

**UNITED STATES TABLE TENNIS
ASSOCIATION, INC.**

**Financial Statements &
Supplemental Schedules**

For the Year Ended December 31, 2008

TABLE OF CONTENTS

Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5
Schedule of Program Services	10
Schedule of Supporting Services	11

INDEPENDENT AUDITORS' REPORT

Board of Directors
United States Table Tennis Association, Inc.

We have audited the accompanying statement of financial position of United States Table Tennis Association, Inc. as of December 31, 2008, and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Association's December 31, 2007 financial statements and, in our report dated May 16, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United States Table Tennis Association, Inc. as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of program services and of supporting services for the year ended December 31, 2008 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Waugh & Goodwin, LLP
April 22, 2009

UNITED STATES TABLE TENNIS ASSOCIATION, INC.

Statement of Financial Position

December 31, 2008

(With Comparative Amounts for 2007)

	<u>ASSETS</u>	
	<u>2008</u>	<u>2007</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 493,483	\$ 560,034
Short-term investments (Note B)	118,370	116,689
Accounts receivable	39,453	31,053
Due from USOC	9,667	6,000
Prepaid expenses	<u>15,073</u>	<u>15,029</u>
Total current assets	676,046	728,805
FURNITURE AND EQUIPMENT:		
Office furniture and equipment	40,500	40,500
Undivided interest in building and land	119,576	119,576
Less accumulated depreciation	<u>(56,633)</u>	<u>(52,860)</u>
Furniture and equipment - net	<u>103,443</u>	<u>107,216</u>
TOTAL ASSETS	<u>\$ 779,489</u>	<u>\$ 836,021</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 69,991	\$ 88,970
Due to USOC	2,024	6,628
Accrued liabilities	7,552	4,143
Deferred revenue (Note D)	<u>131,515</u>	<u>148,576</u>
Total liabilities	211,082	248,317
NET ASSETS:		
Unrestricted	556,795	575,187
Temporarily restricted (Note E)	<u>11,612</u>	<u>12,517</u>
Total net assets	<u>568,407</u>	<u>587,704</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 779,489</u>	<u>\$ 836,021</u>

See Notes to Financial Statements

UNITED STATES TABLE TENNIS ASSOCIATION, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2008
(With Comparative Totals for 2007)

	Unrestricted	Temporarily Restricted	2008 Totals	2007 Totals
REVENUE:				
Membership registrations	\$ 386,296	\$	\$ 386,296	345,942
Tournaments, camps & programs	300,094		300,094	343,919
Advertising	112,515		112,515	108,028
USOC content license agreement (Note C)	97,000		97,000	25,000
Grants from the USOC (Note C)	76,152		76,152	67,954
Equipment approval, sanctions & fees	44,330		44,330	51,551
Grants from USTTA Foundation (Note C)	40,600		40,600	40,000
Corporate sponsorships	25,000		25,000	16,021
Investment income (Note B)	11,619		11,619	22,511
Contributions	1,164	3,736	4,900	31,040
Other income	268		268	1,727
USOC joint marketing agreement (Note C)				72,000
Sale of publications & promotional merchandise				822
Satisfied program restrictions	<u>4,641</u>	<u>(4,641)</u>		
Total revenue	1,099,679	(905)	1,098,774	1,126,515
EXPENSES:				
Program services:				
Membership services	354,438		354,438	351,163
Tournaments	268,322		268,322	304,635
Athlete development	196,608		196,608	152,245
Coaching program	37,183		37,183	22,030
Committees	<u>10,604</u>		<u>10,604</u>	<u>7,084</u>
Total program services	867,155		867,155	837,157
Supporting services:				
General & administrative	<u>250,916</u>		<u>250,916</u>	<u>188,422</u>
Total supporting services	<u>250,916</u>		<u>250,916</u>	<u>188,422</u>
Total expenses	<u>1,118,071</u>		<u>1,118,071</u>	<u>1,025,579</u>
CHANGE IN NET ASSETS	(18,392)	(905)	(19,297)	100,936
NET ASSETS, beginning of year	<u>575,187</u>	<u>12,517</u>	<u>587,704</u>	<u>486,768</u>
NET ASSETS, end of year	<u>\$ 556,795</u>	<u>\$ 11,612</u>	<u>\$ 568,407</u>	<u>\$ 587,704</u>

See Notes to Financial Statements

UNITED STATES TABLE TENNIS ASSOCIATION, INC.

