



UNITED STATES SQUASH RACQUETS ASSOCIATION, INC.

Financial Statements

June 30, 2015 and 2014

With Independent Auditors' Report

United States Squash Racquets Association, Inc.
Table of Contents
June 30, 2015 and 2014

Independent Auditors' Report 1-2

Financial Statements

Statements of Financial Position..... 3

Statements of Activities..... 4-5

Statements of Functional Expenses 6-7

Statements of Cash Flows 8

Notes to Financial Statements 9-18



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Independent Auditors' Report

To the Board of Directors,
United States Squash Racquets Association, Inc.:

We have audited the accompanying financial statements of United States Squash Racquets Association, Inc., which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United States Squash Racquets Association, Inc. as of June 30, 2015 and 2014, and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

WithumSmith+Brown, PC

September 21, 2015

United States Squash Racquets Association, Inc.
Statements of Financial Position
June 30, 2015 and 2014

| | 2015 | 2014 |
|---|---------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 97,092 | \$ 315,128 |
| Accounts and other receivables | 112,806 | 107,543 |
| Contributions receivable, net | 381,059 | 197,950 |
| Merchandise inventory | 32,587 | 32,354 |
| Prepaid expenses | <u>104,361</u> | <u>58,272</u> |
| Total current assets | 727,905 | 711,247 |
| Property and equipment, net | 233,662 | 33,410 |
| Investments | 2,357,868 | 2,544,674 |
| Other assets | | |
| Contributions receivable, net | 2,338,241 | 84,050 |
| Security deposits | 35,778 | 19,460 |
| Goodwill | 37,500 | 37,500 |
| U.S. Open trademark, net of accumulated amortization of \$17,758 in 2015 and \$16,620 in 2014 | 27,742 | 28,880 |
| Software development costs, net of accumulated amortization of \$184,133 in 2015 and \$134,631 in 2014 | 246,527 | 127,731 |
| Cash surrender value of life insurance - restricted for endowment | <u>122,491</u> | <u>118,566</u> |
| Total other assets | <u>2,808,279</u> | <u>416,187</u> |
| | <u>\$ 6,127,714</u> | <u>\$ 3,705,518</u> |
| Liabilities and Net Assets | | |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued expenses | \$ 416,107 | \$ 408,871 |
| Deferred revenue | 488,981 | 526,698 |
| Capital lease obligation - current portion | 3,375 | 3,910 |
| Long-term debt - current maturities | 8,962 | -- |
| Other current liabilities | <u>18,185</u> | <u>--</u> |
| Total current liabilities | 935,610 | 939,479 |
| Noncurrent liabilities | | |
| Deferred revenue | 50,039 | 53,250 |
| Capital lease obligation - net of current maturities | 19,451 | -- |
| Long-term debt - net of current maturities | <u>41,038</u> | <u>--</u> |
| Total liabilities | 1,046,138 | 992,729 |
| Net assets | | |
| Unrestricted | 20,599 | 124,643 |
| Temporarily restricted | 796,956 | 324,560 |
| Permanently restricted | <u>4,264,021</u> | <u>2,263,586</u> |
| Total net assets | <u>5,081,576</u> | <u>2,712,789</u> |
| | <u>\$ 6,127,714</u> | <u>\$ 3,705,518</u> |

The Notes to Financial Statements are an integral part of these statements.

United States Squash Racquets Association, Inc.
Statements of Activities
Year Ended June 30, 2015 (With Comparative Totals For 2014)

| | 2015 | | | Total | Total 2014 |
|--------------------------------------|------------------|---------------------------|---------------------------|---------------------|---------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | | |
| Support and revenue | | | | | |
| Events | | | | | |
| Entry fees | \$ 905,885 | \$ -- | \$ -- | \$ 905,885 | \$ 962,993 |
| Sponsorship and royalties | 695,711 | -- | -- | 695,711 | 706,587 |
| Commissions and licensing | 30,113 | -- | -- | 30,113 | 37,470 |
| Accreditation fees | 431,440 | -- | -- | 431,440 | 463,659 |
| Membership | 762,819 | -- | -- | 762,819 | 677,859 |
| Program fees | 293,795 | -- | -- | 293,795 | 293,922 |
| Management fees | 145,803 | -- | -- | 145,803 | 115,336 |
| Contributions | 306,091 | 1,578,776 | 2,012,359 | 3,897,226 | 852,148 |
| Merchandise, net | (2,634) | -- | -- | (2,634) | (19,003) |
| Investment (loss) income, net | (14,672) | -- | (11,924) | (26,596) | 324,460 |
| Advertising income | 103,175 | -- | -- | 103,175 | 104,838 |
| Miscellaneous income | 22,298 | -- | -- | 22,298 | 4,215 |
| Net assets released from restriction | <u>1,106,380</u> | <u>(1,106,380)</u> | <u>--</u> | <u>--</u> | <u>--</u> |
| | 4,786,204 | 472,396 | 2,000,435 | 7,259,035 | 4,524,484 |
| Expenses | | | | | |
| Program services | | | | | |
| Membership | 459,591 | -- | -- | 459,591 | 257,185 |
| Events | | | | | |
| Senior | 1,837,920 | -- | -- | 1,837,920 | 1,627,423 |
| Junior | 808,425 | -- | -- | 808,425 | 729,856 |
| Senior programs | 390,790 | -- | -- | 390,790 | 361,473 |
| Junior programs | 699,631 | -- | -- | 699,631 | 574,031 |
| Certification | 13,505 | -- | -- | 13,505 | 201,599 |
| Squash magazine | <u>260,731</u> | <u>--</u> | <u>--</u> | <u>260,731</u> | <u>330,398</u> |
| | 4,470,593 | -- | -- | 4,470,593 | 4,081,965 |
| Supporting services | | | | | |
| Management and general | 221,902 | -- | -- | 221,902 | 207,474 |
| Fundraising | <u>197,753</u> | <u>--</u> | <u>--</u> | <u>197,753</u> | <u>234,026</u> |
| | 419,655 | -- | -- | 419,655 | 441,500 |
| | <u>4,890,248</u> | <u>--</u> | <u>--</u> | <u>4,890,248</u> | <u>4,523,465</u> |
| Change in net assets | (104,044) | 472,396 | 2,000,435 | 2,368,787 | 1,019 |
| Net assets - beginning of year | <u>124,643</u> | <u>324,560</u> | <u>2,263,586</u> | <u>2,712,789</u> | <u>2,711,770</u> |
| Net assets - end of year | <u>\$ 20,599</u> | <u>\$ 796,956</u> | <u>\$ 4,264,021</u> | <u>\$ 5,081,576</u> | <u>\$ 2,712,789</u> |

