

**INTERNATIONAL TENNIS HALL OF FAME
INCORPORATED**

Financial Statements

Year Ended December 31, 2023

(With Independent Auditors' Report Thereon)

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED

FINANCIAL STATEMENTS

Year Ended December 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The International Tennis Hall of Fame Incorporated:

Opinion

We have audited the accompanying financial statements of the International Tennis Hall of Fame Incorporated (a not-for-profit organization) (the Organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2023, and the changes in its net assets and its 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. Our responsibilities under those standards are further described in the Auditors' 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 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 these 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards 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, including omissions, 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 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 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.

Report on Summarized Comparative Information

We have previously audited the International Tennis Hall of Fame Incorporated's December 31, 2022 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated May 30, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements and related notes to the financial statements from which it has been derived.

Kahn, Litwin, Renya & Co., Ltd.

May 29, 2024

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED
STATEMENT OF FINANCIAL POSITION
December 31, 2023
(With Comparative Totals at December 31, 2022)



	2023				2022
	Operations	Property	Investment	Total	Total
Assets					
Current Assets:					
Cash and cash equivalents	\$ 1,787,829	\$ -	\$ -	\$ 1,787,829	\$ 1,039,528
Accounts receivable, net	355,047	-	-	355,047	434,948
Pledges receivable	20,000	1,143,157	-	1,163,157	1,390,912
Government receivable	412,555	-	-	412,555	677,193
Inventory	280,034	-	-	280,034	215,884
Prepaid expenses and other assets	124,827	-	-	124,827	145,995
Total current assets	2,980,292	1,143,157	-	4,123,449	3,904,460
Property and Equipment, net	-	18,748,414	-	18,748,414	20,005,767
Other Assets:					
Restricted cash (Note 2)	-	4,406,683	-	4,406,683	2,641,484
Pledges receivable, less current portion	-	444,666	-	444,666	682,255
Investments, at fair value	-	-	45,965,808	45,965,808	42,444,486
Investments - held for deferred compensation	311,249	-	-	311,249	366,341
Beneficial interests in charitable remainder trusts	-	-	3,083,812	3,083,812	2,744,291
Long-term receivable (Note 1)	17,000,000	-	-	17,000,000	-
Total other assets	17,311,249	4,851,349	49,049,620	71,212,218	48,878,857
Total Assets	\$ 20,291,541	\$ 24,742,920	\$ 49,049,620	\$ 94,084,081	\$ 72,789,084
Liabilities and Net Assets					
Current Liabilities:					
Accounts payable and accrued expenses	\$ 1,313,588	\$ -	\$ -	\$ 1,313,588	\$ 926,048
Current portion of mortgage payable	-	67,673	-	67,673	65,565
Deferred revenue	390,297	-	-	390,297	531,036
Total current liabilities	1,703,885	67,673	-	1,771,558	1,522,649
Long-term Liabilities:					
Mortgage payable, less current portion and unamortized debt issuance costs	-	481,455	-	481,455	547,284
Deferred compensation payable	311,249	-	-	311,249	366,341
Total liabilities	2,015,134	549,128	-	2,564,262	2,436,274
Net Assets:					
Net assets without donor restrictions (Note 11)	18,094,565	18,199,286	14,453,270	50,747,121	34,167,457
Net assets with donor restrictions:					
Restricted by time and purpose (Note 11)	181,842	5,994,506	19,531,261	25,707,609	21,120,264
Restricted in perpetuity (Note 11)	-	-	15,065,089	15,065,089	15,065,089
Total net assets	18,276,407	24,193,792	49,049,620	91,519,819	70,352,810
Total Liabilities and Net Assets	\$ 20,291,541	\$ 24,742,920	\$ 49,049,620	\$ 94,084,081	\$ 72,789,084

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED
STATEMENT OF ACTIVITIES
Year Ended December 31, 2023
(With Comparative Totals for the Year Ended December 31, 2022)



