



**UNITED STATES SQUASH RACQUETS ASSOCIATION, INC.**

**Financial Statements**

**June 30, 2016 and 2015**

**With Independent Auditors' Report**

**United States Squash Racquets Association, Inc.**  
**June 30, 2016 and 2015**

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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, 2016 and 2015, 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, 2016 and 2015, 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.



November 28, 2016

**United States Squash Racquets Association, Inc.**  
**Statements of Financial Position**  
**June 30, 2016 and 2015**

	2016	2015 (Restated)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 113,794	\$ 97,092
Accounts and other receivables	139,322	112,806
Contributions receivable, net	2,016,337	381,059
Merchandise inventory	32,820	32,587
Prepaid expenses	47,609	104,361
Total current assets	<u>2,349,882</u>	<u>727,905</u>
Property and equipment, net	209,064	233,662
Investments	2,250,259	2,357,868
Other assets		
Contributions receivable, net	616,139	2,338,241
Security deposits	49,921	35,778
Goodwill	37,500	37,500
U.S. Open trademark, net of accumulated amortization of \$18,895 in 2016 and \$17,758 in 2015	26,605	27,742
Software development costs, net of accumulated amortization of \$239,952 in 2016 and \$182,455 in 2015	320,091	224,715
Cash surrender value of life insurance - restricted for endowment	112,079	122,491
Total other assets	<u>1,162,335</u>	<u>2,786,467</u>
	<u>\$ 5,971,540</u>	<u>\$ 6,105,902</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Current liabilities		
Line of credit	\$ 250,374	\$ --
Accounts payable and accrued expenses	395,561	416,107
Deferred revenue	836,662	488,981
Capital lease obligation - current portion	4,603	3,375
Long-term debt - current maturities	26,266	8,962
Other current liabilities	693	18,185
Total current liabilities	<u>1,514,159</u>	<u>935,610</u>
Noncurrent liabilities		
Deferred revenue	46,827	50,039
Capital lease obligation - net of current maturities	14,848	19,451
Long-term debt - net of current maturities	100,353	41,038
Total liabilities	<u>1,676,187</u>	<u>1,046,138</u>
Net assets		
Unrestricted	(851,690)	(282,540)
Temporarily restricted	1,040,508	1,264,303
Permanently restricted	4,106,535	4,078,001
Total net assets	<u>4,295,353</u>	<u>5,059,764</u>
	<u>\$ 5,971,540</u>	<u>\$ 6,105,902</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, 2016 (With Comparative Totals For 2015)**

	2016			Total 2015 (Restated)
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Support and revenue				
Events				
Entry fees	\$ 1,004,191	\$ --	\$ --	\$ 1,004,191
Sponsorship and royalties	658,199	--	--	658,199
Commissions and licensing	37,458	--	--	37,458
Accreditation fees	451,303	--	--	451,303
Membership	772,873	--	--	772,873
Program fees	357,708	--	--	357,708
Management fees	145,026	--	--	145,026
Contributions	219,626	699,288	28,534	947,448
Merchandise, net	22,441	--	--	22,441
Investment (loss) income, net	--	(108,753)	--	(108,753)
Advertising income	132,054	--	--	132,054
Donated services	74,743	--	--	74,743
Miscellaneous income	14,081	--	--	14,081
Net assets released from restriction	814,330	(814,330)	--	--
	4,704,033	(223,795)	28,534	4,508,772
Expenses				
Program services				
Membership	537,526	--	--	537,526
Events				
US Open	1,015,278	--	--	1,015,278
Senior	812,360	--	--	812,360
Junior	866,507	--	--	866,507
Senior programs	497,598	--	--	497,598
Junior programs	834,475	--	--	834,475
Certification	46,152	--	--	46,152
Squash magazine	191,866	--	--	191,866
	4,801,762	--	--	4,801,762
Supporting services				
Management and general	373,115	--	--	373,115
Fundraising	98,305	--	--	98,305
	471,421	--	--	471,421
	5,273,183	--	--	5,273,183
Change in net assets	(569,150)	(223,795)	28,534	(764,411)
Net assets - beginning of year	(282,540)	1,264,303	4,078,001	5,059,764
Net assets - end of year	\$ (851,690)	\$ 1,040,508	\$ 4,106,535	\$ 5,059,764

