



UNITED STATES RACQUETBALL ASSOCIATION, INC.

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2021

ERICKSON, BROWN & KLOSTER, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

Board of Directors
United States Racquetball Association, Inc.
Colorado Springs, Colorado

Qualified Opinion

We have audited the accompanying financial statements of United States Racquetball Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of United States Racquetball Association, Inc. as of December 31, 2021, 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 Qualified Opinion

Due to the absence of internal controls and accounting records relating to the U.S. Open event, we were unable to obtain sufficient appropriate audit evidence about the U.S. Open event's assets, liabilities, revenues, and expenses during the year ended December 31, 2021. Consequently, we were unable to determine whether material adjustments may be needed relating to the U.S. Open event. Accordingly, the effects of any potential misstatements on the financial statements have not been determined because it was not practicable to do so.

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 Financial Statements section of our report. We are required to be independent of United States Racquetball Association, Inc. 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 qualified 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

INDEPENDENT AUDITORS' REPORT – CONTINUED
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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 United States Racquetball Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our 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 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 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, we:

- 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 United States Racquetball Association, Inc.'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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United States Racquetball Association, Inc.'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.

Report on Summarized Comparative Information

We have previously audited United States Racquetball Association, Inc.'s 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated January 4, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Erickson, Brown & Kloster, LLC

Colorado Springs, Colorado
May 25, 2023

UNITED STATES RACQUETBALL ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
With Comparative Totals for 2020

ASSETS

	2021	2020
Current Assets		
Cash and Cash Equivalents	\$ 577,950	\$ 393,502
Accounts Receivable	2,800	14,737
Promises to Give	-	5,957
Prepaid Expenses	7,490	7,490
Total Current Assets	<u>588,240</u>	<u>421,686</u>
Non-Current Assets		
Goodwill, Net	17,439	20,345
Total Non-Current Assets	<u>17,439</u>	<u>20,345</u>
Total Assets	<u><u>\$ 605,679</u></u>	<u><u>\$ 442,031</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ 172,893	\$ 4,972
Accrued Expenses	10,166	3,626
Deferred Revenue	121,980	126,543
Current Portion of Long-Term Debt	12,501	17,174
Refundable Advance - PPP Loan	-	49,100
Total Current Liabilities	<u>317,540</u>	<u>201,415</u>
Non-Current Liabilities		
Long-Term Debt, Net of Current Portion	158,262	164,126
Unamortized Discount	-	(142)
Total Non-Current Liabilities	<u>158,262</u>	<u>163,984</u>
Total Liabilities	<u>475,802</u>	<u>365,399</u>
Net Assets		
Without Donor Restrictions	85,457	58,855
With Donor Restrictions	44,420	17,777
Total Net Assets	<u>129,877</u>	<u>76,632</u>
Total Liabilities and Net Assets	<u><u>\$ 605,679</u></u>	<u><u>\$ 442,031</u></u>

See Notes to Financial Statements

UNITED STATES RACQUETBALL ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021
With Comparative Totals for 2020

	Without Donor Restrictions	With Donor Restrictions	Total	
			2021	2020
Revenue and Support				
USOPC Support	\$ 93,524	\$ -	\$ 93,524	\$ 127,415
Grants and Contributions	138,885	51,100	189,985	172,848
In-Kind Contributions	17,077	-	17,077	14,345
Membership Dues	176,904	-	176,904	272,204
Entry Fees	140,917	-	140,917	100,142
Other Fees	15,647	-	15,647	9,293
Sponsorships	393,281	-	393,281	9,500
National Events	194,584	-	194,584	7,302
Sale of Merchandise, Net	151	-	151	35
Magazine	-	-	-	1,119
Royalties	-	-	-	83
Other Revenue	767	-	767	6,385
Interest Income	35	-	35	15
Net Assets Released				
From Restrictions				
Satisfaction of				
Program Restrictions	18,500	(18,500)	-	-
Satisfactions of Time Restrictions	5,957	(5,957)	-	-
Total Revenue and Support	1,196,229	26,643	1,222,872	720,686
Expenses				
Program Services	1,008,827	-	1,008,827	537,593
Supporting Services				
General and Administrative	137,498	-	137,498	90,543
Fundraising	23,302	-	23,302	17,005
Total Supporting Services	160,800	-	160,800	107,548
Total Expenses	1,169,627	-	1,169,627	645,141
Change in Net Assets	26,602	26,643	53,245	75,545
Net Assets at Beginning of Year	58,855	17,777	76,632	1,087
Net Assets at End of Year	\$ 85,457	\$ 44,420	\$ 129,877	\$ 76,632

