

**EISNERAMPER**

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

**CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2018 and 2017**



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
United States Squash Racquets Association, Inc.  
New York, New York

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the United States Squash Racquets Association, Inc. ("US Squash"), which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statement of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Consolidated Financial Statements*

US Squash's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the organization's preparation and fair presentation of the consolidated 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 organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the United States Squash Racquets Association, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.



***Other Matter***

The financial statements of US Squash as of and for the year ended June 30, 2017 were audited by other auditors, whose report dated October 11, 2017, expressed an unmodified opinion.

*EisnerAmper LLP*

EISNERAMPER LLP  
New York, New York  
November 2, 2018

EISNERAMPER  
LLP



# UNITED STATES SQUASH RACQUETS ASSOCIATION, INC.

## Consolidated Statements of Financial Position

	June 30,	
	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 115,876	\$ 79,052
Accounts and other receivables	12,318	54,015
Contributions and pledges receivable, net	13,075,774	877,629
Merchandise inventory	23,362	27,402
Investments	4,797,813	4,247,331
Prepaid expenses and other assets	161,139	140,291
Cash surrender value of life insurance - restricted for endowment	118,385	115,229
Property and equipment, net	355,925	180,115
Software costs, net	<u>594,930</u>	<u>498,962</u>
	<u>\$ 19,255,522</u>	<u>\$ 6,220,026</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 621,770	\$ 693,359
Deferred revenue	864,111	731,404
Capital lease payable	8,568	14,848
Notes payable	<u>72,914</u>	<u>100,428</u>
Total liabilities	<u>1,567,363</u>	<u>1,540,039</u>
Commitments (see Note M)		
Net assets:		
Unrestricted	(1,604,062)	(695,463)
Temporarily restricted	15,151,698	1,260,799
Permanently restricted	<u>4,140,523</u>	<u>4,114,651</u>
Total net assets	<u>17,688,159</u>	<u>4,679,987</u>
	<u>\$ 19,255,522</u>	<u>\$ 6,220,026</u>

See notes to consolidated financial statements.

# UNITED STATES SQUASH RACQUETS ASSOCIATION, INC.

## Consolidated Statements of Activities

	Year Ended June 30,							
	2018			2017				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and revenue:</b>								
Events:								
Entry fees	\$ 1,233,938	\$ 110,100		\$ 1,344,038	\$ 1,126,852			\$ 1,126,852
Sponsorship and royalties	605,345	30,000		635,345	758,414			758,414
Commissions and licensing	29,415			29,415	37,612			37,612
Accreditation fees	505,397			505,397	504,199			504,199
Membership fees	1,099,065	76,675		1,175,740	915,709			915,709
Program fees	376,448			376,448	389,297			389,297
Management fees	130,323			130,323	179,877			179,877
Contributions		14,028,086	\$ 25,872	14,053,958	356,711	\$ 743,373	\$ 8,116	1,108,200
Donated services	86,885			86,885	136,479			136,479
Merchandise sales, net	7,934			7,934	(4,308)			(4,308)
Investment income, net		307,198		307,198		302,716		302,716
Advertising income	134,246	1,000		135,246	139,144			139,144
Miscellaneous income	47,924			47,924	177,327			177,327
Total support and revenue before net assets released from restrictions	4,256,920	14,553,059	25,872	18,835,851	4,717,313	1,046,089	8,116	5,771,518
Net assets released from restrictions	662,160	(662,160)		0	825,798	(825,798)		0
Total support and revenue	4,919,080	13,890,899	25,872	18,835,851	5,543,111	220,291	8,116	5,771,518
<b>Expenses:</b>								
Program services:								
Membership	585,771			585,771	609,201			609,201
Events:								
US Open	935,809			935,809	888,212			888,212
Senior	805,108			805,108	751,308			751,308
Junior	933,105			933,105	860,172			860,172
Senior programs	678,071			678,071	671,854			671,854
Junior programs	802,151			802,151	928,800			928,800
Intercollegiate Squash Association	178,344			178,344				
Squash magazine	171,233			171,233	157,134			157,134
Total program services	5,089,592			5,089,592	4,866,681			4,866,681
Supporting services:								
General and administrative	480,615			480,615	457,269			457,269
Fund-raising	257,472			257,472	62,934			62,934
Total supporting services	738,087			738,087	520,203			520,203
Total operating expenses	5,827,679			5,827,679	5,386,884			5,386,884
<b>Change in net assets</b>	(908,599)	13,890,899	25,872	13,008,172	156,227	220,291	8,116	384,634
Net assets, beginning of year	(695,463)	1,260,799	4,114,651	4,679,987	(851,690)	1,040,508	4,106,535	4,295,353
<b>Net assets, end of year</b>	<u>\$ (1,604,062)</u>	<u>\$ 15,151,698</u>	<u>\$ 4,140,523</u>	<u>\$ 17,688,159</u>	<u>\$ (695,463)</u>	<u>\$ 1,260,799</u>	<u>\$ 4,114,651</u>	<u>\$ 4,679,987</u>

See notes to consolidated financial statements.

