

United States Tennis Association Incorporated and Affiliates

Consolidated Financial Statements
Years Ended December 31, 2024 and 2023

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



United States Tennis Association Incorporated and Affiliates

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Years Ended December 31, 2024 and 2023

United States Tennis Association Incorporated and Affiliates

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Independent Auditor's Report

The Board of Directors
United States Tennis Association Incorporated and Affiliates
Purchase, New York

Opinion

We have audited the consolidated financial statements of United States Tennis Association Incorporated and Affiliates (the Organization), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities and cash flows for the years 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 the Organization as of December 31, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the Organization's ability to continue as a going concern within 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 the Organization's 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 the Organization's 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.

BDO USA, P.C.

March 28, 2025

United States Tennis Association Incorporated and Affiliates

Consolidated Statements of Financial Position (dollars in thousands)

December 31,	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 291,298	\$ 253,807
Investments, at fair value (Note 6)	290,787	272,125
Accounts receivable, net of allowance for credit losses of \$0 and \$774, respectively	25,315	16,747
Other current assets	9,369	11,085
Total Current Assets	616,769	553,764
Restricted Cash and Cash Equivalents	1,601	1,683
Debt Service Reserve Escrow	32,122	30,582
Long-Term Investments, at fair value (Note 6)	78,295	65,573
Property, Building, and Equipment, Net (Note 8)	665,558	641,668
Right-of-Use Assets Operating Lease (Note 14)	14,542	15,995
Other Assets	16,359	14,810
Total Assets	\$ 1,425,246	\$ 1,324,075
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 83,058	\$ 52,924
Accrued interest payable	10,171	10,748
Deferred income	16,170	16,832
Operating lease liabilities (Note 14)	1,580	1,666
Debt payable (Note 10)	22,854	34,813
Total Current Liabilities	133,833	116,983
Debt Payable, net of current portion and deferred financing costs (Note 10)	529,782	552,269
Deferred Income, net of current portion	8,928	10,030
Operating Lease Liabilities, net of current portion (Note 14)	14,210	15,639
Other Liabilities	4,516	3,804
Total Liabilities	691,269	698,725
Commitments and Contingencies (Notes 10, 11, and 14)		
Net Assets Without Donor Restrictions (Note 2)		
General	463,036	352,776
Board-designated funds:		
Board-designated	132,854	133,640
Board-designated Series D Notes \$100 million	108,872	105,433
Board-designated Growth Catalyst Fund \$30 million	23,786	27,473
Total Board-Designated Funds	265,512	266,546
Net Assets Without Donor Restrictions	728,548	619,322
Net Assets with Donor Restrictions	5,429	6,028
Total Net Assets	733,977	625,350
Total Liabilities and Net Assets	\$ 1,425,246	\$ 1,324,075

See accompanying notes to consolidated financial statements.

United States Tennis Association Incorporated and Affiliates

Consolidated Statements of Activities (dollars in thousands)

Year ended December 31,

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues						
US Open	\$ 559,658	\$ -	\$ 559,658	\$ 514,105	\$ -	\$ 514,105
Recreational Play, Membership & Digital Programs	21,352	-	21,352	20,152	-	20,152
NTC & Campus: Tennis Programs & Events	18,696	-	18,696	17,038	-	17,038
USTA Foundation	7,558	1,459	9,017	10,397	1,233	11,630
High Performance (including events)	4,285	-	4,285	4,489	-	4,489
Investment return allocated to operations (Note 7)	8,230	-	8,230	7,900	-	7,900
Other	1,975	-	1,975	3,749	-	3,749
Net assets released from restrictions (Note 15)	2,092	(2,092)	-	2,941	(2,941)	-
Total Operating Revenues	623,846	(633)	623,213	580,771	(1,708)	579,063
Operating Expenses						
Program services:						
US Open including depreciation, pledge, and interest	282,239	-	282,239	259,194	-	259,194
Direct section funding, section partnerships, and meetings	67,113	-	67,113	67,668	-	67,668
Recreational Play, Membership & Digital	49,382	-	49,382	46,885	-	46,885
Coaching	8,153	-	8,153	6,195	-	6,195
Facilities	3,696	-	3,696	2,556	-	2,556
USTA Foundation	16,896	-	16,896	17,261	-	17,261
NTC & Campus: Tennis Programs & Events	23,483	-	23,483	21,938	-	21,938
High Performance (including events)	43,314	-	43,314	43,305	-	43,305
Communications, marketing, strategy, and other	17,230	-	17,230	17,046	-	17,046
Total Program Services	511,506	-	511,506	482,048	-	482,048
Supporting services:						
Administrative and supporting services (including depreciation)	39,986	-	39,986	30,378	-	30,378
Total Operating Expenses	551,492	-	551,492	512,426	-	512,426
Excess of Operating Revenues Over Operating Expenses	72,354	(633)	72,721	68,345	(1,708)	66,637

United States Tennis Association Incorporated and Affiliates

Consolidated Statements of Activities (dollars in thousands)

Year ended December 31,

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Non-Operating Other Income and Deductions						
Investment return, net of amounts allocated to operations (Note 7)	\$ 38,672	\$ 34	\$ 38,706	\$ 28,355	\$ 42	\$ 28,397
Gain (loss) on equity investment (Note 11)	138	-	138	(375)	-	(375)
Loss on disposal of property, building, and equipment	(1,938)	-	(1,938)	(69)	-	(69)
Sale of office building, net of expenses (Note 13)	-	-	-	7,588	-	7,588
Change in Net Assets from Discontinued Operations						
Gain from sale of discontinued operations	-	-	-	390	-	390
Total Non-Operating Other Income and Deductions and Discontinued Operations	36,872	34	36,906	35,889	42	35,931
Change in Net Assets	109,226	(599)	108,627	104,234	(1,666)	102,568
Net Assets, beginning balance	619,322	6,028	625,350	515,088	7,694	522,782
Net Assets, ending balance	\$ 728,548	\$ 5,429	\$ 733,977	\$ 619,322	\$ 6,028	\$ 625,350

See accompanying notes to consolidated financial statements.

United States Tennis Association Incorporated and Affiliates

Consolidated Statements of Cash Flows (dollars in thousands)

<i>Year ended December 31,</i>	2024	2023
Cash Flows from Operating Activities		
Excess of revenues over expenses	\$ 108,627	\$ 102,568
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation and amortization (Note 8)	49,259	49,510
Interest expense related to deferred financing costs (Note 10)	367	609
Realized gain on sale of investments, net (Note 7)	(3,817)	(1,621)
Unrealized gain on investments, net (Note 7)	(21,653)	(15,980)
Net gain on sale of investment in tennis tournaments	-	(390)
Undistributed (gain) loss in investee (Note 11)	(138)	375
Loss on disposal of property, building, and equipment (Note 8)	1,938	69
Gain on sale of office building (Note 13)	-	(7,700)
(Decrease) increase in right-of-use operating lease	(62)	585
(Decrease) increase in reserve for credit losses	(774)	774
Changes in assets and liabilities:		
Increase in accounts receivable	(6,822)	(3,600)
Increase in other assets	(667)	(262)
Increase in accounts payable, accrued expenses, and other liabilities	21,020	8,295
Decrease in deferred income	(1,764)	(703)
Net Cash Provided by Operating Activities	145,514	132,529
Cash Flows from Investing Activities		
Purchase of property, building, and equipment	(65,838)	(23,238)
Proceeds from sale of office building (Note 13)	-	2,800
Increase in debt service reserve escrow	(1,540)	(1,473)
Purchase of investments	(54,369)	(189,862)
Proceeds from sales of investments	48,455	2,880
Net Cash Used in Investing Activities	(73,292)	(208,893)
Cash Flows from Financing Activities		
Scheduled payment of debt payable	(34,813)	(29,443)
Net Cash Used in Financing Activities	(34,813)	(29,443)
Net Increase (Decrease) in Cash, Cash Equivalents, Restricted Cash, and Cash Equivalents from Continuing Operations	37,409	(105,807)
Cash Flow from Discontinued Operations		
Investing	-	390
Net Increase in Cash, Cash Equivalents, Restricted Cash, and Cash Equivalents from Discontinued Operations	-	390
Net Increase (Decrease) in Cash, Cash Equivalents, Restricted Cash, and Cash Equivalents	37,409	(105,417)
Cash, Cash Equivalents, Restricted Cash, and Cash Equivalents, beginning of year	255,490	360,907
Cash, Cash Equivalents, Restricted Cash, and Cash Equivalents, end of year	\$ 292,899	\$ 255,490
Supplemental Disclosures of Cash Flow Information		
Interest	\$ 22,238	\$ 23,355
Taxes	272	360
Supplemental Disclosures of Non-Cash Financing and Investing Activities		
Property, building, and equipment purchased through accounts payable/accrued expenses and other liabilities	\$ 21,518	\$ 12,269
Right-of-use operating lease assets obtained in exchange for operating lease liabilities upon adoption	-	8,028
Loan receivable from the sale of office building (Note 13)	-	4,900

See accompanying notes to consolidated financial statements.

