

**UNITED STATES TABLE TENNIS
ASSOCIATION AND AFFILIATE**

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

DECEMBER 31, 2022 AND 2021



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UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE

DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

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, 2022, 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.

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, 2022, and the combined changes in activities and net assets, functional expenses, and cash flows for the year 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 (GAAS). 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.

Change in Accounting Principle

As discussed in Note 9 to the combined financial statements, in 2022 the Organization adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

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 GAAS 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 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 GAAS, 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.

Other Matters

The combined financial statements of the Organization as of December 31, 2021, were audited by Sobel & Co, LLC whose shareholders and professional staff joined CliftonLarsonAllen LLP as of February 1, 2023, and has subsequently ceased operations. Sobel & Co. LLC's report dated October 4, 2022 expressed an unmodified opinion of the combined financial statements. In our opinion, the comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.



CliftonLarsonAllen LLP

Livingston, New Jersey
November 14, 2023

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

	December 31,	
	2022	2021
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 615,755	\$ 570,703
Accounts receivable, net	127,500	155,000
Investments	1,015,569	1,232,042
Prepaid expenses	6,185	4,065
Total Current Assets	<u>1,765,009</u>	<u>1,961,810</u>
FURNITURE AND EQUIPMENT:		
Office furniture and equipment	18,855	25,192
Computer equipment	5,000	5,000
Less: Accumulated depreciation	<u>(20,938)</u>	<u>(19,082)</u>
Furniture and equipment, net	<u>2,917</u>	<u>11,110</u>
Total Assets	<u>\$ 1,767,926</u>	<u>\$ 1,972,920</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 83,632	\$ 150,108
Due to USOPC	712	34,459
Accrued liabilities	121,289	87,550
Current portion of deferred revenue	9,121	18,928
Current portion of long-term debt	2,689	-
Total Current Liabilities	<u>214,754</u>	<u>291,045</u>
NONCURRENT LIABILITIES:		
Deferred revenue	2,075	9,595
Long-term debt	147,140	149,900
Total Liabilities	<u>366,658</u>	<u>450,540</u>
NET ASSETS:		
Without donor restrictions	<u>1,401,268</u>	<u>1,522,380</u>
Total Liabilities and Net Assets	<u>\$ 1,767,926</u>	<u>\$ 1,972,920</u>

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
COMBINED STATEMENT OF ACTIVITIES AND
CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>2022</u> <u>Totals</u>
REVENUE:			
Tournaments, camps, and programs	\$ 941,496	\$ -	\$ 941,496
Membership registrations, net	339,388	-	339,388
Corporate sponsorships	230,500	-	230,500
Contributions	85,700	-	85,700
Grants from the USOPC	236,575	-	236,575
USOC media/marketing agreement	150,000	-	150,000
Employer retention credit	61,607	-	61,607
Other income	23,312	-	23,312
Equipment approval, sanctions, and fees	35,566	-	35,566
Total support and revenue	<u>2,104,144</u>	-	<u>2,104,144</u>
EXPENSES:			
Program Services:			
Athlete development	460,175	-	460,175
Tournaments	863,751	-	863,751
Membership services	121,441	-	121,441
Total program services	<u>1,445,367</u>	-	<u>1,445,367</u>
Supporting services:			
National office	578,375	-	578,375
Marketing, media, and fundraising	13,475	-	13,475
Board of Directors	6,758	-	6,758
Total supporting services	<u>598,608</u>	-	<u>598,608</u>
Total expenses	<u>2,043,975</u>	-	<u>2,043,975</u>
CHANGES IN NET ASSETS - OPERATIONS	60,169	-	60,169
INVESTMENT INCOME, NET	<u>(181,281)</u>	-	<u>(181,281)</u>
TOTAL CHANGES IN NET ASSETS	(121,112)	-	(121,112)
NET ASSETS, beginning of year	<u>1,522,380</u>	-	<u>1,522,380</u>
NET ASSETS, end of year	<u>\$ 1,401,268</u>	<u>\$ -</u>	<u>\$ 1,401,268</u>