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, 2015**

	2015 (Restated)			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Support and revenue				
Events				
Entry fees	\$ 905,885	\$ --	\$ --	\$ 905,885
Sponsorship and royalties	695,711	--	--	695,711
Commissions and licensing	30,113	--	--	30,113
Accreditation fees	431,440	--	--	431,440
Membership	762,819	--	--	762,819
Program fees	293,795	--	--	293,795
Management fees	145,803	--	--	145,803
Contributions	306,091	1,578,776	2,012,359	3,897,226
Merchandise, net	(2,634)	--	--	(2,634)
Investment income, net	--	(26,596)	--	(26,596)
Advertising income	103,175	--	--	103,175
Miscellaneous income	22,298	--	--	22,298
Net assets released from restriction	1,223,180	(1,223,180)	--	--
	<u>4,917,676</u>	<u>329,000</u>	<u>2,012,359</u>	<u>7,259,035</u>
Expenses				
Program services				
Membership	461,062	--	--	461,062
Events				
Senior	1,842,690	--	--	1,842,690
Junior	812,306	--	--	812,306
Senior programs	394,960	--	--	394,960
Junior programs	703,869	--	--	703,869
Certification	14,454	--	--	14,454
Squash Magazine	260,973	--	--	260,973
	<u>4,490,314</u>	<u>--</u>	<u>--</u>	<u>4,490,314</u>
Supporting services				
Management and general	221,938	--	--	221,938
Fundraising	199,808	--	--	199,808
	<u>421,746</u>	<u>--</u>	<u>--</u>	<u>421,746</u>
	<u>4,912,060</u>	<u>--</u>	<u>--</u>	<u>4,912,060</u>
Change in net assets	<u>5,616</u>	<u>329,000</u>	<u>2,012,359</u>	<u>2,346,975</u>
Net assets - beginning of year, as previously stated	124,643	324,560	2,263,586	2,712,789
Prior period adjustment	(412,799)	610,743	(197,944)	--
Net assets-beginning of year, as restated	<u>(288,156)</u>	<u>935,303</u>	<u>2,065,642</u>	<u>2,712,789</u>
Net assets - end of year	<u>\$ (282,540)</u>	<u>\$ 1,264,303</u>	<u>\$ 4,078,001</u>	<u>\$ 5,059,764</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, 2016 (With Comparative Totals For 2015)**

