

**INTERNATIONAL TENNIS HALL OF FAME
INCORPORATED**

Financial Statements

Year Ended December 31, 2024

(With Independent Auditors' Report Thereon)

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED

FINANCIAL STATEMENTS

Year Ended December 31, 2024

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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 (the Organization) (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2024, 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, 2024, 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, 2023 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated May 29, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023 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, Kenya & Co, Ltd.

August 5, 2025

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED
STATEMENT OF FINANCIAL POSITION
December 31, 2024
(With Comparative Totals at December 31, 2023)



	2024				2023
	Operations	Property	Investment	Total	Total
Assets					
Current Assets:					
Cash and cash equivalents	\$ 4,490,391	\$ -	\$ -	\$ 4,490,391	\$ 1,787,829
Accounts receivable, net	335,411	-	-	335,411	355,047
Pledges receivable	186,000	465,234	-	651,234	1,163,157
Government receivable	412,555	-	-	412,555	412,555
Inventory	321,404	-	-	321,404	280,034
Prepaid expenses and other assets	357,847	-	-	357,847	124,827
Other receivable (Note 1)	17,000,000	-	-	17,000,000	-
Total current assets	23,103,608	465,234	-	23,568,842	4,123,449
Property and Equipment, net	-	19,445,959	-	19,445,959	18,748,414
Other Assets:					
Restricted cash (Note 2)	-	3,350,430	-	3,350,430	4,406,683
Pledges receivable, less current portion	-	124,762	-	124,762	444,666
Investments, at fair value	-	-	48,488,513	48,488,513	45,965,808
Investments - held for deferred compensation	314,052	-	-	314,052	311,249
Beneficial interests in charitable remainder trusts	-	-	3,193,078	3,193,078	3,083,812
Other receivable (Note 1)	-	-	-	-	17,000,000
Total other assets	314,052	3,475,192	51,681,591	55,470,835	71,212,218
Total Assets	\$ 23,417,660	\$ 23,386,385	\$ 51,681,591	\$ 98,485,636	\$ 94,084,081
Liabilities and Net Assets					
Current Liabilities:					
Accounts payable and accrued expenses	\$ 2,083,957	\$ -	\$ -	\$ 2,083,957	\$ 1,313,588
Current portion of mortgage payable	-	69,850	-	69,850	67,673
Current portion of notes payable	10,784	-	-	10,784	-
Deferred revenue	757,979	-	-	757,979	390,297
Total current liabilities	2,852,720	69,850	-	2,922,570	1,771,558
Long-term Liabilities:					
Mortgage payable, less current portion and unamortized debt issuance costs	-	413,477	-	413,477	481,455
Notes payable, less current portion	11,683	-	-	11,683	-
Deferred compensation payable	314,052	-	-	314,052	311,249
Total liabilities	3,178,455	483,327	-	3,661,782	2,564,262
Net Assets:					
Net assets without donor restrictions (Note 12)	18,748,071	18,922,572	15,972,835	53,643,478	50,747,121
Net assets with donor restrictions:					
Restricted by time and purpose (Note 12)	1,491,134	3,980,486	20,643,667	26,115,287	25,707,609
Restricted in perpetuity (Note 12)	-	-	15,065,089	15,065,089	15,065,089
Total net assets	20,239,205	22,903,058	51,681,591	94,823,854	91,519,819
Total Liabilities and Net Assets	\$ 23,417,660	\$ 23,386,385	\$ 51,681,591	\$ 98,485,636	\$ 94,084,081

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

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED
STATEMENT OF ACTIVITIES
Year Ended December 31, 2024
(With Comparative Totals for the Year Ended December 31, 2023)