The Notes to Financial Statements are an integral part of this statement.

United States Squash Racquets Association, Inc.
Statements of Activities
Year Ended June 30, 2014

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--------------------------------------|---------------------|-----------------------------------|-----------------------------------|---------------------|
| Support and revenue | | | | |
| Events | | | | |
| Entry fees | \$ 962,993 | \$ -- | \$ -- | \$ 962,993 |
| Sponsorship and royalties | 706,587 | -- | -- | 706,587 |
| Commissions and licensing | 37,470 | -- | -- | 37,470 |
| Accreditation fees | 463,659 | -- | -- | 463,659 |
| Membership | 677,859 | -- | -- | 677,859 |
| Program fees | 293,922 | -- | -- | 293,922 |
| Management fees | 115,336 | -- | -- | 115,336 |
| Contributions | 389,030 | 461,618 | 1,500 | 852,148 |
| Merchandise, net | (19,003) | -- | -- | (19,003) |
| Investment income, net | 324,460 | -- | -- | 324,460 |
| Advertising income | 104,838 | -- | -- | 104,838 |
| Miscellaneous income | 4,215 | -- | -- | 4,215 |
| Net assets released from restriction | <u>524,132</u> | <u>(524,132)</u> | <u>--</u> | <u>--</u> |
| | 4,585,498 | (62,514) | 1,500 | 4,524,484 |
| Expenses | | | | |
| Program services | | | | |
| Membership | 257,185 | -- | -- | 257,185 |
| Events | | | | |
| Senior | 1,627,423 | -- | -- | 1,627,423 |
| Junior | 729,856 | -- | -- | 729,856 |
| Senior programs | 361,473 | -- | -- | 361,473 |
| Junior programs | 574,031 | -- | -- | 574,031 |
| Certification | 201,599 | -- | -- | 201,599 |
| Squash Magazine | <u>330,398</u> | <u>--</u> | <u>--</u> | <u>330,398</u> |
| | 4,081,965 | -- | -- | 4,081,965 |
| Supporting services | | | | |
| Management and general | 207,474 | -- | -- | 207,474 |
| Fundraising | <u>234,026</u> | <u>--</u> | <u>--</u> | <u>234,026</u> |
| | 441,500 | -- | -- | 441,500 |
| | <u>4,523,465</u> | <u>--</u> | <u>--</u> | <u>4,523,465</u> |
| Change in net assets | 62,033 | (62,514) | 1,500 | 1,019 |
| Net assets - beginning of year | <u>62,610</u> | <u>387,074</u> | <u>2,262,086</u> | <u>2,711,770</u> |
| Net assets - end of year | <u>\$ 124,643</u> | <u>\$ 324,560</u> | <u>\$ 2,263,586</u> | <u>\$ 2,712,789</u> |

The Notes to Financial Statements are an integral part of this statement.

United States Squash Racquets Association, Inc.
Statements of Functional Expenses
Year Ended June 30, 2015 (With Comparative Totals For 2014)