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

**Consolidated Statement of Functional Expenses**  
**Year Ended June 30, 2018**  
(with summarized information for 2017)

	Program Services								Supporting Services			Totals		
	Membership	US Open	Senior Events	Junior Events	Senior Programs	Junior Programs	Intercollegiate Squash Association	Squash Magazine	Total Program Services	General and Administrative	Fund-raising	Total Supporting Services	2018	2017
Events and teams	\$ 30,559	\$ 683,052	\$ 477,406	\$ 469,630	\$ 174,287	\$ 314,235	\$ 171,604	\$ 56,383	\$ 2,377,156		\$ 1,568	\$ 1,568	\$ 2,378,724	\$ 2,193,314
Grants and scholarships			25,885	800					26,685		2,250	2,250	28,935	60,885
	<u>30,559</u>	<u>683,052</u>	<u>503,291</u>	<u>470,430</u>	<u>174,287</u>	<u>314,235</u>	<u>171,604</u>	<u>56,383</u>	<u>2,403,841</u>		<u>3,818</u>	<u>3,818</u>	<u>2,407,659</u>	<u>2,254,199</u>
Payroll	343,842	162,402	187,283	312,102	303,683	296,469		65,702	1,671,483	\$ 292,517	53,839	346,356	2,017,839	1,826,947
Payroll taxes and benefits	58,101	22,684	27,341	38,684	51,035	49,502		12,031	259,378	38,854	7,817	46,671	306,049	287,301
Professional fees	6,144	1,965	2,350	3,576	4,746	5,129		1,054	24,964	31,519	167,023	198,542	223,506	165,002
In-kind legal fees	16,508	6,647	7,907	10,313	15,205	13,902		3,806	74,288	10,425	2,172	12,597	86,885	136,479
Occupancy	31,096	11,291	13,460	18,793	26,436	26,078		6,293	133,447	20,673	3,161	23,834	157,281	141,390
Insurance	15,458	5,822	6,935	9,450	13,517	12,982		3,277	67,441	10,101	1,730	11,831	79,272	111,725
Credit card fees	1,262	480	572	774	1,112	1,060	1,507	271	7,038	819	145	964	8,002	7,121
Payroll service fees	7,789	2,983	3,552	4,787	6,899	6,546		1,686	34,242	5,048	909	5,957	40,199	39,646
Printing and postage	2,348	880	1,049	1,433	2,046	1,971		495	10,222	1,538	259	1,797	12,019	15,491
Supplies	2,586	1,041	1,239	1,616	2,382	2,178	1,033	596	12,671	4,561	340	4,901	17,572	33,092
Telephone and internet	4,986	1,873	2,231	3,046	4,351	4,187		1,054	21,728	3,262	554	3,816	25,544	28,183
Technology licensing	14,530	10,936	17,367	18,914	20,134	20,184		2,598	104,663	7,858	6,486	14,344	119,007	85,057
Dues and subscriptions	5,285	2,096	2,494	3,285	4,811	4,447		1,196	23,614	3,364	1,678	5,042	28,656	19,238
Travel	13,767	5,687	6,763	8,676	12,940	11,606		3,277	62,716	8,572	1,921	10,493	73,209	51,347
Equipment lease	2,877	977	1,167	1,704	2,325	2,406		534	11,990	1,969	241	2,210	14,200	22,430
Depreciation and Amortization	22,239	8,954	10,652	13,894	20,484	18,728		5,127	100,078	12,908	2,926	15,834	115,912	105,045
Interest	109	44	52	68	100	92		25	490	5,228	14	5,242	5,732	12,189
Other	6,285	5,995	9,403	11,560	11,578	10,449	4,200	5,828	65,298	21,399	2,439	23,838	89,136	45,002
	<u>\$ 585,771</u>	<u>\$ 935,809</u>	<u>\$ 805,108</u>	<u>\$ 933,105</u>	<u>\$ 678,071</u>	<u>\$ 802,151</u>	<u>\$ 178,344</u>	<u>\$ 171,233</u>	<u>\$ 5,089,592</u>	<u>\$ 480,615</u>	<u>\$ 257,472</u>	<u>\$ 738,087</u>	<u>\$ 5,827,679</u>	<u>\$ 5,386,884</u>

See notes to consolidated financial statements.

