



UNITED STATES RACQUETBALL ASSOCIATION, INC.

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2018

OSBORNE, PARSONS & ROSACKER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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OSBORNE, PARSONS & ROSACKER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of United States Racquetball Association, Inc. (Association) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expense, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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, 2018. Consequently, we were unable to determine whether material adjustments may be needed relating to the U.S. Open event.

Qualified Opinion

In our opinion, except for the possible effects of the matters discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of United States Racquetball Association, Inc. as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in the notes to the financial statements, in 2018 United States Racquetball Association, Inc. adopted Financial Accounting Standards Board Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*, and ASU 2019-06, Not-for-Profit Entities (Topic 958) - *Extending the Private Company Accounting Alternatives on Goodwill and Certain Identifiable Intangible Assets to Not-for-Profit Entities*. Our opinion is not modified with respect to these matters.

Report on Summarized Comparative Information

We have previously audited the Association's 2017 financial statements, and we expressed a qualified audit opinion on those audited financial statements in our report dated September 24, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Osborne, Parsons & Noracher LLP

Colorado Springs, Colorado

November 18, 2019

UNITED STATES RACQUETBALL ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018
With Comparative Totals for 2017

ASSETS

	2018	2017
Current Assets		
Cash and Cash Equivalents	\$ 432,294	\$ 478,098
Accounts Receivable	19,885	12,680
Promises to Give	2,500	5,000
Promises to Give - Related Party	-	2,500
Prepaid Expenses	18,473	15,583
Total Current Assets	473,152	513,861
Non-Current Assets		
Furniture and Equipment, Net	-	1,260
Intangible Assets, Net	2,917	4,584
Goodwill, Net	26,158	29,064
Other Assets	1,600	1,600
	30,675	36,508
Total Assets	\$ 503,827	\$ 550,369

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ 208,062	\$ 177,132
Accrued Expenses	914	4,247
Deferred Revenue	64,483	102,804
Current Portion of Long-Term Debt	9,600	9,600
Total Current Liabilities	283,059	293,783
Non-Current Liabilities		
Long-Term Debt, Net of Current Portion	16,800	26,400
Unamortized Discount	(2,194)	(3,834)
	14,606	22,566
Total Liabilities	297,665	316,349
Net Assets		
Without Donor Restrictions	188,846	212,679
With Donor Restrictions	17,316	21,341
Total Net Assets	206,162	234,020
Total Liabilities and Net Assets	\$ 503,827	\$ 550,369

See Notes to Financial Statements

UNITED STATES RACQUETBALL ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018
With Comparative Totals for 2017

	Without Donor	With Donor	Total	
	Restrictions	Restrictions	2018	2017
Revenue and Support				
USOPC Support	\$ 50,000	\$ -	\$ 50,000	\$ 52,524
Grants and Contributions	49,699	2,975	52,674	56,635
In-Kind Contributions	11,535	-	11,535	58,860
Membership Dues	373,585	-	373,585	406,255
Entry Fees	309,711	-	309,711	334,805
Other Fees	53,540	-	53,540	56,756
Sponsorships	349,295	-	349,295	406,342
National Events	147,640	-	147,640	105,446
Sale of Merchandise, Net	657	-	657	3,295
Magazine	4,657	-	4,657	3,135
Royalties	-	-	-	749
Other Revenue	2,758	-	2,758	13,917
Interest Income	5	-	5	1
Net Assets Released				
From Restrictions				
Satisfaction of Program Restrictions	2,000	(2,000)	-	-
Satisfactions of Time Restrictions	5,000	(5,000)	-	-
Total Revenue and Support	<u>1,360,082</u>	<u>(4,025)</u>	<u>1,356,057</u>	<u>1,498,720</u>
Expenses				
Program Services	1,219,422	-	1,219,422	1,314,695
Supporting Services				
General and Administrative	143,187	-	143,187	145,431
Fundraising	21,306	-	21,306	20,794
Total Supporting Services	<u>164,493</u>	<u>-</u>	<u>164,493</u>	<u>166,225</u>
Total Expenses	<u>1,383,915</u>	<u>-</u>	<u>1,383,915</u>	<u>1,480,920</u>
Change in Net Assets	(23,833)	(4,025)	(27,858)	17,800
Net Assets at Beginning of Year	<u>212,679</u>	<u>21,341</u>	<u>234,020</u>	<u>216,220</u>
Net Assets at End of Year	<u>\$ 188,846</u>	<u>\$ 17,316</u>	<u>\$ 206,162</u>	<u>\$ 234,020</u>

See Notes to Financial Statements

UNITED STATES RACQUETBALL ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSE
YEAR ENDED DECEMBER 31, 2018
With Comparative Totals for 2017

