UNITED STATES SQUASH RACQUETS ASSOCIATION, INC. AND ITS SUBSIDIARIES AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

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AND ITS SUBSIDIARIES AND AFFILIATES
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INDEPENDENT AUDITORS' REPORT

Board of Directors
United States Squash Racquets Association, Inc.
and its Subsidiaries and Affiliates
Philadelphia, Pennsylvania

Opinion

We have audited the consolidated financial statements of United States Squash Racquets Association, Inc., and its Subsidiaries and Affiliates (US Squash), which comprise the consolidated statement of financial position as of June 30, 2025 and the related consolidated statements of activities, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of United States Squash Racquets Association, Inc. and its Subsidiaries and Affiliates as of June 30, 2025 and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United States Squash Racquets Association, Inc. and its Subsidiaries and Affiliates, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United States Squash Racquets Association, Inc. and its Subsidiaries and Affiliates' ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit 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 United States Squash Racquets Association, Inc. and its Subsidiaries and Affiliates' internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United States Squash Racquets Association, Inc. and its Subsidiaries and Affiliates' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
October 22, 2025

UNITED STATES SQUASH RACQUETS ASSOCIATION, INC.
AND ITS SUBSIDIARIES AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025

ASSETS

Cash and Cash Equivalents	$ 707,240
Accounts and Other Receivables	44,611
Contributions and Pledges Receivable, Net	747,237
Prepaid Expenses	184,347
Promissory Note Receivable	2,752,000
Investments	1,886,563
Cash Surrender Value of Life Insurance - Restricted for Endowment	23,569
Property and Equipment, Net	32,483,272
Software Costs, Net	187,818
Assets Held for Sale	125,745
Total Assets	$ 39,142,402

LIABILITIES AND NET ASSETS

LIABILITIES	
Accounts Payable and Accrued Expenses	$ 564,296
Deferred Revenue	1,153,397
Loans Payable, Net	7,307,918
Other Liabilities	67,285
Total Liabilities	9,092,896
COMMITMENTS AND CONTINGENCIES	
NET ASSETS	
Net Assets Without Donor Restrictions:	19,734,554
Net Assets With Donor Restrictions:	
Purpose	1,013,842
Time	1,402,383
Perpetual	2,408,531
Total Net Assets With Donor Restrictions	4,824,756
Total Net Assets Attributable to US Squash and Controlling Interests	24,559,310
Net Assets Without Donor Restrictions - Noncontrolling Interest	5,490,196
Total Net Assets	30,049,506
Total Liabilities and Net Assets	$ 39,142,402

See accompanying Notes to Consolidated Financial Statements.

UNITED STATES SQUASH RACQUETS ASSOCIATION, INC.
AND ITS SUBSIDIARIES AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Entry Fees	$ 2,106,013	$ -	$ 2,106,013
Sponsorship and Royalties	275,273	-	275,273
Accreditation Fees	1,193,711	-	1,193,711
Membership Fees	2,106,758	-	2,106,758
Program Fees	288,870	-	288,870
Contributions	994,579	1,914,087	2,908,666
Investment Income, Net	54,558	193,973	248,531
Advertising Income	118,304	-	118,304
Miscellaneous Income and Other	1,511,745	-	1,511,745
Loss on Disposal	(2,744)	-	(2,744)
Net Assets Released from Restrictions	1,771,403	(1,771,403)	-
Total Revenue and Support	10,418,470	336,657	10,755,127
EXPENSES			
Program Services	9,790,570	-	9,790,570
General and Administrative	1,038,060	-	1,038,060
Fundraising	975,487	-	975,487
Total Expenses	11,804,117	-	11,804,117
CHANGE IN NET ASSETS	(1,385,647)	336,657	(1,048,990)
Change In Net Assets - Noncontrolling Interest	(142,190)	-	(142,190)
CHANGE IN NET ASSETS - CONTROLLING INTEREST	$ (1,243,457)	$ 336,657	$ (906,800)

See accompanying Notes to Consolidated Financial Statements.