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

**Consolidated Statement of Functional Expenses  
Year Ended June 30, 2017**

	Program Services							Supporting Services			Total	
	Membership	US Open	Senior Events	Junior Events	Senior Programs	Junior Programs	Squash Magazine	Total Program Services	General and Administrative	Fund-raising		Total Supporting Services
Events and teams	\$ 23,623	\$ 660,830	\$ 432,441	\$ 394,056	\$ 210,811	\$ 395,808	\$ 68,885	\$ 2,186,454	\$ 23	\$ 6,837	\$ 6,860	\$ 2,193,314
Grants and scholarships			55,885		5,000			60,885				60,885
	23,623	660,830	488,326	394,056	215,811	395,808	68,885	2,247,339	23	6,837	6,860	2,254,199
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
Payroll taxes and benefits	57,284	19,488	25,485	42,934	42,535	51,994	9,151	248,871	34,383	4,047	38,430	287,301
Professional fees	21,771	6,053	7,282	12,338	14,823	18,211	3,086	83,564	80,704	734	81,438	165,002
In-kind legal fees	29,793	8,080	9,704	16,596	20,417	24,744	4,081	113,415	22,109	955	23,064	136,479
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
Insurance	24,389	6,614	7,944	13,586	16,714	20,256	3,341	92,844	18,099	782	18,881	111,725
Credit card fees	1,510	409	492	841	1,035	1,254	207	5,748	1,325	48	1,373	7,121
Payroll service fees	8,655	2,347	2,819	4,821	5,931	7,188	1,185	32,946	6,423	277	6,700	39,646
Printing and postage	3,383	917	1,102	1,884	2,318	2,808	463	12,875	2,509	107	2,616	15,491
Supplies	2,924	85	7,818	5,895	5,998	4,791		27,511		5,581	5,581	33,092
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
Technology licensing	18,302	4,992	6,293	10,474	12,838	15,463	2,476	70,838	13,414	805	14,219	85,057
Dues and subscriptions	1,908	517	621	11,063	1,307	1,584	261	17,261	1,916	61	1,977	19,238
Travel	11,135	3,091	3,698	6,203	7,631	9,248	1,525	42,531	8,423	393	8,816	51,347
Equipment lease	4,897	1,328	1,595	2,727	3,355	4,066	671	18,639	3,634	157	3,791	22,430
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
Interest									12,189		12,189	12,189
Other	4,697	3,053	3,734	6,046	6,612	10,087	471	34,700	9,897	405	10,302	45,002
	<u>\$ 609,201</u>	<u>\$ 888,212</u>	<u>\$ 751,308</u>	<u>\$ 860,172</u>	<u>\$ 671,854</u>	<u>\$ 928,800</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>

# UNITED STATES SQUASH RACQUETS ASSOCIATION, INC.

## Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2018	2017
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 13,008,172	\$ 384,634
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	115,912	105,045
Net realized (gains) losses on investments	(312,960)	(98,942)
Net unrealized losses (gains) on investments	26,338	(165,789)
Donated securities	(14,587)	(26,780)
Proceeds from donated securities	14,587	26,780
Change in cash surrender value of life insurance policies	(3,156)	(3,150)
Permanently restricted contributions	(25,872)	(8,116)
Changes in:		
Accounts and other receivables	41,697	85,307
Contributions and pledges receivable, net	(12,198,145)	1,754,847
Merchandise inventory	4,040	5,418
Prepaid expenses and other assets	(20,848)	20,206
Accounts payable and accrued expenses	(71,589)	297,105
Deferred revenue	132,707	(152,085)
Net cash provided by operating activities	<u>696,296</u>	<u>2,224,480</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sales of investments	2,617,171	
Purchases of investments	(2,881,031)	(1,732,341)
Purchases of property and equipment	(203,616)	
Software development costs	<u>(184,074)</u>	<u>(253,829)</u>
Net cash used in investing activities	<u>(651,550)</u>	<u>(1,986,170)</u>
<b>Cash flows from financing activities:</b>		
Permanently restricted contributions	25,872	8,116
Principal payments on notes payable	(27,514)	(26,191)
Principal payments on capital lease obligation	(6,280)	(4,603)
Bank line of credit - drawdowns	540,000	
Bank line of credit - repayments	<u>(540,000)</u>	<u>(250,374)</u>
Net cash used in financing activities	<u>(7,922)</u>	<u>(273,052)</u>
<b>Change in cash and cash equivalents</b>	<b>36,824</b>	<b>(34,742)</b>
Cash and cash equivalents, beginning of year	<u>79,052</u>	<u>113,794</u>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 115,876</u></b>	<b><u>\$ 79,052</u></b>
<b>Supplemental disclosures of cash-flow information:</b>		
Cash paid for interest	\$ 5,732	\$ 12,189
In-kind services	\$ 86,885	\$ 136,479

See notes to consolidated financial statements.



# UNITED STATES SQUASH RACQUETS ASSOCIATION, INC.

## Notes to Consolidated Financial Statements June 30, 2018 and 2017

### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### [1] Organization:

United States Squash Racquets Association, Inc. ("US Squash") was incorporated in New York in 1957 and is the governing body of the game of squash racquets in the United States. Its mission is to lead squash's growth and development by increasing access and awareness, supporting meaningful lifelong engagement in the sport, and encouraging sportsmanship while achieving competitive excellence at the highest levels.

