



UNITED STATES SQUASH RACQUETS ASSOCIATION, INC.

Financial Statements

June 30, 2017 and 2016

With Independent Auditors' Report

United States Squash Racquets Association, Inc.
June 30, 2017 and 2016

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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, 2017 and 2016, 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, 2017 and 2016, 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.



October 11, 2017

United States Squash Racquets Association, Inc.
Statements of Financial Position
June 30, 2017 and 2016

	2017	2016
Assets		
Current assets		
Cash and cash equivalents	\$ 79,052	\$ 113,794
Accounts and other receivables	54,015	139,322
Contributions receivable, net	306,200	2,016,337
Merchandise inventory	27,402	32,820
Prepaid expenses	26,049	47,609
Investments	132,680	--
Total current assets	<u>625,398</u>	<u>2,349,882</u>
Property and equipment, net	180,115	209,064
Investments - endowments	4,114,651	2,250,259
Other assets		
Contributions receivable, net	571,429	616,139
Security deposits	51,275	49,921
Goodwill	37,500	37,500
U.S. Open trademark, net of accumulated amortization of \$20,033 in 2017 and \$18,895 in 2016	25,467	26,605
Software development costs, net of accumulated amortization of \$314,910 in 2017 and \$239,952 in 2016	498,962	320,091
Cash surrender value of life insurance - restricted for endowment	115,229	112,079
Total other assets	<u>1,299,862</u>	<u>1,162,335</u>
Total assets	<u>\$ 6,220,026</u>	<u>\$ 5,971,540</u>
Liabilities and Net Assets		
Liabilities		
Current liabilities		
Line of credit	\$ --	\$ 250,374
Accounts payable and accrued expenses	684,281	395,561
Deferred revenue	687,789	836,662
Capital lease obligation - current portion	6,280	4,603
Long-term debt - current maturities	27,599	26,266
Other current liabilities	9,078	693
Total current liabilities	<u>1,415,027</u>	<u>1,514,159</u>
Noncurrent liabilities		
Deferred revenue	43,615	46,827
Capital lease obligation - net of current maturities	8,568	14,848
Long-term debt - net of current maturities	72,829	100,353
Total liabilities	<u>1,540,039</u>	<u>1,676,187</u>
Net assets		
Unrestricted	(695,463)	(851,690)
Temporarily restricted	1,260,799	1,040,508
Permanently restricted	4,114,651	4,106,535
Total net assets	<u>4,679,987</u>	<u>4,295,353</u>
	<u>\$ 6,220,026</u>	<u>\$ 5,971,540</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, 2017 (With Comparative Totals For 2016)

