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ULTIMATE PLAYERS ASSOCIATION

FINANCIAL STATEMENTS

for the years ended

December 31, 2008 and 2007

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TABLE OF CONTENTS

Accountants Letter	2
Statement of Financial Position	3
Statement of Financial Activity	4
Statement of Cash Flows	5
Notes to Financial Statements	6

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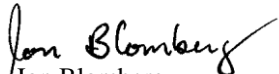
Board of Directors
Ultimate Players Association

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying statement of financial position of Ultimate Players Association (a Colorado nonprofit organization) as of December 31, 2008 and 2007, and the related statement of financial activity and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my 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, 2008 and 2007, and the results of its activities for the years then ended in conformity with generally accepted accounting principles in the United States of America.


Jon Blomberg
Certified Public Accountant

July 29, 2009
Boulder, Colorado

ULTIMATE PLAYERS ASSOCIATION
(A Colorado Nonprofit Corporation)
STATEMENT OF FINANCIAL POSITION

<i>as of December 31</i>	2008	2007
	<u>ASSETS</u>	
CURRENT ASSETS		
Cash and cash equivalents	\$ 199,558	\$ 414,883
Certificates of deposit	769,216	431,300
Accounts receivable	37,156	35,044
Inventory	8,000	3,000
Security deposit	2,457	2,457
Prepaid expenses	38,701	16,831
Total current assets	1,055,088	903,515
 PROPERTY AND EQUIPMENT		
Furniture, fixtures and equipment	128,715	120,949
Less accumulated depreciation	(41,713)	(26,335)
Net property and equipment	87,002	94,614
 TOTAL ASSETS		
	\$ 1,142,090	\$ 998,129
	<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES		
Accounts payable	\$ 64,399	\$ 53,350
Accrued liabilities	21,200	21,529
Deferred revenue	92,276	92,952
Total current liabilities	177,875	167,831
 NET ASSETS		
Unrestricted net assets	962,500	827,608
Temporarily restricted net assets	1,715	2,690
Total net assets	964,215	830,298
 TOTAL LIABILITIES AND NET ASSETS		
	\$ 1,142,090	\$ 998,129

See Notes to Financial Statements

ULTIMATE PLAYERS ASSOCIATION

(A Colorado Nonprofit Corporation)

STATEMENT OF FINANCIAL ACTIVITY and CHANGES IN NET ASSETS

for the years ended December 31

	2008			2007
UNRESTRICTED NET ASSETS:	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT AND REVENUE				
Membership dues	\$ 863,650		\$ 863,650	\$ 808,966
Championship series	183,377		183,377	180,588
Corporate sponsorship	143,758		143,758	89,031
Merchandise sales	32,661		32,661	48,770
Cost of sales	(22,756)		(22,756)	(28,414)
Sport Development	70,082		70,082	49,156
National Teams	63,515		63,515	-
Coaching development	23,605		23,605	20,320
Youth Development	-		-	3,750
Advertising	8,067		8,067	8,600
Donations	16,117		16,117	15,704
Assets released from restriction	975	(975)	-	-
Miscellaneous	251		251	756
Sanctioning	9,654		9,654	6,734
Interest and dividends	<u>30,201</u>		<u>30,201</u>	<u>31,845</u>
TOTAL SUPPORT AND REVENUE	1,423,157	(975)	1,422,182	1,235,806
EXPENSES				
Program services				
Championship series	388,732		388,732	341,610
Public relations and communications	218,288		218,288	157,154
National teams	115,487		115,487	5,208
Strategic planning	-		-	123,092
Member services	138,174		138,174	103,148
Youth development	35,988		35,988	60,504
Coaching development	43,848		43,848	38,207
Observer development	26,092		26,092	16,513
Marketing	66,925		66,925	54,511
Sport Development and Outreach	117,891		117,891	100,729
International	10,278		10,278	7,854
SOTG/ Rules	<u>3,730</u>		<u>3,730</u>	<u>8,464</u>
Total program expenses	1,165,433		1,165,433	1,016,994
Supporting services				
Headquarters	60,213		60,213	42,497
Board of directors	59,775		59,775	45,280
Fundraising	<u>2,844</u>		<u>2,844</u>	<u>2,511</u>
Total supporting services	<u>122,832</u>		<u>122,832</u>	<u>90,288</u>
Total Expenses	<u>1,288,265</u>		<u>1,288,265</u>	<u>1,107,282</u>
CHANGE IN NET ASSETS	134,892	(975)	133,917	128,524
Net assets, beginning of year	<u>827,608</u>	<u>2,690</u>	<u>830,298</u>	<u>701,774</u>
Net assets, end of year	<u><u>\$ 962,500</u></u>	<u><u>\$ 1,715</u></u>	<u><u>\$ 964,215</u></u>	<u><u>\$ 830,298</u></u>

See Notes to Financial Statements

ULTIMATE PLAYERS ASSOCIATION

(A Colorado Nonprofit Corporation)

STATEMENT OF CASH FLOWS

<i>for the years ended December 31</i>	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Change in net assets	\$ 133,917	\$ 128,524
Adjustments to reconcile changes in net assets to cash provided by operating activities:		
Depreciation	21,041	8,010
Decreases (increases) in operating assets:		
Accounts receivable	(2,112)	(23,046)
Prepaid expenses	(21,870)	(5,885)
Inventory	(5,000)	(500)
Increase (decrease) in operating liabilities:		
Accounts payable	11,049	7,994
Accrued liabilities	(329)	6,445
Deferred revenue	<u>(676)</u>	<u>5,010</u>
Net cash flows from operating activities	136,020	126,552
Cash flows from investing activities:		
Purchase of property and equipment	(13,429)	(87,674)
Decrease (increase) in certificates of deposit	<u>(337,916)</u>	<u>(119,967)</u>
Net cash flows from investing activities	<u>(351,345)</u>	<u>(207,641)</u>
NET INCREASE (DECREASE) IN CASH	(215,325)	(81,089)
Cash at beginning of period	<u>414,883</u>	<u>495,972</u>
Cash at December 31	<u>\$ 199,558</u>	<u>\$ 414,883</u>

ULTIMATE PLAYERS ASSOCIATION 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.

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) Number 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Association is required 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 SFAS Number 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS Number 116, contributions received are 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 bank. In the unlikely event of a bank failure the Association might only be able to recover the amounts insured.

Allowance for Doubtful Accounts

The Association considers its accounts receivable to be fully collectible, and accordingly, no allowance for doubtful accounts is required.

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 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, cash equivalents, and investments. The association has certificates of deposit and bank accounts at several financial institutions located throughout the United States of America. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2008 the Association had no uninsured cash balances.

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 2007 in the accompanying financial statement is included to provide a basis for comparison with 2008 and presents summarized totals only. Such information should be read in conjunction with Association's financial statements for the year ended December 31, 2007, 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
NOTES TO FINANCIAL STATEMENTS**

Note 3 - MARKETABLE SECURITIES

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.

Note 4 – LEASE AGREEMENT

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

2009	\$47,600
2010	50,000
2011	52,000
2012	55,000
2013	58,000

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>2008</u>	<u>2007</u>
Prepaid membership dues	\$ 27,500	\$ 35,750
Lifetime membership dues	58,796	50,960
One-time only fees	990	4,350
Youth outreach	4,790	892
Sanction event fees	<u>200</u>	<u>1,000</u>
Totals	<u>\$ 92,276</u>	<u>\$ 92,952</u>

Note 6 – CERTIFICATES OF DEPOSIT

Certificates of deposit as of December 31, 2008 consist of fourteen certificates from commercial banks. The Association intends to hold these certificates until their maturity.