During 2018, through a resolution of the Board of Directors, US Squash transferred all intellectual property, and rights thereof, of its internally developed software, Club Locker, to Reciprocitie, LLC, a Delaware limited liability company, of which US Squash is the sole member. Reciprocitie, LLC is tasked with licensing the Club Locker software domestically and internationally. Reciprocitie, LLC has sublicensed the use of Club Locker for Squash to the Global Squash Collaborative, a Delaware limited liability company, facilitating the international sublicensing of the Club Locker Software for Squash.

Accordingly, the consolidated financial statements include the financial position, results of operations and cash flows of US Squash and Reciprocitie, LLC, (together, "US Squash"). All inter-entity transactions and balances have been eliminated in the consolidation process.

Also during 2018, US Squash entered into a memorandum of understanding with Drexel University ("Drexel"), whereby US Squash, through various funding sources achieved through other sub-entities, will sublease a building from Drexel and pursue, establish, renovate, and construct a national squash center in Philadelphia.

US Squash maintains a positive total net asset position as of June 30, 2018 and June 30, 2017, respectively, however, unrestricted net assets are in a deficit position for both years. Management's plans to mitigate this position include (i) improved operating results, new and expanded fundraising and earned revenue streams, and ongoing expense savings and (ii) future releases of temporarily restricted net assets, the lapse of donor-imposed time restrictions and collections of pledges receivable.

US Squash is exempt from federal income tax under provisions of Section 501(c)(3) of the U.S. Internal Revenue Code (the "Code") and from state and local taxes under comparable laws, except for certain types of income subject to unrelated business income tax.

#### [2] Basis of accounting:

The consolidated financial statements of US Squash have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S.GAAP"), as applicable to not-for-profit organizations.

#### [3] Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, support and revenue and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

#### [4] Cash and cash equivalents:

For financial-reporting purposes, US Squash considers all highly liquid investments, purchased with an original maturity of three months or less, to be cash equivalents, except money-market funds held as part of the investment portfolio.

# UNITED STATES SQUASH RACQUETS ASSOCIATION, INC.

## Notes to Consolidated Financial Statements June 30, 2018 and 2017

### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [5] Investments:

US Squash's investments in mutual funds, exchange traded funds, equity securities, and fixed income securities are reported at their fair values in the consolidated statements of financial position based on quoted market prices. Cash equivalents held as part of US Squash's investment portfolio are also included in the balances reported as investments.

US Squash's investments, in general, are subject to various risks, such as interest-rate, market, and credit risks. Due to the level of risk associated with certain investment vehicles, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

Investment transactions are recorded on a trade-date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the consolidated statements of activities as increases or decreases in unrestricted net assets unless their use is restricted on a temporary or permanent basis through donor stipulation. Realized gains and losses on investments are determined by comparison of the cost at the time of acquisition to proceeds at the time of disposition. Unrealized gains and losses on investments are determined by comparing the investment's cost to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned.

Donated securities are recorded at their estimated fair values, as determined by the proceeds received on the dates of donation. US Squash's policy is to sell the donated securities immediately, and, accordingly, for purposes of the statement of cash flows, donated securities and the proceeds generated from their sale are included within operating activities.

Investment expenses include the services of investment managers and custodians. The balances of investment management fees disclosed in Note C are those specific fees charged by US Squash's various investment managers in each fiscal year; however, they do not include those fees that are embedded in various other investment accounts and transactions.

#### [6] Merchandise inventory:

Inventory consists of merchandise held for sale. US Squash reports all inventory at the lower of cost or market value, with cost determined by using the first-in, first-out method.

#### [7] Property and equipment:

Property and equipment are stated at their original costs at the dates of acquisition, or, if contributed, at their fair values at the dates of donation. US Squash capitalizes furniture, fixtures, and equipment that have a cost of \$1,000 or more and a useful life greater than one year, whereas minor costs of repair and maintenance are expensed as incurred. Depreciation of furniture, fixtures, and equipment is provided using the straight-line method over three to five years, the estimated useful lives of the related assets.

Management evaluates the recoverability of the investment in long-lived assets on an on-going basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of June 30, 2018 and 2017, respectively, and, in the opinion of management, there were no impairments. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

# UNITED STATES SQUASH RACQUETS ASSOCIATION, INC.

## Notes to Consolidated Financial Statements June 30, 2018 and 2017

### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [8] Software costs:

The costs of the internally developed Club Locker software have been capitalized in accordance with the provisions of ASC Topic 350, *Intangibles-Goodwill and Other-Internal-Use Software*, and costs incurred during the preliminary project work stage or conceptual stage, such as determining the performance requirements, system requirements, and data conversion, are expensed as incurred. Costs incurred in the application development phase, such as coding, testing for new software, and upgrades that result in additional functionality, are capitalized and are amortized using the straight-line method over the useful life of the software. Amortization of these capitalized costs begins only when the software becomes ready for its intended use. Costs incurred during the post implementation/ operation stage, including training costs and maintenance costs, are expensed as incurred. Software development costs are amortized over 7 years. Accordingly, the capitalized software costs of \$997,946 and \$813,872 are reported net of accumulated amortization of \$403,016 and \$314,910, respectively, in the consolidated statements of financial position as of June 30, 2018 and 2017, respectively.

