)
	<u>(1,205,228)</u>	<u>(1,158,852)</u>
Financial assets available within one year:	<u>\$ 752,517</u>	<u>\$ 446,703</u>

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 4 - RELATED-PARTY TRANSACTIONS:

During the years ended December 31, 2021 and 2020, the United States Olympic & Paralympic Committee provided grants to the Organization as follows:

	December 31,	
	2021	2020
High Performance	\$ 105,000	\$ 118,100
Other grants (including matching)	139,728	105,829
Communications support	2,000	9,400
Value-in-kind	-	2,334
COVID-19	-	40,415
Board search	-	30,000
	<u>\$ 246,728</u>	<u>\$ 306,078</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, 2021. The Association recognized \$150,000 during the years ended December 31, 2021 and 2020, under the agreement, respectively. The agreement was renewed for 2022.

At December 31, 2021, the USOPC owed the Association \$3,000 under the above grant categories. At December 31, 2020, there were no such amounts owed to the Association by the USOPC. At December 31, 2021 and 2020, the Association owed the USOPC \$37,459 and \$2,181, respectively, for miscellaneous expenses.

The Foundation provided the Association with grants of \$60,000 and \$44,000 for the years ended December 31, 2021 and 2020, 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 (“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 members of the Board of Directors of the Association (“Board Members”).

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 4 - RELATED-PARTY TRANSACTIONS: (Continued)

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 5 - INVESTMENTS:

Investments comprised the following:

	December 31,			
	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Mutual funds	\$ 1,238,918	\$ 1,232,042	\$ 982,017	\$ 1,106,368

Investments are valued as follows:

FAIR VALUE MEASUREMENTS
AS OF DECEMBER 31, 2021

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 1,232,042	\$ -	\$ -	\$ 1,232,042

FAIR VALUE MEASUREMENTS
AS OF DECEMBER 31, 2020

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

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 5 - INVESTMENTS: (Continued)

Income from these investments is summarized as follows:

	Year Ended December 31,	
	2021	2020
Dividend income	\$ 22,328	\$ 21,784
Unrealized gain on investments	31,637	42,503
Realized gain	87,864	63,212
Total Investment Income	<u>\$ 141,829</u>	<u>\$ 127,499</u>

NOTE 6 - DEFERRED REVENUE:

Deferred revenue consists of the following:

	December 31,	
	2021	2020
Membership dues	\$ 28,523	\$ 61,706
Tournament sanction fees	-	5,580
Events	-	3,487
	<u>\$ 28,523</u>	<u>\$ 70,773</u>

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
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NOTE 7 - LOAN PAYABLE:

Loan payable consists of the following:

	December 31,	
	<u>2021</u>	<u>2020</u>
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. Each payment will be applied first to interest accrued to the date of receipt of each payment, and the balance, if any, will be applied to principal. Accrued interest amounted to \$4,778 and \$344 as of December 31, 2021 and 2020, respectively, and is included in accrued liabilities on the combined statements of financial position. The loan is collateralized with all of the Organization's tangible assets.	<u>\$ 149,900</u>	<u>\$ 149,900</u>

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

Year Ending	
December 31,	
2022	\$ -
2023	2,698
2024	3,690
2025	3,793
2026	3,899
Thereafter	<u>135,820</u>
	<u>\$ 149,900</u>

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS-TEMPORARY IN NATURE:

Net assets with temporary donor restrictions consist of the following:

	December 31,	
	2021	2020
Floormate fund	\$ -	\$ 4,957
Pong for kids	-	5,548
Senior fund	-	205
NCTTA scholarship program	-	105
COVID USOPC HP Program	-	20,208
	<u>\$ -</u>	<u>\$ 31,023</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2021 and 2020, net assets were released from restrictions for satisfying the following purposes:

	December 31,	
	2021	2020
Floormate fund	\$ 4,957	\$ -
Pong for kids	5,548	-
Senior fund	205	-
NCTTA scholarship program	105	-
COVID USOPC HP Program	20,208	-
Pong for kids	-	83
	<u>\$ 31,023</u>	<u>\$ 83</u>

NOTE 9 - 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 terminated the lease effective December 31, 2021.

The Organization entered into an operating lease for office space at the Sports House from USOPC, a related party, which commenced on January 1, 2022. The term of the lease is for one year and expires on December 31, 2022. The Organization pays approximately \$270 per month for the term of the lease.

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
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NOTE 9 - OPERATING LEASES: (Continued)

For the Year Ending	
December 31,	
<u>2022</u>	<u>\$ 3,237</u>

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

For the years ended December 31, 2021 and 2020, the Organization recorded rent expense of \$23,501 and \$31,677, respectively.

NOTE 10 - 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, 2021 and 2020, respectively.

NOTE 11 - 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, 2021, 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 12 - 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.

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
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NOTE 13 - PAYCHECK PROTECTION PROGRAM:

The Organization obtained a first draw of the Paycheck Protection Program (“PPP”) loan under the CARES Act in April 2020 for \$114,700. The Organization recorded the PPP funds received as a conditional government grant and recognized revenue as expenses were incurred that satisfied the conditions set forth by the U.S. Small Business Administration (“SBA”). As of December 31, 2021, all amounts received under the first draw PPP were expended and recognized as revenue from government grants on the combined statements of activities and changes in net assets. The Organization applied for and received full forgiveness of the loan in November 2021.

The Organization obtained a second draw of the Paycheck Protection Program loan under the CARES Act in February 2021 for \$114,700. The Organization received forgiveness of the PPP loan for its full amount from the Small Business Administration in November 2021. The revenue is recognized and recorded as government grants on the combined statements of activities and changes in net assets.

The SBA reserves the right to audit loan forgiveness for six years from the date that forgiveness was awarded.

NOTE 14 - 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.