| | 2015 | | | | | | | | | | | | Total 2014 |
|-------------------------------|-------------------|---------------------|-------------------|--------------------|--------------------|--------------------------|--------------------|---------------------|---------------------------|-------------------|-------------------|---------------------|---------------------|
| | Program Services | | | | | | | Supporting Services | | | | | |
| | Membership | Senior Events | Junior Events | Senior Programs | Junior Programs | Certification Program | Squash Magazine | Program Total | Management and General | Fundraising | Support Total | Total | |
| Events and teams | \$ 4,725 | \$ 1,312,854 | \$ 412,681 | \$ 103,499 | \$ 302,430 | \$ 6,380 | \$ 65,068 | \$ 2,207,637 | \$ 155 | \$ 72,971 | \$ 73,126 | \$ 2,280,763 | \$ 2,209,027 |
| Grants and scholarships | -- | -- | 500 | 8,500 | 20,900 | -- | -- | 29,900 | -- | -- | -- | 29,900 | 169,964 |
| | 4,725 | 1,312,854 | 413,181 | 111,999 | 323,330 | 6,380 | 65,068 | 2,237,537 | 155 | 72,971 | 73,126 | 2,310,663 | 2,378,991 |
| Payroll | 307,489 | 345,490 | 252,872 | 170,833 | 240,079 | 825 | 131,607 | 1,449,195 | 69,214 | 78,909 | 148,123 | 1,597,318 | 1,242,723 |
| Payroll taxes and benefits | 45,990 | 55,947 | 42,791 | 24,243 | 36,836 | 623 | 16,636 | 223,066 | 7,602 | 9,466 | 17,068 | 240,134 | 198,275 |
| Accounting and audit | -- | -- | -- | -- | -- | -- | -- | -- | 130,896 | -- | 130,896 | 130,896 | 108,897 |
| Advertising | 526 | 599 | 468 | 377 | 445 | -- | 244 | 2,659 | 62 | 158 | 220 | 2,879 | 3,185 |
| Conference and education | 474 | 540 | 422 | 339 | 401 | -- | 220 | 2,396 | 56 | 142 | 198 | 2,594 | 1,380 |
| Consultants | 6,009 | 6,843 | 5,345 | 4,299 | 5,082 | -- | 2,784 | 30,362 | 707 | 1,801 | 2,508 | 32,870 | 39,466 |
| Credit card fees | 9,170 | 10,444 | 8,156 | 6,561 | 7,755 | -- | 4,249 | 46,335 | 1,078 | 2,749 | 3,827 | 50,162 | 98,772 |
| Depreciation and amortization | 13,628 | 15,522 | 12,122 | 9,752 | 11,526 | -- | 6,315 | 68,865 | 2,741 | 4,085 | 6,826 | 75,691 | 45,576 |
| Interest | 193 | 219 | 171 | 138 | 163 | -- | 89 | 973 | 23 | 58 | 81 | 1,054 | -- |
| Legal | 440 | 501 | 391 | 315 | 372 | -- | 204 | 2,223 | 52 | 132 | 184 | 2,407 | 9,297 |
| Occupancy | 32,131 | 33,488 | 28,498 | 22,657 | 29,705 | 2,155 | 15,104 | 163,738 | 3,859 | 9,747 | 13,606 | 177,344 | 142,035 |
| Postage and delivery | 2,559 | 2,909 | 2,274 | 1,828 | 2,163 | -- | 1,183 | 12,916 | 301 | 765 | 1,066 | 13,982 | 12,332 |
| Printing and copying | 871 | 992 | 775 | 623 | 736 | -- | 404 | 4,401 | 102 | 261 | 363 | 4,764 | 10,837 |
| Supplies | 3,733 | 6,196 | 4,933 | 4,624 | 5,035 | 594 | 3,453 | 28,568 | 370 | 2,130 | 2,500 | 31,068 | 13,129 |
| Telephone and internet | 6,701 | 7,631 | 5,960 | 4,795 | 5,667 | -- | 3,105 | 33,859 | 788 | 2,009 | 2,797 | 36,656 | 23,953 |
| Travel | 8,822 | 10,047 | 7,847 | 6,312 | 7,461 | -- | 4,088 | 44,577 | 1,037 | 2,645 | 3,682 | 48,259 | 36,215 |
| Website | 5,470 | 15,778 | 12,804 | 13,532 | 13,863 | 2,928 | 1,178 | 65,553 | 299 | 6,619 | 6,918 | 72,471 | 103,058 |
| Other | 10,660 | 11,920 | 9,415 | 7,563 | 9,012 | -- | 4,800 | 53,370 | 2,560 | 3,106 | 5,666 | 59,036 | 55,344 |
| | <u>\$ 459,591</u> | <u>\$ 1,837,920</u> | <u>\$ 808,425</u> | <u>\$ 390,790</u> | <u>\$ 699,631</u> | <u>\$ 13,505</u> | <u>\$ 260,731</u> | <u>\$ 4,470,593</u> | <u>\$ 221,902</u> | <u>\$ 197,753</u> | <u>\$ 419,655</u> | <u>\$ 4,890,248</u> | <u>\$ 4,523,465</u> |

The Notes to Financial Statements are an integral part of this statement.

United States Squash Racquets Association, Inc.
Statements of Functional Expenses
Year Ended June 30, 2014