#### [9] Deferred revenue:

Amounts received in advance of US Squash's providing a variety of related services are deferred until the service is provided.

#### [10] Net assets:

##### (i) *Unrestricted:*

Unrestricted net assets represent those resources that are not subject to donor restrictions and are available for current operations.

##### (ii) *Temporarily restricted:*

Temporarily restricted net assets represent those resources that are subject to the requirements of the New York Prudent Management of Institutional Funds Act ("NYPMIFA") and those resources for which the use has been restricted by donors to specific purposes and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished or funds are appropriated through an action of the Board of Directors, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of activities as "net assets released from restrictions."

##### (iii) *Permanently restricted:*

Permanently restricted net assets represent those resources the principal of which is originally restricted into perpetuity by its donors. The purposes for which the income and net capital appreciation arising from the underlying assets may be used depend on the wishes of those donors. Under the terms of NYPMIFA, those earnings are classified as temporarily restricted in the consolidated statements of activities, pending appropriation by the Board of Directors.

# UNITED STATES SQUASH RACQUETS ASSOCIATION, INC.

## Notes to Consolidated Financial Statements June 30, 2018 and 2017

### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [11] Revenue recognition:

(i) *Contributions:*

Contributions to US Squash are recognized as revenue upon the receipt of cash or other assets, or of unconditional pledges. Contributions are recorded as either temporarily or permanently restricted if they are received with donor stipulations or time considerations as to their use. Conditional contributions are recorded when the conditions have been met, and, if received in advance, are recognized in the consolidated statements of financial position as funds received in advance. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved.

For recognition of donated services in US Squash's consolidated financial statements, such services must (i) create or enhance non-financial assets, (ii) typically need to be acquired if not provided by donation (iii) require specialized skills and (iv) be provided by individuals possessing those skills. Donated services are recorded as support at their estimated fair value at the dates of donation and are reported as unrestricted support. Donated legal services received during fiscal-years 2018 and 2017 were \$86,885 and \$136,479, respectively, and accordingly, are reported as both contributions and offsetting expenses in the consolidated statements of activities.

(ii) *Entry fees, membership fees, accreditation fees and program fees:*

Entry fees, membership fees, accreditation fees, and program fees are recorded when payment is received in the applicable period of performance. Any portion applicable to a subsequent period is reported as deferred revenue.

(iii) *Advertising:*

Advertising is recognized over the term of the subscription and/or contract. The portion applicable to any subsequent period is reported as deferred revenue.

#### [12] Fiscal-sponsorship:

US Squash offers a fiscal-sponsorship program for selected partner organizations whose work furthers US Squash's mission and exempt purpose. US Squash has variance power over funds received for the fiscal sponsorship program and it collects an administrative management fee on revenues received for fiscal-sponsorship projects. Total revenue of \$656,210 received during fiscal-year 2018 relating to fiscal sponsorship has been reported as part of contributions in the accompanying consolidated statements of activities.

#### [13] Functional allocation of expenses:

The costs of providing US Squash's various programs and supporting services have been summarized on a functional basis in the consolidated statements of activities and of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services categories in reasonable methods determined by management.

#### [14] Reclassification:

Certain information in the prior-year's consolidated financial statements has been reclassified to conform to the current year's presentation.

# UNITED STATES SQUASH RACQUETS ASSOCIATION, INC.

## Notes to Consolidated Financial Statements June 30, 2018 and 2017

### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [15] Income tax uncertainties:

US Squash is subject to the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, as it relates to accounting and reporting for uncertainty in income taxes. Because US Squash has always recorded the potential liability for unrelated business income taxes related to advertising sales, and, due to its general not-for-profit status, management believes ASC Topic 740 has not had, and is not anticipated to have, a material impact on US Squash's consolidated financial statements.

#### [16] Upcoming accounting change:

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 will amend financial-statement presentations and disclosures, with the goal of assisting not-for-profit organizations in providing more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: (i) net asset classifications, (ii) investment returns, (iii) expense categorizations, (iv) liquidity and availability of resources, and (v) the presentation of operating cash flows. The new standard will be effective for fiscal reporting periods beginning after December 15, 2017. US Squash will adopt this pronouncement for fiscal-year 2019.

#### [17] Subsequent events:

US Squash has evaluated subsequent events through November 2, 2018, the date on which the financial statements were available to be issued.