	2023				2022
	Operations	Property	Investment	Total	Total
Change in Net Assets Without Donor Restrictions:					
Operating revenue and support:					
Contributions	\$ 1,197,571	\$ -	\$ -	\$ 1,197,571	\$ 1,008,838
Contributed nonfinancial assets	165,940	-	-	165,940	365,274
Income from Legends Ball	794,590	-	-	794,590	824,640
Income from Hall of Fame Weekend	430,060	-	-	430,060	271,370
Museum Admissions	305,853	-	-	305,853	267,834
Rentals of buildings and grounds	1,084,527	-	-	1,084,527	1,109,909
Retail sales	837,422	-	-	837,422	745,079
Tennis tournaments	2,758,972	-	-	2,758,972	2,478,554
Tennis court revenues	2,823,001	-	-	2,823,001	2,463,681
Sponsorships	2,224,829	-	-	2,224,829	2,098,655
TeamFAME	537,461	-	-	537,461	392,325
Other program support and revenues	8,458	-	-	8,458	20,133
Interest income	50,644	-	-	50,644	31,047
Operating revenue and support	13,219,328	-	-	13,219,328	12,077,339
Net assets released from restrictions and other net asset transfers:					
Satisfaction of program restrictions	81,094	610,825	-	691,919	928,782
Appropriation of endowment earnings	1,940,000	-	-	1,940,000	1,920,000
Total operating revenue and support without donor restrictions	15,240,422	610,825	-	15,851,247	14,926,121
Operating Expenses:					
Program:					
Museum and admissions	1,159,318	20,386	-	1,179,704	1,107,183
Maintenance and depreciation of buildings and grounds	1,204,197	927,559	-	2,131,756	2,140,605
Retail	595,257	641	-	595,898	582,820
Tennis tournaments	2,664,395	1,751	-	2,666,146	2,290,197
Tennis court operations	2,634,884	209,653	-	2,844,537	2,537,201
TeamFAME	746,788	-	-	746,788	524,222
Sponsorships	733,216	-	-	733,216	616,102
Total program expenses	9,738,055	1,159,990	-	10,898,045	9,798,330
Supporting services:					
Fundraising	1,122,812	366,089	-	1,488,901	1,362,859
Fundraising - Legends Ball	399,484	-	-	399,484	446,357
Fundraising - Hall of Fame weekend	338,045	-	-	338,045	218,011
Total fundraising	1,860,341	366,089	-	2,226,430	2,027,227
Marketing	1,303,514	50,409	-	1,353,923	1,289,181
Management and general	2,509,397	31,168	-	2,540,565	2,318,734
Total supporting services	5,673,252	447,666	-	6,120,918	5,635,142
Total operating expenses	15,411,307	1,607,656	-	17,018,963	15,433,472
Change in operating net assets without donor restrictions	(170,885)	(996,831)	-	(1,167,716)	(507,351)
Non-operating revenue and support:					
Sale of asset (Note 1)	17,000,000	-	-	17,000,000	-
Investment return, net	-	-	734,937	734,937	(807,384)
Bequest income	12,443	-	-	12,443	1,752,341
Forgiveness of PPP loan	-	-	-	-	704,828
Employee Retention Credit (Note 5)	-	-	-	-	677,193
Change in non-operating net assets without donor restrictions	17,012,443	-	734,937	17,747,380	2,326,978
Change in net assets without donor restrictions	16,841,558	(996,831)	734,937	16,579,664	1,819,627
Change in Net Assets with Donor Restrictions:					
Contributions	85,000	2,053,497	-	2,138,497	1,141,143
Investment return, net	-	757	4,740,489	4,741,246	(5,011,450)
Net change in value of beneficial interests in charitable remainder trusts	-	-	339,521	339,521	(644,793)
Satisfaction of program restrictions	(59,026)	(610,825)	(22,068)	(691,919)	(928,782)
Appropriation of endowment earnings	-	-	(1,940,000)	(1,940,000)	(1,920,000)
Change in net assets with donor restrictions	25,974	1,443,429	3,117,942	4,587,345	(7,363,882)
Transfers to fund property additions	(943,374)	3,383,609	(2,440,235)	-	-
Change in net assets	15,924,158	3,830,207	1,412,644	21,167,009	(5,544,255)
Net Assets, beginning of year	2,352,249	20,363,585	47,636,976	70,352,810	75,897,065
Net Assets, end of year	\$ 18,276,407	\$ 24,193,792	\$ 49,049,620	\$ 91,519,819	\$ 70,352,810

See accompanying notes to the financial statements and independent auditors' report.

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023
(With Comparative Totals for the Year Ended December 31, 2022)