	<u>Supporting Services</u>			<u>Total</u>	
	<u>Program</u>	<u>General and</u>		<u>2018</u>	<u>2017</u>
		<u>Administrative</u>	<u>Fundraising</u>		
Salaries	\$ 142,661	\$ 19,077	\$ 4,147	\$ 165,885	\$ 221,355
Payroll Taxes and Benefits	25,112	3,358	730	29,200	35,156
Total Personnel Costs	167,773	22,435	4,877	195,085	256,511
Tournament Support	163,901	3,345	-	167,246	164,923
Office and Facilities Rent	116,152	15,532	3,377	135,061	108,295
Contract Labor	108,131	10,110	-	118,241	135,267
Awards	80,203	1,637	-	81,840	100,310
Hospitality	68,300	1,394	-	69,694	50,012
Discounts and Rebates	61,257	-	-	61,257	48,037
Insurance	50,975	6,816	1,482	59,273	74,626
Travel	57,296	-	-	57,296	37,694
Accounting Fees for Service	33,316	21,100	1,111	55,527	50,434
Miscellaneous	45,755	6,118	1,330	53,203	71,075
Printing	33,255	4,447	967	38,669	44,374
Player Premiums	34,635	-	-	34,635	27,229
Technology	26,978	3,608	784	31,370	22,555
Bank Charges	-	30,551	-	30,551	28,347
National Team Expense	18,849	-	-	18,849	16,690
Coach, Trainer, and Athlete Support	25,054	-	-	25,054	16,155
Postage and Shipping	20,395	2,727	593	23,715	22,333
Meals and Lodging	23,044	470	-	23,514	33,186
Conferences and Meetings	16,865	344	-	17,209	27,669
Supplies	14,242	1,905	414	16,561	7,971
Donations	14,354	-	-	14,354	19,475
In-Kind Advertising Expense	11,535	-	-	11,535	58,860
Legal Fees for Service	6,822	4,321	227	11,370	-
Utilities	9,774	1,307	284	11,365	9,983
Depreciation and Amortization	5,017	671	146	5,834	31,894
Advertising	-	-	5,714	5,714	3,516
Broadcasting	4,388	-	-	4,388	7,630
Interest	-	1,640	-	1,640	502
Bad Debt	-	1,475	-	1,475	1,500
Dues and Subscriptions	-	1,234	-	1,234	2,087
WOR Expense	1,156	-	-	1,156	-
Equipment Expenses	-	-	-	-	1,585
Other Professional Fees	-	-	-	-	195
Total Expense - 2018	\$ 1,219,422	\$ 143,187	\$ 21,306	\$ 1,383,915	
Percent of Total - 2018	88%	10%	2%	100%	
Total Expense - 2017	\$ 1,314,695	\$ 145,431	\$ 20,794		\$ 1,480,920
Percent of Total - 2017	89%	10%	1%		100%

See Notes to Financial Statements

UNITED STATES RACQUETBALL ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018
With Comparative Totals for 2017

	2018	2017
Cash Flows From Operations		
Change in Net Assets	\$ (27,858)	\$ 17,800
Adjustments to Arrive at Net Cash (Used) Provided by Operating Activities:		
Depreciation	1,260	31,477
Amortization	4,573	416
Imputed Interest Expense	1,640	502
Bad Debt Expense	-	1,500
Change in:		
Accounts Receivable	(7,205)	11,500
Promises to Give	2,500	(5,000)
Promises to Give - Related Party	2,500	-
Prepaid Expense	(2,890)	(7,847)
Accounts Payable	30,930	(22,551)
Accrued Expenses	(3,333)	2,280
Deferred Revenue	(38,321)	21,443
Net Cash (Used) Provided by Operating Activities	(36,204)	51,520
Cash Flows From Financing Activities		
Principal Payments on Notes Payable	(9,600)	(2,400)
Net Cash Used by Financing Activities	(9,600)	(2,400)
Net Change in Cash and Cash Equivalents	(45,804)	49,120
Beginning Cash and Cash Equivalents	478,098	428,978
Ending Cash and Cash Equivalents	\$ 432,294	\$ 478,098

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, 2018.

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 – 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.

Membership Dues - Membership dues consist of one-year, three-year, and lifetime memberships. One-year memberships and life-time memberships are recognized as revenue upon receipt. 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 year ended December 31, 2018, that required goodwill impairment testing and, accordingly, no impairment loss was recorded in 2018.

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, 2017, from which the summarized information was derived.

Advertising Costs - All advertising costs are expensed when incurred. Advertising expense for 2018 was \$17,249.

Reclassification - Certain reclassifications of amounts previously reported have been made to the accompanying financial statements as a result of implementing ASU 2016-14, to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Accounting Pronouncements – In August 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Association has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

In May 2019, FASB issued ASU 2019-06, Not-for-Profit Entities (Topic 958) – *Extending the Private Company Accounting Alternatives on Goodwill and Certain Identifiable Intangible Assets to Not-for-Profit Entities*. The update provides an alternative method by which not-for-profit organizations can measure and amortize amounts recorded as goodwill. With the application of the open-ended effective date of provided by the ASU, the Association has implemented an early adoption of the accounting alternative and adjusted the presentation of these statements accordingly.

