United States Racquetball Association
dba USA Racquetball
(a nonprofit Colorado corporation)
Colorado Springs, Colorado

Financial Statements

December 31, 2024

USA Racquetball

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Independent Auditor's Report

To the Board of Directors
United States Racquetball Association
dba USA Racquetball
Colorado Springs, Colorado

Qualified Opinion

I have audited the accompanying financial statements of United States Racquetball Association dba USA Racquetball (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of USA Racquetball as of December 31, 2024, 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.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section in our report. I am required to be independent of USA Racquetball and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my 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 financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 USA Racquetball'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 financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about USA Racquetball's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Substantial Doubt about the Organization’s Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in Note 6 to the financial statements, the Organization had a large deficit in net assets without donor restrictions, and had incurred large net losses and large cash outflows from operating activities during the year ended December 31, 2024. As a result, substantial doubt exists about the Organization's ability to continue as a going concern. Management’s evaluation of the events and conditions and management’s plans regarding those matters also are described in Note 6. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Mountain West Advisors, LLC

Certified Public Accountant

Littleton, Colorado
April 18, 2025

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USA Racquetball

Statements of Financial Position

December 31, 2024	
ASSETS	
Current Assets	
Cash and cash equivalents	**$ 104,157**
Pledges receivable	**10,716**
Prepaid expenses	**16,870**
Total current assets	**131,743**
Non-Current Assets	
Intangibles	**34,064**
Less accumulated amortization	**(25,345)**
Total non-current assets	**8,719**
Total assets	**$ 140,462**
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable	**$ 25,185**
Accrued expenses	**3,085**
Deferred revenue	**95,636**
Long-term debt, current portion	**1,913**
Total current liabilities	**125,819**
Non-current Liabilities	
Long-term debt, net of current portion	**148,087**
Total non-current liabilities	**148,087**
Total liabilities	**273,906**
Net Assets (Deficit)	
Without donor restrictions	**(191,537)**
With donor restrictions	**58,093**
Total net assets	**(133,444)**
Total liabilities and net assets	**$ 140,462**

USA Racquetball

Statement of Activities

Year ended December 31, 2024

Operating Support and Revenue	Without Donor Restrictions	With Donor Restrictions	Total
Support			
Grants and contributions	$ 69,372	$ 10,716	$ 80,088
USOPC support	82,600	-	82,600
In-kind contributions	98,874	-	98,874
Net assets released from restrictions			
Expiration of time restrictions	132,798	(132,798)	-
Total operating support	383,644	(122,082)	261,562
Revenue			
Membership dues	217,056	-	217,056
Event income	121,190	-	121,190
Sponsorships	52,875	-	52,875
Other revenue	17,649	-	17,649
Total operating revenue	408,770	-	408,770
Total operating support and revenue	792,414	(122,082)	670,332
Expenses			
Program services	646,625	-	646,625
Supporting services			
General and administrative	148,546	-	148,546
Fundraising	2,998	-	2,998
Total expenses	798,169	-	798,169
Total support and revenue in deficit of expenses	(5,755)	(122,082)	(127,837)
Other Changes			
Other income	18,906	-	18,906
Interest	333	-	333
Total other changes	19,239	-	19,239
Change in Net Assets	13,484	(122,082)	(108,598)
Net Assets (Deficit), Beginning of Year	(205,021)	180,175	(24,846)
Net Assets (Deficit), End of Year	$ (191,537)	$ 58,093	$ (133,444)