See Notes to Financial Statements

UNITED STATES RACQUETBALL ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021
With Comparative Totals for 2020

	Program	Supporting Services		Total	
		General and Administrative	Fundraising	2021	2020
Salaries	\$ 159,504	\$ 21,329	\$ 4,637	\$ 185,470	\$ 191,403
Payroll Taxes and Benefits	40,301	5,389	1,172	46,862	48,150
Total Personnel Costs	199,805	26,718	5,809	232,332	239,553
Contract Labor	316,839	29,622	-	346,461	52,992
Office and Facilities Rent	83,368	11,148	2,423	96,939	22,313
Awards	69,501	1,418	-	70,919	9,635
Travel	56,801	-	-	56,801	24,038
Insurance	38,426	5,138	1,117	44,681	58,143
Accounting Fees for Service	26,742	16,937	891	44,570	48,370
Hospitality	37,952	775	-	38,727	6,028
Miscellaneous	28,432	3,802	827	33,061	29,463
Bank Charges	-	21,610	-	21,610	14,615
Technology	17,249	2,307	501	20,057	16,408
Discounts and Rebates	19,260	-	-	19,260	16,334
Coach, Trainer, and Athlete Support	19,000	-	-	19,000	2,833
Printing	14,365	1,921	418	16,704	10,892
Donations	15,922	-	-	15,922	3,150
National Team Expense	14,408	-	-	14,408	-
Meals and Lodging	13,190	269	-	13,459	9,280
Supplies	9,243	1,236	269	10,748	6,141
Advertising	-	-	10,585	10,585	5,973
Utilities	5,892	788	171	6,851	8,762
Dues and Subscriptions	-	5,541	-	5,541	5,222
Interest	-	5,478	-	5,478	748
In-Kind Advertising Expense	5,000	-	-	5,000	8,638
Legal Fees for Service	2,994	1,896	100	4,990	127
Player Premiums	4,792	-	-	4,792	31,299
Postage and Shipping	4,073	545	118	4,736	5,695
Amortization	2,499	334	73	2,906	4,156
WOR Expense	1,715	-	-	1,715	1,297
Conferences and Meetings	759	15	-	774	1,951
Broadcasting	600	-	-	600	-
Equipment Expenses	-	-	-	-	905
Bad Debt	-	-	-	-	180
Total Expense - 2021	\$ 1,008,827	\$ 137,498	\$ 23,302	\$ 1,169,627	
Percent of Total - 2021	86%	12%	2%	100%	
Total Expense - 2020	\$ 537,593	\$ 90,543	\$ 17,005		\$ 645,141
Percent of Total - 2020	83%	14%	3%		100%

See Notes to Financial Statements

UNITED STATES RACQUETBALL ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021
With Comparative Totals for 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operations		
Change in Net Assets	\$ 53,245	\$ 75,545
Adjustments to Arrive at Net Cash Provided (Used) by Operating Activities:		
Amortization	2,906	4,156
Imputed Interest Expense	142	748
PPP Loan Forgiveness	(49,100)	49,100
Change in:		
Accounts Receivable	11,937	40,083
Promises to Give	5,957	2,043
Prepaid Expense	-	1,000
Accounts Payable	167,921	(221,117)
Accrued Expenses	6,540	575
Deferred Revenue	(4,563)	(64,671)
Net Cash Provided (Used) by Operating Activities	<u>194,985</u>	<u>(112,538)</u>
Cash Flows From Financing Activities		
Principal Payments on Notes Payable	(10,537)	(10,400)
Proceeds From Issuance of Debt	<u>-</u>	<u>174,900</u>
Net Cash (Used) Provided by Financing Activities	<u>(10,537)</u>	<u>164,500</u>
Net Change in Cash and Cash Equivalents	184,448	51,962
Beginning Cash and Cash Equivalents	<u>393,502</u>	<u>341,540</u>
Ending Cash and Cash Equivalents	<u>\$ 577,950</u>	<u>\$ 393,502</u>

See Notes to Financial Statements

UNITED STATES RACQUETBALL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are described below.