UNITED STATES SQUASH RACQUETS ASSOCIATION, INC.
AND ITS SUBSIDIARIES AND AFFILIATES
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2025

	Without Donor Restrictions				
	Controlling Interest	Noncontrolling Interest	Total	With Donor Restrictions	Consolidated Total
Net Assets - Beginning of Year	$ 20,978,011	$ 5,780,613	$ 26,758,624	$ 4,488,099	$ 31,246,723
Contributions from Investors	-	-	-	-	-
Distributions to Investors	-	(148,227)	(148,227)	-	(148,227)
Change in Net Assets Attributable to Noncontrolling Interests	-	(142,190)	(142,190)	-	(142,190)
Change in Net Assets Attributable to US Squash and Controlling Interests	(1,243,457)	-	(1,243,457)	336,657	(906,800)
Net Assets - End of Year	$ 19,734,554	$ 5,490,196	$ 25,224,750	$ 4,824,756	$ 30,049,506

See accompanying Notes to Consolidated Financial Statements.

UNITED STATES SQUASH RACQUETS ASSOCIATION, INC.
AND ITS SUBSIDIARIES AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025

	Program Services	Supporting Services			
	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total
Payroll	$ 2,941,433	$ 245,119	$ 315,154	$ 560,273	$ 3,501,706
Payroll Taxes and Benefits	468,591	39,049	50,206	89,255	557,846
Professional Fees	908,538	75,711	97,343	173,054	1,081,592
Occupancy	167,382	13,949	17,934	31,883	199,265
Insurance	198,180	16,515	21,234	37,749	235,929
Payroll Service Fees	12,487	1,041	1,338	2,379	14,866
Printing and Postage	39,251	3,271	4,205	7,476	46,727
Supplies	57,266	4,772	6,136	10,908	68,174
Technology Licensing	192,103	13,265	20,582	33,847	225,950
Travel	791,307	65,942	84,783	150,725	942,032
Repairs and Maintenance	113,418	9,451	12,152	21,603	135,021
Depreciation and Amortization	1,806,193	150,516	193,521	344,037	2,150,230
Interest	-	111,429	-	111,429	111,429
Prize Money	686,035	-	-	-	686,035
Other	1,408,386	115,271	150,899	266,170	1,674,556
Bad Debt Expense	-	172,759	-	172,759	172,759
Total Functional Expenses	$ 9,790,570	$ 1,038,060	$ 975,487	$ 2,013,547	$ 11,804,117

See accompanying Notes to Consolidated Financial Statements.

UNITED STATES SQUASH RACQUETS ASSOCIATION, INC.
AND ITS SUBSIDIARIES AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in Net Assets	$ (1,048,990)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation of Property and Equipment	2,030,645
Amortization of Software	119,585
Realized Gains	(150,161)
Unrealized Gains	(11,601)
Donated Securities	(147,164)
Proceeds from Donated Securities	123,067
Change in the Discount on Contributions and Pledges Receivable	(22,271)
Change in the Allowance for Doubtful Accounts for Contributions and Pledges Receivable	(13,381)
Amortization of Debt Issuance Costs	8,766
Change in Cash Value of Life Insurance Policies	158,379
Loss on Disposal of Assets	2,744
Changes in:	
Accounts and Other Receivables	(17,711)
Contributions and Pledges Receivable, Net	191,120
Prepaid Expenses	(184,347)
Accounts Payable and Accrued Expenses	(271,563)
Deferred Revenue	(85,719)
Other Liabilities	(25,285)
Net Cash Provided by Operating Activities	656,113
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales of Investments	414,327
Purchases of Investments	(47,448)
Purchases of Property and Equipment	(625,952)
Net Cash Used by Investing Activities	(259,073)
CASH FLOWS FROM FINANCING ACTIVITIES	
Distributions to Investors of Consolidated Entities	(148,227)
Principal Payments on Loans Payable	(156,579)
Net Cash Used by Financing Activities	(304,806)
NET INCREASE IN CASH AND CASH EQUIVALENTS	92,234
Cash and Cash Equivalents - Beginning of Year	615,006
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 707,240
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash Paid for Interest	$ 111,429

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 ORGANIZATION AND NATURE OF OPERATIONS

United States Squash Racquets Association, Inc. (US Squash) was incorporated in New York in 1957 and is the governing body of the game of squash racquets in the United States. Its mission is to lead squash's growth and development by increasing access and awareness, supporting meaningful lifelong engagement in the sport, and encouraging sportsmanship while achieving competitive excellence at the highest levels.

US Squash is exempt from federal income tax under provisions of Section 501(c)(3) of the U.S. Internal Revenue Code (the Code) and from state and local taxes under comparable laws, except for certain types of income subject to unrelated business income tax.