| | Program Services | | | | | | | Supporting Services | | | Total | |
|-------------------------------|-------------------|---------------------|-------------------|-------------------|-------------------|-----------------------|-------------------|---------------------|------------------------|-------------------|-------------------|---------------------|
| | Membership | Senior Events | Junior Events | Senior Programs | Junior Programs | Certification Program | Squash Magazine | Program Total | Management and General | Fundraising | | Support Total |
| Events and teams | \$ 17,358 | \$ 1,254,442 | \$ 447,971 | \$ 85,084 | \$ 206,689 | \$ 25,037 | \$ 141,281 | \$ 2,177,862 | \$ 1,172 | \$ 29,993 | \$ 31,165 | \$ 2,209,027 |
| Grants and scholarships | -- | 70,780 | 500 | 1,000 | 28,000 | -- | -- | 100,280 | -- | 69,684 | 69,684 | 169,964 |
| | 17,358 | 1,325,222 | 448,471 | 86,084 | 234,689 | 25,037 | 141,281 | 2,278,142 | 1,172 | 99,677 | 100,849 | 2,378,991 |
| Payroll | 145,046 | 188,720 | 165,512 | 158,478 | 202,983 | 113,912 | 122,199 | 1,096,850 | 61,568 | 84,305 | 145,873 | 1,242,723 |
| Payroll taxes and benefits | 25,649 | 30,458 | 30,994 | 25,311 | 33,865 | 17,975 | 17,003 | 181,255 | 6,914 | 10,106 | 17,020 | 198,275 |
| Accounting and audit | -- | -- | -- | -- | -- | -- | -- | -- | 108,897 | -- | 108,897 | 108,897 |
| Advertising | 414 | 414 | 446 | 478 | 573 | 255 | 318 | 2,898 | 96 | 191 | 287 | 3,185 |
| Conference and education | 185 | 182 | 196 | 210 | 245 | 114 | 116 | 1,248 | 45 | 87 | 132 | 1,380 |
| Consultants | 5,782 | 5,437 | 5,905 | 6,262 | 6,632 | 3,584 | 1,232 | 34,834 | 1,697 | 2,935 | 4,632 | 39,466 |
| Credit card fees | 13,209 | 13,014 | 14,043 | 15,009 | 17,512 | 8,143 | 8,342 | 89,272 | 3,253 | 6,247 | 9,500 | 98,772 |
| Depreciation and amortization | 5,777 | 5,777 | 6,221 | 6,666 | 7,999 | 3,555 | 4,444 | 40,439 | 2,471 | 2,666 | 5,137 | 45,576 |
| Legal | 1,279 | 1,185 | 1,317 | 1,410 | 1,657 | 695 | 779 | 8,322 | 309 | 666 | 975 | 9,297 |
| Occupancy | 18,068 | 17,684 | 19,100 | 20,392 | 23,488 | 11,147 | 18,947 | 128,826 | 4,573 | 8,636 | 13,209 | 142,035 |
| Postage and delivery | 1,664 | 1,633 | 1,762 | 1,881 | 2,171 | 1,024 | 988 | 11,123 | 416 | 793 | 1,209 | 12,332 |
| Printing and copying | 1,503 | 1,431 | 1,551 | 1,649 | 1,792 | 931 | 807 | 9,664 | 423 | 750 | 1,173 | 10,837 |
| Supplies | 1,695 | 1,684 | 1,822 | 1,949 | 2,333 | 1,032 | 1,384 | 11,899 | 444 | 786 | 1,230 | 13,129 |
| Telephone and internet | 2,890 | 2,864 | 3,088 | 3,304 | 3,899 | 1,780 | 3,059 | 20,884 | 1,715 | 1,354 | 3,069 | 23,953 |
| Travel | 4,546 | 4,518 | 4,869 | 5,212 | 6,181 | 3,198 | 4,492 | 33,016 | 1,079 | 2,120 | 3,199 | 36,215 |
| Website | 6,186 | 21,368 | 18,263 | 20,451 | 20,201 | 5,558 | 698 | 92,725 | 443 | 9,890 | 10,333 | 103,058 |
| Other | 5,934 | 5,832 | 6,296 | 6,727 | 7,811 | 3,659 | 4,309 | 40,568 | 11,959 | 2,817 | 14,776 | 55,344 |
| | <u>\$ 257,185</u> | <u>\$ 1,627,423</u> | <u>\$ 729,856</u> | <u>\$ 361,473</u> | <u>\$ 574,031</u> | <u>\$ 201,599</u> | <u>\$ 330,398</u> | <u>\$ 4,081,965</u> | <u>\$ 207,474</u> | <u>\$ 234,026</u> | <u>\$ 441,500</u> | <u>\$ 4,523,465</u> |

The Notes to Financial Statements are an integral part of this statement.

United States Squash Racquets Association, Inc.
Statements of Cash Flows
Years Ended June 30, 2015 and 2014

| | 2015 | 2014 |
|---|------------------|-------------------|
| Cash flows from operating activities | | |
| Change in net assets | \$ 2,368,787 | \$ 1,019 |
| Adjustments to reconcile change in net assets to net cash (used) provided by operating activities | | |
| Depreciation and amortization | 75,691 | 45,576 |
| Realized gains | (124,379) | (120,767) |
| Unrealized losses (gains) | 180,128 | (174,653) |
| Increase in cash value of life insurance policies | (3,925) | (3,954) |
| (Increase) decrease in assets | | |
| Accounts and other receivables | (5,263) | 825 |
| Contributions receivable | (2,437,300) | 74,681 |
| Merchandise inventory | (233) | 10,142 |
| Prepaid expenses | (46,089) | 55,784 |
| Security deposits | (16,318) | -- |
| Increase (decrease) in liabilities | | |
| Accounts payable and accrued expenses | 7,236 | 198,750 |
| Deferred revenue | (40,928) | 133,802 |
| Other current liabilities | 18,185 | (3,000) |
| Net cash (used) provided by operating activities | <u>(24,408)</u> | <u>218,205</u> |
| Cash flows from investing activities | | |
| Purchase of equipment | (200,003) | (17,505) |
| Software development costs | (168,298) | (100,113) |
| Net proceeds from sales of investments | 131,057 | 70,734 |
| Purchase of goodwill | -- | (37,500) |
| Net cash used by investing activities | <u>(237,244)</u> | <u>(84,384)</u> |
| Cash flows from financing activities | | |
| Proceeds from line of credit | 100,000 | -- |
| Principal payments on line of credit | (100,000) | -- |
| Proceeds from long term debt | 50,000 | -- |
| Principal payments on capital lease obligation | (6,384) | (7,505) |
| Net cash provided (used) by financing activities | <u>43,616</u> | <u>(7,505)</u> |
| Change in cash and cash equivalents | (218,036) | 126,316 |
| Cash and cash equivalents | | |
| Beginning of year | <u>315,128</u> | <u>188,812</u> |
| End of year | <u>\$ 97,092</u> | <u>\$ 315,128</u> |
| Supplemental disclosure of cash flow information | | |
| Interest paid | <u>\$ 1,054</u> | <u>\$ --</u> |
| Equipment purchased under capital lease obligation | <u>\$ 25,300</u> | <u>\$ --</u> |