	2016													Total 2015 (Restated)
	Program Services								Supporting Services				Total	
	Membership	US Open	Senior Events	Junior Events	Senior Programs	Junior Programs	Certification Program	Squash Magazine	Program Total	Management and General	Fundraising	Support Total		
Events and teams	\$ 2,814	\$ 789,555	\$ 507,611	\$ 449,100	\$ 113,444	\$ 324,802	\$ 41,466	\$ 70,490	\$ 2,299,282	\$ --	\$ 25,859	\$ 25,859	\$ 2,325,141	\$ 2,280,763
Grants and scholarships	--	1,089	27,485	2,250	2,500	--	--	--	33,324	--	--	--	33,324	29,900
	2,814	790,644	535,096	451,350	115,944	324,802	41,466	70,490	2,332,606	--	25,859	25,859	2,358,465	2,310,663
Payroll	357,013	146,818	169,708	261,172	237,422	295,060	--	81,287	1,548,480	79,407	46,298	125,705	1,674,185	1,597,318
Payroll taxes and benefits	59,496	24,989	30,740	48,509	37,589	56,688	--	11,044	269,055	8,900	6,260	15,160	284,215	240,134
Accounting	--	--	--	--	--	--	--	--	--	126,400	--	126,400	126,400	104,496
Audit	--	--	--	--	--	--	--	--	--	27,400	--	27,400	27,400	26,400
Advertising	--	--	--	--	--	--	--	--	--	--	--	--	--	2,879
Capital investment equipment	--	--	--	--	--	--	--	--	--	1,030	--	1,030	1,030	--
Conference and education	--	--	--	--	--	--	--	--	--	--	--	--	--	2,594
Consultants	5,486	2,340	2,877	4,255	4,694	7,454	--	1,352	28,458	494	392	886	29,344	32,870
Credit card fees	4,163	1,773	2,182	3,226	2,905	4,702	--	1,021	19,972	374	292	666	20,638	50,162
Depreciation and amortization	18,483	7,870	9,687	14,322	10,812	17,826	--	4,532	83,532	2,731	1,297	4,028	87,560	74,013
Dues and contributions	2,045	871	1,072	1,585	1,377	2,237	--	501	9,688	434	143	577	10,265	16,146
Equipment lease	7,197	3,103	3,794	5,613	4,684	7,537	--	1,833	33,761	655	577	1,232	34,993	--
Insurance	15,717	6,848	8,325	12,327	15,436	23,896	--	4,133	86,682	1,449	1,397	2,846	89,528	63,287
Interest	36	15	19	28	21	34	--	9	162	13,824	2	13,826	13,988	1,054
Legal	1,765	796	950	1,410	1,080	1,659	--	513	8,173	4,684	208	4,892	13,065	2,407
Legal in-kind	--	--	--	--	--	--	--	--	--	74,743	--	74,743	74,743	--
Occupancy	23,384	10,308	12,455	18,454	22,012	33,847	--	6,368	126,828	2,183	2,308	4,491	131,319	114,057
Payroll service fee	6,164	2,625	3,231	4,777	4,399	7,106	--	1,511	29,813	554	433	987	30,800	30,161
Postage and printing	2,913	1,243	1,529	2,261	2,034	3,249	--	718	13,947	263	206	469	14,416	18,746
Supplies	2,353	994	1,229	1,816	1,623	2,649	--	563	11,227	210	151	361	11,588	31,068
Technology operating	9,964	6,015	19,647	20,978	21,852	23,818	4,686	1,328	108,288	478	9,777	10,256	118,544	95,961
Telephone and internet	6,156	2,624	3,228	4,773	4,725	7,577	--	1,513	30,596	554	436	990	31,586	36,656
Travel	6,811	2,969	3,638	5,278	4,397	7,173	--	1,671	31,937	612	513	1,125	33,062	48,259
Other	5,566	2,433	2,953	4,373	4,592	7,161	--	1,479	28,557	25,736	1,756	27,492	56,049	12,729
	<u>\$ 537,526</u>	<u>\$ 1,015,278</u>	<u>\$ 812,360</u>	<u>\$ 866,507</u>	<u>\$ 497,598</u>	<u>\$ 834,475</u>	<u>\$ 46,152</u>	<u>\$ 191,866</u>	<u>\$ 4,801,762</u>	<u>\$ 373,115</u>	<u>\$ 98,305</u>	<u>\$ 471,421</u>	<u>\$ 5,273,183</u>	<u>\$ 4,912,060</u>

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

**United States Squash Racquets Association, Inc.**  
**Statements of Functional Expenses (Restated)**  
**Year Ended June 30, 2015**

	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	\$ 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
Grants and scholarships	--	--	500	8,500	20,900	--	--	29,900	--	--	--	29,900
	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
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
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
Accounting	--	--	--	--	--	--	--	--	104,496	--	104,496	104,496
Audit	--	--	--	--	--	--	--	--	26,400	--	26,400	26,400
Advertising	526	599	468	377	445	--	244	2,659	62	158	220	2,879
Conference and education	474	540	422	339	401	--	220	2,396	56	142	198	2,594
Consultants	6,009	6,843	5,345	4,299	5,082	--	2,784	30,362	707	1,801	2,508	32,870
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
Depreciation and amortization	13,326	15,178	11,853	9,536	11,270	--	6,175	67,338	2,680	3,994	6,675	74,013
Dues and contributions	2,916	3,260	2,575	2,068	2,465	--	1,313	14,597	700	849	1,549	16,146
Equipment lease	871	992	775	623	736	--	404	4,401	102	261	363	4,764
Insurance	11,466	11,951	10,170	8,085	10,601	769	5,390	58,432	1,377	3,478	4,855	63,287
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
Occupancy	20,665	21,537	18,328	14,572	19,104	1,386	9,714	105,306	2,482	6,269	8,751	114,057
Payroll service fee	5,446	6,090	4,810	3,864	4,604	--	2,452	27,266	1,308	1,587	2,895	30,161
Postage and printing	2,559	2,909	2,274	1,828	2,163	--	1,183	12,916	301	765	1,066	13,982
Supplies	3,733	6,196	4,933	4,624	5,035	594	3,453	28,568	370	2,130	2,500	31,068
Technology operating	7,243	20,892	16,954	17,918	18,356	3,877	1,560	86,801	396	8,764	9,160	95,961
Telephone and internet	6,701	7,631	5,960	4,795	5,667	--	3,105	33,859	788	2,009	2,797	36,656
Travel	8,822	10,047	7,847	6,312	7,461	--	4,088	44,577	1,037	2,645	3,682	48,259
Other	2,298	2,570	2,030	1,631	1,943	--	1,035	11,507	552	670	1,222	12,729
	<u>\$ 461,062</u>	<u>\$ 1,842,690</u>	<u>\$ 812,306</u>	<u>\$ 394,960</u>	<u>\$ 703,869</u>	<u>\$ 14,454</u>	<u>\$ 260,973</u>	<u>\$ 4,490,314</u>	<u>\$ 221,938</u>	<u>\$ 199,808</u>	<u>\$ 421,746</u>	<u>\$ 4,912,060</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, 2016 and 2015**