During 2018, through a resolution of the board of directors (the Board), US Squash transferred all intellectual property, and rights thereof, of its internally developed software, Club Locker, to Reciprocite, LLC, a Delaware limited liability company, of which US Squash is the sole member. Reciprocite, LLC is tasked with licensing the Club Locker software domestically and internationally. Reciprocite, LLC has sublicensed the use of Club Locker for Squash to the Global Squash Collaborative, a Delaware limited liability company, of which US Squash is also the sole member, facilitating the international sublicensing of the Club Locker Software for Squash.

During 2018, US Squash also entered into a memorandum of understanding with Drexel University (Drexel), whereby US Squash, through various funding sources achieved through other sub-entities, subleases a building from Drexel and has pursued, established, renovated, and constructed a national squash center (the Center) in Philadelphia. The Center is housed within Pennsylvania's 32nd Street Armory (commonly referred to as the Drexel Armory) located in Philadelphia, Pennsylvania. The Drexel Armory is currently owned by the Commonwealth of Pennsylvania's Department of Military Affairs, which has leased the building to Drexel, which in turn, has subleased to other entities as described further below. The Center was substantially rehabilitated and placed-in-service in December 2020.

To facilitate the Center's renovation and construction, US Squash and other unrelated parties have created additional entities as follows and for the following purposes:

US Squash Development Corporation

US Squash Development Corporation (USDC) is a Pennsylvania corporation incorporated in 2017 to facilitate the construction process and subsequent operations of the Center. USDC is wholly owned and controlled by US Squash. The initial formation of USDC included 1,000 shares authorized and 100 shares issued to US Squash at a par value of $1.

USDC has ownership interests in 3205 Lancaster Ave I, LLC (3205 Lancaster Ave) and 3205 Master Tenant, LLC (3205 Master Tenant). USDC is the majority interest member in 3205 Lancaster Ave and is a minority interest member in 3205 Master Tenant. USDC is the managing member of 3205 Lancaster Ave and 3205 Master Tenant.

NOTE 1 ORGANIZATION AND NATURE OF OPERATIONS (CONTINUED)

3205 Lancaster Ave I, LLC

3205 Lancaster Ave is a Pennsylvania limited liability company formed in 2017 to facilitate the construction process and is the ultimate holder of all leasehold improvements of the Center. 3205 Lancaster Ave has two members: (i) USDC with a 90% interest, and (ii) 3205 Master Tenant with a 10% interest. 3205 Lancaster Ave is the master leaseholder of a 65-year sublease agreement with Drexel as noted above. The lease agreement began June 29, 2019 and provides for annual rent of $1 through the lease expiration on November 2, 2074. As master leaseholder, 3205 Lancaster Ave will lease the Center, through US Squash, with 3205 Master Tenant. The lease between 3205 Lancaster Ave and 3205 Master Tenant is eliminated in the consolidation.

3205 Master Tenant, LLC:

3205 Master Tenant is a Pennsylvania limited liability company formed in 2019 to facilitate subleasing arrangements of the Center, through US Squash, to other entities, as well as to facilitate the offering of historical and new market tax credits to promote additional funding for the Center project overall. USDC is the managing member of 3205 Master Tenant with a 1% interest. The remaining interests are owned by unrelated parties to US Squash and its other sub-entities. As leaseholder, 3205 Master Tenant will enter into a 20-year sublease of the Center with US Squash. The lease between 3205 Master Tenant and US Squash is eliminated in the consolidation.

3205 Master Tenant has a 10% ownership interest in 3205 Lancaster Ave.

In January 2023, College Squash Association, LLC (CSA) was created. US Squash is the sole member of CSA and CSA's financial information is consolidated into US Squash's financial statements.

In December 2024, U.S. Squash Foundation, LLC (the Foundation) was incorporated in Delaware for the purpose of raising funds for the benefit of US Squash. US Squash is the sole member of the Foundation and the Foundation's financial information and activity is consolidated into US Squash's financial statements.

In fiscal year 2025, Inside out LLC (IO) was incorporated in Delaware for the purpose of collecting commissions from the sales of outdoor courts. US Squash is the sole member of IO and IO’s financial information and activity is consolidated into US Squash's financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The financial position, results of operations, and cash flows of US Squash's subsidiaries and affiliates are required to be consolidated with those of US Squash in accordance with accounting principles general accepted in the United States of America (U.S. GAAP). Accordingly, the consolidated financial statements include the financial position, results of operations and cash flows of US Squash, Reciprocite, LLC, Global Squash Collaborative, USDC, 3205 Lancaster Avenue, 3205 Master Tenant, CSA, the Foundation, and Inside Out LLC (collectively, US Squash). All inter-entity transactions and balances have been eliminated in the consolidation process.