NOTE 1 – AVAILABILITY AND LIQUIDITY

The Association has \$454,679 of financial assets available within one year of the balance sheet date consisting of cash and cash equivalents of \$432,294, accounts receivable of \$19,885, and promises to give of \$2,500. 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 promises to give 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 \$100,000.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

Checking Accounts	\$ 427,440
Money Market Accounts	4,854
Total Cash and Cash Equivalents	<u>\$ 432,294</u>

NOTE 3 – FURNITURE AND EQUIPMENT

Furniture and equipment consist of:

	<u>Cost</u>	<u>Estimated Lives</u>
Furniture and Equipment	\$ 320,441	5 -10 Years
Less Accumulated Depreciation	(320,441)	
Net Furniture and Equipment	<u>\$ -</u>	

Depreciation expense for 2018 was \$1,260.

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

NOTE 4 – INTANGIBLE ASSETS

Intangible assets consist of:

	<u>Assigned Cost</u>	<u>Amortization Period</u>
Database	\$ 5,000	3 Years
Less Accumulated Amortization	(2,083)	
Net Intangible Assets	<u>\$ 2,917</u>	

Amortization expense for 2018 was \$1,667.

NOTE 5 – GOODWILL

Goodwill consists of:

	<u>Assigned Cost</u>	<u>Amortization Period</u>
Goodwill	\$ 29,064	10 Years
Less Accumulated Amortization	(2,906)	
Net Intangible Assets	<u>\$ 26,158</u>	

Amortization expense for 2018 was \$2,906. Amortization of goodwill is expected to be \$2,906 annually for each of the nine succeeding years.

NOTE 6 – NOTES PAYABLE

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 \$1,640 for 2018.

\$ 26,400

Unamortized Discount on Note	(2,194)
Total Notes Payable - Less Unamortized Discount on Note	<u>24,206</u>
Less Current Portion	(9,600)
	<u>\$ 14,606</u>

Principal payments for years subsequent to December 31, 2018, are:

<u>December 31,</u>	
2019	\$ 9,600
2020	9,600
2021	7,200
Unamortized Discount on Note	(2,194)
	<u>\$ 24,206</u>

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

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets consist of:

	Beginning Balance	Additions	Released	Ending Balance
Scholarship Fund	\$ 13,841	\$ 2,975	\$ (2,000)	\$ 14,816
Time Restrictions	7,500	-	(5,000)	2,500
	<u>\$ 21,341</u>	<u>\$ 2,975</u>	<u>\$ (7,000)</u>	<u>\$ 17,316</u>

NOTE 8 – RELATED PARTY TRANSACTIONS

In 2007, the Association entered into a content license agreement with the United States Olympic and Paralympic Committee. The Association received \$50,000 under this agreement for 2018.

Board members contributed \$860 to the Association during 2018.

The Association paid a board member \$19,346 for contract services and expenses during 2018.

During 2018, the Association paid \$74,145 to four vendors which were owned by board members.

NOTE 9 – 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. The only participant in the Plan left the Association in 2017 and no other employees were eligible or chose to participate during 2018. As a result, the Association did not incur any pension expense for 2018.

NOTE 10 – LEASES

On December 8, 2015, the Association entered into a thirty-two-month lease for office space effective from January 1, 2016 to August 31, 2018, and month-to-month thereafter. Monthly rent payments under the lease agreement are \$1,600. The lease was not renewed upon expiration.

Subsequent to the year ended December 31, 2018, the Association entered into a thirty-six month lease for office and storage space from January 1, 2019 to December 31, 2021. Monthly rent payments under the lease agreement are \$571.

In December 2014, the Association entered into a five-year lease for a copier, which requires monthly payments of \$350.

The Association rents storage space on a month-to-month basis for \$197.

Rent expenses under the above leases totaled \$18,038 for the year ended December 31, 2018. The Association rents other equipment for events under short term agreements. Facility rentals for 2018 were \$111,598.

UNITED STATES RACQUETBALL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – LEASES - Continued

Future minimum lease payments for the years subsequent to December 31, 2018, are as follows:

<u>December 31,</u>		
2019	\$	10,699
2020		6,849
2021		6,849
	<u>\$</u>	<u>24,397</u>

NOTE 11 – 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, 2018, there was an uninsured balance of \$39,024.

NOTE 12 – CONCENTRATIONS OF REVENUE

During 2018, membership dues accounted for 27%, sponsorships accounted for 26%, and entry fees accounted for 23% of total revenue and support.

NOTE 13 – DONATED PROFESSIONAL SERVICES

The Association received donated professional services for internet advertising that totaled \$11,535 during the year ended December 31, 2018, all of which is allocated to program expense.

NOTE 14 – ALLOCATION OF FUNCTIONAL EXPENSE

The financial statements report certain categories of expense 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 15 – 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, 2018, the informational tax returns for the three prior years are considered open for Internal Revenue Service examination.

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 18, 2019, the date on which the financial statements were available to be issued.

Subsequent to the year ended December 31, 2018, the Association entered into a long-term lease agreement for office space (See Note 10).