### NOTE B - RECEIVABLES

#### [1] Contributions and pledges receivable:

At each fiscal year-end, contributions and pledges receivable were estimated to be due as follows:

	Year Ended June 30,	
	2018	2017
Less than one year	\$ 4,619,983	\$ 306,200
One to five years	<u>9,157,393</u>	<u>571,429</u>
	13,777,376	877,629
Reduction of pledges due in excess of one year to present value, at a rate 3.00%	<u>(695,602)</u>	
	13,081,774	877,629
Less allowance for doubtful accounts	<u>(6,000)</u>	
	<u>\$ 13,075,774</u>	<u>\$ 877,629</u>

# UNITED STATES SQUASH RACQUETS ASSOCIATION, INC.

## Notes to Consolidated Financial Statements June 30, 2018 and 2017

### NOTE B - RECEIVABLES (CONTINUED)

#### [2] Accounts and other receivables:

At each fiscal year-end, accounts and other receivables consisted of reimbursable expenses and other amounts due from unrelated parties for exchange-type transactions. All amounts are due within one year, and management expects the receivables to be fully collected. Accordingly, no allowance for doubtful amounts has been established.

### NOTE C - INVESTMENTS

At each fiscal year-end, investments consisted of the following:

	June 30,			
	2018		2017	
	Fair Value	Cost	Fair Value	Cost
Money-market funds	\$ 134,883	\$ 134,883	\$ 220,541	\$ 220,541
Certificates of deposit	350,000	350,000		
Mutual funds:				
Equity funds	237,789	261,215		
Fixed-income funds	549,156	544,661	532,674	510,089
Exchange traded funds:				
Equity funds	24,629	24,592		
Fixed income securities:				
Corporate	138,634	140,037	143,455	142,137
Government	810,830	828,516	770,689	766,181
Equity securities	<u>2,551,892</u>	<u>2,274,938</u>	<u>2,579,972</u>	<u>2,343,074</u>
	<u>\$ 4,797,813</u>	<u>\$ 4,558,842</u>	<u>\$ 4,247,331</u>	<u>\$ 3,982,022</u>

During each fiscal year, investment income consisted of the following:

	June 30,	
	2018	2017
Interest and dividends	\$ 55,582	\$ 56,296
Investment management fees	<u>(35,006)</u>	<u>(18,311)</u>
Interest and dividends, net	<u>20,576</u>	<u>37,985</u>
Net realized gains	312,960	98,942
Net unrealized (losses) gains	<u>(26,338)</u>	<u>165,789</u>
Total net realized and unrealized gains	<u>286,622</u>	<u>264,731</u>
	<u>\$ 307,198</u>	<u>\$ 302,716</u>

# UNITED STATES SQUASH RACQUETS ASSOCIATION, INC.

## Notes to Consolidated Financial Statements June 30, 2018 and 2017

### NOTE C - INVESTMENTS (CONTINUED)

The FASB's ASC Topic 820, *Fair Value Measurements*, establishes a three-level valuation hierarchy of fair-value designations. These valuation techniques are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

- Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments at the reporting date.
- Level 2: Valuations are based on (i) quoted prices for similar investments in active markets; or (ii) quoted prices for those investments, or similar investments, in markets that are not active; or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.
- Level 3: Valuations are based on pricing inputs that are unobservable and include situations where (i) there is little, if any, market activity for the investments, or (ii) the investments cannot be independently valued.

The availability of market data is monitored to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period. For fiscal-years 2018 and 2017, there were no transfers among the fair-value hierarchy levels of US Squash's investments.

The following table summarizes the fair values of the US Squash's financial assets at each fiscal year-end, in accordance with the ASC Topic 820 valuation levels:

	June 30,					
	2018			2017		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Money-market funds	\$ 134,883		\$ 134,883	\$ 220,541		\$ 220,541
Certificates of deposit		\$ 350,000	350,000			
Mutual funds	786,945		786,945	532,674		532,674
Exchange traded funds	24,629		24,629			
Fixed income securities		949,464	949,464		\$ 914,144	914,144
Equity securities	<u>2,551,892</u>		<u>2,551,892</u>	<u>2,579,972</u>		<u>2,579,972</u>
	<u>\$ 3,498,349</u>	<u>\$ 1,299,464</u>	<u>\$ 4,797,813</u>	<u>\$ 3,333,187</u>	<u>\$ 914,144</u>	<u>\$ 4,247,331</u>

## UNITED STATES SQUASH RACQUETS ASSOCIATION, INC.

### Notes to Consolidated Financial Statements June 30, 2018 and 2017

#### NOTE D - PROPERTY AND EQUIPMENT

At each fiscal-year end, property and equipment consisted of the following:

	<u>June 30,</u>	
	<u>2018</u>	<u>2017</u>
Furniture, fixtures and equipment	\$ 284,880	\$ 268,887
Less accumulated depreciation and amortization	<u>(116,578)</u>	<u>(88,772)</u>
	168,302	180,115
Construction-in-progress	<u>187,623</u>	<u>          </u>
	<u>\$ 355,925</u>	<u>\$ 180,115</u>

During fiscal-year 2018, construction-in-progress consisted of costs related to the pre-construction costs of the Arlen Specter National Squash Center.