United States Tennis Association Incorporated and Affiliates

Notes to Consolidated Financial Statements (dollars in thousands)

1. Organization

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of United States Tennis Association Incorporated (USTA); USTA National Tennis Center Incorporated (NTC); USTA Player Development Incorporated (PD); USTA Foundation Incorporated (USTA Foundation); and US Open Series, LLC (USOS). Together, such companies are hereafter collectively referred to as the "Organization." All significant due to/due from accounts and transactions between such companies have been eliminated in consolidation.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). Management of the Organization makes estimates and judgments in preparing the consolidated financial statements in accordance with such accounting principles. Those estimates and judgments affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. The significant estimates used by management include the useful lives of depreciable fixed assets, allowances for credit losses, the valuation of investments, and certain accrued liabilities. Actual results may vary from the reported results.

Operations

USTA is a New York State not-for-profit membership organization whose purpose is to:

- Promote the development and growth of tennis as a means of healthful recreation and physical fitness.
- Sponsor and operate the United States Open Tennis Championship (US Open), the pre-eminent international tennis competition in the United States, open to both professional and amateur tennis players.
- Establish and maintain rules of play and high standards of conduct and good sportsmanship.
- Foster national and international tennis tournaments and competitions.
- Encourage, sanction, and conduct tennis tournaments and competitions open to athletes without regard to gender, race, creed, color, or national origin and under the best conditions possible so as to effectively promote the game of tennis with the general public.
- Generally encourage through tennis, the development of health, character, and responsible citizenship.

USTA is the recognized national governing body in the sport of tennis and is a member of the US Olympic and Paralympic Committee.

USTA is exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code (the Code).

United States Tennis Association Incorporated and Affiliates

Notes to Consolidated Financial Statements (dollars in thousands)

USTA is the sole member of NTC, an organization exempt from federal income tax under Section 501(c)(3) of the Code. Both organizations have identical Boards of Directors. NTC is a New York State not-for-profit corporation organized by USTA, whose purpose is to:

- Operate the USTA Billie Jean King National Tennis Center (NTC Facility), which is a complex of three tennis stadia (Arthur Ashe, Louis Armstrong, and Grandstand), as well as indoor and outdoor courts. The facilities are on land leased from the city of New York.
- Provide a venue for the holding of the US Open.
- Foster national and international sports competitions.
- Establish, administer, and promote programs devoted to the development of tennis as a means of healthful recreation and physical fitness.
- Conduct special events in accordance with the terms of the ground lease with the city of New York, such as arts, theatrical, community, and live athletic events at the NTC Facility. The NTC Facility, therefore, not only houses the NTC's current year-round tennis programs, but also is available for additional tennis activities conducted by other organizations, as well as public recreational events, ethnic and community festivals, scholastic athletic events, and other public spectator events.

USTA is also the sole member of PD, an organization exempt from federal income tax under Section 501(c)(3) of the Code. Both organizations have identical Boards of Directors. PD is a New York State not-for-profit corporation organized by USTA whose purpose is to:

- Educate and train young people in the sport of tennis through a clearly defined structure and competitive pathway, as well as through the implementation of a comprehensive coaching philosophy.
- Provide services to young tennis players, including assistance with evaluating college tennis; supporting and promoting junior tennis competition; evaluating and disseminating sports science and sports medicine information; and identifying and tracking young tennis talent through competitions and coaches and offering coaching and training support through invitations to player-development camps.
- Provide assistance to individuals through the making of grants to support the charitable programs that PD conducts.

USTA Foundation is exempt from income taxes under Section 501(c)(3) of the Code. USTA Foundation is a New York State not-for-profit corporation organized by USTA, whose purpose is to:

- Provide and support educational activities for under-resourced youth who participate in tennis programs.
- Provide academic and athletic scholarships to under-resourced youth who participate in tennis programs.
- Support the growth of tennis programs for youth in community programs, educational facilities, and public facilities to improve the quality of life, promote good character, responsible citizenship, and good health.
- Support community programs, educational institutions, and public facilities to help foster the development and growth of tennis programs for youth, and tennis education in general.

United States Tennis Association Incorporated and Affiliates

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USTA is the sole voting member of USTA Foundation. However, USTA Foundation's Board of Directors is an independent body whose majority is comprised of non-USTA Board members. It is the responsibility of USTA Foundation's Board of Directors to help set policy and oversee day-to-day operations of USTA Foundation.

USOS was organized in Delaware, pursuant to that state's Limited Liability Act. USOS was organized by USTA to operate and manage television and marketing initiatives for a series of professional tennis tournaments known as the US Open Series. USOS has contributed to increased viewership and visibility, helping grow the sport of tennis in the United States. Taxable income and related taxes, if any, are the responsibility of its sole member, USTA.

2. Summary of Significant Accounting Policies

Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the classes of net assets—with donor restrictions and without donor restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

With Donor Restrictions - This class consists of net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization, pursuant to those stipulations. When such stipulations end or are fulfilled, such donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities. Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or removed by actions of the Organization are classified as net assets with donor restrictions - perpetual in nature. At December 31, 2024 and 2023, the Organization had net assets with donor restrictions that were perpetual in nature of \$299 for each year, respectively. Please see Note 16 for endowment-related donor restriction.

Without Donor Restrictions - This class consists of the part of net assets that is not restricted by donor-imposed stipulations.

Board-Designated Funds

USTA's Board of Directors designates a portion of general net assets without donor restrictions for specific purposes. Funds designated by the Board of Directors are as follows:

- Funds for ongoing operations of \$120,000 were to fund a portion of the Organization's following year's operating expenses, fund the following year's debt service, allow for market fluctuations in the long-term investment portfolio, and provide grants to independent regional associations for one year in the event that the US Open fails to provide adequate funds to meet those needs in any given year.

United States Tennis Association Incorporated and Affiliates

Notes to Consolidated Financial Statements (dollars in thousands)

- USTA Foundation's Board of Directors designates a portion of general net assets without donor restrictions for specific purposes. Funds designated of \$12,854 and \$13,640 in 2024 and 2023, respectively, are set aside to fund one year of operating expenses in the event of an emergency (e.g., pandemic) and/or to fund programmatic opportunities identified in the strategic plan the USTA Foundation is embarking on in 2025.
- An allocation of \$100,000 of funds that will be invested in accordance with a Board approved investment policy with an objective to generate at least 5% nominal annualized returns (net of all fees). The purpose of setting aside these funds is to repay the balloon payment for the Series D Notes liability on June 30, 2033. At December 31, 2024 and 2023, the Series D balance was \$108,872 and \$105,433, respectively.
- An allocation of \$30,000 to fund priorities for players, coaches, and facilities at the National and Section level. For 2024 and 2023, \$3,687 and \$2,527, respectively, was distributed, leaving a remaining balance of \$23,786 and \$27,473, respectively.

Cash and Cash Equivalents

The Organization considers investments with financial institutions and securities brokers with maturities of less than 90 days when purchased to be cash equivalents. At various times during the year, the Organization may have deposits at financial institutions that exceed federally insured limits. These financial institutions have strong credit ratings and management believes credit risks related to these deposits are minimal.