Organization - The United States Racquetball Association, Inc. (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.

Cash and Cash Equivalents - For purposes of the statement of cash flows, all highly liquid investments, with original maturities of three months or less, are considered, with the exception of funds held in investment accounts to facilitate trading activities, to be cash.

Accounts Receivable - Accounts receivable is stated at the amount the Association expects to collect. Management closely monitors outstanding receivables and establishes an allowance for doubtful accounts based on its experience and current knowledge. Management has determined that no allowance was necessary as of December 31, 2021 and 2020.

Promises to Give – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

The Association uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management analysis of specific promises made.

Property and Equipment – The Association capitalizes property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Association reclassifies net assets with restrictions to net assets without restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives of the assets.

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

UNITED STATES RACQUETBALL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. The Association reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue and Revenue Recognition – Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. As a practical expedient, the Association adopted a portfolio approach for the membership revenue stream to group services with similar characteristics and analyze historical cash collection trends. The services within the portfolio share the characteristics conducive to ensuring that the results do not materially differ under revenue recognition standards if it were to be applied to individual members.

Membership Dues - Membership dues consist of one-year, three-year, and lifetime memberships. Lifetime memberships are recognized as revenue upon receipt. One-year and three-year memberships are recognized ratably over the membership period.

Contributed Services – The Association generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Association, but these services do not meet the criteria for recognition as contributed services.

Contributions – Contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence or nature of any donor restrictions.

Tax-exempt Status - The Association is a nonprofit corporation determined tax-exempt under Internal Revenue Code Section 501(c)(3). As a result of this determination, the Association may accept tax-deductible charitable contributions and is exempt from income tax on income resulting from activities carried on furthering its exempt purpose, as well as certain other specific types of income.

Management believes that based on evaluation of its tax position, any liability as a result of uncertain tax positions would not be material. Management continually evaluates expiring statutes of limitations, changes in the tax laws, and new authoritative rulings to assist in evaluating its tax position. Accrued interest and penalties associated with uncertain tax positions, if any, would be recognized as part of the income tax position.

UNITED STATES RACQUETBALL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Functional Allocation of Expenses – The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Goodwill – 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 years ended December 31, 2021 and 2020, that required goodwill impairment testing and, accordingly, no impairment loss was recorded in 2021 or 2020.

Comparative Financial Information – The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Association's audited financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Advertising Costs - All advertising costs are expensed when incurred. Advertising expenses for 2021 and 2020 totaled \$15,585 and \$14,611, respectively.

NOTE 1 – GOING CONCERN MATTERS

The accompanying financial statements have been prepared assuming that the Association will continue as a going concern. During the year subsequent to December 31, 2021, the Association incurred a decrease in net assets of approximately \$254,000 resulting in an ending net deficit of approximately \$124,000. With donor restricted net assets of approximately \$44,000, total net assets without donor restrictions reflect a deficit balance of approximately \$168,000. Furthermore, the COVID-19 pandemic may impact the ability of the Association to generate revenue from event entry fees and memberships, and from donors and sponsors, which made up approximately 26% and 48% of annual revenue. These circumstances create an uncertainty about the Association's ability to continue as a going concern.

UNITED STATES RACQUETBALL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – GOING CONCERN MATTERS – Continued

Management and the Board of Directors have evaluated the Association's ability to continue as a going concern, and have implemented the following plans at the Association to continue to be a going concern for the foreseeable future, at least one year beyond the date the financial statements are available to be issued. There could be substantial doubt raised regarding the Association's ability to continue long-term operations if these plans are not realized.

