



UNITED STATES RACQUETBALL ASSOCIATION, INC.

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2022

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, 2022, 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, 2022, 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 missing or unavailable accounting records and substantiation we were unable to obtain sufficient appropriate audit evidence about the occurrence, existence, and completeness of the expense-related transactions of United States Racquetball Association, Inc. during the year ended December 31, 2022 by other auditing procedures. Consequently, we were unable to determine whether material adjustments may be needed. 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 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.

INDEPENDENT AUDITORS' REPORT – CONTINUED
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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 2021 financial statements, and we expressed an qualified opinion on those audited financial statements in our report dated May 25, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Erickson, Brown & Kloster, LLC

Colorado Springs, Colorado
April 11, 2024

UNITED STATES RACQUETBALL ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022
With Comparative Totals for 2021

ASSETS		2022	2021
		<u> </u>	<u> </u>
Current Assets			
Cash and Cash Equivalents	\$	159,420	\$ 577,950
Accounts Receivable		-	2,800
Promises to Give		11,790	-
Promises to Give - Related Party		3,502	-
Prepaid Expenses		6,971	7,490
Total Current Assets		<u>181,683</u>	<u>588,240</u>
Non-Current Assets			
Goodwill, Net		14,532	17,439
Total Non-Current Assets		<u>14,532</u>	<u>17,439</u>
Total Assets	\$	<u><u>196,215</u></u>	<u><u>\$ 605,679</u></u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts Payable	\$	69,103	\$ 172,893
Accrued Expenses		700	10,166
Deferred Revenue		130,833	121,980
Current Portion of Long-Term Debt		7,600	12,501
Total Current Liabilities		<u>208,236</u>	<u>317,540</u>
Non-Current Liabilities			
Long-Term Debt, Net of Current Portion		154,781	158,262
Total Non-Current Liabilities		<u>154,781</u>	<u>158,262</u>
Total Liabilities		<u>363,017</u>	<u>475,802</u>
Net Assets			
Without Donor Restrictions		(279,567)	85,457
With Donor Restrictions		112,765	44,420
Total Net Assets		<u>(166,802)</u>	<u>129,877</u>
Total Liabilities and Net Assets	\$	<u><u>196,215</u></u>	<u><u>\$ 605,679</u></u>

See Notes to Financial Statements

UNITED STATES RACQUETBALL ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022
With Comparative Totals for 2021

	Without Donor	With Donor	Total	
	Restrictions	Restrictions	2022	2021
Revenue and Support				
USOPC Support	\$ 105,250	\$ -	\$ 105,250	\$ 93,524
Grants and Contributions	90,673	113,545	204,218	189,985
In-Kind Contributions	9,788	-	9,788	17,077
Membership Dues	238,875	-	238,875	176,904
Entry Fees	202,132	-	202,132	140,917
Other Fees	20,382	-	20,382	15,647
Sponsorships	177,594	-	177,594	393,281
National Events	43,176	-	43,176	194,584
Magazine	156	-	156	-
Other Revenue	15,660	-	15,660	767
Interest Income	89	-	89	35
Sale of Merchandise, Net	-	-	-	151
Net Assets Released				
From Restrictions				
Satisfaction of				
Program Restrictions	45,200	(45,200)	-	-
Total Revenue and Support	<u>948,975</u>	<u>68,345</u>	<u>1,017,320</u>	<u>1,222,872</u>
Expenses				
Program Services	<u>1,179,337</u>	<u>-</u>	<u>1,179,337</u>	<u>1,008,827</u>
Supporting Services				
General and Administrative	113,811	-	113,811	137,498
Fundraising	20,851	-	20,851	23,302
Total Supporting Services	<u>134,662</u>	<u>-</u>	<u>134,662</u>	<u>160,800</u>
Total Expenses	<u>1,313,999</u>	<u>-</u>	<u>1,313,999</u>	<u>1,169,627</u>
Change in Net Assets	(365,024)	68,345	(296,679)	53,245
Net Assets at Beginning of Year	<u>85,457</u>	<u>44,420</u>	<u>129,877</u>	<u>76,632</u>
Net Assets at End of Year	<u>\$ (279,567)</u>	<u>\$ 112,765</u>	<u>\$ (166,802)</u>	<u>\$ 129,877</u>

See Notes to Financial Statements

UNITED STATES RACQUETBALL ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022
With Comparative Totals for 2021