	Museum and Admissions	Maintenance and Depreciation of Buildings and Grounds	Retail	Tennis Tournaments	Tennis Court Operations	TeamFAME	Sponsorships	Total Program Expenses	Fundraising	Marketing	Management and General	Total Supporting Services	2023	2022
Salaries	\$ 403,502	\$ 377,272	\$ 123,945	\$ 307,269	\$ 1,608,559	\$ 280,767	\$ 176,019	\$ 3,277,333	\$ 452,927	\$ 731,105	\$ 1,150,850	\$ 2,334,882	\$ 5,612,215	\$ 4,720,500
Fringe benefits	29,818	35,010	13,168	12,067	168,988	45,059	6,556	310,666	45,213	50,629	84,291	180,133	490,799	494,432
Pension	6,705	7,373	1,427	3,400	22,007	3,333	3,480	47,725	10,896	14,325	9,735	34,956	82,681	89,823
Payroll taxes	29,208	17,036	7,924	21,530	115,873	18,358	12,963	222,892	33,138	53,870	73,779	160,787	383,679	280,714
Non-salary workers	-	-	-	54,512	-	-	-	54,512	72,572	-	-	72,572	127,084	40,285
Total Salaries and Related Expenses	469,233	436,691	146,464	398,778	1,915,427	347,517	199,018	3,913,128	614,746	849,929	1,318,655	2,783,330	6,696,458	5,625,754
Advertisement	130,119	5,261	6,377	100,304	6,013	9,087	15,755	272,916	97,356	73,641	450	171,447	444,363	481,105
Credit loss expense	-	-	25	-	424	-	-	449	-	-	-	-	449	41,709
Bank fees	9,170	1,609	17,887	105,216	105,993	5,560	-	245,435	33,580	-	9,793	43,373	288,808	263,140
Consultants	19,121	-	10,000	30,776	-	12,030	203,007	274,934	126,970	38,800	376,730	542,500	817,434	1,013,584
Cost of sales	-	-	385,682	-	-	-	-	385,682	-	-	-	-	385,682	377,061
Display costs	-	-	-	-	-	-	-	-	500	-	-	500	500	-
Dues and subscriptions	20,359	3,245	5,291	2,821	16,466	1,605	2,002	51,789	37,632	96,798	5,507	139,937	191,726	203,958
Entertainment and meals	14,076	313	560	424	2,053	3,325	4,442	25,193	6,062	2,221	17,031	25,314	50,507	18,920
Equipment and maintenance	24,866	1,577	503	379,038	13,887	9,504	-	429,375	8,422	1,438	51,298	61,158	490,533	443,995
Grounds maintenance	-	-	-	-	9,498	25	-	9,523	-	-	-	-	9,523	10,235
Insurance	11,990	223,620	-	-	23,635	25,702	-	284,947	-	-	89,545	89,545	374,492	329,855
Interest expense	-	-	-	-	-	-	-	-	-	-	20,404	20,404	20,404	118,294
Licenses and fees	600	-	255	1,165	616	-	707	3,343	911	-	72	983	4,326	8,813
Miscellaneous	24,015	6,446	2,292	883	30,386	9,800	232,282	306,104	138,088	2,527	137,258	277,873	583,977	356,333
Outside services	132	144	-	120,780	11,564	-	-	132,620	40	52	20,493	20,585	153,205	152,824
Photography	4,721	-	450	65,177	613	7,813	-	78,774	39,793	168,003	-	207,796	286,570	301,059
Postage	332	15	1,515	521	498	158	388	3,427	6,631	542	4,976	12,149	15,576	21,060
Donation expense	-	-	-	-	-	13,707	-	13,707	280,657	-	-	280,657	294,364	337,717
Printing and publication	21,533	120	-	-	2,130	3,122	175	27,080	11,780	3,798	96	15,674	42,754	27,534
Professional fees	-	-	-	173,134	-	150	-	173,284	7,967	116	284,826	292,909	466,193	183,338
Rent and utilities	23,292	126,889	2,494	-	93,339	21,920	-	267,934	-	-	18,807	18,807	286,741	327,427
Repairs and maintenance	-	213,063	4,042	32,420	168,576	14,238	-	432,339	61,046	38	6,148	67,232	499,571	742,527
Security	-	-	-	71,290	-	-	-	71,290	378	-	-	378	71,668	21,090
Special events	15,253	-	-	958,735	154,378	204,866	43,984	1,377,216	568,015	-	-	568,015	1,945,231	1,681,379
Supplies	203	1,978	9,295	23,832	4,168	805	84	40,365	2,083	3,278	13,816	19,177	59,542	59,095
Taxes	-	176,613	-	-	60,957	29,501	-	267,071	-	-	2,015	2,015	269,086	264,567
Telephone	-	6,613	1,881	4,273	5,261	493	51	18,572	3,068	614	39,817	43,499	62,071	68,320
Collections	24,248	-	-	-	-	-	-	24,248	-	-	-	-	24,248	71
Travel and hotels	129,338	-	244	194,828	9,002	17,354	31,321	382,087	180,705	61,719	91,660	334,084	716,171	435,456
Total Other Expenses	473,368	767,506	448,793	2,265,617	719,457	390,765	534,198	5,599,704	1,611,684	453,585	1,190,742	3,256,011	8,855,715	8,290,466
Depreciation	237,103	927,559	641	1,751	209,653	8,506	-	1,385,213	-	50,409	31,168	81,577	1,466,790	1,517,252
Total Expenses	\$ 1,179,704	\$ 2,131,756	\$ 595,898	\$ 2,666,146	\$ 2,844,537	\$ 746,788	\$ 733,216	\$ 10,898,045	\$ 2,226,430	\$ 1,353,923	\$ 2,540,565	\$ 6,120,918	\$ 17,018,963	\$ 15,433,472

See accompanying notes to the financial statements and independent auditors' report.

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED
STATEMENT OF CASH FLOWS
Year Ended December 31, 2023
(With Comparative Totals for the Year Ended December 31, 2022)



	2023	2022
Cash Flows from Operating Activities:		
Change in net assets	\$ 21,167,009	\$ (5,544,255)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	1,466,790	1,517,252
Amortization of debt issuance costs	1,499	21,978
Credit loss expense	449	41,709
Net realized and unrealized (gains) losses on investments	(4,123,799)	5,993,787
Net change in value of beneficial interests in charitable remainder trusts	(339,521)	644,793
Donated stock	(135,048)	(130,727)
Contributions restricted for investment in buildings and grounds	(2,053,497)	(931,143)
Purchases of collection items	20,386	71
Forgiveness of PPP loan payable	-	(704,828)
Changes in operating assets and liabilities:		
Accounts receivable	79,452	(90,814)
Pledges receivable	227,755	(358,897)
Government receivable	264,638	(677,193)
Inventory	(64,150)	(25,000)
Prepaid expenses	21,168	(44,421)
Long-term receivable	(17,000,000)	-
Accounts payable and accrued expenses	387,540	(256,879)
Deferred revenue	(140,739)	7,600
Net cash used by operating activities	(220,068)	(536,967)
Cash Flows from Investing Activities:		
Purchase/restoration of property and equipment	(209,437)	(327,573)
Purchases of investments	(1,494,158)	(1,742,149)
Sales of investments	2,231,683	3,698,973
Purchases of collection items	(20,386)	(71)
Net cash provided by investing activities	507,702	1,629,180
Cash Flows from Financing Activities:		
Payments on mortgage payable	(65,220)	(3,203,515)
Contributions restricted for investment in buildings and grounds	2,053,497	931,143
Decrease in pledges receivable restricted for buildings and grounds	237,589	615,691
Net cash provided (used) by financing activities	2,225,866	(1,656,681)
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	2,513,500	(564,468)
Cash, Cash Equivalents and Restricted Cash, beginning of year	3,681,012	4,245,480
Cash, Cash Equivalents and Restricted Cash, end of year	\$ 6,194,512	\$ 3,681,012
Supplemental Cash Flow Disclosures:		
Cash paid for interest	\$ 18,905	\$ 96,316
Reconciliation to Statement of Financial Position:		
Cash and cash equivalents	\$ 1,787,829	\$ 1,039,528
Restricted cash	4,406,683	2,641,484
Cash, cash equivalents and restricted cash, end of year	\$ 6,194,512	\$ 3,681,012