The Notes to Financial Statements are an integral part of these statements.

United States Squash Racquets Association, Inc.
Notes to Financial Statements
June 30, 2015 and 2014

1. Nature of Operations

United States Squash Racquets Association, Inc. (the "Association") is the governing body of the game of squash racquets in the United States. Its mission is to govern and promote the game of squash in all forms, promote participation in the game by the full spectrum of players and abilities, from novice to professionals, aid its members and member associations in the development, promotion, and administration of squash, to continually improve the game, the rules, and the quality of participation by all involved, and to maintain a genuine spirit of true fair play and sportsmanship among all who play.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Association are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Association reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash equivalents include short-term money market funds, commercial paper and certificates of deposit with an initial maturity of three months or less that are not held in a brokerage account for reinvestment. These cash equivalents are carried at cost which approximates fair value.

Contributions

Contributions (including grants, pledges and public support) received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence or nature of any donor restrictions. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Investments

Investments in marketable securities are reported at their fair value in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Investments Pools

The Association maintains investment accounts for its donor-restricted endowments. Realized and unrealized gains and losses from securities in the investment accounts are unrestricted or temporarily restricted based on the type of restriction, if any, placed on them.

Investment Income

Investment income restricted by donors is reported as an increase in unrestricted net assets if the restriction is met (either a stipulated time period ends or a purpose restriction expires) in the reporting period in which the income is recognized.

United States Squash Racquets Association, Inc.
Notes to Financial Statements
June 30, 2015 and 2014

Inventory

Inventory, which consists primarily of merchandise, is valued at the lower of cost or market.

Accounts Receivable

Accounts receivable consists of events and membership dues and are stated at the amount management expects to collect from balances outstanding at year end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year end will not be significant and no allowance for doubtful accounts has been recorded.

Contributions Receivable

Unconditional promises to give are reported at the amounts management expects to collect on balances outstanding at year end. Management closely monitors outstanding balances and writes off, as of yearend, all balances that are not considered collectible. Unconditional promises to give, less an allowance for uncollectible amounts are recognized as revenue in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met.

Property and Equipment

Property, equipment and fixtures are carried at cost. Maintenance, repairs, and minor renewals are charged to expense when incurred. Permanent additions and renovations of \$1,000 or more are capitalized as incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, generally 7 to 40 years for buildings and improvements, and 5 years for equipment, furniture and fixtures.

Goodwill

Goodwill is deemed to have an indefinite life and is not amortized, but instead tested for impairment on an annual basis and written down when impaired.

The Association reviews the carrying value of goodwill annually. The Association measures impairment losses by comparing carrying value to fair value. During the periods presented in the financial statements, the fair value for goodwill exceeded the carrying amount, and no impairment was indicated. Goodwill amounted to \$37,500 for both 2015 and 2014.

Intangibles

Intangible assets deemed to have indefinite lives are subject to periodic evaluation. The U.S. Open trademark costs are amortized over its estimated useful life of 40 years. Software development costs are amortized over its estimated useful life of 7 years.

Deferred Revenue

Members' dues and tournament fees received in advance for future fiscal years are recorded as deferred revenue, and recognized as revenue when earned in the applicable future periods.

Income Taxes

The Association is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from New York income taxes under the respective state charitable organization taxing authorities.

The Association had no unrecognized tax benefits at June 30, 2015. In addition, the Association has no income tax related penalties or interest for the periods reported in these financial statements.

Retirement Plan

Employees of the Association are covered under a defined contribution 403(b) plan covering all eligible employees of the Association. The Association made contributions to the 403(b) plan during the years ended June 30, 2015 and 2014 totaling \$30,426 and \$14,871, respectively.

United States Squash Racquets Association, Inc.
Notes to Financial Statements
June 30, 2015 and 2014

Reclassification

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to presentation in the current year financial statements.

3. Investments

Investments consisted of the following at June 30:

| 2015 | Market | Cost |
|------------------------------------|---------------------|---------------------|
| Cash and money market funds | \$ 48,287 | \$ 48,287 |
| Equities and exchange traded funds | <u>2,309,581</u> | <u>2,148,161</u> |
| | <u>\$ 2,357,868</u> | <u>\$ 2,196,448</u> |
| | | |
| 2014 | Market | Cost |
| Cash and money market funds | \$ 68,401 | \$ 68,401 |
| Exchange traded funds | <u>2,476,273</u> | <u>2,134,713</u> |
| | <u>\$ 2,544,674</u> | <u>\$ 2,203,114</u> |

Investments consist of permanently restricted net assets designated for long-term purposes together with earnings designated for unrestricted and temporarily restricted use.