Subsequent to the year ended December 31, 2021, the Association 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's plans include the following:

- The Association experienced an unexpected, sizeable loss on the operation of its 2022 U.S. Open Championship. The Board of Directors made immediate changes to the operations of the Association to address the cash positions that resulted. Specifically, payroll costs were reduced, fundraising efforts were increased, an Executive Director was engaged on a volunteer basis, and Board members have stepped into unpaid administrative and management roles as necessary.
- Payroll was reduced by approximately 75% on or about October 2022, and will be reduced to \$0 during March through May 2023. For the remainder of 2023, payroll will be limited. The Association is largely managed and operated by a volunteer Executive Director and Board members. It is anticipated that this will be the case through at least 2023.
- The Association raised approximately \$75,000 in donations in the fourth quarter of 2022 to help cover operating costs, and an additional \$100,000 for program specific purposes since.

NOTE 2 – AVAILABILITY AND LIQUIDITY

The Association has \$580,750 of financial assets available within one year of the balance sheet date consisting of cash and cash equivalents of \$577,950, and accounts receivable of \$2,800. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. 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.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	<u>2021</u>	<u>2020</u>
Checking Accounts	\$ 573,089	\$ 388,642
Money Market Accounts	4,861	4,860
Total Cash and Cash Equivalents	<u>\$ 577,950</u>	<u>\$ 393,502</u>

UNITED STATES RACQUETBALL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – GOODWILL

Goodwill consists of the following:

	<u>2021</u>	<u>2020</u>	<u>Amortization Period</u>
Goodwill	\$ 29,064	\$ 29,064	10 Years
Less Accumulated Amortization	(11,625)	(8,719)	
Net Intangible Assets	<u>\$ 17,439</u>	<u>\$ 20,345</u>	

Amortization expense for 2021 and 2020, was \$2,906 and \$2,906, respectively. Amortization of goodwill is expected to be \$2,906 annually for each of the six succeeding years.

NOTE 5 – NOTES PAYABLE

	<u>2021</u>	<u>2020</u>
Noninterest bearing note payable issued in connection with the purchase of World Outdoor Racquetball, payable in 48 monthly installments of \$800, maturing September 1, 2021. Discount is based on imputed interest rate of 6%. Imputed interest expense was \$142 and \$748, for 2021 and 2020.	\$ -	\$ 6,400
Uncollateralized note payable due in 12 monthly installments of \$1,053 (including interest at 1% per annum), and 12 monthly installments \$1,058 (including interest at 2% per annum). The term of the note is 36 months beginning April 21, 2020, with payments commencing on April 21, 2021.	16,722	25,000
Note payable due in 348 monthly installments of \$641 (including interest at 2.75% per annum). The term of the note is 360 months beginning August 1, 2020, with payments scheduled to commence on August 1, 2021, and interest accrual beginning when funds are disbursed. Collateralized by all tangible and intangible personal property held by the Association.	154,041	149,900
Unamortized Discount on Note	-	(142)
Total Notes Payable - Less Unamortized Discount on Note	170,763	181,158
Less Current Portion	(12,501)	(17,174)
	<u>\$ 158,262</u>	<u>\$ 163,984</u>

UNITED STATES RACQUETBALL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – NOTES PAYABLE - Continued

Principal payments for years subsequent to December 31, 2021, are:

<u>December 31,</u>	
2022	\$ 12,501
2023	7,606
2024	3,479
2025	3,576
2026	3,676
Thereafter	139,925
	<u>\$ 170,763</u>

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets consist of the following:

December 31, 2021				
	Beginning Balance	Additions	Released	Ending Balance
Scholarship Fund	\$ 11,820	\$ 1,100	\$ (1,500)	\$ 11,420
Athlete Development Program	-	50,000	(17,000)	33,000
Time Restrictions	5,957	-	(5,957)	-
	<u>\$ 17,777</u>	<u>\$ 51,100</u>	<u>\$ (24,457)</u>	<u>\$ 44,420</u>

December 31, 2020				
	Beginning Balance	Additions	Released	Ending Balance
Scholarship Fund	\$ 14,145	\$ 675	\$ (3,000)	\$ 11,820
Time Restrictions	8,000	5,957	(8,000)	5,957
	<u>\$ 22,145</u>	<u>\$ 6,632</u>	<u>\$ (11,000)</u>	<u>\$ 17,777</u>

NOTE 7 – RELATED PARTY TRANSACTIONS

In 2007, the Association entered into a content license agreement with the United States Olympic and Paralympic Committee (USOPC). The Association received \$50,000 each year under this agreement for 2021 and 2020. During 2021, the Association also received various grants from the USOPC for payroll, software, other projects, and administrative costs, totaling \$43,524.