See accompanying notes to the financial statements and independent auditors' report.

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2023



1. Nature of Operations

The International Tennis Hall of Fame Incorporated (the Organization) is a not-for-profit organization created on May 31, 1977 by the merger of the National Tennis Foundation and the National Lawn Tennis Hall of Fame and Tennis Museum, Inc. The purpose of the Organization is to honor the heroes and heroines of tennis through enshrinement, to operate a museum, to foster an appreciation of tennis history, to present tournaments and tennis-related activities for the enjoyment of the public, to promote the sport of tennis and foster interest in tennis among juniors.

The Organization, which is incorporated in the State of Rhode Island, maintains office facilities in Rhode Island, sponsors various tennis programs, and owns and preserves a historic facility in Newport, Rhode Island known as the Newport Casino® (the Casino). The Hall of Fame facility is open to the public and includes a museum and tennis hall of fame, souvenir shops, tennis stadium and ancillary tennis courts and a theater.

During December 2023, the Organization entered into an Asset Purchase Agreement with an unrelated third party to sell its Tournament Class Membership and Sanction in the Association of Tennis Professionals (ATP) 250 Group for a purchase price of \$17,000,000, which is being held in escrow. Per the terms of the agreement, the Organization will retain its right to host the 2024 ATP 250 tournament. On the first banking business day of 2025, the \$17,000,000 cash funds will transfer from escrow to the Organization. The proceeds from this sale have been reported in the accompanying financial statements as a long-term receivable and an increase in non-operating net assets.

2. Summary of Significant Accounting Policies

This summary of significant accounting policies of the Organization is presented to assist the reader in understanding the financial statements of the Organization. The financial statements and notes are representations of the management of the Organization, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Financial Statement Presentation

The Organization prepares its financial statements on the accrual basis of accounting and, in accordance with authoritative guidance, reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2023



Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (Board) and/or management for general operating purposes. From time to time, the Board designates a portion of these net assets for specific purposes which make them unavailable for use at management's discretion. Net assets without donor restrictions include funds which represent resources designated by the Board as a reserve for building repairs and maintenance.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. Other donor-imposed restrictions are perpetual in nature where the donor stipulates that resources be maintained in perpetuity. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction is satisfied, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

In addition, the activities of the Organization are reported in self-balancing fund groups as follows:

Operations Fund - represents funds available for support of the Organization's day-to-day activities.

Property Fund - represents funds invested in property and equipment.

Investment Fund - represents funds designated by the Board for future use or subject to restriction of gift instruments requiring that the principal is invested in perpetuity and only the earnings be used.

Comparative Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total without accompanying note disclosures and certain functional expense information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements and related notes to the financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Performance Indicator

In the accompanying statement of activities, the primary indicator of the Organization's results is "change in operating net assets without donor restrictions." As such, it includes all operating revenue and support and operating expenses. Sale of asset, investment return, bequest income, forgiveness of PPP loan, and employee retention credit are not included in "change in operating net assets without donor restrictions."

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2023



Cash, Cash Equivalents, and Restricted Cash

The Organization considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents, with the exception of amounts held for long-term investment purposes, which are recorded as investments.

Restricted cash consists of funds which are restricted by donors for building and grounds improvements.

Accounts and Pledges Receivable

The Organization reports its accounts and pledges receivable (unconditional promises to give) that are expected to be collected within one year at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the net present value of future cash flows using an appropriate discount rate. Accretion of the discount is included in contributions in the statement of activities.

Accounts and pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for expected credit losses through a charge to earnings and a credit to a valuation allowance based on historical experience, current conditions, and reasonable and supportable forecasts.

A receivable is considered past due if payment has not been received within stated terms. The Organization will then exhaust all methods in-house to collect the receivable. Once all practical resources to collect the receivable have been utilized without success, the receivable is deemed uncollectible and charged against the allowance for credit losses. At year end, the allowance for credit losses on accounts receivable was \$18,110.

Inventory

Inventory is composed of items held for resale in the Organization's museum shop, tennis store and pro shop and is stated at the lower of cost (first-in, first-out) or net realizable value.

Property and Equipment

Acquisitions of property and equipment are capitalized at cost. Donated property and equipment are capitalized at its estimated fair value at the time of donation. Renewals and betterments that materially extend the life of the asset are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets, which range from 3 to 35 years.

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED
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Investments, Beneficial Interests in Charitable Remainder Trusts, and Fair Value Measurements

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.