NTC has restricted cash and cash equivalents on deposit with two major financial institutions. As of December 31, 2024 and 2023, the amounts on deposit with such institutions were \$1,601 and \$1,683, respectively, dedicated to financing the NTC improvements discussed in Note 8. Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash and cash equivalents in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits. At various times during the year, the Organization may have cash deposits at financial institutions in excess of FDIC insurance limits. These financial institutions have strong credit ratings and management believes that credit risk related to these accounts is minimal.

<i>December 31,</i>	2024		2023	
Cash and cash equivalents	\$	291,298	\$	253,807
Restricted cash and cash equivalents		1,601		1,683
Total	\$	292,899	\$	255,490

Debt Service Reserve Escrow

As of December 31, 2024 and 2023, NTC had combined restricted cash and securities on deposit with a major financial institution which acts as a trustee for the noteholders as identified in Note 10. As of December 31, 2024 and 2023, the amounts on deposit with the institution included a six-month debt service reserve of \$32,122 and \$30,582, respectively.

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Notes to Consolidated Financial Statements (dollars in thousands)

Accounts Receivable

Trade receivables include contractual receivables due within one year for a range of items including broadcasting, data rights, sponsorship, merchandising, re-billable items, and other items due less than one year. Receivables consist of amounts billed to various reputable corporations in exchange for obligations that take place during the Organization's US Open event. Accounts receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The Organization separates accounts receivable into risk pools based on their aging. In determining the amount of the allowance as of the statement of financial position date, the Organization develops a loss rate for each risk pool. This loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions. At December 31, 2024, the Organization determined that historic and future loss rates will be consistent during the next fiscal year and considered the need for any additional qualitative adjustments and concluded for 2024 that no allowance needed to be recorded on outstanding balances. At December 31, 2024 and 2023, the allowance for credit losses was \$0 and \$774, respectively.

Financial Instruments - Credit Losses

In accordance with Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses on Financial Instruments*. The Organization adopted the ASU effective January 1, 2023. The adoption did not have a material impact to the organization.

Contract Assets

Amounts related to services provided to customers that have not been billed and that do not meet the conditions of an unconditional right to payment at the end of the reporting period are contract assets. Contract asset balances typically consist of services provided to customers who are still receiving services at the end of the year.

Fair Value Measurements

Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, provides for a fair value hierarchy that prioritized the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under ASC 820 are as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that USTA has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

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If the assets or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Property, Building, and Equipment

Property, building, and equipment are reported at historical cost. The Organization depreciates property, building, and equipment using the straight-line method (half-year convention in the year of acquisition or placement into service) over the estimated useful lives of the assets. The Organization follows a policy of capitalizing all fixed-asset acquisitions in excess of \$2 and with an estimated useful life of one year or more.

The estimated useful lives of the assets are as follows:

<u>Asset Category</u>	<u>Estimated Useful Life (Years)</u>
Leasehold improvements	10-30
Furniture and fixtures	5-10
Machinery and equipment	5-15
Computer hardware and software	3-5

Leasehold improvements are amortized over the term of the lease or the life of the improvement, whichever is less. Additions and betterments are capitalized, and repairs and maintenance are charged to operations in the period incurred.

Costs incurred during the preliminary project stage of computer software developed for internal use are expensed as incurred and computer software costs incurred during the application development stage are capitalized. Amortization commences once the software is ready for its intended use and is placed in service. The capitalized costs are amortized over their estimated useful life, generally three to five years.

Long-lived assets, such as property, plant, and equipment, and purchased intangible assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future net cash flows expected to be generated by the asset.

If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. For the years ended December 31, 2024 and 2023, there were no impairments recognized.

Deferred Financing Costs

Deferred financing costs are primarily amortized to interest expense over the life of each respective financing using the effective interest rate method and presented as a direct deduction from the carrying amount of the related debt liability, consistent with the presentation of debt discounts.

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Notes to Consolidated Financial Statements (dollars in thousands)

Contract Liabilities

Contract liabilities consist of payments made by customers for goods and services not yet performed or delivered and are expected to be performed or delivered within the next fiscal year.

Concentrations

The Organization generated over 90% of its operating revenues for the year ended 2024 including barter received from the US Open, out of which over 20% are from two contracts related to broadcasting revenue. The Organization generated over 88% of its operating revenues for the year ended 2023 including barter received from the US Open, out of which over 20% are from two contracts related to broadcasting revenue. These revenues arise from various sources, including broadcast rights, ticket sales, sponsorships, and licensing.

Contribution Revenue

Contributions are recorded as revenue when either unsolicited cash is received or when donors make a promise to give. Contributions and promises to give are classified as with or without donor restrictions.

Conditional promises to give, including those received under multi-year grant agreements, are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. A promise is considered conditional only if the donor has stipulated one or more barriers that must be overcome before USTA Foundation is entitled to the assets transferred or promised, and there also exists a right of return to the donor of any assets transferred or a right of release of the donor's obligation to honor the promise. A transfer of assets from a donor that contains donor conditions is accounted for as deferred revenue until the conditions have been substantially met or explicitly waived by the donor.

Rental Income

Rental income is recognized based on the lease agreements. Leases are reflected on the straight-line basis. Accrued rental income is accrued when material.

Methods Used for Allocation of Expenses

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Those expenses include depreciation and amortization, facility expenses, telephone expenses, health and benefit, general third-party processing expenses, and the information technology department. Depreciation and amortization, facility expenses, and telephone expenses are allocated based on square footage. Health and benefits and general third-party service expenses are allocated based on headcount. The information technology department is allocated based on estimates of time and costs to support specific areas.

Investment Return

Investment income, net of expenses, including unrealized gains and losses, dividends, and interest, are reported as increases (or decreases) in net assets without donor restrictions, unless the use of the income received is limited by donor-imposed restrictions.

United States Tennis Association Incorporated and Affiliates

Notes to Consolidated Financial Statements (dollars in thousands)

Income Taxes

USTA, NTC, PD, and USTA Foundation are not-for-profit organizations that are exempt from income taxes under the Code, except for immaterial amounts of income considered by the Internal Revenue Service (IRS) to be unrelated business taxable income, for which income taxes have been provided. USOS is a single-member limited liability company (LLC) for which USTA is the single member. USOS is considered to be a disregarded entity and is not recognized for tax purposes as a separate entity from USTA. As such, its income and expenses are reported as part of USTA's annual filings. The Organization has filed all applicable returns when required. For the years ended December 31, 2024 and 2023, there were no interest or penalties required to be recorded or disclosed in the consolidated financial statements. In addition, the Organization has not taken an unsubstantiated tax position that would require provision of a liability. The Organization is subject to routine audits by taxing authorities.

Advertising Costs

The Organization expenses advertising costs as they are incurred. The Organization recognized advertising expense of \$6,138 and \$5,942 for the years ended December 31, 2024 and 2023, respectively, in the accompanying consolidated statements of activities. These are advertising expenses predominately for the US Open.

In addition to the above, the Organization received barter advertising with an estimated fair market value to USTA of \$4,915 and \$4,872 for the years ended December 31, 2024 and 2023, respectively. Such amounts are included in various operating revenue and operating expense lines in the consolidated statements of activities.

Contributed Services

The Board of Directors and many other volunteers have contributed services involving amounts of time to the Organization. These services do not meet the conditions that would require recognition as revenue and expense, as required by GAAP.

Reclassifications

Certain prior-year amounts have been reclassified to conform to the current-year presentation. This includes reclassification of operating expenses on the consolidated statements of activities to better reflect USTA strategic program investments in increasing participation, facilities and coaching. The impact of these reclassifications was not material to the Organization's consolidated financial statements.