Basis of Accounting

The consolidated financial statements of US Squash have been prepared using the accrual basis of accounting and conform to U.S. GAAP, as applicable to nonprofit organizations.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, support and revenue, and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Cash and Cash Equivalents

For financial-reporting purposes, US Squash considers all highly liquid investments, purchased with an original maturity of three months or less, to be cash equivalents, except money-market funds held as part of the investment portfolio.

Accounts and Other Receivables and Notes Receivable, Net

Accounts and other receivables and notes receivable are reported net of an allowance for credit losses. Management's estimate of the allowance is based on historical collection experience, review of current status of the receivables, as well as forecasted collectability of the reported amount. No allowance for credit losses was recorded at June 30, 2025.

Contributions and Pledges Receivable, Net

Management assesses the collectability of outstanding receivable balances and may reserve a portion of those receivables based on donor history, type of contribution, and nature of fundraising activity and provides allowances for anticipated losses, if any. At June 30, 2025, the allowance on contributions and pledges receivable is $57,457.

Contributions and pledges receivable to be received over periods longer than a single year are discounted at an appropriate discount rate commensurate with the risks involved and are amortized using the effective-interest rate method. At June 30, 2025, the discount on contributions and pledges receivable is $16,125.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

US Squash's investments in money-market funds, mutual funds - equity funds, corporate and government fixed income securities, and equity securities are reported at their fair values in the consolidated statement of financial position based on quoted market prices. Cash equivalents held as part of US Squash's investment portfolio are also included in the balances reported as investments.

US Squash's investments, in general, are subject to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment vehicles, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

Investment transactions are recorded on a trade-date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the consolidated statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted through donor stipulation. Realized gains and losses on investments are determined by comparison of the cost at the time of acquisition to proceeds at the time of disposition. Unrealized gains and losses on investments are determined by comparing the investment's cost to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned.

Donated securities are recorded at their estimated fair values, as determined by the proceeds received on the dates of donation. US Squash's policy is to sell the donated securities immediately, and, accordingly, for purposes of the statement of cash flows, donated securities and the proceeds generated from their sale are included within operating activities.

Investment expenses include the services of investment managers and custodians. The balances of investment management fees disclosed in Note 5 are those specific fees charged by US Squash's various investment managers in each fiscal year; however, they do not include those fees that are embedded in various other investment accounts and transactions.

Property and Equipment

Property and equipment are stated at their original costs at the dates of acquisition, or, if contributed, at their fair values at the dates of donation, less accumulated depreciation and amortization. US Squash capitalizes furniture, fixtures, and equipment that have a cost of $5,000 or more and a useful life greater than one year, whereas minor costs of repair and maintenance are expensed as incurred. Depreciation of furniture, fixtures, and equipment is provided using the straight-line method over three to five years, the estimated useful lives of the related assets. Land is not depreciated, while buildings are depreciated over 40 years.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and when triggering events indicate that the fair value of the long-lived assets may be less than the carrying value, recognizes any impairment in the year of determination. There were no triggering events during fiscal year 2025 requiring management to test for impairment adjustments to property and equipment. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

Software Costs

The costs of the internally developed Club Locker software have been capitalized in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 350, *Intangibles-Goodwill and Other-Internal-Use Software*, and costs incurred during the preliminary project work stage or conceptual stage, such as determining the performance requirements, system requirements, and data conversion, are expensed as incurred. Costs incurred in the application development phase, such as coding, testing for new software, and upgrades that result in additional functionality, are capitalized and are amortized using the straight-line method over the useful life of the software. Amortization of these capitalized costs begins only when the software becomes ready for its intended use. Costs incurred during the post implementation/operation stage, including training costs and maintenance costs, are expensed as incurred. Software development costs are amortized over seven years. Accordingly, the capitalized software costs of $1,743,005 are reported net of accumulated amortization of $1,555,187 in the consolidated statement of financial position as of June 30, 2025.