Statement of Cash Flows

December 31, 2008

(With Comparative Amounts for 2007)

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (19,297)	\$ 100,936
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	3,773	5,676
Unrealized (gains) losses on investments	2,528	(380)
Decrease (increase) in assets:		
Accounts receivable	(8,400)	(7,690)
Due from USOC	(3,667)	(6,000)
Prepaid expenses	(44)	(9,963)
Increase (decrease) in liabilities:		
Accounts payable	(18,979)	130
Due to USOC	(4,604)	6,628
Accrued liabilities	3,409	(5,642)
Deferred revenue	(17,061)	23,920
Total adjustments	<u>(43,045)</u>	<u>6,679</u>
Net cash provided (used) by operating activities	(62,342)	107,615
CASH FLOWS FROM INVESTING ACTIVITIES:		
Short-term investments, net	<u>(4,209)</u>	<u>(6,585)</u>
Net cash used by investing activities	<u>(4,209)</u>	<u>(6,585)</u>
NET INCREASE (DECREASE) IN CASH	(66,551)	101,030
CASH AND CASH EQUIVALENTS, beginning of year	<u>560,034</u>	<u>459,004</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 493,483</u>	<u>\$ 560,034</u>

See Notes to Financial Statements

UNITED STATES TABLE TENNIS ASSOCIATION, INC.

Notes to Financial Statements

For the Year Ended December 31, 2008

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

United States Table Tennis Association, Inc. is the national governing body for the sport of table tennis, making it responsible for the conduct and administration of table tennis in the United States.

The Association qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income taxes. The Association is not a private foundation.

Accounts Receivable

Accounts receivable are stated at the amount the Association expects to collect from balances outstanding at year-end. Based on the Association's experience with individuals and entities having outstanding balances, it has concluded that any losses on balances outstanding at year-end will not be material. Therefore, no allowance for doubtful accounts is considered necessary.

Use of Estimates in Preparation of Financial Statements

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 the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Membership Registrations

Membership registrations are received based on the member's anniversary date, for annual and three year memberships. Annual memberships are recognized as revenue upon receipt. In the case of three-year memberships, membership revenue is recognized over a three year period.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Depreciation

Property and equipment are recorded at cost as of the date of acquisition or fair value as of the date of receipt in the case of gifts. The Association's policy is to capitalize property and equipment costing \$1,000 or more. Depreciation is recorded for office furniture and equipment using the straight-line method over estimated useful lives of 5 to 10 years. The undivided interest in the office building is being depreciated using the straight-line method over an estimated useful life of 40 years.

Depreciation expense for the years ending December 31, 2008 and 2007 was \$3,773 and \$5,676, respectively.

Cash and Cash Equivalents

Cash and cash equivalents consist of the Association's checking and money market accounts. The Association maintains its cash and cash equivalents at a commercial bank. At December 31, 2008, the Association's deposits were fully insured.

Prior-Year Comparisons

The financial statements include certain prior-year summarized comparative information in total but not by net asset or functional expense 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. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2007, from which the summarized information was derived.

B. SHORT-TERM INVESTMENTS

At December 31, 2008 and 2007, short-term investments are recorded at quoted market values and consist of the following:

	<u>2008</u>	<u>2007</u>
Certificate of deposit, 3.46% interest, maturing 4/21/09	\$ 114,279	\$.
Certificate of deposit, 5.26% interest, maturing 3/21/08		110,126
Microsoft Corp, 110 shares	2,138	3,916
Fedex Corp, 10 shares	642	892
Verisign, 27 shares	515	1,015
Money market funds	<u>796</u>	<u>740</u>
Total	<u>\$ 118,370</u>	<u>\$ 116,689</u>

All short-term investments are considered available for sale.