The following schedule summarizes the components of investment return which is reported in investment income in the statements of activities for the years ended June 30:

| | 2015 | 2014 |
|------------------------------|--------------------|-------------------|
| Interest and dividend income | \$ 48,825 | \$ 48,469 |
| Realized gains | 124,379 | 120,767 |
| Unrealized (loss) gains | (180,128) | 174,653 |
| Investment fees | <u>(19,672)</u> | <u>(19,429)</u> |
| | <u>\$ (26,596)</u> | <u>\$ 324,460</u> |

4. Fair Value Measurements

Pursuant to the requirements of the pronouncement on *Fair Value Measurements*, the Association has provided fair value disclosure information for relevant assets in these financial statements. The following table summarizes assets which have been accounted for at fair value on a recurring basis as of June 30, 2015 and 2014, along with the basis of the determination of fair value:

| 2015 | Total | Quoted Prices in Active Markets (Level 1) |
|------------------------------------|---------------------|--|
| Cash and money market funds | \$ 48,287 | \$ 48,287 |
| Equities and exchange traded funds | <u>2,309,581</u> | <u>2,309,581</u> |
| | <u>\$ 2,357,868</u> | <u>\$ 2,357,868</u> |
| | | |
| 2014 | Total | Quoted Prices in Active Markets (Level 1) |
| Cash and money market funds | \$ 68,401 | \$ 68,401 |
| Exchange traded funds | <u>2,476,273</u> | <u>2,476,273</u> |
| | <u>\$ 2,544,674</u> | <u>\$ 2,544,674</u> |

United States Squash Racquets Association, Inc.
Notes to Financial Statements
June 30, 2015 and 2014

For applicable assets (liabilities) subject to this pronouncement, the Association will value such assets (liabilities) using quoted market prices in active markets (Level 1) for identical assets (liabilities) to the extent possible. To the extent possible that such markets are not available, the Association will next attempt to value such assets (liabilities) using observable measurement criteria (Level 2), including quoted market prices of similar assets (liabilities) in active and inactive markets and other corroborated factors. In the event that quoted market prices in active markets and other observable measurement criteria are not available, the Association will develop measurement criteria based on the best information available (Level 3).

5. Financial Instruments

The following methods and assumptions were used to estimate the fair value of the Association's financial instruments:

Cash and cash equivalents – the carrying amount approximates fair value because of the short maturities of those investments.

Contributions receivable – the carrying amount approximates fair value because they have been discounted to net present value using an interest rate at the time of donation commensurate with a risk-free rate of return appropriate for the expected term.

Equities and exchange traded funds: Shares of exchange traded funds are valued based on the quoted market prices which represent the net asset value of shares held by the Association at year end.

6. Contributions Receivable

Contributions receivable consisted of the following at June 30:

| | 2015 | 2014 |
|----------------------------------|---------------------|-------------------|
| Receivable in less than one year | \$ 381,059 | \$ 197,950 |
| Receivable in one to five years | <u>2,338,241</u> | <u>84,050</u> |
| | <u>\$ 2,719,300</u> | <u>\$ 282,000</u> |

7. Deferred Revenue

Deferred revenue consisted of the following at June 30:

| | 2015 | 2014 |
|------------------------|------------------|------------------|
| Membership dues | \$ 361,266 | \$ 390,087 |
| Life member dues | 53,250 | 56,462 |
| Tournament income | <u>124,504</u> | <u>133,399</u> |
| | 539,020 | 579,948 |
| Current portion | <u>488,981</u> | <u>526,698</u> |
| Net of current portion | <u>\$ 50,039</u> | <u>\$ 53,250</u> |

Deferred membership dues relate to annual memberships paid throughout the year. Memberships run on 12 month cycles from the date of the member's application or renewal. Deferred life member dues relate to members who have a life-time membership in the Association. Life memberships are being amortized over 40 years. Life-time memberships ceased being issued in 2006.

United States Squash Racquets Association, Inc.
Notes to Financial Statements
June 30, 2015 and 2014

8. Property and Equipment

Property and equipment at June 30 consisted of the following:

| | 2015 | 2014 |
|-----------------------------------|-------------------|------------------|
| Equipment, furniture and fixtures | \$ 352,820 | \$ 127,517 |
| Less: Accumulated depreciation | <u>(119,158)</u> | <u>(94,107)</u> |
| | <u>\$ 233,662</u> | <u>\$ 33,410</u> |

Depreciation on property and equipment for the years ended June 30, 2015 and 2014 was \$25,051 and \$14,110, respectively.

9. Software Development Costs

Software development costs at June 30 consisted of the following:

| | 2015 | 2014 |
|--------------------------------|-------------------|-------------------|
| Software development costs | \$ 430,660 | \$ 262,362 |
| Less: Accumulated amortization | <u>(184,133)</u> | <u>(134,631)</u> |
| | <u>\$ 246,527</u> | <u>\$ 127,731</u> |

Amortization on software development costs for the years ended June 30, 2015 and 2014 was \$49,502 and \$30,328, respectively.