Debt Issuance Costs

Costs incurred in connection with the issuance of debt (see Note 10) are amortized over the term of the related debt, using the straight-line method which approximates the effective interest method of amortization. These costs are reported in the consolidated statement of financial position as a direct reduction of the related debt. The amortization of the debt financing costs is reported as part of interest expense in the consolidated statement of functional expenses. Interest expense related to the amortization of debt-financing costs was $8,766 for fiscal year 2025.

Deferred Revenue

Deferred revenue represents funds received in advance of being earned. Memberships run on rolling 12-month cycle from the date of the member's application or renewal. Deferred life member dues relate to members who have a life-time membership to US Squash. Life memberships are being amortized over 40 years. Life-time memberships ceased being issued in 2006.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Net Assets Without Donor Restrictions – Net assets without donor restrictions represent those resources for which there are no restrictions by donors as to their use and are therefore available for current operations.

Net Assets With Donor Restrictions – Net assets with donor restrictions represent those resources that are subject to donor-imposed restrictions, such as specific purposes and/or the passage of time. Also included within net assets with donor restrictions are donor restrictions that are perpetual in nature and subject to the requirements of the State of New York's Uniform Prudent Management of Institutional Funds Act (NYPMIFA). These donors have stipulated that those resources be maintained in perpetuity with the resultant income and net capital appreciation arising from the underlying assets to be used in satisfaction of the wishes of those donors.

When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, or funds are appropriated through an action of the Board, net assets with donor restrictions are reclassified to net assets without donor restriction and are reported in the statement of activities as "net assets released from restrictions".

Revenue Recognition

Revenue from Contracts With Customers

US Squash recognizes revenue when, or as, performance obligations are satisfied associated with contracts with customers. Revenue is measured as the amount of consideration US Squash expects to receive in exchange for providing services. The primary source of revenue from contracts with customers for US Squash are entry fees, accreditation fees, and membership fees.

Entry, Sponsorship and Accreditation Fees

Entry, sponsorship and accreditation fees are recorded as revenue at the time of the related performance. Proceeds from entry, sponsorship and accreditation fees received in advance are deferred until the day of the related event or performance.

Membership Fees

Fees are recorded as revenue in the year to which the membership relates, usually one year. The performance obligation consists of providing members access to accredited competitions and championships, ratings and rankings, and Club Locker Technology and is recognized as revenue ratably over the membership period as the member consumes the benefit. Fees received in advance are deferred until the following year. The portion applicable to any subsequent period is reported as deferred revenue.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Program Fees and Miscellaneous Income

Program fees and miscellaneous income are recorded as revenue at the time of the related performance. Proceeds from program fees and miscellaneous income received in advance are deferred until the day of the related event or performance.

Contributions

Contributions to US Squash are recognized as revenue upon the receipt of cash or other assets, or of unconditional pledges. Contributions are recorded as with donor restrictions if they are received with donor stipulations or time considerations as to their use. Conditional contributions are recorded when the conditions have been met, and, if received in advance, are recognized in the consolidated statement of financial position as funds received in advance.

Donated Services

US Squash, from time to time, receives various forms of gifts-in-kind, which are contributions of nonfinancial assets. For recognition of donated services in US Squash's consolidated financial statements, such services must: (i) create or enhance nonfinancial assets; (ii) typically need to be acquired if not provided by donation; (iii) require specialized skills; and (iv) be provided by individuals possessing those skills. During fiscal year 2025, US Squash did not receive any donated services.

Functional Allocation of Expenses

The costs of providing US Squash's various programs and supporting services have been summarized on a functional basis in the accompanying consolidated statement of functional expenses. The consolidated statement of functional expenses presents expenses by natural classification and function. Accordingly, direct costs have been functionalized within the program and supporting services based on the nature of the expense. Costs not directly attributable to a function, including payroll, payroll taxes and benefits, professional fees, donated services, occupancy, insurance, credit card fees, payroll service fees, printing and postage, supplies, telephone and internet, technology licensing, dues and subscriptions, travel, repairs and maintenance, depreciation and amortization, advertising, and other, are allocated to a function based on the number of full-time employees in each department.

Advertising

US Squash expenses the costs for advertising as these costs are incurred. Advertising costs totaled $16,300 for the year ended June 30, 2025.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

US Squash has received a determination letter from the Internal Revenue Service (IRS) to be treated as a tax-exempt entity pursuant to Section 501(c)(3) of the Code. US Squash earns advertising revenue and considers this revenue to be unrelated to its exempt purpose; and therefore, this revenue is deemed taxable. For the year ended June 30, 2025, unrelated business expenses exceeded unrelated business income. Therefore, US Squash does not have a tax liability as of June 30, 2025 and no provision for income taxes is required in the accompanying consolidated financial statements.