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United States Tennis Association Incorporated and Affiliates

Notes to Consolidated Financial Statements (dollars in thousands)

3. Liquidity and Availability of Resources

The Organization's financial assets available within one year of the consolidated statements of financial position date for general expenditure are as follows:

<i>December 31,</i>	2024	2023
Cash and cash equivalents	\$ 291,298	\$ 253,807
Investments, at fair value	290,787	272,125
Accounts receivable, net of allowance for credit losses	25,315	16,747
Resources Available for General Expenditures	607,400	542,679
Less: amounts unavailable for general expenditures within one year due to:		
Board-designated funds	265,512	266,546
Net assets with donor restrictions	5,429	6,028
Total Resources Available for General Expenditures Within One Year	\$ 336,459	\$ 270,105

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments. Current investments, further discussed in Note 6, include foreign and domestic common stock, publicly traded mutual funds, and common collective trusts, all of which can be liquidated within 12 months.

4. Revenue Recognition

Transactions with Multiple Elements

The Organization has entered into certain revenue transactions, such as the licensing of broadcasting rights, corporate sponsorship transactions, corporate hospitality and services, and the sale of memberships that involve the delivery of multiple elements to the buyer. In accounting for these transactions, the Organization must evaluate whether there is objective evidence of fair value for each individual element delivered and, if so, account for each element of the transaction separately, based on relevant revenue recognition accounting policies. An allocation of revenue is made to all elements for which fair value is determinable. The balance of consideration received for which the fair value is not determinable is allocated to the remaining elements.

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United States Tennis Association Incorporated and Affiliates

Notes to Consolidated Financial Statements (dollars in thousands)

Contracts with Customers

Revenues with customers is comprised of the following:

<i>December 31,</i>	2024	2023
Ticket revenues	\$ 208,475	\$ 185,424
Broadcast revenues	144,992	142,934
Sponsorship revenues	130,513	122,492
Corporate hospitality and service revenues	83,348	71,027
Membership revenues	17,230	16,659
Tennis programs	16,272	12,610
Other contracted	4,525	7,433
Total Revenue from Contracts Subject to ASC 606	605,355	558,579
Total Other Revenues Not Subject to ASC 606⁽¹⁾	18,491	22,192
Total Operating Revenues	\$ 623,846	\$ 580,771

⁽¹⁾ Other revenues not subject to ASC 606 include investment return allocated to operations, rental income, contributions, and state incentives related to a relocation to Florida.

Ticket Revenues

2024 and 2023 ticket revenues are principally sourced from the US Open. Ticket revenues, net of admissions taxes, amounted to \$208,475 and \$185,424 for the years ended December 31, 2024 and 2023, respectively. Sales of tickets to attend the US Open are derived from a wide range of individuals and corporations prior to and at the event. The performance obligation consists of the conducting of the US Open to enable the attendance of ticketholders to the event. Ticket revenues are deferred until the point in time in which the tournament occurs.

Broadcasting Revenues

Broadcasting revenues are predominately earned through more than ten exclusive television rights agreements with domestic and international broadcasters who provide consideration predominately in the form of cash and, in certain cases, value in kind in exchange for which the material contracts extend through December 2025. The aggregate gross revenues derived from cash consideration for such agreements for the years ended December 31, 2024 and 2023 were \$140,077 and \$138,062, respectively. In addition, the estimated value of broadcasting barter revenue received for the years ended December 31, 2024 and 2023 were \$4,915 and \$4,872, respectively. Such agreements are subject to termination and renewal clauses. Pursuant to the Organization's policy of accounting for transactions with multiple elements described elsewhere herein, a portion of the aggregate gross revenues derived from television rights agreements specified above has been allocated to ticket revenue. Accordingly, for financial reporting and disclosure purposes \$1,738 and \$1,632 in 2024 and 2023, respectively, of the aggregate broadcasting revenues specified above have, instead, been included in the amounts reported under ticket revenues as described elsewhere in this note. In total for the years ended December 31, 2024 and 2023, cash consideration and barter offset by amounts reported under ticket revenues resulted in net broadcasting revenues of \$144,992 and \$142,934, respectively.

United States Tennis Association Incorporated and Affiliates

Notes to Consolidated Financial Statements (dollars in thousands)

The Organization's performance obligations consist of the conducting of the US Open to enable the production of a broadcast. The terms of broadcasting arrangements are such that rights are assigned to individual events that occur annually and are satisfied at the point in time when the respective event to which they pertain occurs. Accordingly, the Organization does not have any unsatisfied performance obligations as of year-end. The Organization characterizes the intellectual property (IP) associated with the tournaments as functional IP and recognizes the revenue associated with the licensing of these rights at the point in time the tournament occur.

Sponsorship Revenues

Sponsorship revenues involve various forms of sponsorship for the US Open, US Open Series, Davis and Billie Jean King Cups, and USTA National Campus. Sponsorship revenues are derived from 27 sponsorship agreements with counterparties who provide consideration predominately in the form of cash and, in certain cases, value in kind in exchange for acknowledgement, marketing rights, customer activations, and advertising. Most of these sponsorships are multi-year contracts extending through December 31, 2027. The gross aggregate revenues derived from cash consideration from such agreements for the years ended December 31, 2024 and 2023 were \$124,978 and \$115,942, respectively. In addition, the estimated value of sponsorship barter revenue received for the years ended December 31, 2024 and 2023 were \$5,535 and \$6,550, respectively. Such agreements are subject to termination and renewal clauses. Pursuant to the Organization's policy of accounting for transactions with multiple elements described elsewhere herein, a portion of the aggregate gross revenues derived from sponsorship agreements specified above has been allocated to ticket revenue. Accordingly, for financial reporting and disclosure purposes, \$24,260 in 2024 and \$21,452 in 2023 of the aggregate sponsorship revenues specified above have, instead, been included in the amounts reported under ticket revenues and under corporate hospitality and services revenues as described elsewhere in this note. Revenues are recognized when the event is conducted. In total for the years ended December 31, 2024 and 2023, cash consideration and barter offset by amounts reported under ticket revenues and under corporate hospitality and service revenues result in net sponsorship revenues of \$130,513 and \$122,492, respectively.

Contracts with corporate sponsors cover multi-year periods with the amount of consideration attributable to each period indicated in the contract. Each year's performance obligations relate to the unique events and activation plan for a given year. The Organization's performance obligations are satisfied at a point in time and the contractual consideration for a given year is recognized once those performance obligations are fulfilled.

Corporate Hospitality and Services Revenues

The Organization generates certain revenues predominately associated with the conduct of tournaments. These revenues consist of sales for corporate hospitality, licensing agreements for food and beverage and merchandising sold on-site at the tournaments, royalties associated with the manufacture and sales of merchandise bearing tournaments marks, and other miscellaneous revenues.

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Notes to Consolidated Financial Statements (dollars in thousands)

Disaggregated corporate hospitality and service revenues are as follows:

<i>December 31,</i>	2024	2023
Hospitality sales	\$ 43,934	\$ 36,909
Licensing food and beverage	25,077	21,705
Licensing merchandise	12,049	10,580
Royalties	2,288	1,833
Total Corporate Hospitality and Service Revenues	\$ 83,348	\$ 71,027

2024 and 2023 sales of corporate hospitality are principally from the US Open and are sold predominately in fiscal periods prior to the tournaments. All such revenues are deferred until the point in time the tournaments occur. Licensing for food and beverage and merchandise sales includes minimum guarantees and is recognized at a point in time when the tournaments occur. Royalties are recognized in the period the manufacture or sale of the item giving rise to the royalty occurs.

USTA Memberships' Revenue

USTA's memberships' revenue is considered refundable exchange transactions from clubs and individuals signing up for a membership. Each year, performance obligations include allowing members access to participate in USTA leagues tennis programs and USTA tournaments, providing USTA tennis publications, and enabling USTA members to take advantage of various discount promotions. The gross aggregate revenues from membership for the years ended December 31, 2024 and 2023 were \$17,230 and \$16,659, respectively. The Organization accounts for the performance obligations of the multiple elements under membership revenue in the consolidated statements of activities and recognizes the sale of memberships over time based on the duration of the membership. USTA memberships are refundable on a pro-rata basis based on the duration remaining on the membership. At December 31, 2024 and 2023, USTA has determined the estimate of refunds are not material to the consolidated financial statements.

Tennis Program Revenue

Tennis program revenue includes on court tennis programs, tennis court rentals, and registration fees. The performance obligation for tennis program revenues is recognized when the service or deliverable is provided to the customer.