	2024				2023
	Operations	Property	Investment	Total	Total
Change in Net Assets Without Donor Restrictions:					
Operating revenue and support:					
Contributions	\$ 3,812,524	\$ -	\$ -	\$ 3,812,524	\$ 1,672,893
Contributed nonfinancial assets	64,663	-	-	64,663	165,940
Income from Legends Ball	819,430	-	-	819,430	794,590
Income from Hall of Fame Weekend	617,108	-	-	617,108	430,060
Museum admissions	326,380	-	-	326,380	305,853
Rentals of buildings and grounds	1,033,749	-	-	1,033,749	1,084,527
Retail sales	1,008,342	-	-	1,008,342	837,422
Tennis tournaments	2,173,295	-	-	2,173,295	2,282,080
Tennis court revenues	3,140,350	-	-	3,140,350	2,824,571
Sponsorships	3,029,750	-	-	3,029,750	2,224,829
TeamFAME	317,757	-	-	317,757	537,461
Be Legendary	320,000	-	-	320,000	-
Other program support and revenues	39,182	-	-	39,182	8,458
Interest income	73,327	-	-	73,327	50,644
Operating revenue and support	16,775,857	-	-	16,775,857	13,219,328
Net assets released from restrictions and other net asset transfers:					
Satisfaction of program restrictions	345,515	2,099,794	-	2,445,309	691,919
Appropriation of endowment earnings	2,012,000	-	-	2,012,000	1,940,000
Total operating revenue and support without donor restrictions	19,133,372	2,099,794	-	21,233,166	15,851,247
Operating Expenses:					
Program:					
Museum and admissions	1,712,081	6,351	-	1,718,432	1,179,704
Maintenance and depreciation of buildings and grounds	1,394,584	1,165,753	-	2,560,337	2,132,125
Retail	759,371	395	-	759,766	592,432
Tennis tournaments	2,843,910	2,725	-	2,846,635	2,664,461
Tennis court operations	2,847,105	135,071	-	2,982,176	2,846,793
TeamFAME	941,133	-	-	941,133	746,845
Be Legendary	167,232	-	-	167,232	-
Sponsorships	962,908	-	-	962,908	734,305
Total program expenses	11,628,324	1,310,295	-	12,938,619	10,896,665
Supporting services:					
Fundraising	1,874,205	65,817	-	1,940,022	1,517,068
Fundraising - Legends Ball	358,770	-	-	358,770	401,984
Fundraising - Hall of Fame weekend	988,929	-	-	988,929	338,045
Total fundraising	3,221,904	65,817	-	3,287,721	2,257,097
Marketing	1,101,028	7,726	-	1,108,754	1,348,904
Management and general	2,414,612	15,704	-	2,430,316	2,516,297
Total supporting services	6,737,544	89,247	-	6,826,791	6,122,298
Total operating expenses	18,365,868	1,399,542	-	19,765,410	17,018,963
Change in operating net assets without donor restrictions	767,504	700,252	-	1,467,756	(1,167,716)
Non-operating revenue and support:					
Sale of asset (Note 1)	-	-	-	-	17,000,000
Investment return, net	-	-	1,422,937	1,422,937	734,937
Bequest income	5,664	-	-	5,664	12,443
Change in non-operating net assets without donor restrictions	5,664	-	1,422,937	1,428,601	17,747,380
Change in net assets without donor restrictions	773,168	700,252	1,422,937	2,896,357	16,579,664
Change in Net Assets with Donor Restrictions:					
Contributions	1,568,550	84,667	-	1,653,217	2,138,497
Investment return, net	-	1,107	3,101,397	3,102,504	4,741,246
Net change in value of beneficial interests in charitable remainder trusts	-	-	109,266	109,266	339,521
Satisfaction of program restrictions	(345,515)	(2,099,794)	-	(2,445,309)	(691,919)
Appropriation of endowment earnings	-	-	(2,012,000)	(2,012,000)	(1,940,000)
Change in net assets with donor restrictions	1,223,035	(2,014,020)	1,198,663	407,678	4,587,345
Transfers to fund property additions	(33,405)	23,034	10,371	-	-
Change in net assets	1,962,798	(1,290,734)	2,631,971	3,304,035	21,167,009
Net Assets, beginning of year	18,276,407	24,193,792	49,049,620	91,519,819	70,352,810
Net Assets, end of year	\$ 20,239,205	\$ 22,903,058	\$ 51,681,591	\$ 94,823,854	\$ 91,519,819