For fiscal year 2025, the management of US Squash did not identify any uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements.

US Squash is required to file and does file tax returns with the IRS. While no income tax returns are currently being examined by the IRS, tax years since 2023 remain open for examination.

Subsequent Events

Events that occur after the consolidated statement of financial position date, but before the consolidated financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the consolidated statement of financial position date are recognized in the accompanying consolidated financial statements. Subsequent events which provide evidence about conditions that existed after the consolidated statement of financial position date require disclosure in the accompanying notes. See Note 17 for disclosure of subsequent events.

NOTE 3 CONTRIBUTIONS AND PLEDGES RECEIVABLE, NET

At June 30, 2025, contributions and pledges receivable, net were estimated to be due as follows:

Less Than One Year	$ 400,410
One to Five Years	420,409
Subtotal	820,819
Reduction of Pledges Due in Excess of One Year to Present Value	(16,125)
Subtotal	804,694
Less: Allowance for Doubtful Accounts	(57,457)
Total Contributions and Pledges Receivable	$ 747,237

The discount rates used to calculate the net present value varied from 3.72% to 3.96% for the year ended June 30, 2025.

NOTE 4 NOTES RECEIVABLE

During fiscal-year 2021, US Squash, through USDC, entered into a promissory note receivable of $2,752,000 with an unrelated party. The note bears interest at 1.6% and matures December 1, 2036. Principal payments are due beginning in fiscal year 2029. Management expects notes receivable to be fully collectible and accordingly, no allowance for credit losses has been established.

NOTE 5 INVESTMENTS

At June 30, 2025, investments consisted of the following:

	Fair Value	Cost
Money Market Funds	$ 26,756	$ 26,756
Mutual Funds - Equity Funds	164,448	156,125
Fixed Income Securities:		
Corporate	166,039	162,151
Government	516,435	546,489
Equity Securities	1,012,885	632,290
Total Investments	$ 1,886,563	$ 1,523,811

During fiscal year 2025, investment income consisted of the following:

Interest and Dividends	$ 102,631
Investment Management Fees	(15,862)
Interest and Dividends, Net	86,769
Net Realized Gains	150,161
Net Unrealized Gains	11,601
Total Net Realized and Unrealized Gains	161,762
Total Investment Income	$ 248,531

NOTE 6 FAIR VALUE MEASUREMENT

The FASB's ASC Topic 820, *Fair Value Measurements*, establishes a three-level valuation hierarchy of fair-value designations. These valuation techniques are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair- value hierarchy:

Level 1 – Valuations are based on observable inputs that reflect quoted market prices in active markets for those assets at the reporting date.

NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 2 – Valuations are based on (i) quoted prices for similar assets in active markets, or (ii) quoted prices for those assets, or similar assets, in markets that are not active, or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.

Level 3 – Valuations are based on pricing inputs that are unobservable and include situations where (i) there is little, if any, market activity for the assets, or (ii) the assets cannot be independently valued.

The availability of market data is monitored to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The following table summarizes the fair values on a recurring basis of US Squash's financial assets at June 30, 2025, in accordance with the ASC Topic 820 valuation levels. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

	Level 1	Level 2	Level 3	Total
Money Market Funds	$ 26,756	$ -	$ -	$ 26,756
Mutual Funds - Equity Funds	164,448	-	-	164,448
Fixed Income Securities	-	682,474	-	682,474
Equity Securities	1,012,885	-	-	1,012,885
Total Fair Value	$ 1,204,089	$ 682,474	$ -	$ 1,886,563

NOTE 7 PROPERTY AND EQUIPMENT

At June 30, 2025, property and equipment consisted of the following:

Land	$ 11,997
Building	34,977,794
Furniture, Fixture, and Equipment	6,474,023
Total	41,463,814
Less: Accumulated Depreciation and Amortization	(8,980,542)
Total Property and Equipment, Net	$ 32,483,272

Depreciation expense for fiscal year 2025 was $2,030,645.

NOTE 8 CASH SURRENDER VALUE OF LIFE INSURANCE

US Squash is the beneficiary of multiple life insurance policies provided through donation. The cash surrender value of the life insurance policies is net of any outstanding policy loans. Upon the death of the donor, the proceeds from both policies are to be used for endowment. At June 30, 2025, the cash surrender value of the life insurance policies was $23,569.