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

	Without Donor Restrictions	With Donor Restrictions	2021 Totals
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
Satisfied program restrictions	31,023	(31,023)	-
Total support and revenue	<u>1,846,609</u>	<u>(31,023)</u>	<u>1,815,586</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 - OPERATIONS	245,180	(31,023)	214,157
INVESTMENT INCOME, NET	<u>141,829</u>	<u>-</u>	<u>141,829</u>
TOTAL 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 FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Athlete		Membership	Total	National	Board	Marketing,	USATT	Total	2022
	Development	Tournaments	Services	Program	Office	of Directors	Media, &	Foundation	Supporting	Total
				Services			Fundraising		Services	Expenses
Accounting, audit, and bookkeeping	\$ -	\$ 305	\$ -	\$ 305	\$ 42,249	\$ -	\$ -	\$ -	\$ 42,249	\$ 42,554
Background screenings	-	-	8,220	8,220	150	-	-	-	150	8,370
Bank charges and credit card fees	-	-	23	23	34,178	-	-	-	34,178	34,201
Coaching fees	33,220	-	-	33,220	-	-	-	-	-	33,220
Contract labor and services	90,217	154,281	-	244,498	16,344	-	-	-	16,344	260,842
Depreciation	-	-	-	-	2,490	-	-	-	2,490	2,490
Direct athlete support	6,574	8,982	-	15,556	-	-	-	-	-	15,556
Dues and subscriptions	-	633	2,450	3,083	3,509	-	72	-	3,581	6,664
Employee benefits	-	-	6,629	6,629	24,030	-	300	-	24,330	30,959
Equipment	-	55,795	-	55,795	-	-	-	-	-	55,795
Equipment rental	-	-	-	-	2,087	-	-	-	2,087	2,087
Insurance	-	5,365	10	5,375	40,202	-	-	-	40,202	45,577
Interest expense	-	247	-	247	4,125	-	-	-	4,125	4,372
IT support	-	17	-	17	7,889	-	-	-	7,889	7,906
Miscellaneous	-	-	-	-	3,676	-	1,103	-	4,779	4,779
Officials and classifiers	-	79,357	-	79,357	-	-	-	-	-	79,357
Payroll service	-	-	-	-	152	-	-	-	152	152
Payroll taxes	-	-	3,477	3,477	19,113	-	-	-	19,113	22,590
Postage and shipping	-	28,350	-	28,350	14,035	-	-	-	14,035	42,385
Prize money	-	121,798	-	121,798	-	-	-	-	-	121,798
Professional fees	-	2,000	-	2,000	22,000	-	-	-	22,000	24,000
Promotions	-	8,444	-	8,444	993	-	12,000	-	12,993	21,437
Ratings	-	-	42,000	42,000	-	-	-	-	-	42,000
Rent	-	270	-	270	23,187	-	-	-	23,187	23,457
Safesport expense	-	-	16,848	16,848	-	-	-	-	-	16,848
Salaries	-	-	40,500	40,500	272,584	-	-	-	272,584	313,084
Supplies	23	38,137	-	38,160	2,649	-	-	-	2,649	40,809
Telephone	-	8	-	8	2,629	-	-	-	2,629	2,637
Transportation	-	6,930	-	6,930	198	-	-	-	198	7,128
Travel, food, and lodging	330,141	310,610	1,284	642,035	39,906	6,758	-	-	46,664	688,699
Volunteers/operation/committee	-	42,222	-	42,222	-	-	-	-	-	42,222
	<u>\$ 460,175</u>	<u>\$ 863,751</u>	<u>\$ 121,441</u>	<u>\$ 1,445,367</u>	<u>\$ 578,375</u>	<u>\$ 6,758</u>	<u>\$ 13,475</u>	<u>\$ -</u>	<u>\$ 598,608</u>	<u>\$ 2,043,975</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, 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 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 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 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 and settlements	-	-	-	-	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
Webmaster	-	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>