	<u>Supporting Services</u>			<u>Total</u>	
	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>2022</u>	<u>2021</u>
Salaries	\$ 154,672	\$ 20,683	\$ 4,496	\$ 179,851	\$ 185,470
Payroll Taxes and Benefits	42,088	5,628	1,224	48,940	46,862
Total Personnel Costs	<u>196,760</u>	<u>26,311</u>	<u>5,720</u>	<u>228,791</u>	<u>232,332</u>
Office and Facilities Rent	126,752	16,949	3,685	147,386	96,939
Contract Labor	116,771	10,917	-	127,688	346,461
Hospitality	106,154	-	-	106,154	38,727
Travel	97,106	-	-	97,106	56,801
Awards	90,342	-	-	90,342	70,919
Meals and Lodging	87,938	-	-	87,938	13,459
Coach, Trainer, and Athlete Support	57,583	-	-	57,583	19,000
Insurance	45,011	6,019	1,308	52,338	44,681
Accounting Fees for Service	30,466	19,295	1,016	50,777	44,570
Supplies	26,838	3,589	780	31,207	10,748
National Team Expense	30,516	-	-	30,516	14,408
Technology	25,076	3,353	729	29,158	20,057
Miscellaneous	21,361	2,856	621	24,838	33,061
Player Premiums	24,128	-	-	24,128	4,792
Bank Charges	19,638	2,626	571	22,835	21,610
Postage and Shipping	17,682	2,365	514	20,561	4,736
Discounts and Rebates	16,484	-	-	16,484	19,260
Printing	12,264	1,640	357	14,261	16,704
Broadcasting	8,196	-	-	8,196	600
Utilities	6,206	830	180	7,216	6,851
Legal Fees for Service	3,354	2,124	112	5,590	4,990
Bad Debt	-	5,098	-	5,098	-
Advertising	-	-	5,063	5,063	15,585
Equipment Expenses	4,119	551	120	4,790	-
Dues and Subscriptions	-	4,591	-	4,591	5,541
Donations	4,550	-	-	4,550	15,922
Interest	-	4,300	-	4,300	5,478
Amortization	2,499	334	73	2,906	2,906
Conferences and Meetings	769	16	-	785	774
WOR Expense	700	-	-	700	1,715
Other Professional Fees	74	47	2	123	-
Total Expense - 2022	<u>\$ 1,179,337</u>	<u>\$ 113,811</u>	<u>\$ 20,851</u>	<u>\$ 1,313,999</u>	
Percent of Total - 2022	<u>89%</u>	<u>9%</u>	<u>2%</u>	<u>100%</u>	
Total Expense - 2021	<u>\$ 1,008,827</u>	<u>\$ 137,498</u>	<u>\$ 23,302</u>		<u>\$ 1,169,627</u>
Percent of Total - 2021	<u>86%</u>	<u>12%</u>	<u>2%</u>		<u>100%</u>

See Notes to Financial Statements

UNITED STATES RACQUETBALL ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022
With Comparative Totals for 2021

	2022	2021
Cash Flows From Operations		
Change in Net Assets	\$ (296,679)	\$ 53,245
Adjustments to Arrive at Net Cash (Used) Provided by Operating Activities:		
Amortization	2,907	2,906
Imputed Interest Expense	-	142
Bad Debt Expense	5,098	-
PPP Loan Forgiveness	-	(49,100)
Change in:		
Accounts Receivable	(2,298)	11,937
Promises to Give	(11,790)	5,957
Promises to Give - Related Party	(3,502)	-
Prepaid Expense	519	-
Accounts Payable	(103,790)	167,921
Accrued Expenses	(9,466)	6,540
Deferred Revenue	8,853	(4,563)
Net Cash (Used) Provided by Operating Activities	(410,148)	194,985
Cash Flows From Financing Activities		
Principal Payments on Notes Payable	(8,382)	(10,537)
Net Cash Used by Financing Activities	(8,382)	(10,537)
Net Change in Cash and Cash Equivalents	(418,530)	184,448
Beginning Cash and Cash Equivalents	577,950	393,502
Ending Cash and Cash Equivalents	\$ 159,420	\$ 577,950

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, 2022 and 2021.

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. Management has determined that no allowance was necessary as of December 31, 2022.

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, and lifetime memberships. Lifetime memberships are recognized as revenue upon receipt. One-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, 2022 and 2021, that required goodwill impairment testing and, accordingly, no impairment loss was recorded in 2022 or 2021.

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, 2021, from which the summarized information was derived.

Advertising Costs - All advertising costs are expensed when incurred. Advertising expenses for 2022 and 2021 totaled \$5,063 and \$15,585, respectively.

New Accounting Pronouncement – In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases (Topic 842)*. FASB Accounting Standards Codification (ASC) 842 supersedes the lease requirements in FASB ASC 840. Under FASB ASC 842, lessees are required to recognize right-of-use (ROU) assets and lease liabilities on the statement of financial position and provide enhanced disclosures for operating leases. The Association has analyzed the provisions of Topic 842 and have concluded the adoption of this new guidance will not have a material impact on the Association's consolidated financial statements. As such, no material ROU assets or lease liabilities were added to the statement of financial position, and no cumulative effect adjustment to net assets as of January 1, 2022, was necessary (see Note 9).

UNITED STATES RACQUETBALL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

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 ended December 31, 2022, the Association incurred a decrease in net assets of approximately \$293,000 resulting in an ending net deficit of approximately \$163,000. With donor restricted net assets of approximately \$113,000, total net assets without donor restrictions reflect a deficit balance of approximately \$276,000. Furthermore, since the COVID-19 pandemic the Association's ability to generate revenue from event entry fees and memberships, and from donors and sponsors has experienced a slow recovery, which made up approximately 43% and 48% of annual revenue, respectively, for 2022. These circumstances create an uncertainty about the Association's ability to continue as a going concern.