USA Racquetball

Statement of Functional Expenses

Year ended December 31, 2024

	Program Expenses	Supporting Services: General and Administrative	Supporting Services: Fundraising	Supporting Services: Total	Total Expenses
Salaries	$ 112,000	$ 20,606	$ -	$ 20,606	$ 132,606
Payroll taxes	3,413	-	-	-	3,413
Employee benefits	2,970	1,741	-	1,741	4,711
Total personnel costs	118,383	22,347	-	22,347	140,730
Program and event expenses	234,692	4,785	-	4,785	239,477
Travel	103,594	-	-	-	103,594
Professional fees	20,840	51,449	-	51,449	72,289
Insurance	4,504	50,129	-	50,129	54,633
Return of restricted funds	50,000	-	-	-	50,000
Information technology	32,024	1,743	-	1,743	33,767
Bank and merchant fees	27,673	583	-	583	28,256
Contract labor	26,759	1,300	-	1,300	28,059
Occupancy	-	9,622	-	9,622	9,622
Postage and shipping	8,881	-	-	-	8,881
Dues and subscriptions	6,779	458	81	539	7,318
Scholarships	6,500	-	-	-	6,500
Interest expense	-	5,747	-	5,747	5,747
Advertising and promotions	1,210	-	2,917	2,917	4,127
Amortization	2,906	-	-	-	2,906
Taxes and licenses	950	-	-	-	950
Office expenses and supplies	514	383	-	383	897
Coaches and training	416	-	-	-	416
Total operating expenses	$ 646,625	$ 148,546	$ 2,998	$ 151,544	$ 798,169

USA Racquetball

Statement of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Year ended December 31, 2024		
Cash Flows From Operating Activities		
Change in net assets	$	(108,598)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Amortization		2,906
Increase (decrease) from changes in assets and liabilities		
Pledges receivable		(6,466)
Pledges and grants receivable - related party		25,000
Prepaid expenses		4,310
Accounts payable		17,319
Accrued expenses		(17,912)
Deferred revenue		10,620
Net cash provided by operating activities		(72,821)
Net Decrease in Cash and Cash Equivalents		(72,821)
Cash and Cash Equivalents, Beginning of Year		176,978
Cash and Cash Equivalents, End of Year	$	104,157
Supplemental Information		
Cash paid for interest	$	8,662

The accompanying Notes are an integral part of these financial statements

Note 1 – Nature of Organization and Significant Accounting Policies

Nature of Organization. The United States Racquetball Association dba USA Racquetball ("the Association") is a nonprofit educational organization designed to foster the development of the sport of racquetball in the United States. The Association's sources of revenue and support are predominantly in membership dues, sponsorships, and event entry fees with other support being generated through national events, contributions and grants, and other sources.

Basis of Accounting. The financial statements of the Association have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents. The Association considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Pledges and Grants Receivable. Pledges and grants receivable are recognized only when the conditions on which they depend are substantially met and the pledges and grants become unconditional. Pledges and grants receivable are stated net of allowances for uncollectible accounts. Management provides for probable uncollectible accounts through a provision for bad debt expenses and an adjustment to the allowance account based on its assessment of the current status of individual amounts. Balances still outstanding after management has used reasonable collection efforts are written off through a reduction to the allowance account and a corresponding reduction to pledges and grants receivable. Management believes that all pledges and grants receivable are fully collectible at December 31, 2024. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Accounts Receivable. Predominantly all accounts receivable at December 31, 2024 are related to program services provided and are stated net of an allowance for credit losses. The Organization is required to measure expected credit losses on financial assets measured at amortized cost, including accounts receivable, using a forward-looking approach. The Organization calculates the allowance for credit losses utilizing historical data, current economic conditions, and reasonable and supportable forecasts that affect the collectability of the receivables.

The Organization estimates credit losses on accounts receivable using a provision matrix approach, which considers historical loss rates adjusted for current market conditions and other relevant factors. The provision matrix takes into account factors such as customer creditworthiness, payment history, aging of receivables, industry trends, and economic indicators. The Organization monitors its allowance for credit losses regularly and adjusts it as necessary to reflect changes in economic conditions and credit risk. Changes in the allowance for credit losses are recognized in the statement of comprehensive income as "Provision for credit losses."

As of December 31, 2024, there was no allowance for credit losses on accounts receivable as there were no accounts receivable.

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Property and Equipment. It is the Association's policy to capitalize property and equipment at cost for purchases over $1,000, while repair and maintenance items are charged to expense. Donations of property and equipment are capitalized at their estimated fair value at the date of gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets, which is generally three to ten years for furniture and equipment. All property and equipment was fully depreciated at December 31, 2024, therefore there was no depreciation expense for the year ended December 31, 2024.

Impairment of Long-Lived Assets. In the event that facts and circumstances indicate that property and equipment, or other assets, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value would be necessary. No impairment losses were recorded during the year ended December 31, 2024.