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, 2024
(With Comparative Totals for the Year Ended December 31, 2023)



	Museum and Admissions	Maintenance and Depreciation of Buildings and Grounds	Retail	Tennis Tournaments	Tennis Court Operations	TeamFAME	Bc Legendary	Sponsorships	Total Program Expenses	Fundraising	Marketing	Management and General	Total Supporting Services	2024	2023
Salaries	\$ 647,794	\$ 364,067	\$ 172,925	\$ 555,469	\$ 1,695,138	\$ 377,735	\$ -	\$ 266,275	\$ 4,079,403	\$ 872,924	\$ 477,969	\$ 911,124	\$ 2,262,017	\$ 6,341,420	\$ 5,612,215
Fringe benefits	33,933	31,689	12,059	19,663	186,126	53,093	-	15,759	352,322	49,394	22,386	124,085	195,865	548,187	490,799
Pension	16,518	8,378	3,659	5,403	32,694	8,792	-	6,313	81,757	2,494	11,106	16,936	30,536	112,293	82,681
Payroll taxes	47,388	16,145	12,774	29,828	119,177	24,599	-	19,369	269,280	51,855	34,145	44,649	130,649	399,929	383,679
Non-salary workers	-	-	-	66,875	-	350	-	1,631	68,856	3,354	-	-	3,354	72,210	127,084
Total Salaries and Related Expenses	745,633	420,279	201,417	677,238	2,033,135	464,569	-	309,347	4,851,618	980,021	545,606	1,096,794	2,622,421	7,474,039	6,696,458
Advertisement	102,342	9,654	9,474	84,223	3,942	10,892	13,786	28,669	262,982	116,468	66,556	295	183,319	446,301	417,508
Credit loss expense	-	-	-	-	-	-	-	-	-	-	-	136,195	136,195	136,195	449
Bank fees	9,585	7,191	21,838	103,242	130,244	2,989	-	-	275,089	43,732	-	9,743	53,475	328,564	288,808
Consultants	19,769	17,573	-	20,403	-	79,090	143,059	242,045	521,939	416,651	79,128	334,408	830,187	1,352,126	817,434
Cost of sales	-	-	484,878	-	13	-	-	-	484,891	-	-	-	-	484,891	372,363
Display costs	-	-	-	-	-	-	-	-	-	415	-	-	415	415	27,355
Dues and subscriptions	15,581	7,121	4,865	16	19,277	1,935	369	8,574	57,738	11,769	115,330	8,990	136,089	193,827	191,532
Entertainment and meals	16,468	146	600	1,425	667	452	-	147	19,905	14,499	2,376	21,700	38,575	58,480	50,507
Equipment and maintenance	38,939	672	742	480,986	15,260	6,674	-	-	543,273	29,058	2,954	25,989	58,001	601,274	490,533
Grounds maintenance	-	-	-	-	15,137	-	-	-	15,137	-	-	-	-	15,137	9,523
Insurance	11,990	236,112	-	-	24,694	19,670	-	-	292,466	-	-	80,235	80,235	372,701	374,492
Interest expense	-	-	-	-	-	-	-	-	-	-	-	18,326	18,326	18,326	18,905
Licenses and fees	2,183	-	-	1,180	730	-	-	5,987	10,080	58	-	80	138	10,218	4,326
Miscellaneous	28,179	32,584	3,872	10,927	66,738	10,091	-	328,052	480,443	69,410	1,187	149,939	220,536	700,979	585,476
Outside services	177	162	40	72,249	7,973	-	9,561	-	90,162	40	12	26,370	26,422	116,584	153,205
Photography	770	-	1,370	53,139	720	1,770	-	-	57,769	40,832	224,146	-	264,978	322,747	286,570
Postage	4,232	857	3,308	983	29	287	-	762	10,458	3,799	954	3,856	8,609	19,067	29,089
Donation expense	-	-	-	-	-	606	-	-	606	815,678	-	490	816,168	816,774	294,364
Printing and publication	17,711	1,057	-	-	3,588	4,919	-	2,063	29,338	13,989	3,928	1,300	19,217	48,555	42,754
Professional fees	-	3,291	-	3,143	14,629	1,075	-	2,192	24,330	9,987	-	213,514	223,501	247,831	466,193
Rent and utilities	27,990	116,308	2,419	-	103,061	23,016	-	-	272,794	-	-	25,327	25,327	298,121	286,741
Repairs and maintenance	-	411,777	237	27,967	174,331	23,472	-	325	638,109	46,490	-	1,883	48,373	686,482	499,571
Security	-	-	-	79,523	877	-	457	-	80,857	400	-	-	400	81,257	71,668
Special events	343,361	-	-	1,010,215	124,695	216,531	-	20,985	1,715,787	496,323	-	906	497,229	2,213,016	1,945,231
Supplies	127	192	22,250	573	10,892	405	-	-	34,439	1,083	888	8,312	10,283	44,722	59,542
Taxes	-	122,220	-	-	81,672	24,442	-	-	228,334	-	-	14,768	14,768	243,102	269,086
Telephone	-	7,042	2,021	3,857	6,341	1,440	-	902	21,603	2,266	702	49,667	52,635	74,238	62,071
Collections	6,351	-	-	-	-	-	-	-	6,351	-	-	-	-	6,351	24,248
Travel and hotels	210,428	346	40	212,621	8,460	41,392	-	12,759	486,046	174,731	57,261	185,525	417,517	903,563	716,171
Total Other Expenses	856,183	974,305	557,954	2,166,672	813,970	471,148	167,232	653,462	6,660,926	2,307,678	555,422	1,317,818	4,180,918	10,841,844	8,855,715
Depreciation	116,616	1,165,753	395	2,725	135,071	5,416	-	99	1,426,075	22	7,726	15,704	23,452	1,449,527	1,466,790
Total Expenses	\$ 1,718,432	\$ 2,560,337	\$ 759,766	\$ 2,846,635	\$ 2,982,176	\$ 941,133	\$ 167,232	\$ 962,908	\$ 12,938,619	\$ 3,287,721	\$ 1,108,754	\$ 2,430,316	\$ 6,826,791	\$ 19,765,410	\$ 17,018,963