#### NOTE E - CASH SURRENDER VALUE OF LIFE INSURANCE

US Squash is the beneficiary of multiple life insurance policies provided through donation. The cash surrender value of the life insurance policies is net of any outstanding policy loans. Upon the death of the donor, the proceeds from both policies are to be used for endowment. At June 30, 2018 and 2017, the cash surrender value of the life insurance policies was \$118,385 and \$115,229, respectively.

#### NOTE F - DEFERRED REVENUE

At each fiscal-year end, deferred revenue was from the following sources:

	<u>June 30,</u>	
	<u>2018</u>	<u>2017</u>
Membership dues	\$ 594,555	\$ 534,550
Life member dues	43,615	46,827
Tournament income	<u>225,941</u>	<u>150,027</u>
	<u>\$ 864,111</u>	<u>\$ 731,404</u>

Deferred membership dues relate to annual memberships paid throughout the year. Memberships run on rolling 12-month cycle 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.



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

**Notes to Consolidated Financial Statements  
June 30, 2018 and 2017**

**NOTE G - BANK LINE OF CREDIT**

US Squash has an available bank line of credit of \$400,000 with interest calculated at the prime rate plus .49%, with a minimum floor rate of 3.25%; the interest rate for fiscal-year 2018 and 2017 was 5.49% and 5.24%, respectively. The bank line of credit renews annually in January. The line secured by the general assets of US Squash and is due on demand. During fiscal-year 2018, there were draws on the bank line of credit of \$540,000 that was repaid in full during the year. There were no draws on the bank line of credit during fiscal-year 2017.

**NOTE H - NOTES PAYABLE**

At each fiscal-year end, notes payable consisted of the following:

	<u>June 30,</u>	
	<u>2018</u>	<u>2017</u>
TD Bank, N.A., interest at 5.25%, secured by the general assets of US Squash, and payable in monthly installments of \$951. The note is due in full June 22, 2020	\$ 21,676	\$ 31,675
TD Bank, N.A., interest at 4.75%, secured by the general assets of US Squash, and payable in monthly installments of \$1,710. The note is due in full June 19, 2021	<u>51,238</u>	<u>68,753</u>
	<u>\$ 72,914</u>	<u>\$ 100,428</u>

Annual principal payments due subsequent to June 30, 2018 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 29,086
2020	30,565
2021	<u>13,263</u>
	<u>\$ 72,914</u>

# UNITED STATES SQUASH RACQUETS ASSOCIATION, INC.

## Notes to Consolidated Financial Statements June 30, 2018 and 2017

### NOTE I - TEMPORARILY RESTRICTED NET ASSETS

At each fiscal year-end, temporarily restricted net assets were categorized as follows:

	<u>June 30,</u>	
	<u>2018</u>	<u>2017</u>
Purpose restrictions:		
Operations	\$ 713,969	\$ 797,972
Intercollegiate Squash Association	477,866	
Arlen Specter National Squash Center	355,200	
Arlen Specter National Squash Center - time	11,864,236	
2018 World Masters	60,000	
Club Locker technology platform - time	936,556	
Junior Squash	104,888	1,713
The Ganek Family US Squash Head National		
Coach Fund	60,113	79,285
Hall of Fame	1,459	1,459
Hardball	38,487	25,658
Doubles	46,100	46,100
Accumulated endowment income		
reserved for appropriation	<u>492,824</u>	<u>308,612</u>
	<u>\$15,151,698</u>	<u>\$ 1,260,799</u>

During each fiscal year, net assets released from restrictions were for the following:

	<u>Year Ended</u> <u>June 30,</u>	
	<u>2018</u>	<u>2017</u>
Fulfillment of purposes:		
Operations	\$ 298,581	\$ 666,284
Intercollegiate Squash Association	178,344	
Junior Squash	11,509	21,750
Doubles	34,440	30,634
New England Interscholastic Squash Assoc.	2,364	
Squash on campus	7,932	7,376
Women's Squash	6,004	4,500
Appropriations of endowment	<u>122,986</u>	<u>95,254</u>
	<u>\$ 662,160</u>	<u>\$ 825,798</u>

# UNITED STATES SQUASH RACQUETS ASSOCIATION, INC.

## Notes to Consolidated Financial Statements June 30, 2018 and 2017

### NOTE J - PERMANENTLY RESTRICTED NET ASSETS

At each fiscal year-end, net assets were permanently restricted to support the following:

	Year Ended June 30,	
	2018	2017
The Ganek Family US Squash Head National Coach Fund	\$ 1,795,927	\$ 1,795,927
General operating support	1,323,130	1,319,747
Junior development	<u>1,021,466</u>	<u>998,977</u>
	<u>\$ 4,140,523</u>	<u>\$ 4,114,651</u>

### NOTE K - ACCOUNTING AND REPORTING FOR ENDOWMENTS

#### [1] The endowment:

US Squash's endowment consists of three donor-restricted funds established for a variety of purposes. As required by U.S. GAAP, net assets associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

#### [2] Interpretation of relevant law:

NYPMIFA is applicable to all of US Squash's institutional funds, including its donor-restricted endowment funds. The Board of Directors adheres to NYPMIFA's requirements.