	2017			Total	Total 2016
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Support and revenue					
Events					
Entry fees	\$ 1,126,852	\$ --	\$ --	\$ 1,126,852	\$ 1,004,191
Sponsorship and royalties	758,414	--	--	758,414	658,199
Commissions and licensing	37,612	--	--	37,612	37,458
Accreditation fees	504,199	--	--	504,199	451,303
Membership	915,709	--	--	915,709	772,873
Program fees	389,297	--	--	389,297	357,708
Management fees	179,877	--	--	179,877	145,026
Contributions	356,711	743,373	8,116	1,108,200	947,448
Merchandise, net	(4,308)	--	--	(4,308)	22,441
Investment income (loss), net	95,254	207,462	--	302,716	(108,753)
Advertising income	139,144	--	--	139,144	132,054
Donated services	136,479	--	--	136,479	74,743
Miscellaneous income	177,327	--	--	177,327	14,081
Net assets released from restriction	730,544	(730,544)	--	--	--
	<u>5,543,111</u>	<u>220,291</u>	<u>8,116</u>	<u>5,771,518</u>	<u>4,508,772</u>
Expenses					
Program services					
Membership	587,463	--	--	587,463	537,526
Events					
US Open	888,212	--	--	888,212	1,015,278
Senior	751,308	--	--	751,308	812,360
Junior	860,172	--	--	860,172	866,507
Senior programs	671,854	--	--	671,854	497,598
Junior programs	928,800	--	--	928,800	834,475
Certification	21,738	--	--	21,738	46,152
Squash Magazine	157,134	--	--	157,134	191,866
	<u>4,866,681</u>	<u>--</u>	<u>--</u>	<u>4,866,681</u>	<u>4,801,762</u>
Supporting services					
Management and general	457,269	--	--	457,269	373,115
Fundraising	62,934	--	--	62,934	98,305
	<u>520,203</u>	<u>--</u>	<u>--</u>	<u>520,203</u>	<u>471,421</u>
	<u>5,386,884</u>	<u>--</u>	<u>--</u>	<u>5,386,884</u>	<u>5,273,183</u>
Change in net assets	156,227	220,291	8,116	384,634	(764,411)
Net assets - beginning of year	<u>(851,690)</u>	<u>1,040,508</u>	<u>4,106,535</u>	<u>4,295,353</u>	<u>5,059,764</u>
Net assets - end of year	<u>\$ (695,463)</u>	<u>\$ 1,260,799</u>	<u>\$ 4,114,651</u>	<u>\$ 4,679,987</u>	<u>\$ 4,295,353</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, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
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, 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	<u>814,330</u>	<u>(814,330)</u>	<u>--</u>	<u>--</u>
	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	<u>191,866</u>	<u>--</u>	<u>--</u>	<u>191,866</u>
	4,801,762	--	--	4,801,762
Supporting services				
Management and general	373,115	--	--	373,115
Fundraising	<u>98,305</u>	<u>--</u>	<u>--</u>	<u>98,305</u>
	471,421	--	--	471,421
	<u>5,273,183</u>	<u>--</u>	<u>--</u>	<u>5,273,183</u>
Change in net assets	(569,150)	(223,795)	28,534	(764,411)
Net assets - beginning of year	<u>(282,540)</u>	<u>1,264,303</u>	<u>4,078,001</u>	<u>5,059,764</u>
Net assets - end of year	<u>\$ (851,690)</u>	<u>\$ 1,040,508</u>	<u>\$ 4,106,535</u>	<u>\$ 4,295,353</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, 2017 (With Comparative Totals For 2016)

