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**ULTIMATE PLAYERS ASSOCIATION**  
**d/b/a USA Ultimate**

**FINANCIAL STATEMENTS**

for the years ended

December 31, 2012 and 2011

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Board of Directors  
Ultimate Players Association

I have audited the accompanying financial statements of Ultimate Players Association, which comprise the statement of financial position as of December 31, 2012 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ultimate Players Association as of December 31, 2012 and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The financial information shown for 2011 in the accompanying financial statement is included to provide a basis for comparison with 2012 and presents summarized totals only. Such information should be read in conjunction with Ultimate Players Association's financial statements for the year ended December 31, 2011, from which the summarized information was derived.



Jon Blomberg  
Certified Public Accountant  
July 1, 2013  
Boulder, Colorado

**ULTIMATE PLAYERS ASSOCIATION**  
**d/b/a USA Ultimate**  
(A Colorado Nonprofit Corporation)  
**STATEMENT OF FINANCIAL POSITION**

<i>as of December 31</i>	2012	2011
	<u>ASSETS</u>	
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,026,156	\$ 1,604,081
Certificates of deposit	733,653	-
Accounts receivable net of allowance for doubtful accounts of \$1,000 and \$10,000	7,750	18,112
Inventory	20,000	11,647
Prepaid expenses	42,213	10,983
Total current assets	1,829,772	1,644,823
<b>PROPERTY AND EQUIPMENT</b>		
Furniture, fixtures and equipment	248,384	142,213
Less accumulated depreciation	(110,339)	(95,012)
Net property and equipment	138,045	47,201
<b>OTHER ASSETS</b>		
Trademarks	1,300	1,300
Security deposit	2,200	2,200
Total other assets	3,500	3,500
<b>TOTAL ASSETS</b>	<b>\$ 1,971,317</b>	<b>\$ 1,695,524</b>
	<u>LIABILITIES AND NET ASSETS</u>	
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 54,957	\$ 31,389
Accrued liabilities	83,288	66,340
Deferred revenue	497,481	426,947
Total current liabilities	635,726	524,676
<b>NET ASSETS</b>		
Unrestricted net assets	1,335,591	1,170,848
Total net assets	1,335,591	1,170,848
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,971,317</b>	<b>\$ 1,695,524</b>

See Notes to Financial Statements

**ULTIMATE PLAYERS ASSOCIATION**  
**d/b/a USA Ultimate**

(A Colorado Nonprofit Corporation)

**STATEMENT OF FINANCIAL ACTIVITY and CHANGES IN NET ASSETS**

*for the years ended December 31*

	<u>2012</u>	<u>2011</u>
	<u>Unrestricted</u>	<u>Unrestricted</u>
<b>SUPPORT AND REVENUE</b>		
Membership dues	\$ 1,519,692	\$ 1,465,347
Championship events	434,597	347,650
Corporate sponsorship	265,735	353,844
Merchandise sales	51,378	39,722
Cost of sales	(33,371)	(36,520)
Sport Development	92,577	95,715
National Teams	117,806	200
Youth and Coaching Development	34,971	25,630
Advertising	9,028	10,775
Donations	26,200	13,235
Other	10,712	4,036
Sanctioning	14,150	11,600
Interest and dividends	<u>7,745</u>	<u>6,993</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<b>2,551,220</b>	<b>2,338,227</b>
<b>EXPENSES</b>		
Program services		
Championship series	875,502	772,069
Communication and publications	430,780	398,636
National teams	202,153	14,431
Member services	141,448	164,607
Youth development	82,333	65,540
Coaching development	73,643	81,388
Observer development	37,563	32,711
Marketing	149,771	181,663
Sport Development and Outreach	144,061	162,381
International	29,367	30,732
Information technology	37,033	
SOTG/ Rules	<u>8,434</u>	<u>14,093</u>
<b>Total program expenses</b>	<b>2,212,088</b>	<b>1,918,251</b>
Supporting services		
Headquarters	73,632	31,314
Board of directors	96,904	110,388
Fundraising	<u>3,853</u>	<u>-</u>
<b>Total supporting services</b>	<b><u>174,389</u></b>	<b><u>141,702</u></b>
<b>Total Expenses</b>	<b><u>2,386,477</u></b>	<b><u>2,059,953</u></b>
<b>CHANGE IN NET ASSETS</b>	<b>164,743</b>	<b>278,274</b>
Net assets, beginning of year	<u>1,170,848</u>	<u>892,574</u>
Net assets, end of year	<u><u>\$ 1,335,591</u></u>	<u><u>\$ 1,170,848</u></u>

See Notes to Financial Statements

**ULTIMATE PLAYERS ASSOCIATION**

**d/b/a USA Ultimate**

(A Colorado Nonprofit Corporation)