10. U.S. Open Trademark

U.S. Open trademark at June 30 consisted of the following:

| | 2015 | 2014 |
|--------------------------------|------------------|------------------|
| Software development costs | \$ 45,500 | \$ 45,500 |
| Less: Accumulated amortization | <u>(17,758)</u> | <u>(16,620)</u> |
| | <u>\$ 27,742</u> | <u>\$ 28,880</u> |

Amortization on the U.S. Open trademark for each of the years ended June 30, 2015 and 2014 was \$1,138.

11. Long-Term Debt

Long-term debt consisted of the following at June 30, 2015 and 2014:

| | 2015 | 2014 |
|--|------------------|--------------|
| Note payable - TD Bank, N.A., interest at 5.25 percent, secured by the assets of the Association payable in monthly installments of \$951, due June 22, 2020 | \$ 50,000 | \$ -- |
| Less: Current portion | <u>8,962</u> | <u>--</u> |
| | <u>\$ 41,038</u> | <u>\$ --</u> |

United States Squash Racquets Association, Inc.
Notes to Financial Statements
June 30, 2015 and 2014

Aggregate principal payments due to the bank during the next five years are as follows:

| Years Ending June 30, | Amount |
|-----------------------|------------------|
| 2016 | \$ 8,962 |
| 2017 | 9,457 |
| 2018 | 9,973 |
| 2019 | 10,517 |
| 2020 | <u>11,091</u> |
| | <u>\$ 50,000</u> |

12. Line of Credit

The Association has an available line of credit of \$400,000, secured by the assets of the Association, which expires in December 2015. The balance under the line of credit at each of the years ended years ended June 30, 2014 and 2013 was \$-0-.

13. Capital Lease Obligation

The Association entered into a capital lease arrangement in both 2010 and 2015 for copier equipment. The future minimum lease payments due under these capital lease obligations and the net present value of those payments at June 30, 2015 are as follows:

| | 2015 | 2014 |
|--|------------------|--------------|
| Various equipment leases – Effective interest rates between 5.6 percent and 31.5 percent per annum, final payments due between December 2014 and June 2019 secured by the equipment. | \$ 22,826 | \$ 3,910 |
| Less: Current maturities | <u>3,375</u> | <u>3,910</u> |
| Capital lease obligation - net of current maturities | <u>\$ 19,451</u> | <u>\$ --</u> |

The future minimum lease payments due under this capital lease obligation and the net present value of those payments are as follows:

| Years Ending June 30, | Amount |
|-----------------------|------------------|
| 2016 | \$ 3,375 |
| 2017 | 4,603 |
| 2018 | 6,280 |
| 2019 | <u>8,568</u> |
| | <u>\$ 22,826</u> |

United States Squash Racquets Association, Inc.
Notes to Financial Statements
June 30, 2015 and 2014

14. Commitments

The principal types of property leased by the Association are premises for conducting its administrative activities and vehicles. Facilities are leased under various noncancelable operating leases expiring between 2014 and 2019. Rent expense for these facilities amounted to \$177,344 and \$133,408 for the years ended June 30, 2015 and 2014, respectively. A vehicle is leased under an operating lease expiring in August 2015. Leasing expense related to the vehicle was \$4,235 and \$6,152 for the years ended June 30, 2015 and 2014, respectively.

Future minimum rental payments due under all leases are as follows:

| Years Ending June 30, | Amount |
|-----------------------|-------------------|
| 2016 | \$ 124,682 |
| 2017 | 129,250 |
| 2018 | 121,218 |
| 2019 | 124,871 |
| 2020 | 31,558 |
| Thereafter | -- |
| | <u>\$ 531,579</u> |

15. Restrictions/Limitations on Net Assets

Temporarily restricted net assets at June 30, are available for the following purposes:

| | 2015 | 2014 |
|---------------|-------------------|-------------------|
| Operations | \$ 612,554 | \$ 215,000 |
| Junior Squash | 95,000 | 26,568 |
| Urban Squash | -- | 15,992 |
| Doubles | 89,402 | 67,000 |
| | <u>\$ 796,956</u> | <u>\$ 324,560</u> |

Permanently restricted net assets are restricted endowments in which the principal is invested in perpetuity and the income is expendable to support the designated purposes. The purposes for which the endowment income may be used and the principal amount of the endowment designated for each purpose at June 30, are:

| | 2015 | 2014 |
|---|---------------------|---------------------|
| The Ganek Family US Squash Head National Coach Fund | \$ 1,981,947 | \$ -- |
| Endowments (Operations) | 1,313,654 | 1,295,166 |
| Junior Endowments (Junior Development) | 968,420 | 968,420 |
| | <u>\$ 4,264,021</u> | <u>\$ 2,263,586</u> |

16. Concentration of Credit Risk

The Association maintained interest bearing cash balances at one financial institution that exceeded the insured limit by the Federal Deposit Insurance Corporation ("FDIC insured"). The Association has not experienced any losses in these accounts. The Association believes it is not exposed to any significant credit risk on its cash balances.

United States Squash Racquets Association, Inc.
Notes to Financial Statements
June 30, 2015 and 2014

17. Endowments

The Association adopted *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosure for All Endowment Funds*.