Level 2 inputs (other than quoted prices included within level 1) are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. The unobservable inputs are developed based on the best information available in the circumstances and may include the Organization's own data.

The Organization reports investments and beneficial interests in charitable remainder trusts at fair value on a recurring basis. The Organization's investments and beneficial interests in charitable remainder trusts are classified as Level 1 and 3, respectively, within the fair value hierarchy.

Level 1 investments owned by the Organization and listed on a National Securities Exchange are valued at the last recorded sales price as of the financial statement reporting date or, in the absence of recorded sales, at the last quoted bid price reported as of the financial statement reporting date.

Level 3 investment values are provided by the Trustee who develops its valuations using the third-party monthly investment broker's statements. Due to the inaccessibility of these broker statements, as well as the Organization's lack of control over the investing activities, the funds held in the trust are considered unobservable market inputs in accordance with authoritative guidance.

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED
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The Organization's interest in various hedge funds, private equity and real estate investments are generally reported at net asset value (NAV) by the fund managers. NAV is used as a practical expedient to estimate the fair value of the Organization's interests therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. The Organization utilizes a pooled investment fund basis for managing its investments. Such valuations are determined by the fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information and may reflect discounts for the illiquid nature of certain investments held. As of December 31, 2023, the Organization had no plans or intentions to sell such investments at amounts that differ from NAV.

Dividends and interest are recorded as received, which do not differ materially from the accrual basis. Purchases and sales of securities are recorded on the trade date. In determining the gain or loss realized on the sale of securities, the cost of the securities sold is determined on a specific identification basis.

Investments - Held for Deferred Compensation

Investments held for the deferred compensation plan are maintained in professionally managed mutual funds with readily determinable fair values. Investments held for the deferred compensation plan, comprised of mutual funds, are measured at fair value in the statement of financial position and are classified as Level 1 in the fair value hierarchy.

Collections

The historical collections (Note 15) are not capitalized by the Organization. In addition, the Organization does not capitalize repairs or improvements to inexhaustible collections. All purchases of collection items and restoration or improvements to inexhaustible collections are recorded as decreases in net assets without donor restrictions in the year in which the expenditure is made. Donations of historical collection items are not recorded in the statement of activities, in accordance with the Organization's non-capitalization policy. Funds received from the disposition of any deaccessioned collection items are considered restricted for the purchase and maintenance of the collections (direct care).

Debt Issuance Costs

The Organization incurred financing costs in securing a mortgage payable. These costs are amortized on a straight-line basis to interest expense over the term of the debt. Debt issuance costs related to a debt liability are presented in the statement of financial position as a direct reduction from the carrying amount of that liability.

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED
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Revenue Recognition

Contributions

The Organization recognizes contributions and unconditional promises to give in the period in which the contribution or promise is received or receivable. Contributions are recorded either without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. However, it is the policy of the Organization to show donor-restricted contributions that are both received and fully expended in the same year as net assets without donor restrictions. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Donated Nonfinancial Assets

Contributions of donated nonfinancial assets are recorded at their fair values in the period received. Contributions of donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provide services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria are not met.

Event Revenue

Revenue from events, including the Legends Ball, Hall of Fame Weekend, and tennis tournaments, are recognized in the period in which the event takes place. Advance ticket sales are recorded as deferred revenue until it is earned.

Museum Admissions and Retail Sales

Revenue from museum admissions and retail sales are recognized at the point of sale. Sales are recorded net of taxes collected from customers.

Rentals of Buildings and Grounds

Income from the rental of buildings and grounds is recognized when the related use of the property is provided. Advance rental payments are recorded as deferred revenue until they are earned.

Tennis Court Revenue

Revenue from court rentals and instruction is recognized when the related use of the courts and instruction is provided. Revenue from annual memberships is recognized ratably over the period of the membership. Advance payments are recorded as deferred revenue until earned.

Sponsorships

Revenue from sponsorships of events is recognized in the period in which the event takes place. Advance receipt of payment is recorded as deferred revenue until it is earned.

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
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TeamFAME

Revenue earned through program fees is recognized in the period the program occurs.

Other Income

Other income is recognized when services have been rendered and/or contractual obligations have been met.

Deferred Revenue

Deferred revenue represents funds for programs, services and sponsorships for events that have been collected in advance. These amounts are reported as revenue in the period in which the program or event takes place, or the related service has been provided.

Advertising Costs

The Organization follows the policy of expensing program advertising costs in the period in which the advertisement occurs.

Income Taxes

The Organization is exempt from income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code (IRC). Management believes that the Organization operates in a manner consistent with its tax-exempt status at both the federal and state levels.

The Organization annually files IRS Form 990 - *Return of Organization Exempt From Income Tax*, reporting various information that the IRS uses to monitor the activities of tax-exempt entities.

The Organization also annually files IRS Form 990-T - *Exempt Organization's Business Income Tax Return*, for all of its taxable transactions. These returns are subject to review by the taxing authorities, generally for three years after they are filed. The Organization currently has no tax examinations in progress.

Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation, building and supplies expenditures, which are allocated on a square footage basis.

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED
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Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2022 summarized comparative information have been reclassified to conform to the 2023 financial statement presentation.