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,	
	2022	2021
CASH-FLOWS PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES:		
Changes in net assets	\$ (121,112)	\$ 355,986
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	2,490	4,530
Net realized and unrealized loss (gain) on investment	204,149	(119,501)
Bad debt expense	-	5,161
(Gain) loss on disposal of fixed assets	(634)	309
Changes in operating assets:		
Accounts receivable, net	27,500	54,209
Prepaid expenses	(2,120)	13,860
Changes in operating liabilities:		
Accounts payable	(66,476)	47,796
Due to USOC	(33,747)	32,278
Accrued liabilities	33,739	66,314
Refundable advance	-	(115,296)
Deferred revenue	(17,327)	(42,250)
Net Cash Provided by Operating Activities	26,462	303,396
 <u>INVESTING ACTIVITIES:</u>		
Cash paid for investments	(21,219)	(278,797)
Proceeds from sale of investments	33,543	272,624
Property and equipment disposed (purchased)	6,337	(11,337)
Net Cash Provided by (Used for) Investing activities	18,661	(17,510)
 <u>FINANCING ACTIVITIES:</u>		
Principal payments on note payable	(71)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	45,052	285,886
 CASH AND CASH EQUIVALENTS:		
Beginning of year	570,703	284,817
End of year	\$ 615,755	\$ 570,703
 SUPPLEMENTAL DISCLOSURE OF CASH-FLOW INFORMATION		
Cash paid during the year for interest	\$ 4,372	\$ 5,099

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

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.

Adoption of New Accounting Standards:

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases (ASC 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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

Adoption of New Accounting Standards:

The Organization has elected to adopt the package of practical expedients available in the year of adoption. The Organization has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Organization's ROU assets.

The standard did not have a material impact on the combined statements of financial position, the statements of activities and changes in net assets, nor the combined statements of cash flows.

Leases:

The Organization leases a copier, office space, and storage facilities. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the combined statements of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the combined statements of financial position.

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, 2022 AND 2021

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. An allowance for doubtful accounts was not deemed necessary for the years ended December 31, 2022 and 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, 2022 AND 2021

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. There were no such in-kind contributions for the years ended December 31, 2022 and 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, 2022 AND 2021

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, 2022 AND 2021

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.

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.

Subsequent Events:

In preparing the combined financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 14, 2023, 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, 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.

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 3 - AVAILABLE RESOURCES AND LIQUIDITY: (Continued)

The following table reflects the Organization's financial assets. The Organization does not have any Board-designated net assets as of year-end.

	December 31,	
	2022	2021
Financial assets at year end:		
Cash and cash equivalents	\$ 615,755	\$ 570,703
Accounts receivable, net	127,500	155,000
Investments	1,015,569	1,232,042
Total financial assets	<u>1,758,824</u>	<u>1,957,745</u>
Less amounts not available to be used within one year:		
Foundation investments, including cash	(1,028,147)	(1,255,428)
Estimated Foundation distributions	41,100	50,200
	<u>(987,047)</u>	<u>(1,205,228)</u>
Financial assets available within one year:	<u>\$ 771,777</u>	<u>\$ 752,517</u>

NOTE 4 - RELATED-PARTY TRANSACTIONS:

During the years ended December 31, 2022 and 2021, the United States Olympic & Paralympic Committee provided grants to the Organization as follows:

	December 31,	
	2022	2021
High Performance	\$ 70,000	\$ 105,000
Other grants (including matching)	166,575	139,728
Communications support	-	2,000
	<u>\$ 236,575</u>	<u>\$ 246,728</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, 2022 and 2021, under the agreement.

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 4 - RELATED-PARTY TRANSACTIONS: (Continued)

At December 31, 2022 and 2021, the USOPC owed the Association \$3,500 and \$3,000, respectively, under the above grant categories. At December 31, 2022 and 2021, the Association owed the USOPC \$4,212 and \$37,459, respectively, for miscellaneous expenses.

The Foundation provided the Association with grants and contributions of \$52,000 and \$60,000 for the years ended December 31, 2022 and 2021, 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).