Board members contributed \$1,000 and \$12,064 to the Association during 2021 and 2020, respectively.

During 2021, the Association paid \$3,000 to two board members as part of the Athlete Development Program and a coaching stipend.

During 2020, the Association paid \$49,450 to two vendors which were owned by board members and \$4,436 to an individual board member for contract services.

UNITED STATES RACQUETBALL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – RETIREMENT PLAN

The Association sponsors a tax-sheltered annuity pension plan (the Plan). To be eligible to participate, an employee must have two years of continuous employment. Total pension expense for 2021 and 2020, was \$3,790 and \$4,715, respectively.

NOTE 9 – LEASES

In January 2019, the Association entered into a thirty-six-month lease for office and storage space from January 1, 2019 through December 31, 2021. The lease provides for monthly rent payments of \$571 and includes \$12,077 of donated rent expenses for each year of the agreement. Upon expiration, the rent payments continued on a month-to-month basis, until it was renewed in September 2022.

In September 2022, the Association entered into a sixteen-month lease for office and storage space through December 2023. The lease agreement will automatically renew for one-year terms thereafter, unless terminated in writing by the lessor or lessee at least 180-days prior to expiration. The lease provides that no payments are to be made by the Association to the lessor, and the fair value of the donated rent expense will be recognized as a gift-in-kind in the year incurred.

The Association rents storage space on a month-to-month basis for \$365.

Rent expenses under the above leases totaled \$8,423 and \$11,230 for the years ended December 31, 2021 and 2020, respectively. The Association rents other equipment for events under short term agreements. Facility rentals for 2021 and 2020, were \$76,439 and \$11,654, respectively.

NOTE 10 – CONCENTRATIONS OF CREDIT RISK

Cash deposits at a financial institution regularly exceed the federally insured limit of \$250,000. The Association has not experienced any losses on such accounts and does not believe it is exposed to any significant credit risks. As of December 31, 2021 and 2020, there were uninsured balances of approximately \$78,000 and \$108,000, respectively.

NOTE 11 – CONCENTRATIONS OF REVENUE

During 2021 and 2020, membership dues accounted for 14% and 38%, grants and contributions accounted for 16% and 24%, USOPC support accounted for 8% and 18%, and national events and sponsorships accounted for 48% and 2% of total revenue and support, respectively.

NOTE 12 – DONATED PROFESSIONAL SERVICES

The Association received donated professional services for internet advertising that totaled \$5,000 and \$8,638, during the years ended December 31, 2021 and 2020, respectively, all of which is allocated to program expense.

The Association also rents office space below fair market value, the difference of which is recognized as a donated service (See Note 9).

UNITED STATES RACQUETBALL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 13 – ALLOCATION OF FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Association. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes and benefits, and contract labor which are allocated on the basis of estimates of time and effort, as well as office and facilities rent, insurance, depreciation and amortization, and professional services which are allocated on the basis of actual utilization.

NOTE 14 – INFORMATIONAL TAX RETURNS

The Association's informational tax returns are subject to examination by taxing authorities for a period of three years from the date filed. As of December 31, 2021, the informational tax returns for the three prior years are considered open for Internal Revenue Service examination.

NOTE 15 – RISKS AND UNCERTAINTIES

Coronavirus (COVID-19) Pandemic

As a result of Coronavirus (COVID-19), during 2021 and 2020, the Association's ability to hold events and serve members was impacted by the pandemic and related restrictions. The full extent of the impact of COVID-19 on the Association's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on our staff, and contributors, none of which can be reasonably predicted. At this point, the extent to which COVID-19 may impact the Association's financial condition or results of operations is uncertain.

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the attached independent auditors' report, the date on which the financial statements were available to be issued.

Subsequent to the year ended December 31, 2021, the Association entered into a lease agreement for office and storage space (See Note 9).