	2017													Total 2016
	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	\$ 5,031	\$ 660,830	\$ 432,441	\$ 394,056	\$ 210,811	\$ 395,808	\$ 18,592	\$ 68,885	\$ 2,186,454	\$ 23	\$ 6,837	\$ 6,860	\$ 2,193,314	\$ 2,325,141
Grants and scholarships	--	--	55,885	--	5,000	--	--	--	60,885	--	--	--	60,885	33,324
	5,031	660,830	488,326	394,056	215,811	395,808	18,592	68,885	2,247,339	23	6,837	6,860	2,254,199	2,358,465
Payroll	334,990	154,090	164,792	297,231	273,492	311,462	--	53,077	1,589,134	198,005	39,808	237,813	1,826,947	1,674,185
Payroll taxes and benefits	57,284	19,488	25,485	42,934	42,535	51,994	109	9,151	248,980	34,383	4,047	38,430	287,410	284,215
Accounting	791	214	258	441	542	657	--	108	3,011	28,165	25	28,190	31,201	126,400
Audit	--	--	--	--	--	--	--	--	--	37,600	--	37,600	37,600	27,400
Capital investment equipment	201	55	65	112	138	167	--	28	766	149	6	155	921	1,030
Consultants	20,068	5,442	6,536	11,179	13,753	16,667	--	2,749	76,394	14,892	643	15,535	91,929	29,344
Credit card fees	1,510	409	492	841	1,035	1,254	--	207	5,748	1,325	48	1,373	7,121	20,638
Depreciation and amortization	22,931	6,219	7,469	12,773	15,715	19,045	--	3,141	87,293	17,017	735	17,752	105,045	87,560
Dues and contributions	1,908	517	621	11,063	1,307	1,584	--	261	17,261	1,916	61	1,977	19,238	10,265
Equipment lease	4,897	1,328	1,595	2,727	3,355	4,066	--	671	18,639	3,634	157	3,791	22,430	34,993
Insurance	24,389	6,614	7,944	13,586	16,714	20,256	--	3,341	92,844	18,099	782	18,881	111,725	89,528
Interest	--	--	--	--	--	--	--	--	--	12,189	--	12,189	12,189	13,988
Legal	912	397	488	718	528	887	--	229	4,159	47	66	113	4,272	13,065
Legal in-kind	29,793	8,080	9,704	16,596	20,417	24,744	--	4,081	113,415	22,110	955	23,065	136,480	74,743
Occupancy	30,859	8,415	10,110	17,255	21,118	25,669	--	4,259	117,685	22,704	1,001	23,705	141,390	131,319
Payroll service fee	8,655	2,347	2,819	4,821	5,931	7,188	--	1,185	32,946	6,423	277	6,700	39,646	30,800
Postage and printing	3,383	917	1,102	1,884	2,318	2,808	--	463	12,875	2,509	107	2,616	15,491	14,416
Supplies	(5,389)	85	7,818	5,895	5,998	4,791	2,924	(1,139)	20,983	(6,169)	5,581	(588)	20,395	11,588
Technology operating	18,189	4,992	6,293	10,474	12,838	15,463	113	2,476	70,838	13,414	805	14,219	85,057	118,544
Telephone and internet	6,150	1,684	2,024	3,449	4,204	5,122	--	854	23,487	4,495	201	4,696	28,183	31,586
Travel	11,135	3,091	3,698	6,203	7,631	9,248	--	1,525	42,531	8,423	393	8,816	51,347	33,062
Other	9,776	2,998	3,669	5,934	6,474	9,920	--	1,582	40,353	15,916	399	16,315	56,668	56,049
	<u>\$ 587,463</u>	<u>\$ 888,212</u>	<u>\$ 751,308</u>	<u>\$ 860,172</u>	<u>\$ 671,854</u>	<u>\$ 928,800</u>	<u>\$ 21,738</u>	<u>\$ 157,134</u>	<u>\$ 4,866,681</u>	<u>\$ 457,269</u>	<u>\$ 62,934</u>	<u>\$ 520,203</u>	<u>\$ 5,386,884</u>	<u>\$ 5,273,183</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

	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
Grants and scholarships	--	1,089	27,485	2,250	2,500	--	--	--	33,324	--	--	--	33,324
	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
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
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
Accounting	--	--	--	--	--	--	--	--	--	126,400	--	126,400	126,400
Audit	--	--	--	--	--	--	--	--	--	27,400	--	27,400	27,400
Capital investment equipment	--	--	--	--	--	--	--	--	--	1,030	--	1,030	1,030
Consultants	5,486	2,340	2,877	4,255	4,694	7,454	--	1,352	28,458	494	392	886	29,344
Credit card fees	4,163	1,773	2,182	3,226	2,905	4,702	--	1,021	19,972	374	292	666	20,638
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
Dues and contributions	2,045	871	1,072	1,585	1,377	2,237	--	501	9,688	434	143	577	10,265
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
Interest	36	15	19	28	21	34	--	9	162	13,824	2	13,826	13,988
Legal	1,765	796	950	1,410	1,080	1,659	--	513	8,173	4,684	208	4,892	13,065
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
Payroll service fee	6,164	2,625	3,231	4,777	4,399	7,106	--	1,511	29,813	554	433	987	30,800
Postage and printing	2,913	1,243	1,529	2,261	2,034	3,249	--	718	13,947	263	206	469	14,416
Supplies	2,353	994	1,229	1,816	1,623	2,649	--	563	11,227	210	151	361	11,588
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
Telephone and internet	6,156	2,624	3,228	4,773	4,725	7,577	--	1,513	30,596	554	436	990	31,586
Travel	6,811	2,969	3,638	5,278	4,397	7,173	--	1,671	31,937	612	513	1,125	33,062
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
	<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>