3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31, 2023:

Financial assets:

Cash and cash equivalents	\$ 1,787,829
Current receivables, net	787,602
Investments, at fair value	45,965,808
Financial assets at December 31, 2023	<u>48,541,239</u>

Less those unavailable for general expenditure within
one year, due to:

Perpetual and term endowments and accumulated earnings subject to appropriation beyond one year	31,230,478
Board-designated for building reserve	37,664
	<u>31,268,142</u>

Financial assets available to meet general expenditure
needs within one year

\$ 17,273,097

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. To help manage unanticipated liquidity needs, the Organization is able to draw up to \$2,000,000 from its available line of credit as of December 31, 2023.

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED
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4. Pledges Receivable

Pledges receivable consist of unconditional promises to give from contributors over the next five years. The present value of contributions receivable has been calculated using the applicable IRS discount rate in the year the gift was pledged (5.80% for the year ended December 31, 2023).

Promised contributions are due as follows:

Within one year	\$ 1,163,157
One to five years	485,414
Total pledges receivable	<u>1,648,571</u>
Less present value component	<u>40,748</u>
Total pledges receivable, net	<u>1,607,823</u>
Less current portion	<u>1,163,157</u>
Long-term pledges receivable, net	<u><u>\$ 444,666</u></u>

5. Government Receivable

The Organization has recorded a receivable from the U.S. Government for the Employee Retention Credit (ERC) it expects to receive. The ERC, provided under the Coronavirus Aid, Relief and Economic Security Act (CARES Act) provided eligible employers with a refundable payroll tax credit for qualified wages paid to retained full-time employees between March 13, 2020 and September 30, 2021. As of December 31, 2023, the Organization has recorded a receivable of approximately \$412,555 related to the ERC.

6. Property and Equipment

At year end, property and equipment consists of the following:

Land	\$ 3,475,368
Land improvements	2,715,973
Building and building improvements	29,974,438
Furnishings and equipment	<u>4,175,058</u>
	40,340,837
Accumulated depreciation	<u>(21,592,423)</u>
Property and equipment, net	<u><u>\$ 18,748,414</u></u>

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED
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7. Investments

The Organization's investments consist of the following as of December 31, 2023:

Level 1

Cash and cash equivalents	\$ 2,563,339
Mutual funds – domestic equities	22,215,205
Mutual funds – international equities	2,372,804
Mutual funds – fixed income	6,326,662
Total Level 1	<u>33,478,010</u>

Measured at NAV

Hedge fund of funds	4,188,037
Private equity funds	4,569,566
Real estate funds	3,730,195
Total measured at NAV	<u>12,487,798</u>

Total investments	<u>\$ 45,965,808</u>
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All Level 1 investments are held in the custody of two financial institutions. One of the investment accounts held at U.S. Bank, with a fair value of \$18,144,607 at December 31, 2023, serves as security for the lines of credit (Note 9).

8. Beneficial Interests in Charitable Remainder Trusts

The Organization holds irrevocable beneficial interests in certain charitable remainder trusts administered by a third-party trustee. Under the terms of the trusts, the assets held in trust will eventually revert to the benefit of the Organization upon satisfaction of each trust's restrictions. These assets are recorded in the financial statements at fair value within net assets with donor restrictions.

A reconciliation of beneficial interests in charitable remainder trusts measured at fair value using significant unobservable inputs (Level 3) is as follows:

Description	Level 3
Beginning balance at January 1, 2023	\$ 2,744,291
Net change in value of beneficial interests in charitable remainder trusts	<u>339,521</u>
Ending balance at December 31, 2023	<u>\$ 3,083,812</u>

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED
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9. Lines of Credit

The Organization has a \$2,000,000 revolving line-of-credit facility with a local financial institution. Interest accrued monthly at the one-month LIBOR until the agreement was amended on May 15, 2023 to replace LIBOR with the daily Secured Overnight Financing Rate (SOFR) (5.38% at December 31, 2023) plus 100 basis points. Monthly interest-only payments are due through the amended maturity on June 26, 2024, at which time all outstanding principal and remaining accrued interest payments are due. No amounts are outstanding under this line of credit facility at December 31, 2023. The line of credit is secured by certain of the Organization's investments held by a financial institution (Note 7).

The Organization had a \$5,000,000 bridge line-of-credit facility with a local financial institution. Interest accrued monthly at the one-month LIBOR until the agreement was amended on May 15, 2023 to replace LIBOR with the daily SOFR (5.38% at December 31, 2023) plus 100 basis points. The line of credit was closed on July 3, 2023.

10. Mortgage Payable

The Organization has a 15-year mortgage payable agreement under a 10-year term, with a local financial institution in the amount of \$1,000,000. Principal and interest payments are due monthly in the amount of \$7,011 through maturity on May 26, 2026, at which time the remaining principal balance is due. Interest accrues monthly at a fixed rate of 3.17% per annum. The mortgage payable is secured by property located at 5 Memorial Boulevard, Newport, RI. As of December 31, 2023, the outstanding balance on this mortgage payable was \$552,752.