	2016	2015 (Restated)
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (764,411)	\$ 2,346,975
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation and amortization	87,560	74,013
Realized losses (gains)	94,217	(124,379)
Unrealized losses	73,693	180,128
Increase in cash value of life insurance policies	10,412	(3,925)
(Increase) decrease in assets		
Accounts and other receivables	(26,516)	(5,263)
Contributions receivable	86,824	(2,437,300)
Merchandise inventory	(233)	(233)
Prepaid expenses	56,752	(46,089)
Security deposits	(14,143)	(16,318)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(20,546)	7,236
Deferred revenue	344,469	(40,928)
Other current liabilities	(17,492)	18,185
Net cash used by operating activities	<u>(89,414)</u>	<u>(47,898)</u>
<b>Cash flows from investing activities</b>		
Purchase of equipment	(4,328)	(200,003)
Software development costs	(152,873)	(144,808)
(Purchase) proceeds from sales of investments	<u>(60,301)</u>	<u>131,057</u>
Net cash used by investing activities	<u>(217,502)</u>	<u>(213,754)</u>
<b>Cash flows from financing activities</b>		
Proceeds from line of credit	250,374	100,000
Principal payments on line of credit	--	(100,000)
Proceeds from long term debt	91,000	50,000
Principal payments on long term debt	(14,381)	--
Principal payments on capital lease obligation	<u>(3,375)</u>	<u>(6,384)</u>
Net cash provided by financing activities	<u>323,618</u>	<u>43,616</u>
Change in cash and cash equivalents	16,702	(218,036)
<b>Cash and cash equivalents</b>		
Beginning of year	<u>97,092</u>	<u>315,128</u>
End of year	<u>\$ 113,794</u>	<u>\$ 97,092</u>
<b>Supplemental disclosure of cash flow information</b>		
Interest paid	<u>\$ 13,987</u>	<u>\$ 1,054</u>
Equipment purchased under capital lease obligation	<u>\$ --</u>	<u>\$ 25,300</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, 2016 and 2015**

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**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, 2016 and 2015**

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**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 2016 and 2015.

**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, 2016. 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, 2016 and 2015 totaling \$40,192 and \$30,426, respectively.

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**3. INVESTMENTS**

Investments consisted of the following at June 30:

<b>2016</b>	<b>Market</b>	<b>Cost</b>
Cash and money market funds	\$ 105,434	\$ 105,434
Equities and exchange traded funds	2,144,825	2,003,069
	<u>\$ 2,250,259</u>	<u>\$ 2,108,503</u>
<b>2015</b>	<b>Market</b>	<b>Cost</b>
Cash and money market funds	\$ 48,287	\$ 48,287
Exchange traded funds	2,309,581	2,148,161
	<u>\$ 2,357,868</u>	<u>\$ 2,196,448</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:

	<b>2016</b>	<b>2015</b>
Interest and dividend income	\$ 75,122	\$ 48,825
Realized (loss) gains	(94,217)	124,379
Unrealized loss	(73,693)	(180,128)
Investment fees	(15,965)	(19,672)
	<u>\$ (108,753)</u>	<u>\$ (26,596)</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, 2016 and 2015, along with the basis of the determination of fair value:

<b>2016</b>	<b>Total</b>	<b>Quoted Prices in Active Markets (Level 1)</b>
Cash and money market funds	\$ 105,434	\$ 105,434
Equities and exchange traded funds	2,144,825	2,144,825
	<u>\$ 2,250,259</u>	<u>\$ 2,250,259</u>
<b>2015</b>	<b>Total</b>	<b>Quoted Prices in Active Markets (Level 1)</b>
Cash and money market funds	\$ 48,287	\$ 48,287
Exchange traded funds	2,309,581	2,309,581
	<u>\$ 2,357,868</u>	<u>\$ 2,357,868</u>

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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:

	<b>2016</b>	<b>2015</b>
Receivable in less than one year	\$ 2,016,337	\$ 381,059
Receivable in one to five years	616,139	2,338,241
	<u>\$ 2,632,476</u>	<u>\$ 2,719,300</u>

**7. DEFERRED REVENUE**

Deferred revenue consisted of the following at June 30:

	<b>2016</b>	<b>2015</b>
Membership dues	\$ 449,794	\$ 361,266
Life member dues	50,039	53,250
Tournament income	383,656	124,504
	<u>883,489</u>	<u>539,020</u>
Current portion	<u>836,662</u>	<u>488,981</u>
Net of current portion	<u>\$ 46,827</u>	<u>\$ 50,039</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.**  
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**8. PROPERTY AND EQUIPMENT**

Property and equipment at June 30 consisted of the following:

	<b>2016</b>	<b>2015</b>
Equipment, furniture and fixtures	\$ 268,887	\$ 352,820
Less: Accumulated depreciation	<u>(59,823)</u>	<u>(119,158)</u>
	<u>\$ 209,064</u>	<u>\$ 233,662</u>

Depreciation on property and equipment for the years ended June 30, 2016 and 2015, was \$28,926 and \$25,051, respectively.

**9. SOFTWARE DEVELOPMENT COSTS**

Software development costs at June 30 consisted of the following:

	<b>2016</b>	<b>2015</b>
Software development costs	\$ 560,043	\$ 407,170
Less: Accumulated amortization	<u>(239,952)</u>	<u>(182,455)</u>
	<u>\$ 320,091</u>	<u>\$ 224,715</u>

Amortization on software development costs for the years ended June 30, 2016 and 2015, was \$57,497 and \$47,824, respectively.

**10. U.S. OPEN TRADEMARK**

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

	<b>2016</b>	<b>2015</b>
Software development costs	\$ 45,500	\$ 45,500
Less: Accumulated amortization	<u>(18,895)</u>	<u>(17,758)</u>
	<u>\$ 26,605</u>	<u>\$ 27,742</u>

Amortization on the U.S. Open trademark for each of the years ended June 30, 2016 and 2015, was \$1,137.

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**11. LONG-TERM DEBT**

Long-term debt consisted of the following at June 30, 2016 and 2015

	<b>2016</b>	<b>2015</b>
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	\$ 41,038	\$ 50,000
Note payable - TD Bank, N.A., interest at 4.75 percent, secured by the assets of the Association payable in monthly installments of \$1,710, due February 19, 2021	<u>85,581</u>	<u>--</u>
	126,619	50,000
Less: Current portion	<u>26,266</u>	<u>8,962</u>
	<u>\$ 100,353</u>	<u>\$ 41,038</u>

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

<b>Years Ending June 30,</b>	<b>Amount</b>
2017	\$ 26,266
2018	27,599
2019	29,001
2020	30,471
2021	<u>13,282</u>
	<u>\$ 126,619</u>

**12. LINE OF CREDIT**

The Association has an available line of credit of \$400,000 with interest at prime plus .49 percent with a floor rate of 3.25 percent secured by the assets of the Association. The balance under the line of credit for the years ended June 30, 2016 and 2015, was \$250,374 and \$0-, respectively. The line is due on demand and renews annually January 7.