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED
STATEMENT OF CASH FLOWS
Year Ended December 31, 2024
(With Comparative Totals for the Year Ended December 31, 2023)



	2024	2023
Cash Flows from Operating Activities:		
Change in net assets	\$ 3,304,035	\$ 21,167,009
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,449,527	1,466,790
Amortization of debt issuance costs	1,499	1,499
Credit loss expense	136,195	449
Net realized and unrealized gains on investments	(2,764,099)	(4,123,799)
Net change in value of beneficial interests in charitable remainder trusts	(109,266)	(339,521)
Loss on disposal of property and equipment	32,690	-
Donated stock	(631,937)	(135,048)
Contributions restricted for investment in buildings and grounds	(84,667)	(2,053,497)
Purchases of collection items	6,351	20,386
Changes in operating assets and liabilities:		
Accounts receivable	(116,559)	79,452
Pledges receivable	511,923	227,755
Government receivable	-	264,638
Inventory	(41,370)	(64,150)
Prepaid expenses	(233,020)	21,168
Other receivable	-	(17,000,000)
Accounts payable and accrued expenses	653,602	387,540
Deferred revenue	367,682	(140,739)
Net cash provided (used) by operating activities	<u>2,482,586</u>	<u>(220,068)</u>
Cash Flows from Investing Activities:		
Purchase/restoration of property and equipment	(2,030,643)	(209,437)
Purchases of investments	(21,379)	(1,494,158)
Sales of investments	894,710	2,231,683
Purchases of collection items	(6,351)	(20,386)
Net cash provided (used) by investing activities	<u>(1,163,663)</u>	<u>507,702</u>
Cash Flows from Financing Activities:		
Payments on mortgage payable	(67,300)	(65,220)
Payments on note payable	(9,885)	-
Contributions restricted for investment in buildings and grounds	84,667	2,053,497
Decrease in pledges receivable restricted for buildings and grounds	319,904	237,589
Net cash provided by financing activities	<u>327,386</u>	<u>2,225,866</u>
Net Increase in Cash, Cash Equivalents and Restricted Cash	1,646,309	2,513,500
Cash, Cash Equivalents and Restricted Cash, beginning of year	<u>6,194,512</u>	<u>3,681,012</u>
Cash, Cash Equivalents and Restricted Cash, end of year	<u><u>\$ 7,840,821</u></u>	<u><u>\$ 6,194,512</u></u>
Supplemental Cash Flow Disclosures:		
Cash paid for interest	<u>\$ 16,827</u>	<u>\$ 18,905</u>
Non-cash Investing and Financing Activities:		
Purchases of property and equipment included in accounts payable	<u>\$ 116,767</u>	<u>\$ -</u>
Long-term debt incurred to acquire equipment	<u>\$ 32,352</u>	<u>\$ -</u>
Reconciliation to Statement of Financial Position:		
Cash and cash equivalents	\$ 4,490,391	\$ 1,787,829
Restricted cash	3,350,430	4,406,683
Cash, cash equivalents and restricted cash, end of year	<u><u>\$ 7,840,821</u></u>	<u><u>\$ 6,194,512</u></u>