**STATEMENT OF CASH FLOWS**

<i>for the years ended December 31</i>	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets	\$ 164,743	\$ 278,274
Adjustments to reconcile changes in net assets to cash provided by operating activities:		
Depreciation	26,102	21,049
Increase (decrease) in allowance for doubtful accounts	(9,000)	-
Decreases (increases) in operating assets:		
Accounts receivable	19,362	43,528
Inventory	(8,353)	-
Prepaid expenses	(31,230)	(318)
Increase (decrease) in operating liabilities:		
Accounts payable	23,568	5,090
Accrued liabilities	16,948	51,003
Deferred revenue	<u>70,534</u>	<u>86,737</u>
Net cash flows from operating activities	272,674	485,363
Cash flows from investing activities:		
Purchase of property and equipment	(733,653)	-
Net cash flows from investing activities	<u>(116,946)</u>	<u>(5,457)</u>
NET INCREASE (DECREASE) IN CASH	(577,925)	479,906
Cash at beginning of period	<u>1,604,081</u>	<u>1,124,175</u>
Cash at December 31	<u>\$ 1,026,156</u>	<u>\$ 1,604,081</u>

**ULTIMATE PLAYERS ASSOCIATION**  
**d/b/a USA Ultimate**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Ultimate Players Association (Association) have been prepared on the accrual basis. The preparation of financial statements requires the organization's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. The significant accounting policies followed are described below.

Organization

Ultimate Players Association serves as the governing body of the sport of Ultimate in the United States of America, making it responsible for the promotion and support of the sport, preserving the integrity of the sport and serving the needs of the players. During 2010 the Association trade marked the name USA Ultimate.

Basis of Presentation

The financial statement presentation follows the professional standards that require the Association to report 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.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributions

The Association has adopted professional standards that require contributions received to be recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. The Association has not received any contributions with donor-imposed restrictions that would result permanently restricted net assets.

Cash and Cash Equivalents

The Association considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of the Association's checking and money market accounts. The Association maintains its cash and cash equivalents at a commercial banks and at an online payment service. In the event of a bank failure the Association might only be able to recover the amounts insured.

Inventory

Inventory consists of discs, videos, publications, clothing and other merchandise and it is valued at the lower of cost or market.



**ULTIMATE PLAYERS ASSOCIATION**  
**d/b/a USA Ultimate**  
**NOTES TO FINANCIAL STATEMENTS**

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Expenses

The Association allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expenditure classification. Other expenses that are common to several programs or support services are allocated based on various statistical relationships.

Credit Risk

Assets that potentially subject the Association to concentrations of credit risk consist principally of cash and cash equivalents. The association has bank accounts at several financial and at an online payment processing service. Some of these balances are insured by the Federal Deposit Insurance Corporation.

Land, Buildings and Equipment

The Association capitalizes all expenditures for land, building, equipment and furniture in excess of \$200. Fixed assets are recorded at cost or, in the case of donated property, at their estimated fair value at date of receipt. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which range from five to seven years. Costs of repairs and maintenance are charged to operating expense as they are incurred.

Donated Services

No amounts have been reflected in the financial statements for donated services. The Association pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Association with specific programs, and various committee assignments. The value of these services has not been recognized in these financial statements because the criteria for recognition under SFAS Number 116 have not been satisfied.

Advertising

The Association follows a policy of charging the costs of advertising to expense as incurred.

Comparative Financial Information

The financial information shown for 2011 in the accompanying financial statement is included to provide a basis for comparison with 2012 and presents summarized totals only. Such information should be read in conjunction with Association's financial statements for the year ended December 31, 2011, from which the summarized information was derived.

Reclassifications

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

Note 2 - INCOME TAXES

The Association is exempt from Federal Income Taxes under Section 501(c) (3) of the United States Internal Revenue Code. Association is also exempt from State of Colorado Income Taxes. The Association has also been classified as an entity that is not a private foundation.

**ULTIMATE PLAYERS ASSOCIATION**  
**d/b/a USA Ultimate**  
**NOTES TO FINANCIAL STATEMENTS**

Note 3 - INVESTMENTS

The Association carries investments in marketable securities with a readily determinable fair value and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. As of December 31, 2012 the Associations investments consisted of the following certificates of deposit:

<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u> <u>Balance</u>
June 2014	1.04%	\$ 245,813
August 2013	0.90%	245,327
December 2015	0.70%	<u>242,513</u>
Total		<u><u>733,653</u></u>

Note 4 – LEASE AGREEMENT

The Association leases office space under a non-cancelable operating lease requiring payments of approximately \$4,000 per month through December 31, 2013. Future minimum lease payments are approximately:

2013	\$58,000
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Note 5 – DEFERRED REVENUE

The Association recognized membership dues as revenue when earned. Lifetime membership dues are amortized over 15 years. Deferred revenue consists of the following:

	<u>as of December 31</u>	
	<u>2012</u>	<u>2011</u>
Lifetime membership dues	\$ 86,377	\$ 85,270
Prepaid membership dues 2011 through 2017	396,452	335,967
Sanction event fees	14,652	3,890
Other	<u>-</u>	<u>1,820</u>
Totals	<u>\$ 497,481</u>	<u>\$ 426,947</u>

Note 6 – RELATED PARTY TRANSACTION

The Association has an employment agreement with its Executive Director that runs through 2018.

Note 5 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 1, 2013, the date which the financial statements were available to be issued.