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ULTIMATE PLAYERS ASSOCIATION
d/b/a USA Ultimate

FINANCIAL STATEMENTS

for the years ended

December 31, 2011 and 2010

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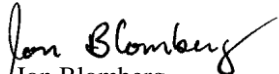
Board of Directors
Ultimate Players Association

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying statement of financial position of Ultimate Players Association (a Colorado nonprofit organization doing business as USA Ultimate) as of December 31, 2011 and 2010, 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, 2011 and 2010, 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 23, 2012
Boulder, Colorado

ULTIMATE PLAYERS ASSOCIATION

d/b/a USA Ultimate

(A Colorado Nonprofit Corporation)

STATEMENT OF FINANCIAL POSITION

<i>as of December 31</i>	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,604,081	\$ 1,124,175
Accounts receivable net of allowance for doubtful accounts of \$10,000 and \$10,000	18,112	61,640
Inventory	11,647	11,647
Prepaid expenses	<u>10,983</u>	<u>10,665</u>
Total current assets	1,644,823	1,208,127
PROPERTY AND EQUIPMENT		
Furniture, fixtures and equipment	142,213	145,717
Less accumulated depreciation	<u>(95,012)</u>	<u>(82,924)</u>
Net property and equipment	47,201	62,793
OTHER ASSETS		
Trademarks	1,300	1,300
Security deposit	<u>2,200</u>	<u>2,200</u>
Total other assets	<u>3,500</u>	<u>3,500</u>
TOTAL ASSETS	<u>\$ 1,695,524</u>	<u>\$ 1,274,420</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 31,389	\$ 26,299
Accrued liabilities	66,340	15,337
Deferred revenue	<u>426,947</u>	<u>340,210</u>
Total current liabilities	524,676	381,846
NET ASSETS		
Unrestricted net assets	<u>1,170,848</u>	<u>892,574</u>
Total net assets	<u>1,170,848</u>	<u>892,574</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,695,524</u>	<u>\$ 1,274,420</u>

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>2011</u>	<u>2010</u>
	<u>Unrestricted</u>	<u>Total</u>
SUPPORT AND REVENUE		
Membership dues	\$ 1,465,347	\$ 1,020,450
Championship events	347,650	290,197
Corporate sponsorship	353,844	123,021
Merchandise sales	39,722	37,498
Cost of sales	(36,520)	(32,326)
Sport Development	95,715	74,331
National Teams	200	116,303
Youth and Coaching Development	25,630	26,780
Advertising	10,775	12,566
Donations	13,235	14,042
Other	4,036	243
Sanctioning	11,600	15,280
Interest and dividends	6,993	9,470
TOTAL SUPPORT AND REVENUE	2,338,227	1,707,855
EXPENSES		
Program services		
Championship series	772,069	526,578
Communication and publications	398,636	349,540
National teams	14,431	147,944
Member services	164,607	169,116
Youth development	65,540	52,712
Coaching development	81,388	51,587
Observer development	32,711	33,194
Marketing	181,663	148,517
Sport Development and Outreach	162,381	118,255
International	30,732	9,845
SOTG/ Rules	14,093	7,333
Total program expenses	1,918,251	1,614,621
Supporting services		
Headquarters	31,314	37,276
Board of directors	110,388	95,593
Fundraising	-	534
Total supporting services	141,702	133,403
Total Expenses	2,059,953	1,748,024
CHANGE IN NET ASSETS	278,274	(40,169)
Net assets, beginning of year	892,574	932,743
Net assets, end of year	\$ 1,170,848	\$ 892,574

See Notes to Financial Statements

ULTIMATE PLAYERS ASSOCIATION

d/b/a USA Ultimate

(A Colorado Nonprofit Corporation)

STATEMENT OF CASH FLOWS

for the years ended December 31

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets	\$ 278,274	\$ (40,169)
Adjustments to reconcile changes in net assets to cash provided by operating activities:		
Depreciation	21,049	20,075
Increase in allowance for doubtful accounts	-	5,000
Decreases (increases) in operating assets:		
Accounts receivable	43,528	(34,446)
Prepaid expenses	(318)	7,207
Trademarks	-	(1,300)
Increase (decrease) in operating liabilities:		
Accounts payable	5,090	9,378
Accrued liabilities	51,003	(15,916)
Deferred revenue	<u>86,737</u>	<u>211,172</u>
Net cash flows from operating activities	485,363	161,001
Cash flows from investing activities:		
Purchase of property and equipment	(5,457)	(6,555)
Decrease in certificates of deposit	<u>-</u>	<u>408,364</u>
Net cash flows from investing activities	<u>(5,457)</u>	<u>401,809</u>
NET INCREASE (DECREASE) IN CASH	479,906	562,810
Cash at beginning of period	<u>1,124,175</u>	<u>561,365</u>
Cash at December 31	<u>\$ 1,604,081</u>	<u>\$ 1,124,175</u>

See Notes to Financial Statements

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 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.

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, 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 2010 in the accompanying financial statement is included to provide a basis for comparison with 2011 and presents summarized totals only. Such information should be read in conjunction with Association's financial statements for the year ended December 31, 2010, 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
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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 non-cancelable operating lease requiring payments of approximately \$4,000 per month through December 31, 2013. Future minimum lease payments are approximately:

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>2011</u>	<u>2010</u>
Lifetime membership dues	\$ 85,270	\$ 89,970
Prepaid membership dues 2011 through 2016	335,967	250,240
Sanction event fees	3,890	-
Other	1,820	-
Totals	<u>\$ 426,947</u>	<u>\$ 340,210</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 23, 2012, the date which the financial statements were available to be issued.