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, 2024



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 Organization's mission is to preserve and promote the history of tennis and celebrate its champions to inspire excellence across generations globally. The Organization fulfills this mission through programs including, but not limited to, operating a year-round tennis museum and extensive archive; hosting professional tennis tournaments and tennis-related activities for the public's enjoyment; providing youth tennis programming including tennis lessons, academic support, and character development programs at no or low cost; and hosting the annual presentation of the sport's ultimate honor globally, induction into the International Tennis Hall of Fame.

The Organization, which is incorporated in the State of Rhode Island, maintains office facilities in Rhode Island. These facilities are located in a National Historic Landmark facility in Newport, Rhode Island known as the Newport Casino (the Casino), which the Organization owns and preserves. The Organization's facilities are open to the public and include a museum, indoor and outdoor, year-round tennis club, tennis stadium, a theatre, and gift shops.

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 was held in escrow. Per the terms of the agreement, the Organization retained its right to host the 2024 ATP 250 tournament. As of December 31, 2024, the proceeds from this sale have been reported in the accompanying financial statements as a current other receivable, which was recognized as revenue as of December 31, 2023. On January 2, 2025, the \$17,000,000 was transferred from escrow to the Organization.

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 (U.S. GAAP) and have been consistently applied in the preparation of the financial statements.

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2024



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.

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 U.S. GAAP. 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, 2023, from which the summarized information was derived.

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
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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, and bequest income are not included in "change in operating net assets without donor restrictions."

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 \$109,497.

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.

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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, 2024, 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 16) 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.

Contributed 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 & Be Legendary

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
NOTES TO THE FINANCIAL STATEMENTS
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Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 2023 summarized comparative information have been reclassified to conform to the 2024 financial statement presentation.

Subsequent Events

Management has evaluated subsequent events through August 5, 2025, which is the date these financial statements were available to be issued.

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, 2024:

Financial assets:

Cash and cash equivalents	\$ 4,490,391
Current receivables, net	18,399,200
Investments, at fair value	<u>48,488,513</u>
Financial assets at December 31, 2024	<u>71,378,104</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	32,234,288
Board-designated for building reserve	<u>37,664</u>
	<u>32,271,952</u>

Financial assets available to meet general expenditure
needs within one year

\$ 39,106,152

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, 2024.

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 two years. The present value of long-term pledges receivable has been calculated using the applicable IRS discount rate (5.00% for the year ended December 31, 2024).

Promised contributions are due as follows:

Within one year	\$ 651,234
One to two years	131,000
Total pledges receivable	<u>782,234</u>
Less: present value component	<u>6,238</u>
Total pledges receivable, net	<u>775,996</u>
Less: current portion	<u>651,234</u>
Long-term pledges receivable, net	<u><u>\$ 124,762</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, 2024, the Organization has recorded a receivable of approximately \$412,500 related to the ERC. Subsequent to year-end, approximately \$229,700, including interest of approximately \$31,100, was collected. Management expects to collect the remaining balance.