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, 2017 and 2016

	2017	2016
Cash flows from operating activities		
Change in net assets	\$ 384,634	\$ (764,411)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	105,045	87,560
Realized (gains) losses	(98,942)	94,217
Unrealized (gains) losses	(165,789)	73,693
(Increase) decrease in cash value of life insurance policies	(3,150)	10,412
Decrease (increase) in assets		
Accounts and other receivables	85,307	(26,516)
Contributions receivable	1,754,847	86,824
Merchandise inventory	5,418	(233)
Prepaid expenses	21,560	56,752
Security deposits	(1,354)	(14,143)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	288,720	(20,546)
Deferred revenue	(152,085)	344,469
Other current liabilities	8,385	(17,492)
Net cash provided (used) by operating activities	<u>2,232,596</u>	<u>(89,414)</u>
Cash flows from investing activities		
Purchase of equipment	--	(4,328)
Software development costs	(253,829)	(152,873)
Purchases of investments	<u>(1,732,341)</u>	<u>(60,301)</u>
Net cash used by investing activities	<u>(1,986,170)</u>	<u>(217,502)</u>
Cash flows from financing activities		
(Payments towards) proceeds from line of credit	(250,374)	250,374
Proceeds from long term debt	--	91,000
Principal payments on long term debt	(26,191)	(14,381)
Principal payments on capital lease obligation	<u>(4,603)</u>	<u>(3,375)</u>
Net cash (used) provided by financing activities	<u>(281,168)</u>	<u>323,618</u>
Change in cash and cash equivalents	(34,742)	16,702
Cash and cash equivalents		
Beginning of year	<u>113,794</u>	<u>97,092</u>
End of year	<u>\$ 79,052</u>	<u>\$ 113,794</u>
Supplemental disclosure of cash flow information		
Interest paid	<u>\$ 12,189</u>	<u>\$ 13,987</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, 2017 and 2016

1. NATURE OF OPERATIONS

United States Squash Racquets Association, Inc. ("US Squash") 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 US Squash are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

US Squash 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

US Squash 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, 2017 and 2016

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.

US Squash reviews the carrying value of goodwill annually. US Squash 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 each of the years ended June 30, 2017 and 2016.

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

US Squash 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.

US Squash had no unrecognized tax benefits at June 30, 2017 and 2016 and has incurred no interest or penalties related to income taxes for the periods presented in the financial statements.

Retirement Plan

Employees of US Squash are covered under a defined contribution 403(b) plan covering all eligible employees of US Squash. US Squash made contributions to the 403(b) plan during the years ended June 30, 2017 and 2016 totaling \$52,975 and \$40,192, respectively.

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3. INVESTMENTS

Investments consisted of the following at June 30:

2017	Market	Cost
Cash and money market funds	\$ 220,541	\$ 220,541
Equities and exchange traded funds	<u>4,026,790</u>	<u>3,761,481</u>
	<u>\$ 4,247,331</u>	<u>\$ 3,982,022</u>
2016	Market	Cost
Cash and money market funds	\$ 105,434	\$ 105,434
Exchange traded funds	<u>2,144,825</u>	<u>2,003,069</u>
	<u>\$ 2,250,259</u>	<u>\$ 2,108,503</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:

	2017	2016
Interest and dividend income	\$ 56,296	\$ 75,122
Realized gains (loss)	98,942	(94,217)
Unrealized gains (loss)	165,789	(73,693)
Investment fees	<u>(18,311)</u>	<u>(15,965)</u>
	<u>\$ 302,716</u>	<u>\$ (108,753)</u>

4. FAIR VALUE MEASUREMENTS

Pursuant to the requirements of the pronouncement on *Fair Value Measurements*, US Squash 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, 2017 and 2016, along with the basis of the determination of fair value:

2017	Total	Quoted Prices in Active Markets (Level 1)
Cash and money market funds	\$ 220,541	\$ 220,541
Equities and exchange traded funds	<u>4,026,790</u>	<u>4,026,790</u>
	<u>\$ 4,247,331</u>	<u>\$ 4,247,331</u>
2016	Total	Quoted Prices in Active Markets (Level 1)
Cash and money market funds	\$ 105,434	\$ 105,434
Exchange traded funds	<u>2,144,825</u>	<u>2,144,825</u>
	<u>\$ 2,250,259</u>	<u>\$ 2,250,259</u>

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For applicable assets (liabilities) subject to this pronouncement, US Squash 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, US Squash 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, US Squash 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 US Squash'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 US Squash at year end.

6. CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following at June 30:

	2017	2016
Receivable in less than one year	\$ 306,200	\$ 2,016,337
Receivable in one to five years	<u>571,429</u>	<u>616,139</u>
	<u>\$ 877,629</u>	<u>\$ 2,632,476</u>

7. DEFERRED REVENUE

Deferred revenue consisted of the following at June 30:

	2017	2016
Membership dues	\$ 534,550	\$ 449,794
Life member dues	46,827	50,039
Tournament income	<u>150,027</u>	<u>383,656</u>
	731,404	883,489
Current portion	<u>687,789</u>	<u>836,662</u>
Net of current portion	<u>\$ 43,615</u>	<u>\$ 46,827</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 to US Squash. Life memberships are being amortized over 40 years. Life-time memberships ceased being issued in 2006.

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8. PROPERTY AND EQUIPMENT

Property and equipment at June 30 consisted of the following:

	2017	2016
Equipment, furniture and fixtures	\$ 268,887	\$ 268,887
Less: Accumulated depreciation	<u>(88,772)</u>	<u>(59,823)</u>
	<u>\$ 180,115</u>	<u>\$ 209,064</u>

Depreciation on property and equipment for the years ended June 30, 2017 and 2016, was \$28,949 and \$28,926, respectively.

9. SOFTWARE DEVELOPMENT COSTS

Software development costs at June 30 consisted of the following:

	2017	2016
Software development costs	\$ 813,872	\$ 560,043
Less: Accumulated amortization	<u>(314,910)</u>	<u>(239,952)</u>
	<u>\$ 498,962</u>	<u>\$ 320,091</u>

Amortization on software development costs for the years ended June 30, 2017 and 2016, was \$74,958 and \$57,497, respectively.

10. U.S. OPEN TRADEMARK

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

	2017	2016
U.S. Open trademark	\$ 45,500	\$ 45,500
Less: Accumulated amortization	<u>(20,033)</u>	<u>(18,895)</u>
	<u>\$ 25,467</u>	<u>\$ 26,605</u>

Amortization on the U.S. Open trademark for the years ended June 30, 2017 and 2016, was \$1,138 and \$1,137, respectively.

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11. LONG-TERM DEBT

Long-term debt consisted of the following at June 30:

	2017	2016
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	\$ 31,675	\$ 41,038
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>68,753</u>	<u>85,581</u>
	100,428	126,619
Less: Current portion	<u>27,599</u>	<u>26,266</u>
	<u>\$ 72,829</u>	<u>\$ 100,353</u>

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

Years Ending June 30,	Amount
2018	\$ 27,599
2019	29,001
2020	30,565
2021	<u>13,263</u>
	<u>\$ 100,428</u>

12. LINE OF CREDIT

US Squash 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 US Squash. The balance under the line of credit for the years ended June 30, 2017 and 2016, was \$-0- and \$250,374, respectively. The line is due on demand and renews annually January 7.

13. CAPITAL LEASE OBLIGATION

US Squash 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, 2017 and 2016 are as follows:

	2017	2016
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.	\$ 14,848	\$ 19,451
Less: Current maturities	<u>6,280</u>	<u>4,603</u>
Capital lease obligation - net of current maturities	<u>\$ 8,568</u>	<u>\$ 14,848</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
2018	\$ 6,280
2019	<u>8,568</u>
	<u>\$ 14,848</u>

14. COMMITMENTS

The principal types of property leased by US Squash 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 \$253,115 and \$213,393 for the years ended June 30, 2017 and 2016, respectively. A vehicle is leased under an operating lease expiring in November 2017. Leasing expense related to the vehicle was \$3,942 and \$7,960 for the years ended June 30, 2017 and 2016, respectively.

