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ULTIMATE PLAYERS ASSOCIATION

FINANCIAL STATEMENTS

for the years ended

December 31, 2010 and 2009

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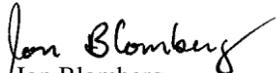
Board of Directors
Ultimate Players Association

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, 2010 and 2009, 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, 2010 and 2009, 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

April 6, 2011
Boulder, Colorado

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

<i>as of December 31</i>	2010	2009
	<u>ASSETS</u>	
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,124,175	\$ 561,365
Certificates of deposit	-	408,364
Accounts receivable net of allowance for doubtful accounts of \$10,000 and \$5,000	61,640	32,194
Inventory	11,647	11,647
Prepaid expenses	10,665	17,872
Total current assets	1,208,127	1,031,442
 PROPERTY AND EQUIPMENT		
Furniture, fixtures and equipment	145,717	139,162
Less accumulated depreciation	(82,924)	(62,849)
Net property and equipment	62,793	76,313
 OTHER ASSETS		
Trademarks	1,300	-
Security deposit	2,200	2,200
Total other assets	3,500	2,200
 TOTAL ASSETS	\$ 1,274,420	\$ 1,109,955
	<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES		
Accounts payable	\$ 26,299	\$ 16,921
Accrued liabilities	15,337	31,253
Deferred revenue	340,210	129,038
Total current liabilities	381,846	177,212
 NET ASSETS		
Unrestricted net assets	892,574	932,678
Temporarily restricted net assets	-	65
Total net assets	892,574	932,743
 TOTAL LIABILITIES AND NET ASSETS	\$ 1,274,420	\$ 1,109,955

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

	2010			2009
	Unrestricted	Temporarily		Total
		Restricted	Total	
SUPPORT AND REVENUE				
Membership dues	\$ 1,020,450		\$ 1,020,450	\$ 934,494
Championship events	290,197		290,197	263,209
Corporate sponsorship	123,021		123,021	110,572
Merchandise sales	37,498		37,498	40,805
Cost of sales	(32,326)		(32,326)	(32,155)
Sport Development	74,331		74,331	66,333
National Teams	116,303		116,303	10,383
Coaching development	26,780		26,780	22,965
Advertising	12,566		12,566	11,852
Donations	14,042		14,042	21,786
Assets released from restriction	65	(65)	-	-
Miscellaneous	243		243	629
Sanctioning	15,280		15,280	7,037
Interest and dividends	9,470		9,470	16,755
TOTAL SUPPORT AND REVENUE	1,707,920	(65)	1,707,855	1,474,665
EXPENSES				
Program services				
Championship series	526,578		526,578	472,295
Public relations and communications	349,540		349,540	287,328
National teams	147,944		147,944	78,843
Member services	169,116		169,116	158,663
Youth development	52,712		52,712	55,057
Coaching development	51,587		51,587	57,776
Observer development	33,194		33,194	36,276
Marketing	148,517		148,517	51,977
Sport Development and Outreach	118,255		118,255	145,431
International	9,845		9,845	11,541
SOTG/ Rules	7,333		7,333	4,495
Total program expenses	1,614,621		1,614,621	1,359,682
Supporting services				
Headquarters	37,276		37,276	53,990
Board of directors	95,593		95,593	89,799
Fundraising	534		534	2,666
Total supporting services	133,403		133,403	146,455
Total Expenses	1,748,024		1,748,024	1,506,137
CHANGE IN NET ASSETS	(40,104)	(65)	(40,169)	(31,472)
Net assets, beginning of year	932,678	65	932,743	964,215
Net assets, end of year	\$ 892,574	\$ -	\$ 892,574	\$ 932,743

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>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ (40,169)	\$ (31,472)
Adjustments to reconcile changes in net assets to cash provided by operating activities:		
Depreciation	20,075	26,798
Increase in allowance for doubtful accounts	5,000	5,000
Decreases (increases) in operating assets:		
Accounts receivable	(34,446)	(38)
Prepaid expenses	7,207	20,829
Inventory	-	(3,647)
Security deposit	-	257
Trademarks	(1,300)	
Increase (decrease) in operating liabilities:		
Accounts payable	9,378	(47,478)
Accrued liabilities	(15,916)	10,053
Deferred revenue	211,172	36,762
Net cash flows from operating activities	<u>161,001</u>	<u>17,064</u>
Cash flows from investing activities:		
Purchase of property and equipment	(6,555)	(16,109)
Decrease (increase) in certificates of deposit	408,364	360,852
Net cash flows from investing activities	<u>401,809</u>	<u>344,743</u>
NET INCREASE (DECREASE) IN CASH	562,810	361,807
Cash at beginning of period	<u>561,365</u>	<u>199,558</u>
Cash at December 31	<u>\$ 1,124,175</u>	<u>\$ 561,365</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. During 2010 the association trade marked the name USA Ulitmate.

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 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.

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.

ULTIMATE PLAYERS ASSOCIATION NOTES TO FINANCIAL STATEMENTS

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Credit Risk

Assets that potentially subject the Association to concentrations of credit risk consist principally of cash, cash equivalents. The association has bank accounts at several financial institutions located in Boulder County Colorado 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 2009 in the accompanying financial statement is included to provide a basis for comparison with 2010 and presents summarized totals only. Such information should be read in conjunction with Association's financial statements for the year ended December 31, 2009, 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.

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.

**ULTIMATE PLAYERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

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:

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>2010</u>	<u>2009</u>
Lifetime membership dues	\$ 89,970	\$ 67,883
Prepaid membership dues 2011 through 2015	250,240	55,962
One-time only fees	-	2,243
Youth outreach	-	1,650
Sanction event fees	-	1,300
Totals	<u>\$ 340,210</u>	<u>\$ 129,038</u>

Note 6 – RELATED PARTY TRANSACTION

The Association has an employment agreement with its Executive Director that runs through July 2012.

Note 5 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 6, 2011, the date which the financial statements were available to be issued.