6. Property and Equipment

Property and equipment consists of the following:

Land	\$ 3,475,368
Land improvements	2,737,898
Building and building improvements	30,179,524
Furnishings and equipment	3,854,219
Construction in progress	<u>1,131,111</u>
	41,378,120
Accumulated depreciation	<u>(21,932,161)</u>
Property and equipment, net	<u><u>\$ 19,445,959</u></u>

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED
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Construction in progress relates to certain building renovations that were placed into service during May 2025, at which point depreciation commenced.

During the year ended December 31, 2024, the Organization disposed of certain fully depreciated property and equipment with an original cost basis of \$1,059,788. In addition, the Organization disposed of certain property and equipment with an original cost basis of \$82,691 and accumulated depreciation of \$50,001, resulting in a loss on disposal of \$32,690.

7. Investments

The Organization's investments consist of the following as of December 31, 2024:

Level 1

Cash and cash equivalents	\$ 2,074,785
Mutual funds – domestic equities	25,235,019
Mutual funds – international equities	1,118,260
Mutual funds – fixed income	6,568,409
Total Level 1	<u>34,996,473</u>

Measured at NAV

Hedge fund of funds	4,709,114
Private equity funds	5,108,840
Real estate funds	3,674,086
Total measured at NAV	<u>13,492,040</u>

Total investments	<u>\$ 48,488,513</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 \$19,775,017 at December 31, 2024, serves as security for the line of credit (Note 9).

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED
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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, 2024	\$ 3,083,812
Net change in value of beneficial interests in charitable remainder trusts	<u>109,266</u>
Ending balance at December 31, 2024	<u><u>\$ 3,193,078</u></u>

9. Line of Credit

The Organization has a \$2,000,000 revolving line-of-credit facility with a local financial institution. Interest accrues monthly at the daily Secured Overnight Financing Rate (SOFR) (4.49% at December 31, 2024) plus 100 basis points. Monthly interest-only payments are due through maturity, at which time all outstanding principal and remaining accrued interest payments are due. No amounts were outstanding under this line of credit facility at December 31, 2024. The line of credit is secured by certain of the Organization's investments held by a financial institution (Note 7). Subsequent to year-end, the line-of-credit facility was amended to increase its maturity through June 26, 2026.

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.

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED
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Scheduled maturities of the mortgage payable are as follows:

<u>Year Ending</u>	
2025	\$ 69,850
2026	415,602
	<hr/> 485,452
Less current portion of mortgage payable	<hr/> 69,850
Long-term portion of mortgage payable	415,602
Less unamortized debt issuance costs	<hr/> 2,125
Mortgage payable, less current portion and unamortized debt issuance costs	<hr/> <hr/> \$ 413,477

11. Note Payable

During the year ended December 31, 2024, the Organization entered into a 0% financing agreement for grounds maintenance equipment for \$32,352. Principal payments are due monthly in the amount of \$899 through maturity on January 22, 2027, at which time the remaining principal balance is due.

Scheduled maturities of the note payable are as follows:

<u>Year Ending</u>	
2025	\$ 10,784
2026	11,683
	<hr/> 22,467
Less current portion of note payable	<hr/> 10,784
Mortgage payable, less current portion	<hr/> <hr/> \$ 11,683

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED
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12. Net Assets

A summary of net assets is as follows as of December 31, 2024:

Net Assets Without Donor Restrictions:

Available for operations/investment	\$ 34,683,242
Board-designated for building reserve	37,664
Investment in property and equipment	18,922,572
Total net assets without donor restrictions	<u>53,643,478</u>

Net Assets with Donor Restrictions:

Subject to expenditure for specific purpose:

Edgar and Peggy Woolard Scholarship Fund	268,728
Canfield house renovations *	72,556
Museum acquisitions	112,647
Match Point *	209,761
Tennis Forever *	3,698,169
Education outreach	16,720
Court Tennis Preservation	48,877
Information Center	45,690
Manitou Fund Grounds Historical Preservation	750,000
Manitou Fund TeamFAME	125,000
Rolex Story Telling Exhibit	300,000
Be Legendary Hall Stars Global Program	104,862
	<u>5,753,010</u>