Notes to Financial Statements

B. SHORT-TERM INVESTMENTS - Continued

Investment income in the accompanying statement of activities consists of the following for the years ended December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Interest and dividends	\$ 14,147	\$ 22,131
Unrealized gains (losses)	<u>(2,528)</u>	<u>380</u>
	<u>\$ 11,619</u>	<u>\$ 22,511</u>

C. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2008 and 2007, the United States Olympic Committee (USOC) provided grants to the Association as follows:

	<u>2008</u>	<u>2007</u>
NGB funding	\$ 32,102	\$ 37,954
Olympic team trials	25,000	
Professional services	8,000	
Media consulting	7,083	
Board governance training	2,000	
Value in-kind	1,967	
International relations grant	<u> </u>	<u>30,000</u>
	<u>\$ 76,152</u>	<u>\$ 67,954</u>

In addition, the Association entered into a joint marketing agreement with the USOC in 2004. The term of the agreement is January 1, 2005 through December 31, 2008. The Association received \$72,000 during the year ended December 31, 2007.

In May, 2007 the Association entered into a content license agreement with USOC. The term of the agreement is July 1, 2007 through December 31, 2012. Under the terms of the content license agreement the joint marketing agreement was terminated. The Association received \$97,000 and \$25,000 during the years ended December 31, 2008 and 2007, respectively.

The United States Table Tennis Association Foundation, Inc. (USTTAF) provided the Association with grants of \$40,600 and \$40,000 for the years ended December 31, 2008 and 2007, respectively.

The Association receives economic benefits in grants from the USOC and the USTTAF in order to enhance its programs to current levels.

Notes to Financial Statements

C. RELATED PARTY TRANSACTIONS - Continued

The Association operated with an executive-on-loan from the USOC until October 2008 when a permanent Chief Executive Officer was hired and they formed a new board of directors. During the years ended December 31, 2008 and 2007, the Association paid the USOC \$43,328 and \$16,248, respectively, under the executive-on-loan program.

At December 31, 2008 and 2007 the USOC owed the Association \$9,667 and \$6,000 under the above grant categories and the Association owes the USOC \$2,024 and \$6,628, respectively, for office expenses, insurance, and the executive-on-loan.

D. DEFERRED REVENUE

Deferred revenue consists of the following at December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Membership dues	\$ 118,348	\$ 121,564
Tournament sanction fee	7,550	5,350
Equipment	5,000	
Magazine	367	
Other	250	
2008 Olympic Trials		18,700
USOC base funding		<u>2,962</u>
	<u>\$ 131,515</u>	<u>\$ 148,576</u>

E. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Junior/developing player National Event	\$ 6,000	\$ 7,800
Floormat fund	4,585	4,030
USATT team league	569	569
Paralympic events	340	
International Veterans Championships	<u>118</u>	<u>118</u>
	<u>\$ 11,612</u>	<u>\$ 12,517</u>

Notes to Financial Statements

E. TEMPORARILY RESTRICTED NET ASSETS - Continued

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2008 and 2007, net assets were released from restrictions for satisfying the following purposes:

	<u>2008</u>	<u>2007</u>
Paralympic events	\$ 1,000	\$ 13,708
USATT team league		4,431
Junior/developing player National Event	2,200	2,200
Other	1,441	1,998
International Veterans Championships		983
	<u>\$ 4,641</u>	<u>\$ 23,320</u>

F. SIMPLE IRA

During 2006, the Association adopted a Simple IRA plan for its employees in which the Association matches employee contributions up to 2% of salaries. Employer contributions amounted to \$3,976 and \$3,242 for the years ended December 31, 2008 and 2007, respectively.