Service revenues by type are as follows:

<i>December 31,</i>	2024	2023
Tennis programs	\$ 7,986	\$ 7,933
Tennis court rentals	5,535	2,055
Tennis registration fees	2,751	2,622
Total Tennis Program Revenues	\$ 16,272	\$ 12,610

United States Tennis Association Incorporated and Affiliates

Notes to Consolidated Financial Statements (dollars in thousands)

Other Contracted Revenues

Other revenues are predominately from NTC Facility license fees for hosting special events, revenue in team events for USTA's participation in the Davis and Billie Jean King Cup, parking revenue from tournaments, and various other contracted revenues. These revenues are recognized in the period the respective transaction occurs. There are no performance obligations beyond those satisfied at the point in time the event occurs. All of these revenues relate to the current fiscal period and there are no deferred revenues associated with the transactions classified as other revenues.

Receivables and contract balances from contracts with customers are as follows:

	Receivables		Contract Assets		Contract Liabilities	
	2024	2023	2024	2023	2024	2023
Beginning of year	\$ 15,685	\$ 12,808	\$ -	\$ -	\$ 19,553	\$ 19,715
End of year	24,454	15,685	-	-	18,113	19,553

5. Analysis of Expenses by Function and Nature

Below is an analysis of expenses by function and nature:

December 31, 2024

	Program Services	Administration and Other Costs	Total
Player compensation	\$ 76,349	\$ -	\$ 76,349
Grants	75,544	50	75,594
Depreciation and amortization of property, building, and equipment	46,635	2,991	49,626
Payment of bond interest	21,661	-	21,661
Compensation	58,447	16,361	74,808
Compensation seasonal	8,587	-	8,587
Payroll taxes	4,340	912	5,252
Other employee benefits	9,430	2,190	11,620
Professional services	48,779	4,298	53,077
Occupancy	7,369	2,062	9,431
Occupancy - cleaning, supplies and waste removal	6,199	201	6,400
Occupancy - maintenance	15,591	11	15,602
Occupancy - utilities	3,975	55	4,030
Occupancy - other	633	22	655
Advertising/printing and publications	6,441	29	6,470
Insurance	3,327	2,244	5,571
Barter	10,347	103	10,450
Event production and all other expenses	107,852	8,457	116,309
Total Functional Expenses	\$ 511,506	\$ 39,986	\$ 551,492

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Notes to Consolidated Financial Statements (dollars in thousands)

December 31, 2023

	Program Services	Administration and Other Costs	Total
Player compensation	\$ 65,739	\$ -	\$ 65,739
Grants	77,796	-	77,796
Depreciation and amortization of property, building, and equipment	47,451	2,668	50,119
Payment of bond interest	22,860	-	22,860
Compensation	50,136	14,800	64,936
Compensation seasonal	7,872	-	7,872
Payroll taxes	3,827	842	4,669
Other employee benefits	8,500	1,949	10,449
Professional services	43,002	3,089	46,091
Occupancy	6,627	2,157	8,784
Occupancy - cleaning, supplies and waste removal	6,045	248	6,293
Occupancy - maintenance	15,317	18	15,335
Occupancy - utilities	4,069	110	4,179
Occupancy - other	600	177	777
Advertising/printing and publications	6,243	28	6,271
Insurance	3,207	2,101	5,308
Barter	11,345	77	11,422
Event production and all other expenses	101,412	2,114	103,526
Total Functional Expenses	\$ 482,048	\$ 30,378	\$ 512,426

6. Financial Instruments and Fair Value

The Organization's holdings in publicly traded stocks and publicly traded mutual funds consist principally of debt and equity securities carried at their aggregate market value, as determined by quoted market prices. The valuation of such investments is based on Level 1 inputs within the hierarchy used in measuring fair value.

Interests in common/collective trusts and private mutual funds are carried at the stated unit values provided by the investment managers of the funds. Each of these investment managers provides observable detailed information about the underlying securities, all of which are publicly traded securities (equities, treasuries, and bonds) and can be liquidated daily or monthly, depending on the investment. Given the fact that these common/collective trusts and private mutual funds do not have quoted market prices and/or are not actively traded, they are valued at net asset value (NAV) and are not classified within the fair value hierarchy.

Alternative investments are those made in limited partnerships, offshore LLCs, and private equity concerns, and are reported at fair value as estimated by the general partners. These investments, which are valued at NAV, have not been classified in the fair value hierarchy. Given the absence of market quotations, their fair value is estimated using information provided to the Organization by the investment managers or general partners. The values are based on estimates that require varying degrees of judgment and, for fund of funds investments, are primarily based on financial data supplied by the investment managers of the underlying funds. Individual investment holdings within the alternative investments may include investments in both nonmarketable and market-traded securities. Nonmarketable securities may include equity in private companies, real estate, thinly traded securities, and other investment vehicles. The investments may indirectly expose the Organization to the effects of securities lending; short sales of securities; and trading in futures and forward contracts, options, swap contracts, and other derivative products. While these

United States Tennis Association Incorporated and Affiliates

Notes to Consolidated Financial Statements (dollars in thousands)

financial instruments entail varying degrees of risk, the Organization's exposure with respect to each such investment is limited to its carrying amount (fair value, as described above) in each investment plus the Organization's commitment to provide additional funding, as described in the following paragraph. The financial statements of the investees are audited annually by nationally recognized firms of independent auditors. USTA does not directly invest in the underlying securities of the investment funds and, due to restrictions on transferability and timing of withdrawals from the limited partnerships, the amounts ultimately realized upon liquidation could differ from reported values that are based on current conditions.

Certain alternative investments, which include private equity investments, have rolling lockups ranging from one to three years. In addition, for the years ended December 31, 2024 and 2023, the carrying values of private equity investments do not include future funding commitments of \$21,260 and \$18,603, respectively, to be paid by USTA as future investment opportunities become available. Each of these private equity investments is reported within long-term investments in the non-current assets section of the consolidated statements of financial position.

Advanced contributions to underlying funds consist of deposits made by the Organization to investment subscriptions that were in transit at fiscal year-end. These are not subject to fair value measurement and are reported at cost.

The following table identifies assets measured at fair value and NAV on a recurring basis, including investments and debt service reserve escrow:

<i>December 31,</i>	2024	2023
Level 1:		
Publicly traded mutual funds:		
Fixed-income instruments	\$ 95,508	\$ 98,962
International equities	5,813	5,333
Exchange-traded funds	43,166	68,382
Mutual funds	7,918	6,945
Debt service reserve escrow:		
Cash	284	2,460
Corporate and government fixed-income securities	31,838	28,122
Level 2:		
Common/collective trusts and private mutual funds	6,146	9,005
Total Investment at Fair Value	190,673	219,209
Investments valued at NAV ⁽¹⁾ :		
Common/collective trusts and private mutual funds	92,211	52,476
Alternative investments and private equity	114,742	77,470
Total Investment at NAV	206,953	129,946
Investments valued at cost:		
Cash	1,068	2,125
Advanced contributions to underlying funds	2,510	17,000
Total Investment at Cost	3,578	19,125
Total	\$ 401,204	\$ 368,280

⁽¹⁾ Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts described in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

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Notes to Consolidated Financial Statements (dollars in thousands)

The following tables represent the Organization's investments by asset class and their respective liquidity terms and unfunded commitments:

December 31, 2024

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period (Days)
Common/collective trusts and private mutual funds:				
Global ex-U.S. equity	\$ 85,244	\$ -	Monthly	15
Emerging markets	13,113	-	Monthly	30
Total	\$ 98,357	\$ -		
Alternative investments:				
Absolute return	\$ 5,762	\$ -	Semiannually	60-65
Hedge fund	31,925	-	Annually	30-90
Private equity	77,055	21,260	See footnote (a)	See footnote (a)
Total	\$ 114,742	\$ 21,260		

December 31, 2023

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period (Days)
Common/collective trusts and private mutual funds:				
Global ex-U.S. equity	\$ 46,222	\$ -	Monthly	15
Emerging markets	15,259	-	Monthly	30
Total	\$ 61,481	\$ -		
Alternative investments:				
Absolute return	\$ 5,497	\$ -	Semiannually	60-65
Hedge fund	25,826	-	Annually	30-90
Private equity	65,272	18,603	See note (a)	See note (a)
Total	\$ 96,595	\$ 18,603		

(a) Redemption not permitted; distributions require liquidation of underlying assets.