Intangible Assets. The Association acquired goodwill in connection with a note issued for the purchase of intangible assets during 2017. In 2018, the Association adopted the accounting alternative for goodwill available to nonprofit organizations under FASB ASC 350-20. Accordingly, the Association began amortizing goodwill prospectively as of January 1, 2018, on a straight-line basis over 10 years. The Association evaluates goodwill for impairment at the asset level when a triggering event occurs that indicates that the fair value of the asset may be below its carrying amount. When a triggering event occurs, the Association first assesses qualitative factors to determine whether the quantitative impairment test is necessary. If that qualitative assessment indicates that it is more likely than not that goodwill is impaired, the Association performs the quantitative test to compare the asset's fair value with its carrying amount, including goodwill. If the qualitative assessment indicates that it is not more likely than not that goodwill is impaired, further testing is unnecessary. The goodwill impairment loss, if any, represents the excess of the carrying amount of the asset over its fair value.

No triggering events occurred during the year ended December 31, 2024, that required goodwill impairment testing and, accordingly, no impairment loss was recorded during the year ended December 31, 2024.

Deferred Revenue. Prepayments of membership, program fees, and events are deferred and recognized as revenue in the applicable future period when the services are provided, and the related expenses are incurred.

Basis of Net Asset Presentation. The Association reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions. Net assets resulting from revenues generated by receiving contributions that have no donor stipulations, providing services, and receiving interest and other income, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Net Assets With Donor Restrictions. Net assets resulting from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose restriction is accomplished.

Grants and Contributions. Grants and contributions are recognized when donations are received. Donor-restricted grants and contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Grants and contributions that are restricted by the grantor or donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the grants and contributions are recognized.

Revenue Recognition.

Events and Sponsorships. The majority of the Association's exchange revenue arrangements generally consist of a single performance obligation to transfer promised goods or services.

Membership Fees. Revenue from membership fees is reported at the amount that reflects the consideration to which the Association expects to be entitled in exchange for providing the related services. The Association recognizes revenue from membership fees as the Association satisfies performance obligations under its contracts, which is ratably over the membership term.

Transaction Price. The transaction price of a contract with a customer is the amount of consideration to which the Association expects to be entitled in exchange for transferring promised goods and services to the customer.

For the year ended December 31, 2024, the Association recognized revenue of $191,714, from goods and services that transfer to the customer at a point in time and $217,056 from services that transfer to the customer over time.

Contract Balances. The following table provides information about the Association's receivables from contracts with customers at December 31, 2024:

Deferred revenue, beginning of year	**$**	**85,016**
Deferred revenue, end of year	**$**	**95,636**

The Association’s contracts do not include significant financing components.

Contributed Facilities and Services. Contributed facilities are recorded at fair market value at the time of donation. Services are recognized if the services received satisfy the criteria for recognition. Contributed services are recognized if services either (a) create or enhance a nonfinancial asset or (b) require specialized skills that are provided by persons possessing those skills and would typically need to be purchased if not provided by donation.

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Contributed Facilities and Services (continued).

The Association recorded the following in-kind activity during the year ended December 31, 2024:

			Usage
Executive director services	$	**90,000**	Executive Director services for program, management and general, and fundraising
Facilities use		**8,874**	Lodging for athletes and office space
	$	**98,874**	

In-kind service contributions were valued using estimated average hourly wage for identical services using pricing data of similar services under a 'like-kind' methodology, considering the utility of the services at the time of the contribution. No in-kind contributions were restricted. The Association only uses services for its own program or supporting service activities. In-kind contributed facilities were valued using like-kind methodology for similar size houses or apartments and office space. No in-kind contributions were restricted. The Association does not sell donated gifts in-kind and only uses services and facilities for its own program or supporting service activities.

Functional Allocation of Expenses. Direct expenses have been allocated to the applicable program for which the expenses were incurred. Indirect expenses have been allocated between program and supporting services based on an analysis of personnel time for salaries and wages, payroll taxes, and employee benefits and space utilized for occupancy expenses.

Advertising. The Association expenses advertising costs, including donated advertising, as incurred. Total advertising expense for the year ended December 31, 2024 was $4,127.