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

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

15. RESTRICTIONS/LIMITATIONS ON NET ASSETS

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

	2017	2016
Operations	\$ 861,648	\$ 818,770
Junior Squash	94,835	62,378
The Ganek Family US Squash Head National Coach Fund	231,099	98,972
Hall of Fame	1,459	1,459
Hardball	25,658	12,829
Doubles	<u>46,100</u>	<u>46,100</u>
	<u>\$ 1,260,799</u>	<u>\$ 1,040,508</u>

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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:

	2017	2016
The Ganek Family US Squash Head National Coach Fund	\$ 1,795,927	\$ 1,784,003
Endowments (Operations)	1,319,747	1,328,288
Junior Endowments (Junior Development)	<u>998,977</u>	<u>994,244</u>
	<u>\$ 4,114,651</u>	<u>\$ 4,106,535</u>

16. CONCENTRATION OF CREDIT RISK

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

17. ENDOWMENTS

US Squash 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.

US Squash’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).

US Squash’s endowments also include The Ganek Family US Squash Head National Coach Fund (the “National Coach Fund”) of which \$-0- and \$1,791,378 are included in contributions receivable as of June 30, 2017 and 2016, 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 US Squash 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 US Squash to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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Interpretation

US Squash 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, US Squash 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.

US Squash 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 US Squash 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 US Squash
- 7) The investment policies of US Squash

Investment policy

US Squash’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 US Squash 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 US Squash 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

US Squash’s spending policy, as approved by its Board, permits US Squash 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:

2017	Unrestricted	Temporarily Restricted	Permanently Restricted
National Coach	\$ --	\$ 231,099	\$ 1,795,927
Senior Endowment Fund	--	--	1,319,747
Junior Endowment Fund	--	--	998,977
Operations	--	861,648	--
Junior Development	--	94,835	--
Urban Squash	--	25,658	--
Doubles	--	46,100	--
Hall of Fame	--	1,459	--
	<u>\$ --</u>	<u>\$ 1,260,799</u>	<u>\$ 4,114,651</u>

2016	Unrestricted	Temporarily Restricted	Permanently Restricted
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>

Changes in endowment net assets for the years ended June 30, 2017 and 2016 are as follows:

	Temporarily Restricted	Permanently Restricted
July 1, 2015	\$ 269,403	\$ 4,078,001
Contributions	--	28,534
Investment return	(108,753)	--
Appropriated for expenditure	<u>(59,500)</u>	<u>--</u>
June 30, 2016	101,150	4,106,535
Contributions and reclassifications	--	8,116
Investment return	302,716	--
Appropriated for expenditure	<u>(95,254)</u>	<u>--</u>
June 30, 2017	<u>\$ 308,612</u>	<u>\$ 4,114,651</u>

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18. NEW ACCOUNTING PRONOUNCEMENTS

In August 2016 the FASB issued ASU 2016-14 – Not-for-profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-profit Entities*. ASU 2016-14, which is effective for fiscal years beginning after December 15, 2017 with early adoption permitted, will require a change to two areas of not-for-profit accounting and significant new financial statement presentation and disclosure requirements.

Under ASU 2016-14 (the “ASU”) underwater funds will be accounted for within net assets with donor restrictions and not within net assets without donor restrictions as is the current practice. In addition, the ASU eliminates the accounting policy election to release donor imposed restrictions over the useful life of donated property and equipment when the donor does not explicitly specify the period of time the property must be used. Instead, entities will be required to relieve the donor’s restrictions at the time the asset is placed in service. In addition to the above disclosures the ASU changes the presentation and disclosure requirements of not-for-profit entities in the following areas: expense disclosures, display of net asset classes, cash flow presentation, quantitative and qualitative liquidity disclosures and presentation of investment returns. US Squash is currently evaluating the impact these changes will have on its future financial statements.

19. SUBSEQUENT EVENTS

US Squash has evaluated subsequent events occurring after the statement of financial position date through the date of October 11, 2017, which is the date the financial statements were available to be issued. Based on this evaluation, US Squash has determined that no subsequent events have occurred, which require disclosure in the financial statements.