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United States Tennis Association Incorporated and Affiliates

Notes to Consolidated Financial Statements (dollars in thousands)

7. Investment Return Presentation

The following schedule summarizes the investment portfolio return, without donor restrictions:

<i>Year ended December 31,</i>	2024		2023	
Dividend and interest income (net of interest expense, excluding debt interest, and investment fees)	\$	21,432	\$	18,654
Realized gain, net		3,817		1,621
Change in unrealized gain, net		21,653		15,980
		46,902		36,255
Investment return allocated to operations		(8,230)		(7,900)
Investment Return, net of amounts allocated to operations	\$	38,672	\$	28,355

USTA has reported a portion of the return on the investment portfolio as a source of funding for operating expenditures and is noted in the table above as investment return allocated to operations. This amount is not to exceed 5% of the average market value of the last 12 quarters of the total investment portfolio or the market value of the previous year (inclusive of any uninvested cash), whichever is less (amounts not based on the actual return of the investment portfolio). This amount is presented in the consolidated statements of activities as investment return allocated to operations, a separate line item within operating revenue. It amounted to \$8,230 and \$7,900 for the years ended December 31, 2024 and 2023, respectively. A corresponding deduction is included within non-operating other income and deductions in order to reflect the amounts reported in operations. Actual cash deposits or withdrawals from the investment portfolio can vary each year, depending on business needs. Investment return presented above is net of direct external investment expenses.

8. Property, Building, and Equipment, Net

Property, building, and equipment, net, consist of the following:

<i>December 31,</i>	2024		2023	
Leasehold improvements	\$	1,142,019	\$	1,145,675
Machinery and equipment		125,983		115,735
Computer hardware and software		103,760		95,563
Furniture and fixtures		74,985		72,271
		1,446,747		1,429,244
Less: accumulated depreciation and amortization		(835,963)		(789,729)
Construction-in-progress		54,774		2,153
Property, Building, and Equipment, Net	\$	665,558	\$	641,668

Depreciation and amortization expense was \$49,259 and \$49,510 for the years ended December 31, 2024 and 2023, respectively, which has been attributed to the US Open, Recreational Play, Membership & Digital, NTC & Campus: Tennis Programs & Events, High Performance (including events), and administrative and supporting services on the consolidated statements of activities based on the nature and function of the underlying depreciable assets.

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Notes to Consolidated Financial Statements (dollars in thousands)

As of December 31, 2024 and 2023, \$72,052 and \$66,509, respectively, of computer software costs have been capitalized. Accumulated amortization for such software costs is \$58,016 and \$52,315 as of December 31, 2024 and 2023, respectively.

Construction-in-progress includes various ongoing site-wide improvements at the NTC Facility. NTC is developing plans for additional improvements to the facility including a new player facility and several improvements to enhance the overall fan experience. This will be a multi-year project with committed costs of \$90,016 as of December 31, 2024. This is anticipated to be funded with current cash and cash equivalents and investments.

9. Line of Credit and Irrevocable Letter of Credit

As part of the site-wide improvements at the NTC Facility, NTC established irrevocable letters of credit with one beneficiary, an insurance underwriter, for \$12,435, as part of NTC's Owner Construction Insurance Policy Program. The letters of credit automatically renew for a one-year period upon each expiration date and the next renewal date is April 8, 2025. The variable interest rate is prime rate plus 1.00% for one to 60 days and prime rate plus 2.00% over 60 days. There were no drawings against these letters of credit in 2024 and 2023.

10. Private Placement Financing and Other Debt

In 2014, 2016, and 2018, NTC entered into a series of transactions collectively referred to as the Private Placement Financings (Private Placement). The Private Placement consisted of \$750,000 Senior Secured Fixed-Rate Notes (Notes). The proceeds of such financings were used to legally settle all series of bonds outstanding in 2014, fund the Debt Service Reserve Account, and provide financing for capital improvements at the NTC Facility.

The following table provides an overview of the Notes facility:

	Notes, Series A	Notes, Series B	Notes, Series C	Note, Series D	Total
Date of funding	September 8, 2014	September 8, 2014	May 26, 2016	June/July 2018 ^(a)	
Principal amount at inception	\$ 75,000	\$ 325,000	\$ 200,000	\$ 150,000	\$ 750,000
Term (in years)	10	25	20	15	10-25
Interest rate (%)	3.11	4.08	3.29 ^(b)	4.04 ^(c)	3.11-4.08
Maturity Date	September 8, 2024	September 8, 2039	January 8, 2037	June 6, 2033	
Balance, December 31, 2024	\$ -	\$ 237,885	\$ 167,426	\$ 150,000	\$ 555,311^(d)

(a) The \$150,000 Series D financing was funded in two installments: \$80,000 on June 6, 2018 and \$70,000 on July 26, 2018.

(b) Interest only for the first five years.

(c) Interest only for 15 years, with a balloon payment due at the end of 15 years on June 6, 2033.

(d) Amount shown on consolidated statements of financial position under debt payable, net of current portion and deferred financing costs, of \$529,782 is net of current portion of debt payable of \$22,854 and unamortized deferred financing costs of \$2,675. At December 31, 2023, the corresponding amounts were \$552,269, which was net of \$34,813 payable in 2023 and unamortized deferred financing costs of \$3,041.

The Notes were issued to institutional accredited investors within the meaning of Regulation D under the Securities Act of 1933, as amended and are secured by the assets of the NTC. The Notes include

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Notes to Consolidated Financial Statements (dollars in thousands)

\$75,000 of Senior Secured Notes, Series A (Series A); \$325,000 of Senior Secured Notes, Series B (Series B); \$200,000 of Senior Secured Notes, Series C (Series C); and \$150,000 of Senior Secured Notes, Series D (Series D). The Notes were issued at a fixed rate and are redeemable at any time in whole or pro rata in part, in an amount not less than \$10,000 of the aggregate principal amount of the Notes then-outstanding in the case of partial payment. Prepayments are subject to par, accrued interest, plus a Make-Whole Amount, if any, based on the provisions of the financing documents. Each series of the Notes are Pari Passu without preference or priority with one another.

The Notes have substantially the same provisions, including: (i) the method of funding the repayment of the principal and interest and other provisions relating to security interests, guarantees, earnings coverage of debt service, funding of certain operating expenses, and the incurrence of additional indebtedness on the part of both NTC and USTA; (ii) the requirement by NTC to deposit receipts from US Open ticket sales and other NTC revenues up to annual amounts to be determined in accordance with the Deposit and Disbursement Agreement and other financing documents with the trustee for payment of principal and interest; and (iii) USTA's pledge of its right to future US Open net broadcasting revenues as security in the form of deposits with the trustee in amounts based on formulae in the financing documents. Excess deposits are refunded to USTA once NTC meets its annual debt service, debt service reserve requirement, rent obligations to the city of New York, and operating expense funding obligations with the trustee.

The Notes have a debt service reserve requirement requiring NTC to deposit certain amounts into a Debt Service Reserve Account, the magnitude of which depends on the senior secured debt service coverage ratio. The adequacy of such amounts is tested on the last day of the fiscal year based on an amount equal to the maximum amount of debt service required to be paid on the Notes and any other outstanding parity indebtedness during any future six-month period. For the years 2024 and 2023, such requirement totaled \$21,960 and \$28,525, in 2024 and 2023, respectively. At December 31, 2024 and 2023, cash and securities on deposit totaled \$32,122 and \$30,582, respectively, which exceeded such requirement.