Income Taxes. The Association is a nonprofit corporation exempt from income taxes as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made.

Subsequent Events. The Association evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through April 18, 2025, the date at which the financial statements were available for release.

Note 2 – Note Payable

On August 1, 2020, the Association obtained an Economic Injury Disaster Loan ("EIDL") in the amount of $150,000 from the U.S. Small Business Administration (SBA). The EIDL note matures September 15, 2050 and bears interest at a rate of 2.75% per annum. Monthly installments totaling $641 commenced on January 1, 2023 and will be applied to all accrued interest prior to being applied to principal and interest. Accrued interest totaled $2,324 at December 31, 2024. The loan is secured by all assets.

Note 2 – Note Payable (continued)

Scheduled maturities of the long-term notes payable are as follows:

Year ended December 31	Total
2025	$ 1,913
2026	3,666
2027	3,768
2028	3,873
2029	3,980
Thereafter	132,800
	$ 150,000

Note 3 – Net Assets with Donor Restrictions

The balances of net assets with donor restrictions are as follows:

	Jan 1, 2024 Balance	**Additions**	**Releases**	**Dec 31, 2024 Balance**
Time restrictions:				
Pledges receivable	**$ 29,200**	**$ 10,716**	**$ 29,200**	**$ 10,716**
Purpose restrictions:				
Scholarship Fund	**12,475**	**-**	**7,598**	**4,877**
Athlete Development Program	**38,500**	**-**	**35,000**	**3,500**
Sport Development and Growth	**50,000**	**-**	**11,000**	**39,000**
Estate of CP (US Open)	**50,000**	**-**	**50,000**	**-**
Total	**$ 180,175**	**$ 10,716**	**$ 132,798**	**$ 58,093**

Note 4 – Related Party Transactions

During 2024, the Association also received various grants from the United States Olympic and Paralympic Committee (USOPC) for payroll, software, other projects, and administrative costs totaling $82,600.

During 2024, board members and executive director contributed $30,300 to the Association.

During 2024, the Association paid $4,500 to three board members as part of the Athlete Development Program and a coaching stipend.

Note 5 – Retirement Plan

The Association maintains a tax-deferred compensation plan under Section 401(k) of the Internal Revenue Code. All full-time employees 21 years and older become eligible for the co-funded 401k Retirement Plan ("the Plan") after completion of 90 days of continuous service. This plan is designed for both employee and employer to contribute toward the employee's retirement. The Association matches the employee's contribution up to 5% of the employee's gross salary. The amounts contributed by the Association to this plan during the year ended December 31, 2024 was $2,100.

Note 6 – Liquidity, Availability of Resources, and Results of Operations

The accompanying financial statements have been prepared assuming the Association will continue as a going concern. As of December 31, 2024, the Association had a deficit in its net assets without donor restrictions totaling $191,537. During the year ended December 31, 2024, the Association decreased its December 31, 2023 deficit totaling $205,567 to $191,537 as of December 31, 2024, however, the total net asset deficit increased by $108,598. While this is significant, the Association's ability to continue as a going concern is dependent upon its ability to continue to reduce operating expenses and increase support and revenue.

Subsequent to the year ended December 31, 2024, the Association continued to implemented plans for continued operations, which consisted of changes to expand revenues, and to reduce expenses, and to increase overall working capital. The results of these plans and actions are regularly monitored and are reviewed monthly by management and the board.

The Association receives significant grants and contributions that are restricted by donors/grantors, and considers grants and contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Association manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability; maintaining adequate liquid assets to fund near-term operating needs; and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Association has a goal to maintain financial assets, which consist of cash and cash equivalents on hand to meet 90 days of normal operating expenses, which are, on average, approximately $160,000. To achieve these guiding principles, the Association forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually.

The Association's financial assets available for general expenditures within one year are as follows at December 31, 2024:

Financial assets at year-end:	
Cash and cash equivalents	**$ 104,157**
Grants and pledges receivable	**10,716**
	114,873
Financial assets available for general expenditures within one year	**$ 114,873**

Note 7 – Concentrations of Credit Risk

Major Donors. The Association received 12% of its total support and revenue from the USOPC during the year ended December 31, 2024.