G. BUILDING ACQUISITION

In April 2002, the Association purchased an undivided interest in a building as tenants in common with the National Archery Association of the United States, United States Fencing Association, United States Team Handball Federation, and United States Field Hockey Association, Inc. The Association received a 17% ownership interest in the land, building and related improvements. The purchase of the building was made possible by a grant in the amount of \$25,500 from the El Pomar Foundation and a grant of \$91,800 from the United States Olympic Committee. A condition of the El Pomar grant is that if the Association relocates outside of El Paso County within the next 15 years, it will forfeit to the remaining tenants in common that portion of its interest paid for with El Pomar grant monies.

The Association, in conjunction with the other tenants in common, has opened a checking account in which they are contributing funds for utilities, repairs and maintenance to the building. The Association's share of the building is being depreciated over a 40-year life, using the straight-line method of depreciation.

UNITED STATES TABLE TENNIS ASSOCIATION, INC.
Schedule of Program Services
For the Year Ended December 31, 2008

	Membership Services	Tournaments	Athlete Development	Coaching Program	Committees	Totals
Bad debt expense	\$ 460	\$	\$	\$	\$	\$ 460
Camps & competitions			155,333			172,307
Club membership discounts	19,281	16,974				19,281
Coaching fees				19,784		19,784
Committees					9,311	9,311
Contract labor	30,000	12,787				42,787
Credit card processing fees	13,982		250			13,982
Development programs					250	250
Equipment		5,834				5,834
Expert fees				500		500
Facility		7,100				7,100
Health insurance	13,814					13,814
HSA contributions	3,750					3,750
Insurance	20,068		1,275			21,343
Outstanding performance awards			39,750			39,750
Paralympic championships		1,000				1,000
Payroll taxes	7,038			1,951		8,989
Postage & shipping	28,155					28,155
Printing, copying, & photography	57,180					57,180
Prize money						
Programs		66,525				66,525
Promotional merchandise		3,245				3,245
Ratings	47,112	2,180				49,292
Salaries	96,370					96,370
Seminars						
Simple IRA	1,877			13,866		15,743
Sponsors/exhibitors expense				772		772
Supplies	4,755	6,338				11,093
Tables, pipe & drape		13,346		310		13,656
Telephone	1,118	13,297				14,415
Tournament contractor		28,953				28,953
Transportation		17,509				17,509
Travel	2,045	58,821				60,866
Trophies & awards		6,852				6,852
T-shirts		7,561				7,561
USOC representation					1,293	1,293
Website magazine	6,000					6,000
Website	1,433					1,433
	<u>\$ 354,438</u>	<u>\$ 268,322</u>	<u>\$ 196,608</u>	<u>\$ 37,183</u>	<u>\$ 10,604</u>	<u>\$ 867,155</u>

UNITED STATES TABLE TENNIS ASSOCIATION, INC.
Schedule of Supporting Services
For the Year Ended December 31, 2008

	General & Administrative		
	National Office	Board of Directors	Total
Audit & tax preparation	5,410		5,410
Bank charges	1,341		1,341
Building maintenance	3,783		3,783
Business fees	292		292
Computer costs	630		630
Depreciation	3,773		3,773
Dues & subscriptions	669		669
Equipment rental	309		309
Executive-on-loan	43,328		43,328
Food & lodging	597	9,340	9,937
Gifts		567	567
Health insurance	11,007		11,007
HSA contributions	2,250		2,250
Insurance	3,233		3,233
Marketing & fundraising	7,553	2,256	9,809
Payroll service	1,285		1,285
Payroll taxes	7,457		7,457
Postage & shipping	664		664
Printing & copying	343		343
Professional fees	16,000	2,000	18,000
Rentals	1,380		1,380
Representation		200	200
Salaries	100,175		100,175
Simple IRA	2,099		2,099
Supplies	4,086	682	4,768
Telephone	686	861	1,547
Travel	719	15,846	16,565
	\$ 219,069	\$ 31,847	\$ 250,916