Scheduled maturities of the mortgage payable are as follows:

<u>Year Ending</u>	
2024	\$ 67,673
2025	69,850
2026	415,229
	<hr/> 552,752
Less current portion of mortgage payable	<hr/> 67,673
Long-term portion of mortgage payable	485,079
Less unamortized debt issuance costs	<hr/> 3,624
Mortgage payable, less current portion and unamortized debt issuance costs	<hr/> <hr/> \$ 481,455

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
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11. Net Assets

A summary of net assets is as follows as of December 31, 2023:

Net Assets Without Donor Restrictions:

Available for operations/investment	\$ 32,510,171
Board-designated for building reserve	37,664
Investment in property and equipment	18,199,286
Total net assets without donor restrictions	<u>50,747,121</u>

Net Assets with Donor Restrictions:

Subject to expenditure for specific purpose:

Edgar and Peggy Woolard Scholarship Fund	183,141
Canfield house renovations	72,556
Hugo and Esther DiClemente Junior Tennis Development Fund	43,653
Museum acquisitions	118,998
Match Point	209,761
Tennis Forever	5,712,189
Education outreach	16,720
Court Tennis Preservation	48,877
Information Center	45,690
Miscellaneous restrictions	6,823
	<u>6,458,408</u>

Beneficial interests in charitable remainder trusts	3,083,812
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Subject to spending policy and appropriation:

Operation of the Hall of Fame	2,974,100
Information Research Center	1,259,298
Honoring James H. Van Alen and the continuation of the annual tournament	11,461,269
Marion Weatherstone International Outreach Fund	423,815
Ruth Kent Hatch bequest for maintaining an exhibit on the history of tennis racquets	46,907
	<u>16,165,389</u>

Total net assets with donor restrictions restricted by time and purpose	<u>25,707,609</u>
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INTERNATIONAL TENNIS HALL OF FAME INCORPORATED
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Subject to restriction in perpetuity:	
Operation of the Hall of Fame	3,339,565
Information Research Center	1,000,648
Honoring James H. Van Alen and the continuation of the annual tournament	10,124,876
Marion Weatherstone International Outreach Fund	500,000
Ruth Kent Hatch bequest for maintaining an exhibit on the history of tennis racquets	100,000
Total net assets with donor restrictions restricted in perpetuity	15,065,089
Total net assets with donor restrictions	40,772,698
Total net assets	\$ 91,519,819

12. Endowment

As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

Donor-restricted Endowment

The Organization's donor-restricted endowment consists of five funds established by donors for specific purposes.

Interpretation of Relevant Law

The Rhode Island Uniform Prudent Management of Institutional Funds Act (RIUPMIFA) requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Organization classifies as net assets with donor restrictions (a) the original value of the gift donated to the donor-restricted endowment (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the donor-restricted endowment made in accordance with the Memorandum of Understanding with the donor, if any. The remaining portion of the donor-restricted fund that is not classified in net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions subject to spending policy and appropriation until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by RIUPMIFA.

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In accordance with RIUPMIFA, the Organization considers the long and short-term needs of the Organization in carrying out its mission, the Organization's present and anticipated financial requirements, expected total returns on the Organization's investments, and general economic conditions in making a determination to appropriate or accumulate donor-restricted endowment funds.

If the endowment assets earn investment returns beyond the spending policy, that excess is available for appropriation and is therefore classified as net assets with donor restrictions until appropriated by the Board for expenditure. However, in years of negative overall investment performance, compliance with the law and U.S. generally accepted accounting principles prohibits the reduction of net assets with donor restrictions restricted in perpetuity. In such years, net assets without or with donor restrictions may be reduced to maintain the balance of net assets with donor restrictions in perpetuity as well as increasing the balance to maintain the fund's purchasing power.

Changes in endowment net assets for the year ended December 31, 2023 are as follows:

	With donor restrictions		
	In Perpetuity	Unappropriated gains (losses)	Total with donor restrictions
Endowment net assets, beginning of year	\$ 15,065,089	\$ 13,444,257	\$ 28,509,346
Endowment return, net	-	4,661,132	4,661,132
Amounts appropriated for expenditure	-	(1,940,000)	(1,940,000)
Endowment net assets, end of year	<u>\$ 15,065,089</u>	<u>\$ 16,165,389</u>	<u>\$ 31,230,478</u>

Investment Objective and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of various indexes while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED
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Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or RIUPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies at December 31, 2023.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization 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). The Organization targets a diversified asset allocation that currently places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Spending Policy

State law allows the Board to appropriate as much of the net appreciation as is prudent considering the Organization's long-term and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends and general economic conditions.

Distributions from long-term investments are made using the total return method. Under the total return method, distributions consist of interest, dividends and realized and unrealized gains. The Investment Committee of the Board has established a spending rate of up to four and a half percent (4.5%) of a rolling 12 quarter average fair market value of the long-term investments. Distributions up to this spending rate are used to support operations. The Organization has adopted this spending policy in order to protect the nature of the original corpus of gifts as well as to preserve the purchasing power of these funds into the future.

13. Leases

The Organization leases space in its Newport, RI buildings to third parties under noncancelable operating leases expiring at various dates through May 2027. Approximate future minimum annual rental revenue under these leases is as follows:

Year Ending December 31:

2024	\$ 415,600
2025	256,300
2026	146,100
2027	56,300
	<hr/>
Total	\$ 874,300

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED
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14. Contributed Assets Other than Collections

The Organization receives support in the form of contributed nonfinancial assets from various businesses and individuals to support its program mission.