As indicated above, the funding of the Debt Service Reserve Account depends on the senior secured debt service coverage ratio. While the minimum coverage ratio required is 1.50 to 1.00, failure to achieve a coverage ratio of at least 2.00 to 1.00 would result in a mandatory increase of the funds on deposit in the Debt Service Reserve Account such that they would equal payments of debt service required for any future 12-month period instead of the six-month period currently required. The coverage ratios exceeded 2.0 to 1.00 at December 31, 2024 and 2023.

Costs of issuing the Private Placement have been deferred and are being amortized over the life of each series of Notes. Costs of issuance totaled \$4,328 for the 2014 Private Placement, \$2,146 for the 2016 Private Placement, and \$459 for the 2018 Private Placement. In 2024 and 2023, \$367 and \$392, respectively, was amortized, along with \$3,499 being amortized prior thereto, resulting in unamortized deferred issuance costs of \$2,675 and \$3,041 at December 31, 2024 and 2023, respectively.

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The following table sets forth the scheduled annual principal payments to be made on the Notes during each of the next five years and all years thereafter:

Year ending December 31,

	Principal Payments
2025	\$ 22,854
2026	23,702
2027	24,583
2028	25,497
2029	26,445
2030 and thereafter	432,230
	\$ 555,311

11. Other Assets

TRIDENT8 (Laver Cup)

In 2016, USTA made a \$6,000 capital commitment to acquire a non-controlling 20% interest in TRIDENT8, a UK private company that is treated as a partnership for U.S. tax purposes. TRIDENT8's purpose is to further interest in tennis by establishing and operating a team tennis competition between regional teams of top professional players from around the world. This competition is referred to as the Laver Cup, in honor of Rod Laver. In 2017 and 2016, USTA made cash payments of \$2,000 and \$4,000, respectively, fulfilling USTA's \$6,000 capital commitment for a non-controlling 20% interest in TRIDENT8. The investment is accounted for using the equity method of accounting and is reported in other assets in the accompanying consolidated statements of financial position. For 2024 a gain of \$138 was recorded and for 2023 a loss of \$(375) was recorded from TRIDENT8. Gains of \$517 were recorded prior to 2023 for a net book value of \$6,280 which is reported in other assets on the consolidated statements of financial position.

12. Retirement Plan

The United States Tennis Association Retirement Plan covers substantially all USTA, NTC, and PD employees. The plan, which is a defined contribution plan, includes both an employer match and a discretionary employer contribution. Discretionary contributions are calculated on the basis of a fixed percentage of eligible salaries.

Matching contributions are made to the plan on a current basis and amounted to \$1,406 and \$1,329 for the years ended December 31, 2024 and 2023, respectively. For the years ended December 31, 2024 and 2023, the Organization recorded a discretionary contribution of \$1,611 and \$1,426, respectively.

13. Office Building (Sale)

On February 23, 2023, NTC entered into an agreement to sell the office building referred to as White Plains Headquarters. The NTC sold the property for \$7,700. As part of the sale, NTC received \$2,800 in cash and agreed to hold an interest-only promissory note for the remaining balance of \$4,900 that is included in the other assets on the consolidated statements of financial position. The

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promissory note term is for five years expiring February 28, 2028 with annual interest rate at 5%. As part of the sale agreements (i.e., mortgage and security agreements), the new owner is subject to certain restrictions (e.g., no demolition) as further discussed in the documents.

The office building was fully depreciated at the time of the sale. The NTC incurred closing expenses of \$112 resulting in a net gain of \$7,588 which is recorded in the non-operating other income and deductions section of the statement of activities for the year ended December 31, 2023.

14. Commitments and Contingencies

Leases

The Organization adopted ASU 2016-02, *Accounting for Leases (Topic 842)*, effective January 1, 2022. The Organization leases certain property and equipment under operating leases. Leases are classified as either finance or operating leases based on the underlying terms of the agreement and certain criteria, such as the term of the lease relative to the useful life of the asset and the total lease payments to be made as compared to the fair value of the asset, amongst other criteria. Finance leases result in an accounting treatment similar to an acquisition of the asset.

For leases with initial terms greater than a year (or initially, greater than one year remaining under the lease at the date of adoption of ASU 2016-02), the Organization records the related right-of-use assets and liabilities at the present value of the lease payments to be paid over the life of the related lease. The Organization's leases may include variable lease payments and renewal options. Variable lease payments are excluded from the amounts used to determine the right-of-use assets and liabilities unless the variable lease payments depend on an index or rate or are in substance fixed payments. Lease payments related to periods subject to renewal options are also excluded from the amounts used to determine the right-of-use assets and liabilities unless the Organization is reasonably certain to exercise the option to extend the lease. The present value of lease payments is calculated by utilizing the rate stated in the lease, when readily determinable. For leases for which this rate is not readily available, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term. The Organization has made an accounting policy election not to separate lease components from non-lease components in contracts when determining its lease payments for all of its asset classes, as permitted by ASU 2016-02. As such, the Organization accounts for the applicable non-lease components together with the related lease components when determining the right-of-use assets and liabilities.

The Organization has made an accounting policy election not to record leases with an initial term of less than a year as right-of-use assets and liabilities.

New York City Lease: Billie Jean King National Tennis Center

Rent expense charged to operations for the years ended December 31, 2024 and 2023 amounted to \$5,782 and \$5,275, respectively, of which \$440 was fixed rent, and the remaining portion of \$5,342 and \$4,835 respectively was variable rent (1% of gross revenues). The Organization accounts for the fixed portion of the lease as a right-of-use asset - operating lease and a lease liability - operating lease.

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USTA National Campus - Home of American Tennis

In 2017, the Organization built a new state-of-the-art tennis facility near Orlando, Florida on 64 acres of land owned by Lake Nona Central LLC. As part of this initiative, the Organization is to operate for a term of 30 years with an obligation to pay for all property taxes, assessments, and utility expenses. For the year ended December 31, 2024, rent expense for this facility was de minimis.

Usage/Lease Agreement for the West Coast Training Center

The Organization is party to a training center lease that is classified as an operating lease. The lease was renewed through December 31, 2025. Rent expense for the years ended December 31, 2024 and 2023 was \$116 and \$152, respectively.

New York City Campus Office Lease

USTA entered into a six-year sublease, beginning January 1, 2023 and expiring on November 29, 2028, for office space in New York City. The lease includes fixed monthly rent, as well as escalation rent. Escalation rent includes variable components for USTA's portion of operating expenses, taxes, theater surcharges, and other charges, which are predominately for the Times Square Alliance. The lease includes six months of free rent and a letter of credit for the amount of \$168 and does not include any purchase options or early termination provisions. For 2024 and 2023 rent expense was \$943 and \$1,005, respectively.

Westchester Campus Office Lease

USTA entered into a seven-year sublease, beginning April 1, 2023 and expiring December 30, 2029, for office space in Westchester, New York. The lease includes fixed monthly rent and additional rent. Additional rent includes variable components based on USTA's proportionate share of various taxes and operating expenses incremental increases from the base year as defined in the lease. The lease includes three months of free rent and a letter of credit for the amount of \$134 and does not include any purchase options or early termination provisions. For 2024 and 2023 rent expense was \$554 and \$453, respectively.

The following table summarizes information related to the lease assets and liabilities:

December 31, 2024

Right-of-use assets and liabilities:		
Right-of-use assets operating lease	\$	14,542
Operating lease liabilities:		
Current lease liabilities		1,580
Long term operating lease liabilities		14,210
Total Operating Lease Liabilities	\$	15,790

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Other information:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$	1,991
Weighted-average remaining lease term - operating leases		17 years
Weighted-average discount rate - operating leases		2.84%

Operating Leases

The following table reconciles the undiscounted operating lease payments to the lease liabilities recorded on the accompanying consolidated statements of financial position at December 31, 2024:

Year ending December 31,

2025	\$	2,002
2026		2,013
2027		2,024
2028		1,951
2029		1,039
Thereafter		10,130
Total Lease Payments		19,159
Less: imputed interest		(3,369)
Total Operating Lease Liabilities	\$	15,790

Total fixed rental expense charged to operations for the years ended December 31, 2024 and 2023 was \$1,991 and \$1,256, respectively.