NOTE 9 CONTRACT LIABILITIES

The following table shows US Squash's contract liabilities:

	2025	2024
Deferred Revenue:		
Membership Dues	$ 884,416	$ 989,239
Tournament Income	249,848	207,593
Miscellaneous Income	19,133	42,284
Total Deferred Revenue	$ 1,153,397	$ 1,239,116

Contract assets consist of accounts receivable related to events. The balance of these receivables as of June 30, 2025 and 2024 were $3,126 and $0, respectively.

NOTE 10 LOANS PAYABLE

At June 30, 2025**,** loans payable consisted of the following:

Description	
Economic Injury Disaster Loan, bearing interest at 2.75%, secured by general assets of US Squash, requires monthly installment payments of $8,649 over 30 years, due June 2050.	$ 1,943,321
PIP loan payable (A)	1,491,330
3205 Lancaster Avenue I, LLC loan, bearing interest at 1.60% secured by the general assets of US Squash. The note calls for annual interest-only payments through December 1, 2028 after which payments of principal and interest are due in the annual amount of $399,468 through maturity of December 1, 2039.	4,000,000
Total	7,434,651
Less: Unamortized Debt Issuance Costs	(126,733)
Total	$ 7,307,918

(A) Pursuant to the terms of an agreement (PIP Grant) made by and between Drexel and the Commonwealth of Pennsylvania through which Drexel, and as part of the construction and renovation of the Center, will incur $5,000,000 worth of expenditures using the proceeds of the PIP Grant. Per the terms of the sublease agreement between Drexel and 3205 Lancaster Ave, 3205 Lancaster Ave will purchase these costs under a PIP Bill of Sale Agreement. Payments under the PIP Grant were payable in three annual installments through June 2023. During 2023, the PIP was amended such that, beginning on December 1, 2023, quarterly principal payments are due through the extended maturity date of December 31, 2029.

NOTE 10 LOANS PAYABLE (CONTINUED)

The required principal payments for the five fiscal years subsequent to June 30, 2025, and thereafter, of the debt are as follows:

Year Ending June 30,	Amount
2026	$ 254,670
2027	356,192
2028	457,757
2029	459,365
2030	587,817
Thereafter	5,318,850
Total	7,434,651
Less: Unamortized Debt Issuance Costs	(126,733)
Total	$ 7,307,918

In January 2011, US Squash entered into a line of credit agreement with a commercial bank in the amount of $200,000, which increased to $400,000 in June 2015. The effective interest rate was 7.99% as of June 30, 2025. For the year ended June 30, 2025, the outstanding balance on the line of credit is $-0-.

NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2025, net assets with donor restrictions were categorized as follows:

Purpose Restrictions:	
Operations	$ 259,442
NAO	153,183
Lapham	38,127
Court Prototype	56,175
Team USA	111,724
Consulting	25,000
Accumulated Endowment Income Reserved for Appropriation	370,191
Total Purpose Restrictions	1,013,842
Subject to the Passage of Time:	
Arlen Specter National Squash Center	105,818
Other	1,296,565
Total Subject to the Passage of Time	1,402,383
Perpetual in Nature:	
General Operating Support	1,324,380
Junior Development	1,084,151
Total Perpetual in Nature	2,408,531
Total Net Assets With Donor Restrictions	$ 4,824,756

NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

During fiscal year 2025, net assets released from restrictions resulted from satisfying the following donor restrictions:

Fulfillment of Purposes:		
Lapham	$	108,110
Front Desk		480,000
Prototype		243,825
Hardball		40,080
Team USA		96,770
Consulting		25,000
Community Initiative		80,917
Women and Girls Initiative		6,245
Other - Time		186,140
Appropriations of Endowment:		
General Operating Support		459,994
Junior Development		44,322
Total Net Assets Released from Donor Restrictions	$	1,771,403

NOTE 12 ACCOUNTING AND REPORTING FOR ENDOWMENTS

The Endowment

US Squash's endowment consists of two donor-restricted funds, established for a variety of purposes, including general operating support and junior development.

Interpretation of Relevant Law

NYPMIFA is applicable to all of US Squash's institutional funds, including its donor-restricted endowment funds. The Board adheres to NYPMIFA's requirements.