This publication provides guidance on the net asset classification of *donor-restricted endowment funds* for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"). UPMIFA is a model act approved by the Uniform Law Commission that serves as a guideline for states to use in enacting legislation. This pronouncement also improves disclosures about an organization's *endowment funds* (both *donor-restricted endowment funds* and *board-designated endowment funds*), whether or not the organization is subject to UPMIFA.

The Association's endowments include the Senior and Junior endowment funds in which the principal is invested in perpetuity and the income is expendable to support the designated purpose; operations from the Senior endowment and Junior programs for the Junior endowment. In addition the endowments contain funds that are designated by the Board of Directors. This fund holds the unexpended amounts of revenue generated by the Senior endowment fund when it exceeds the amount as allowable expenditures in accordance with the spending formula (see below).

The Association's endowments also include the The Ganek Family US Squash Head National Coach Fund (the "National Coach Fund") of which \$1,881,947 and \$-0- are included in contributions receivable as of June 30, 2015 and 2014, respectively. The National Coach Fund is designated for the purpose of providing funding for the recruitment, hiring, compensation and retention of a head national coach (to be known as The Ganek Family US Squash Head National Coach), including the head national coach's salary, benefits and other expenses that the Association may approve for the head national coach's related professional activities. The National Coach Fund is restricted exclusively for its designated purpose.

As required by GAAP, net assets associated with endowment funds, including funds designated by the Association to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation

The Association follows the New York State Not-For-Profit Corporation Law ("N-PCL") when adhering to donor-restricted contributions. The law preserves the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. Currently there are no gifts that require the accumulation of earnings as additions to the permanent endowments. The portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as unrestricted or temporarily restricted net assets based on donor stipulations.

The Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Association and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Association
- 7) The investment policies of the Association

United States Squash Racquets Association, Inc.
Notes to Financial Statements
June 30, 2015 and 2014

Investment policy

The Association's Board of Directors will delegate investment responsibility to its Investment Committee. The Investment Committee shall be responsible for maintaining a policy of prudent investment in stocks, bonds, real estate, mutual funds, non-marketable securities such as private placements and limited partnerships, and other similar financial and trust instruments or interests. The Investment Committee shall make the decisions leading to the timely purchase or sale of securities, interests, or instruments and shall make analyses of the market conditions as will, in the Investment Committee's judgment, provide for both short-term and long-term investment strategies. Investments may be made on behalf of the Association either by the Investment Committee, its delegated members or by independent investment managers selected by the Investment Committee and regularly reviewed for performance. The Investment committee operates in accordance with its Committee Charter and statements of investment policy.

Funds with deficiencies

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Association to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted and temporarily restricted net assets.

Spending policy

The Association's spending policy, as approved by its Board, permits the Association to utilize for current operations and Junior programs up to 5 percent of the rolling three-year average of its endowment funds. Such spending is generally required to be obtained from current and accumulated investment earnings on the endowment funds.

Endowment net asset composition by type of fund at June 30 is as follows:

| | Unrestricted | Temporarily Restricted | Permanently Restricted |
|-----------------------|---------------------|-----------------------------------|-----------------------------------|
| 2015 | | | |
| National Coach | \$ -- | \$ -- | \$ 1,981,947 |
| Senior Endowment Fund | -- | -- | 1,313,654 |
| Junior Endowment Fund | -- | -- | 968,420 |
| Operations | -- | 612,554 | -- |
| Junior Development | -- | 95,000 | -- |
| Doubles | -- | 89,402 | -- |
| | <u>\$ --</u> | <u>\$ 796,956</u> | <u>\$ 4,264,021</u> |
| 2014 | | | |
| Senior Endowment Fund | \$ -- | \$ -- | \$ 1,295,166 |
| Junior Endowment Fund | -- | -- | 968,420 |
| Operations | -- | 215,000 | -- |
| Urban Squash | -- | 15,992 | -- |
| Junior Squash | -- | 26,568 | -- |
| Doubles | -- | 67,000 | -- |
| | <u>\$ --</u> | <u>\$ 324,560</u> | <u>\$ 2,263,586</u> |

United States Squash Racquets Association, Inc.
Notes to Financial Statements
June 30, 2015 and 2014

Changes in endowment net assets for the years ended June 30, 2015 and 2014 are as follows:

| | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> |
|------------------------------|-----------------------------------|-----------------------------------|
| July 1, 2013 | \$ 387,074 | \$ 2,262,086 |
| Contributions | 461,618 | 1,175 |
| Interest and dividend income | -- | 19,107 |
| Unrealized gain | -- | 53,316 |
| Appropriated for expenditure | <u>(524,132)</u> | <u>(72,098)</u> |
| June 30, 2014 | 324,560 | 2,263,586 |
| Contributions | 1,578,776 | 2,012,359 |
| Interest and dividend income | -- | 45,988 |
| Unrealized (loss) gain | -- | (57,912) |
| Appropriated for expenditure | <u>(1,106,380)</u> | <u>--</u> |
| June 30, 2015 | <u>\$ 796,956</u> | <u>\$ 4,264,021</u> |

18. Subsequent Events

The Association has evaluated subsequent events occurring after the statement of financial position date through the date of September 21, 2015 which is the date the financial statements were available to be issued. Based on this evaluation, the Association has determined that no subsequent events have occurred, which require disclosure in the financial statements.