**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, 2016, are as follows:

	<b>2016</b>	<b>2015</b>
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.	\$ 19,451	\$ 22,826
Less: Current maturities	<u>4,603</u>	<u>3,375</u>
Capital lease obligation - net of current maturities	<u>\$ 14,848</u>	<u>\$ 19,451</u>

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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
2017	\$ 4,603
2018	6,280
2019	8,568
2020	--
	<u>\$ 19,451</u>

**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 \$213,393 and \$177,344 for the years ended June 30, 2016 and 2015, respectively. A vehicle is leased under an operating lease expiring in November 2017. Leasing expense related to the vehicle was \$7,960 and \$4,235 for the years ended June 30, 2016 and 2015, respectively.

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

Years Ending June 30,	Amount
2017	\$ 129,250
2018	121,218
2019	124,871
2020	31,558
2021	--
Thereafter	--
	<u>\$ 406,897</u>

**15. RESTRICTIONS/LIMITATIONS ON NET ASSETS**

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

	2016	2015
Operations	\$ 818,770	\$ 863,071
Junior Squash	62,378	113,886
The Ganek Family US Squash Head National Coach Fund	98,972	197,944
Hall of Fame	1,459	--
Hardball	12,829	--
Doubles	46,100	89,402
	<u>\$ 1,040,508</u>	<u>\$ 1,264,303</u>



**United States Squash Racquets Association, Inc.**  
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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:

	<b>2016</b>	<b>2015</b>
The Ganek Family US Squash Head National Coach Fund	1,784,003	\$ 1,784,003
Endowments (Operations)	1,328,288	1,325,578
Junior Endowments (Junior Development)	994,244	968,420
	<u>\$ 4,106,535</u>	<u>\$ 4,078,001</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.

**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 Ganek Family US Squash Head National Coach Fund (the “National Coach Fund”) of which \$1,791,378 and \$1,881,947 are included in contributions receivable as of June 30, 2016 and 2015, 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.

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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 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

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.

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

<b>2016</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>
National Coach	\$ --	\$ 98,972	\$ 1,784,003
Senior Endowment Fund	--	--	1,328,288
Junior Endowment Fund	--	--	994,244
Operations	--	818,770	--
Junior Development	--	62,378	--
Urban Squash	--	12,829	--
Doubles	--	46,100	--
Hall of Fame	--	1,459	--
	<u>\$ --</u>	<u>\$ 1,040,508</u>	<u>\$ 4,106,535</u>
<b>2015</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>
National Coach	\$ --	\$ 197,944	\$ 1,784,003
Senior Endowment Fund	--	--	1,325,578
Junior Endowment Fund	--	--	968,420
Operations	--	863,071	--
Junior Development	--	113,886	--
Urban Squash	--	89,402	--
	<u>\$ --</u>	<u>\$ 1,264,303</u>	<u>\$ 4,078,001</u>

Changes in endowment net assets for the years ended June 30, 2016 and 2015 are as follows:

	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>
<b>July 1, 2014</b>	\$ 412,799	\$ 2,065,642
Contributions		2,012,359
Investment return	(26,596)	
Appropriated for expenditure	<u>(116,800)</u>	<u>--</u>
<b>June 30, 2015</b>	269,403	4,078,001
Contributions and reclassifications		28,534
Investment return	(108,753)	--
Appropriated for expenditure	<u>(59,500)</u>	<u>--</u>
<b>June 30, 2016</b>	<u>\$ 101,150</u>	<u>\$ 4,106,535</u>

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**United States Squash Racquets Association, Inc.**  
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**18. SUBSEQUENT EVENTS**

The Association has evaluated subsequent events occurring after the statement of financial position date through the date of November 28, 2016, 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.

**19. PRIOR-PERIOD ADJUSTMENT**

The net assets of the Association at June 30, 2015, have been restated from the amounts previously reported to correct the classification of net asset balances. This adjustment had no effect on previously reported changes in net assets or total net assets. The 2015 financial statements have been restated to adjust the capitalization of software development costs. This adjustment resulted in additional technology operating expenses of \$23,490 with a corresponding decrease in software development costs. Depreciation expense was also reduced by \$1,678 as a result of this adjustment.