

--ooOoo--

**ULTIMATE PLAYERS ASSOCIATION**

**FINANCIAL STATEMENTS**

for the years ended

December 31, 2007 and 2006

--ooOoo--

--ooOoo--

## 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

--ooOoo--

**Jon Blomberg**  
*Certified Public Accountant*

1630 30<sup>th</sup> Street #308  
Boulder, Colorado 80301  
U S A

Telephone (303) 443-8490  
Fax (303) 473-0778

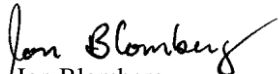
Board of Directors  
Ultimate Players Association

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, 2007 and 2006, 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, 2007 and 2006, 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 18, 2008  
Boulder, Colorado

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

<i>as of December 31</i>	2007	2006
	<u>ASSETS</u>	
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 414,883	\$ 495,972
Certificates of deposit	431,300	311,333
Accounts receivable	35,044	11,998
Inventory	3,000	2,500
Security deposit	2,457	2,457
Prepaid expenses	16,831	10,946
Total current assets	903,515	835,206
 <b>PROPERTY AND EQUIPMENT</b>		
Furniture, fixtures and equipment	120,949	45,283
Less accumulated depreciation	(26,335)	(30,333)
Net property and equipment	94,614	14,950
 <b>TOTAL ASSETS</b>	 \$ 998,129	 \$ 850,156
	<u>LIABILITIES AND NET ASSETS</u>	
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 53,350	\$ 45,356
Accrued liabilities	21,529	15,084
Deferred revenue	92,952	87,942
Total current liabilities	167,831	148,382
 <b>NET ASSETS</b>		
Unrestricted net assets	827,608	696,774
Temporarily restricted net assets	2,690	5,000
Total net assets	830,298	701,774
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 \$ 998,129	 \$ 850,156

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*

	2007			2006
UNRESTRICTED NET ASSETS:	Unrestricted	Temporarily Restricted	Total	Total
<b>SUPPORT AND REVENUE</b>				
Membership dues	\$ 808,966		\$ 808,966	\$ 735,602
Championship series	180,588		180,588	174,429
Corporate sponsorship	89,031		89,031	104,482
Merchandise sales	48,770		48,770	34,508
Cost of sales	(28,414)		(28,414)	(24,486)
Outreach	49,156		49,156	42,084
National Teams	-		-	45,134
Youth Development	24,070		24,070	20,610
Advertising	8,600		8,600	9,275
Donations	15,704		15,704	21,068
Assets released from restriction	2,310	(2,310)	-	-
Miscellaneous	756		756	-
Sanctioning	6,734		6,734	5,168
Interest and dividends	31,845		31,845	22,223
<b>TOTAL SUPPORT AND REVENUE</b>	<b>1,238,116</b>	<b>(2,310)</b>	<b>1,235,806</b>	<b>1,190,097</b>
<b>EXPENSES</b>				
Program services				
Championship series	358,123		358,123	309,674
Public relations and communications	157,154		157,154	144,383
National teams	5,208		5,208	62,382
Strategic Planning	123,092		123,092	-
Member services	103,148		103,148	119,836
Youth development	98,711		98,711	115,608
Marketing	54,511		54,511	33,855
Outreach	100,729		100,729	79,642
International	7,854		7,854	8,351
SOTG/ Rules	8,464		8,464	22,668
Total program expenses	1,016,994		1,016,994	896,399
Supporting services				
Headquarters	42,497		42,497	43,125
Board of directors	45,280		45,280	78,738
Fundraising	2,511		2,511	2,684
Total supporting services	90,288		90,288	124,547
Total Expenses	1,107,282		1,107,282	1,020,946
<b>CHANGE IN NET ASSETS</b>	130,834	(2,310)	128,524	169,151
Net assets, beginning of year	696,774	5,000	701,774	532,623
Net assets, end of year	\$ 827,608	\$ 2,690	\$ 830,298	\$ 701,774

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>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Change in net assets	\$ 128,524	\$ 169,151
Adjustments to reconcile changes in net assets to cash provided by operating activities:		
Depreciation	8,010	6,406
Decreases (increases) in operating assets:		
Accounts receivable	(23,046)	8,787
Prepaid expenses	(5,885)	(2,826)
Inventory	(500)	(2)
Increase (decrease) in operating liabilities:		
Accounts payable	7,994	(13,291)
Accrued liabilities	6,445	7,776
Deferred revenue	<u>5,010</u>	<u>(7,580)</u>
Net cash flows from operating activities	126,552	168,421
Cash flows from investing activities:		
Purchase of property and equipment	(99,682)	(7,023)
Disposal of property and equipment	12,008	-
Decrease (increase) in certificates of deposit	<u>(119,967)</u>	<u>(209,616)</u>
Net cash flows from investing activities	<u>(207,641)</u>	<u>(216,639)</u>
NET INCREASE (DECREASE) IN CASH	(81,089)	(48,218)
Cash at beginning of period	<u>495,972</u>	<u>544,190</u>
Cash at December 31	<u>\$ 414,883</u>	<u>\$ 495,972</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 two financial institutions located in Boulder, Colorado. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 2007 the Associations had uninsured cash balances of approximately \$650,000.

#### 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 2006 in the accompanying financial statement is included to provide a basis for comparison with 2007 and presents summarized totals only. Such information should be read in conjunction with Association's financial statements for the year ended December 31, 2006, 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 \$2,600 per month through November 30, 2008. Future minimum lease payments are \$28,600 for 2008.

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:

	as of December 31	
	2007	2006
Prepaid membership dues	\$ 35,750	\$ 41,940
Lifetime membership dues	50,960	41,523
One-time only fees	4,350	750
Youth outreach	892	3,024
Sanction event fees	1,000	705
Totals	\$ 92,952	\$ 87,942

Note 6 – CERTIFICATES OF DEPOSIT

Certificates of deposit as of December 31, 2007 consist of four certificates from a commercial bank. The Association intends to hold these certificates until their maturity in 2008.