During 2023, the Organization received the following:

Nonfinancial assets:

Legends Ball and Auction	\$ 68,328
ATP Tournament	23,621
Team FAME	70,116
Court Tennis	<u>3,875</u>
	165,940
 Donated stock	 <u>135,048</u>
 Total	 <u><u>\$ 300,988</u></u>

The contributed nonfinancial assets have been recorded in the accompanying statement of activities at their approximate fair values as listed above, which were provided by the donor. The donated stock was sold immediately after it was received, and is recorded in contributions in the accompanying statement of activities.

15. Collections

The Organization's collections consist of over 30,000 objects ranging from fine art, trophies, player memorabilia, tennis racquets, equipment and other ephemera related to the history of the sport, its champions, enshrines and the cultural history of the Casino. The library and archives collection consists of 3,000 books, 350,000 still images of players, information relating to the origins of the game, the Casino and other tennis related subjects, 4,000 audio visual materials, and an abundance of periodicals, significant correspondence, and records.

The education collection consists of objects and equipment useful to hands-on study or other programs of education. The Organization maintains a museum collections policy that addresses collections upkeep, accession and deaccession policies and other aspects of collections management. Funds realized through sale of unwanted and un-accessioned or deaccessioned objects are used solely for collection acquisitions and the direct care of the Permanent Collection (including preservation, conservation treatment, and restoration). These funds will be placed in a restricted direct care fund within the Museum's Collections Acquisition Fund.

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED
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As stated in Note 2, the collections are not capitalized by the Organization and are not included on the statement of financial position. However, based on an independent appraisal concluded in 2014, the collections were valued at approximately \$11,500,000 at that time.

16. Employee Benefit Plans

Defined Contribution

The Organization sponsors a qualified defined contribution retirement savings plan (the Plan) established under Section 403(b) of the IRC. An eligible employee begins participation in the Plan on the first of the month after two years of employment. All employees are able to contribute a portion of their salary to a retirement savings account. At the discretion of the Board, the Organization may contribute a percentage of the employee's salary to the Plan for participants who meet certain eligibility criteria. An employee is fully and immediately vested in the benefits arising from the contributions to the Plan. The Organization's contributions to the Plan were approximately \$82,700 in 2023.

Deferred Compensation

The Organization also sponsors a tax-deferred savings plan under Section 457(b) of the IRC. This plan was effective January 1, 2006 and only a select group of Organization management is eligible. The plan stipulates that the retirement benefits shall be equal to the sum of the investment balance. The Organization records a liability for deferred compensation which is equal to investment funds held. Investment expenses are only those inherent in the mutual fund. No contributions to the plan were made in 2023. At December 31, 2023, the deferred compensation liability and related investment amounted to \$311,249.

17. Sponsorship Agreements

The Organization has entered into multi-year agreements with various companies for the sponsorship of the professional tennis tournament, Hall of Fame Weekend and certain other events through 2025. Approximate future sponsorship revenue under these agreements is considered conditional and is estimated as follows:

Year Ending December 31:

2024	\$ 1,578,205
2025	<u>326,205</u>
Total	<u>\$ 1,904,410</u>

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED
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18. Commitments and Contingencies

Employment Agreements

The President and CEO have employment agreements through December 2024 and December 2025, respectively. The agreements provide a minimum base salary, bonus, and benefits. The agreements provide severance consisting of salary and bonuses for up to 12 months following the termination date. The agreements can be renewed for an extension term of one year each upon written agreement between the Organization and approval of the Chair and Executive Board.

Legal Matters

From time to time, there are certain legal proceedings and claims pending against the Organization. While it is not possible to determine the ultimate outcome of these matters, it is the opinion of management that any possible awards as a result of these claims will not have an aggregate material adverse effect on the Organization's financial statements.

Operating Leases

The Organization leases certain office equipment under operating lease agreements, which expire at various dates through November 2027, with monthly rent payments totaling approximately \$1,700. For the year ended December 31, 2023, operating lease expense was \$17,200.

Since the lease payments are not considered material, authoritative guidance related to lease accounting has not been applied.

Aggregate approximate minimum lease payments under the operating leases are as follows:

Year Ending December 31:

2024	\$ 17,200
2025	17,200
2026	17,200
2027	10,100
Total	<u>\$ 61,700</u>

19. Concentrations of Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, receivables and investments.

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED
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The Organization maintains its cash balances in two financial institutions. The balance at each institution is insured by the Federal Deposit Insurance Corporation up to \$250,000. Cash balances in excess of \$250,000 are generally uninsured. The Organization has an agreement with Demand Deposit Marketplace service such that excess funds in one of the two financial institutions are automatically moved to other bank accounts to keep balances within federally insured limits. The Organization has cash balances of \$1,127,151 in excess of insured limits at December 31, 2023.

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in values of investment securities could occur in the near term and that such changes could materially affect investment balances and activity included in the financial statements. Additionally, investments in one mutual fund totaled approximately 26% of total investments at December 31, 2023.

The mutual funds are invested with national investment houses. The Organization has a diversified portfolio for its investments and retains an investment advisor to attain a prudent level of diversification in an attempt to minimize potential risk associated with investment securities to the extent possible. Management does not believe significant credit risks exist at year end with respect to these investments.

20. Subsequent Events

In January 2024, the Organization entered into a 0% financing agreement for grounds maintenance equipment. The agreement requires monthly payments of \$899 from February 2024 through January 2027.

Management has evaluated subsequent events through May 29, 2024, which is the date these financial statements were available to be issued.