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, 2022, 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 evaluation and 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 low cash positions that resulted. Specifically, payroll costs were reduced by approximately 75%, fundraising efforts were increased, an Executive Director was engaged on a volunteer basis, and Board members have stepped into administrative and management roles as necessary.
- Subsequent to the year ended December 31, 2022, the Association has recovered financially to the point where current assets again exceed current liabilities, and the Association's 2024 budget reflects a net-profit of \$50,000 for the year. The US Open event has been postponed and will not be held until any significant financial risk of its conduct is mitigated, and the Association can achieve at least a break-even point for the event.
- Payroll costs have been reduced from approximately \$225,000 to \$50,000 through a volunteer executive director and overall reduced staff.
- The Association did not hold a 2023 US Open event, which generated a loss of \$140,000 in 2022, and a 2024 US Open event will likely not be held either as this event is of a higher risk.
- The Association is increasing fundraising efforts by putting together a first-class fundraising apparatus through 2023 in into 2024.

UNITED STATES RACQUETBALL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – AVAILABILITY AND LIQUIDITY

The Association has \$174,712 of financial assets available within one year of the statement of net position date consisting of cash and cash equivalents of \$159,420, and promises to give of \$15,292. 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 statement of net position date. The receivables are subject to time restrictions but will be collected within one year. 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>2022</u>	<u>2021</u>
Checking Accounts	\$ 154,562	\$ 573,089
Money Market Accounts	4,858	4,861
Total Cash and Cash Equivalents	<u>\$ 159,420</u>	<u>\$ 577,950</u>

NOTE 4 – GOODWILL

Goodwill consists of the following:

	<u>2022</u>	<u>2021</u>	<u>Amortization Period</u>
Goodwill	\$ 29,064	\$ 29,064	10 Years
Less Accumulated Amortization	(14,532)	(11,625)	
Net Intangible Assets	<u>\$ 14,532</u>	<u>\$ 17,439</u>	

Amortization expense for 2022 and 2021, was \$2,906 and \$2,906, respectively. Amortization of goodwill is expected to be \$2,906 annually for each of the five succeeding years.

**UNITED STATES RACQUETBALL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – NOTES PAYABLE

	2022	2021
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.	4,215	16,722
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.	158,166	154,041
Total Notes Payable - Less Unamortized Discount on Note	162,381	170,763
Less Current Portion	(7,600)	(12,501)
	\$ 154,781	\$ 158,262

Principal payments for years subsequent to December 31, 2022, are:

December 31,		
2023	\$	7,600
2024		3,479
2025		3,576
2026		3,676
2027		3,778
Thereafter		140,272
	\$	162,381

**UNITED STATES RACQUETBALL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets consist of the following:

December 31, 2022				
	Beginning Balance	Additions	Released	Ending Balance
Scholarship Fund	\$ 11,420	\$ 1,755	\$ (700)	\$ 12,475
Athlete Development Program	33,000	50,000	(44,500)	38,500
Sport Development and Growth	-	50,000	-	50,000
Time Restrictions	-	11,790	-	11,790
	\$ 44,420	\$ 113,545	\$ (45,200)	\$ 112,765

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)	-
	\$ 17,777	\$ 51,100	\$ (24,457)	\$ 44,420

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 2022 and 2021. During 2022, the Association also received various grants from the USOPC for payroll, software, other projects, and administrative costs, totaling \$55,250 and \$43,524 for 2022 and 2021, respectively, \$3,502 of which is receivable at December 31, 2022.

Board members contributed \$4,256 and \$1,000 to the Association during 2022 and 2021, respectively.

During 2022, the Association paid \$1,500 to one board member and \$3,000 to two board members as part of the Athlete Development Program and a coaching stipend during 2022 and 2021, respectively.

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 2022 and 2021, was \$5,189 and \$3,790, respectively.

UNITED STATES RACQUETBALL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

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 provided for monthly rent payments of \$571 and included \$12,077 of donated rent expenses for each year of the agreement through 2021, and \$9,788 of donated rent expenses for 2022. Upon expiration, the rent payments continued on a month-to-month basis, until it was renewed in June 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 \$270.

Rent expenses under the above leases totaled \$8,325 and \$8,423 for the years ended December 31, 2022 and 2021, respectively. The Association rents other equipment for events under short term agreements. Facility rentals for 2022 and 2021, were \$124,563 and \$76,439, 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, 2022, there were no uninsured balances, and as of December 31, 2021, there were uninsured balances of approximately \$78,000.

NOTE 11 – CONCENTRATIONS OF REVENUE

During 2022 and 2021, membership dues accounted for 23% and 14%, grants and contributions accounted for 20% and 16%, USOPC support accounted for 10% and 8%, and national events and sponsorships accounted for 22% and 48% of total revenue and support, respectively.

NOTE 12 – DONATED PROFESSIONAL SERVICES

The Association rents office space below fair market value, the difference of which is recognized as a gift-in-kind (see Note 9), and is allocated to program and supporting activities.

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.

UNITED STATES RACQUETBALL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

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, 2022, the informational tax returns for the three prior years are considered open for Internal Revenue Service examination.

NOTE 15 – 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.