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 - ACCOUNTS RECEIVABLE, NET:

Accounts receivable, net consists of the following:

	December 31,		
	2022	2021	2020
Tournaments, camps, and programs	\$ 30,000	\$ 4,000	\$ 6,099
Corporate Sponsorships	97,500	74,250	107,584
Contributions	-	75,000	95,000
Other	-	1,750	10,767
Allowance for doubtful accounts	-	-	(5,080)
	<u>\$ 127,500</u>	<u>\$ 155,000</u>	<u>\$ 214,370</u>

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 6 - INVESTMENTS:

Investments comprised the following:

	December 31,			
	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Mutual funds	\$ 1,224,160	\$ 1,015,569	\$ 1,238,918	\$ 1,232,042

Investments are valued as follows:

FAIR VALUE MEASUREMENTS				
AS OF DECEMBER 31, 2022				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 1,015,569	\$ -	\$ -	\$ 1,015,569

FAIR VALUE MEASUREMENTS				
AS OF DECEMBER 31, 2021				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 1,232,042	\$ -	\$ -	\$ 1,232,042

Income from these investments is summarized as follows:

	Year Ended December 31,	
	2022	2021
Dividend income	\$ 22,868	\$ 22,328
Unrealized (loss) gain on investments	(201,715)	31,637
Realized (loss) gain	(2,434)	87,864
Total Investment Income	\$ (181,281)	\$ 141,829

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 7 - DEFERRED REVENUE:

Deferred revenue consists of the following:

	December 31,		
	2022	2021	2020
Membership dues	\$ 9,596	\$ 28,523	\$ 61,706
Tournament sanction fees	1,600	-	5,580
Events	-	-	3,487
	<u>\$ 11,196</u>	<u>\$ 28,523</u>	<u>\$ 70,773</u>

NOTE 8 - LOAN PAYABLE:

Loan payable consists of the following:

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 as of December 31, 2021, and is included in accrued liabilities on the combined statements of financial position. There was no accrued interest as of December 31, 2022. The loan is collateralized with all of the Organization's tangible assets.

Less: Current portion of long-term debt
 Long-term debt, net of current portion

	December 31,	
	2022	2021
	\$ 149,829	\$ 149,900
	<u>(2,689)</u>	<u>-</u>
	<u>\$ 147,140</u>	<u>\$ 149,900</u>

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 8 - LOAN PAYABLE: (Continued)

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

Year Ending December 31,		
2023	\$	2,689
2024		3,690
2025		3,793
2026		3,899
2027		4,007
Thereafter		131,751
	<u>\$</u>	<u>149,829</u>

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

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2022 and 2021, net assets were released from restrictions for satisfying the following purposes:

	December 31,	
	2022	2021
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>

NOTE 10 - LEASES – ASC 842

The Organization leases a copier, office space, and storage facilities with terms of one year or less. The office space expires on December 31, 2022. The copier and storage facilities are leased on a month-to-month basis. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 10 - LEASES – ASC 842: (Continued)

For the year ended December 31, 2022 the Organization’s short-term lease expense was \$23,457.

As of December 31, 2022, the Organization has renewed the office space operating lease with future lease payments of \$3,240. The operating lease commenced on January 1, 2023, with a lease term of one year.

NOTE 11 - LEASES – ASC 840:

The Organization elected to apply the provisions of FASB ASC 842 to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

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 lease was renewed for an additional year effective January 1, 2023. The Organization pays approximately \$270 per month for the term of the lease.

Future minimum rent commitments under this facility lease were as follows:

For the Year Ending	
December 31,	
<u>2022</u>	<u>\$ 3,240</u>

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

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

NOTE 12 - 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 ended December 31, 2022 and 2021.

UNITED STATES TABLE TENNIS ASSOCIATION AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 13 - 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, 2022, 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. The contingent gain has not been recorded in the accompanying combined statements of activities and changes in net assets for the year ended December 31, 2022.

NOTE 14 - 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 15 - EMPLOYER RETENTION CREDIT:

During the year ended December 31, 2022, the Organization applied for and recognized revenue relating to Employee Retention Credits totaling \$61,607 under the CARES Act. Employee Retention Credits are refundable, federal payroll tax credits available to eligible employers whose business has been financially impacted by COVID-19. The Organization accounts for the funds as Employee Retention Credits in the accompanying combined statements of activities and changes in net assets.