#### [3] Changes in endowment net assets during each fiscal year:

	June 30, 2018		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 308,612	\$ 4,114,651	\$ 4,423,263
Contributions		25,872	25,872
Investment income, net	307,198		307,198
Appropriation of endowment assets for expenditure	<u>(122,986)</u>		<u>(122,986)</u>
Endowment net assets, end of year	<u>\$ 492,824</u>	<u>\$ 4,140,523</u>	<u>\$ 4,633,347</u>

# UNITED STATES SQUASH RACQUETS ASSOCIATION, INC.

## Notes to Consolidated Financial Statements June 30, 2018 and 2017

### NOTE K - ACCOUNTING AND REPORTING FOR ENDOWMENTS (CONTINUED)

#### [3] Changes in endowment net assets during each fiscal year: (continued)

	June 30, 2017		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 101,150	\$ 4,106,535	\$ 4,207,685
Contributions		8,116	8,116
Investment income, net	302,716		302,716
Appropriation of endowment assets for expenditure	<u>(95,254)</u>	<u>                    </u>	<u>(95,254)</u>
Endowment net assets, end of year	<u>\$ 308,612</u>	<u>\$ 4,114,651</u>	<u>\$ 4,423,263</u>

Temporarily restricted endowment represents that portion of allocated investment income derived from permanently restricted endowment assets that has not been appropriated by the Board of Governors for expenditure.

#### [4] Return objectives and risk parameters:

US Squash's overall financial objective for the endowment assets is to provide the operations of US Squash with a relatively stable stream of spendable revenue that increases over time. Endowment assets consist of those assets of donor-restricted funds that US Squash must hold in perpetuity. Investment guidelines include:

- meeting or exceeding the market index, or blended market index, as selected and agreed-upon by US Squash's Investment Committee, and approved by the Board of Governors, and
- employing an overall level of risk in the portfolio consistent with the risk associated with the benchmark specified above.

#### [5] Strategies employed for achieving objectives:

To satisfy its long-term rate-of-return objectives, US Squash relies on a total-return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). US Squash targets a diversified asset allocation within prudent risk constraints.

#### [6] Spending policy:

US Squash's spending policy, as approved by the Board of Director and in conjunction with an Investment Committee of the Board's review and assessment, permits US Squash to utilize for current operation and Junior programs up to 5% of the rolling three-year average of its endowment funds. Actual appropriations from the endowment were 3% for both fiscal-years 2018 and 2017.

#### [7] Funds with deficiencies:

Due to unfavorable market fluctuations, from time to time, the fair value of assets associated with the endowment funds may decline below the historic dollar value of the donor's original, permanently restricted contribution. Under the terms of NYPMIFA, US Squash has no responsibility to restore such decreases in value. In fiscal-years 2018 and 2017, there were no such deficiencies.

## UNITED STATES SQUASH RACQUETS ASSOCIATION, INC.

### Notes to Consolidated Financial Statements June 30, 2018 and 2017

#### NOTE L - EMPLOYEE-BENEFIT PLAN

US Squash maintains a defined-contribution retirement plan, established under Section 401(k) of the Code covering all eligible employees. US Squash contributes 3.5% of each eligible employee's compensation to the Plan. Plan expenses for fiscal-years 2018 and 2017 were approximately \$54,000 and \$53,000, respectively.

#### NOTE M - LEASES

US Squash has capital lease agreements for various equipment. The equipment was recorded at its fair value and is being depreciated over its estimated useful life. Depreciation expense associated with the asset is included in the accompanying consolidated statements of functional expenses. Capitalized leased equipment included as part of property and equipment on the accompanying consolidated statements of financial position amounted to \$8,568 and \$14,848 for 2018 and 2017, respectively, with accumulated depreciation of \$16,731 and \$10,451, respectively. Depreciation expense related to the capitalized leased equipment amounted to \$6,280 during both fiscal-year's 2018 and 2017.

In addition, US Squash is obligated under various noncancelable operating leases for office and other equipment that expire through fiscal-year 2019.

The future minimum annual rental on the leases is as follows:

Year Ending December 31,	Leases	
	Capitalized	Operating
2019	\$ 8,568	\$ 143,576
2020		<u>33,320</u>
		<u>\$ 176,896</u>
Less: amount representing interest on lease payments	<u>(1,305)</u>	
Present value of minimum lease payments	<u>\$ 7,263</u>	

Rent expense for 2018 and 2017 was \$148,782 and \$ 131,616, respectively.

#### NOTE N - CONCENTRATIONS OF CREDIT RISK

US Squash places its cash investments with high-credit-quality financial institutions. At times, the balances in such accounts may exceed federally insured limits. US Squash's management believes there is no substantial risk of loss associated with the failure of these financial institutions.