Return Objectives and Risk Parameters

US Squash's overall financial objective for the endowment assets is to provide the operations of US Squash with a relatively stable stream of spendable revenue that increases over time. Endowment assets consist of those assets of donor-restricted funds that US Squash must hold in perpetuity. Investment guidelines include:

- Meeting or exceeding the market index, or blended market index, as selected and agreed-upon by US Squash's Investment Committee, and approved by the Board, and,

- Employing an overall level of risk in the portfolio consistent with the risk associated with the benchmark specified above.

NOTE 12 ACCOUNTING AND REPORTING FOR ENDOWMENTS (CONTINUED)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, US Squash relies on a total-return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). US Squash targets a diversified asset allocation within prudent risk constraints.

Spending Policy

US Squash's spending policy, as approved by the Board and in conjunction with an Investment Committee of the Board's review and assessment, permits US Squash to utilize for current operation and Junior programs up to 5% of the rolling three-year average of its endowment funds. Actual appropriations from the endowment was 5% for fiscal year 2025 plus an additional $400,000 that was approved by the Board of Directors in October 2024.

Funds With Deficiencies

Due to unfavorable market fluctuations, from time to time, the fair value of assets associated with the endowment funds may decline below the historic dollar value of the donor's original, permanently restricted contribution, or the amount required to be maintained under state law. Under the terms of NYPMIFA, US Squash has no responsibility to restore such decreases in value.

Changes in endowment net assets during fiscal year 2025:

	Amounts Subject to Appropriation	Amounts Held in Perpetuity	Total
Endowment Net Assets - Beginning of Year	$ 680,534	$ 2,408,531	$ 3,089,065
Investment Income, Net	193,973	-	193,973
Appropriation of Endowment Assets for Expenditure	(504,316)	-	(504,316)
Endowment Net Assets - End of Year	$ 370,191	$ 2,408,531	$ 2,778,722

Amounts subject to appropriations represents that portion of allocated investment income derived from endowment assets held in perpetuity that has not been appropriated by the Board of Directors for expenditure.

NOTE 13 EMPLOYEE BENEFIT PLAN

US Squash maintains a defined-contribution retirement plan, established under Section 401(k) of the Code covering all eligible employees. US Squash contributes 3.5% of each eligible employee's compensation to the Plan. Plan expenses for fiscal year 2025 were $80,018.

NOTE 14 COMMITMENTS AND OTHER UNCERTAINTY

Other Contracts

US Squash has entered into various contracts and agreements in the normal course of its business operations.

NOTE 15 CONCENTRATIONS OF CREDIT RISK

US Squash places its cash investments with high-credit-quality financial institutions. At times, the balances in such accounts may exceed federally insured limits. US Squash's management believes there is no substantial risk of loss associated with the failure of these financial institutions. As of June 30, 2025, the cash balance that exceeded federally insured limits was $211,580.

NOTE 16 AVAILABILITY AND LIQUIDITY

The following reflects US Squash's financial assets as of the consolidated statement of financial position date, reduced by amounts not available for general use within one year of June 30, 2025 because of contractual or donor-imposed restrictions or internal designations:

Cash and Cash Equivalents	$ 707,240
Accounts and Other Receivables	44,611
Contributions and Pledges Receivable, Current Portion	400,410
Investments	1,886,563
Total Financial Assets Available Within One Year	3,038,824
Less: Amounts Unavailable for General Expenditures Within One Year Due to:	
Purpose and Time Restrictions	(2,015,815)
Perpetual in Nature	(2,408,531)
Total Amounts Unavailable for General Expenditures Within One Year	(4,424,346)
Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ (1,385,522)

US Squash, as part of its liquidity management strategy, strives to maintain a sufficient level of operating cash and other financial assets which are made available as its general expenditures come due. In accordance with NYPMIFA, donor-restricted endowment funds may be spent below their original dollar amount without court approval or Attorney General review if US Squash's board of directors concludes that such spending is prudent.

Additionally, management maintains a line of credit up to $400,000, to address short-term liquidity needs as they arise (see Note 10).

NOTE 17 SUBSEQUENT EVENTS

During fiscal year 2026, US Squash will complete the sale of its technology platform, Club Locker, to a newly formed independent company. In connection with the sale, US Squash entered into a long-term agreement to ensure continued access to and use of the platform for its members and programs. The transaction represents the transition of Club Locker operations to an independent entity while maintaining the system's ongoing service relationship with US Squash.