West Coast Facility - USTA

The USTA made a \$9,500 grant commitment to an independent 501(c)(3) organization for the creation and operation of a transformational youth center supporting access to high-quality academic, athletic and wellness programs in Los Angeles for underserved youth. The pledge is payable upon the facility meeting certain conditions. In 2024 USTA did not make a contribution, leaving the remaining balance of \$7,125 commitment as follows:

Year ending December 31,

2025	\$	4,750
2026		2,375
Total	\$	7,125

West Coast Facility - USTA Foundation

The USTA Foundation made a pledge of \$5,000 to an independent 501(c)(3) organization for the creation and operation of a transformational youth center supporting access to high-quality academic, athletic and wellness programs in Los Angeles for underserved youth. The pledge is

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payable upon the facility meeting certain conditions. In 2024 and 2023, USTA Foundation made a contribution of \$1,000 each year, leaving the remaining balance of \$3,000 commitment as follows:

Year ending December 31,

2025	\$	1,000
2026		1,000
2027		1,000
Total	\$	3,000

Board-Designated Growth Catalyst Fund

As part of the USTA Board-designated Growth Catalyst Fund of \$30,000 to accelerate the growth of the game, spur innovation, and bolster local efforts to grow tennis. In 2024 and 2023 USTA incurred grant expense of \$1,745 and \$2,527, respectively. As of December 31, 2024 and 2023, the balance in the Board-designated Growth Catalyst Fund was \$23,786 and \$27,473, respectively. As of December 31, 2024, USTA made commitments, subject to restrictions, to fund \$105 of grants from the Growth Catalyst fund payable predominately in 2025.

Public Facility Funding Grants

USTA issued grant letters in 2024 and 2023 to several public facilities as part of its Public Facility Funding program whereby all or a portion of the funding is contingent upon various factors. Future funding by USTA is contingent upon the grant recipient completing project milestones, as set forth in the recipient's grant proposal. Had the milestones been satisfied at December 31, 2024 USTA would have recorded a commitment of \$971.

In 2013, NTC made two separate pledges to the city of New York, which together result in \$10,050 payable over a period of 23 years to help with improvements and, separately, with maintenance of the public park land adjacent to the NTC Facility. In 2016, certain improvements were made, fulfilling the conditions of the \$5,000 improvement pledge resulting in \$4,441, the present value, being recognized as an operating expense. The first installment of \$833 was paid in 2015 and there are annual installments of \$833 payable in each of the following five years with the last payment being made in 2020. The maintenance pledge of \$5,050 and is payable over the next 23 years with annual installments of \$350 for the first three years and \$200 each year thereafter. The maintenance pledge is contingent upon satisfaction of the specified conditions, including annual operating commitments by the city of New York. In 2016, the conditions of the maintenance pledge were met, resulting in 2024 and 2023 operating expenses of \$200 for each of the years, respectively, recognized in the US Open, including depreciation, pledge, and debt interest in the consolidated statements of activities.

Section Funding

For 2025, USTA has committed \$61,783 of funding grants to the 17 Sectional Associations, consisting of \$52,120 of Network Support Funding and \$9,663 of Membership Grants. Network Support Funding is expected to grow 3.5% in 2026 and 2027 while Membership Grants will remain constant. Additional grants related to certain strategic initiatives may also be provided to the Sectional Associations in 2025. These grants are subject to a number of funding conditions, including (i) no event that significantly disrupts the normal operations of the US Open or has had or is reasonably expected to have a material adverse effect on the USTA, (ii) the ability for USTA to perform any of its obligations

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under documents governing its indebtedness, and (iii) a number of other funding conditions subject to the terms and conditions of the Section Funding Agreement.

Litigation

The Organization is involved in various routine litigation matters in the course of its normal operations. Although it is not possible to predict the outcome of such litigation with certainty, based on the facts known to the Organization's management, and after consultation with counsel, management believes that such litigation will not have a material adverse effect on the Organization's consolidated financial position.

15. Net Assets

Net assets with donor restrictions were available for the following purposes:

<i>December 31,</i>	2024	2023
College scholarships	\$ 1,443	\$ 1,475
ACE curriculum	-	4
Judy Levering Leadership Initiative	56	71
Program grants	712	650
Tennis training scholarships (Evert)	237	237
Excellence program	114	96
West Coast Facility Project	3	6
Tennis and Education	333	-
Restricted for future periods	1,962	2,931
Tiafoe Fund	240	250
Other	2	7
	5,102	5,727
Subject to the Foundation's spending policy and appropriation:		
Investments held with donor restrictions, which, once appropriated, are expended to support:		
Scholarships	28	2
Investments held in perpetuity	299	299
Total Net Assets with Donor Restrictions	\$ 5,429	\$ 6,028

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Net assets with donor restrictions were released for the following purposes:

<i>December 31,</i>		2024		2023
Multi-year pledge	\$	969	\$	977
College scholarships		321		610
ACE curriculum		4		37
Tiafoe Fund		160		-
Judy Levering Leadership Initiative		71		59
Program grants		453		438
Excellence Program		96		29
West Coast Project		6		33
Tennis and Education		-		750
Other		12		8
Total	\$	2,092	\$	2,941

16. Endowments

The endowment consists of funds that were established to support scholarships. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Management of USTA Foundation's endowment is governed by law in New York State based on the New York Prudent Management of Institutional Funds Act (NYPMIFA). As a result, amounts are classified in the donor-restricted endowment funds as net assets with donor restrictions because they are subject to time and purpose restrictions that must be met before they can be reclassified to net assets without donor restrictions. The Board of Directors of USTA Foundation has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted funds absent explicit donor stipulations to the contrary. As a result of this interpretation, USTA Foundation classifies as net assets with donor restrictions (a) the original value of gifts designated as donor-restricted, (b) the original value of subsequent gifts designated as donor-restricted, and (c) accumulations to the donor-restricted funds made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the funds. In accordance with NYPMIFA, USTA Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted funds: (1) the duration and preservation of the various funds; (2) the purposes of the donor-restricted endowment funds; (3) general economic conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of USTA Foundation; (7) where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment funds, giving due consideration to the effect that such alternatives may have on the institution; and (8) USTA Foundation's investment policies.

The donor-restricted assets are invested in a manner that is intended to produce results that exceed the price and yield results of the Triple A rated short-term money market instruments while assuming a minimum level of investment risk. USTA Foundation appropriates the actual interest income return from the donor-restricted asset and may supplement non-restricted funds for specific scholarship grants. There are no net assets without donor restrictions associated with the donor-restricted funds.

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Endowment net assets composition by type are as follows:

Year ended December 31, 2024

	Without Donor Restrictions		With Donor Restrictions		Total
Donor-restricted endowment funds:					
Original donor-restricted gift amount required to be maintained in perpetuity	\$	-	\$	299	\$ 299
Accumulated investment gain		-		28	28
Total	\$	-	\$	327	\$ 327

Year ended December 31, 2023

	Without Donor Restrictions		With Donor Restrictions		Total
Donor-restricted endowment funds:					
Original donor-restricted gift amount required to be maintained in perpetuity	\$	-	\$	299	\$ 299
Accumulated investment gain		-		2	2
Total	\$	-	\$	301	\$ 301

Below are the changes in endowment net assets:

Year ended December 31, 2024

	Without Donor Restrictions		With Donor Restrictions		Total
Endowment Net Assets , beginning of year	\$	-	\$	301	\$ 301
Net investment gain		-		34	34
Appropriation of endowment assets for expenditures		-		(8)	(8)
Endowment Net Assets , end of year	\$	-	\$	327	\$ 327

Year ended December 31, 2023

	Without Donor Restrictions		With Donor Restrictions		Total
Endowment Net Assets , beginning of year	\$	-	\$	268	\$ 268
Net investment gain		-		42	42
Appropriation of endowment assets for expenditures		-		(9)	(9)
Endowment Net Assets , end of year	\$	-	\$	301	\$ 301

17. Subsequent Events

The Organization has evaluated subsequent events through March 28, 2025, the date these consolidated financial statements were available to be issued. No modifications of the consolidated financial statements were necessary as a result of the subsequent events evaluation.