Beneficial interests in charitable remainder trusts	<u>3,193,078</u>
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Subject to spending policy and appropriation:

Operation of the Hall of Fame	3,158,842
Information Research Center	1,337,493
Honoring James H. Van Alen and the continuation of the annual tournament	12,172,969
Marion Weatherstone International Outreach Fund	450,080
Ruth Kent Hatch bequest for maintaining an exhibit on the history of tennis racquets	49,815
	<u>17,169,199</u>

Total net assets with donor restrictions restricted by time and purpose	<u>26,115,287</u>
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* Includes cash restricted for capital improvements.

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
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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	<u>15,065,089</u>
 Total net assets with donor restrictions	 <u>41,180,376</u>
 Total net assets	 <u><u>\$ 94,823,854</u></u>

13. Endowment

As required by U.S. GAAP, 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.

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED
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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. GAAP 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, 2024 are as follows:

	With donor restrictions		
	In Perpetuity	Unappropriated gains (losses)	Total with donor restrictions
Endowment net assets, beginning of year	\$ 15,065,089	\$ 16,165,389	\$ 31,230,478
Endowment return, net	-	3,015,810	3,015,810
Amounts appropriated for expenditure	-	(2,012,000)	(2,012,000)
Endowment net assets, end of year	<u>\$ 15,065,089</u>	<u>\$ 17,169,199</u>	<u>\$ 32,234,288</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, 2024.

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.

14. Building Rental Revenue

The Organization leases space in its Newport, RI buildings to third parties under noncancelable operating leases expiring at various dates through April 2028. Approximate future minimum annual rental revenue under these leases is as follows:

Year Ending December 31:

2025	\$ 427,700
2026	230,300
2027	118,700
2028	<u>11,000</u>
Total	<u>\$ 787,700</u>

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

During the year ended December 31, 2024, the Organization received the following contributed assets from various businesses and individuals to support its program mission.

Nonfinancial assets:	
Annual Fund	\$ 22,607
Team FAME	
Donated meals	25,036
Donated apparel	12,050
Donated equipment and supplies	4,070
Donated financial literacy class	900
	<hr/> 64,663
Donated stock	<hr/> 631,937
Total	<hr/> \$ 696,600

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 financial literacy class was valued based on the estimated cost of the equivalent instructional services provided by professionals with similar qualifications. The donated stock was sold immediately after it was received, and is recorded in contributions in the accompanying statement of activities.

16. 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.

17. 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 \$113,900 in 2024.

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 2024.

18. Sponsorship Agreements

The Organization has entered into multi-year agreements with various companies for sponsorship of professional tennis tournaments, Hall of Fame Weekend, and certain other events through 2034. Approximate future sponsorship revenue under these agreements is considered conditional and is estimated as follows:

Year Ending

2025	\$ 414,210
2026	200,000
2027	200,000
2028	200,000
Thereafter	<u>1,425,000</u>
Total	<u>\$ 2,439,210</u>

INTERNATIONAL TENNIS HALL OF FAME INCORPORATED
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19. Commitments and Contingencies

Employment Agreements

The Organization employs two Presidents and a Chief Executive Officer (CEO). One of the Presidents is engaged on a contractual basis, while the other President and the CEO are employed under formal employment agreements through December 2024 and December 2025, respectively.

These agreements include provisions for a minimum base salary, bonus, and employee benefits. Additionally, they provide severance compensation, consisting of salary and bonuses for up to 12 months following termination of employment.

The employment agreements may be renewed for successive one-year terms each upon written consent between the Organization, and approval of the Chair and Executive Board.

Subsequent to year-end, the employment agreement for the President was extended through December 31, 2026.

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, 2024, 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

2025	\$	17,200
2026		17,200
2027		10,100
Total	\$	<u>44,500</u>

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20. 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.

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 \$1,496,311 in excess of insured limits at December 31, 2024.

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 31% of total investments at December 31, 2024.

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.