



USA DIVING, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

For the Years Ended December 31, 2024 and 2023

The background of the lower half of the cover is a grayscale image of a modern building's interior, showing a complex grid of lines and structural elements. The image is overlaid with a semi-transparent teal band at the top and a semi-transparent orange band at the bottom right.

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USA DIVING, INC.
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8555 N. River Rd., Suite 300
Indianapolis, IN 46240
317.842.4466

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
USA Diving, Inc.

Qualified Opinion

We have audited the accompanying financial statements of USA Diving, Inc., (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024, and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the effects of not consolidating a subsidiary, as described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of USA Diving, Inc., as of December 31, 2024, and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

As more fully described in Note 10 to the financial statements, USA Diving, Inc.'s financial statements do not include the accounts of United States Diving Foundation, Inc., an organization in which USA Diving, Inc. holds a controlling financial interest. In our opinion, accounting principles generally accepted in the United States of America require that such entities should be accounted for as consolidated subsidiaries. Quantification of the effects of that departure from U.S. generally accepted accounting principles on the financial statements of USA Diving, Inc. is not practicable.

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 USA Diving, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 USA Diving, Inc.'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 USA Diving, Inc.'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.

Sikich CPA LLC

Indianapolis, Indiana
December 19, 2025

FINANCIAL STATEMENTS

USA DIVING, INC.

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 726,684	\$ 765,295
Investments	474,235	61,068
Accounts receivable	80,118	81,616
Contributions receivable	95,000	-
Due from United States Diving Foundation	50,000	37,500
Inventory	267,147	226,829
Prepaid expenses	22,590	168,615
Investments - board designated	-	500,000
Property and equipment, net	14,582	-
TOTAL ASSETS	<u>\$ 1,730,356</u>	<u>\$ 1,840,923</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 192,425	\$ 150,400
Accounts payable - related parties	19,725	11,853
Accrued liabilities	27,793	22,873
Deferred revenue - membership dues	130,652	117,360
Deferred revenue from USOPC	-	225,000
Notes payable	200,000	200,000
Total liabilities	<u>570,595</u>	<u>727,486</u>
NET ASSETS		
Net assets without donor restrictions	964,928	891,936
Net assets with donor restrictions	194,833	221,501
Total net assets	<u>1,159,761</u>	<u>1,113,437</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,730,356</u>	<u>\$ 1,840,923</u>

See accompanying notes to financial statements.

USA DIVING, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions	\$ 174,157	\$ 5,784	\$ 179,941
USOPC grants	1,005,116	-	1,005,116
United States Diving Foundation grants	959,450	-	959,450
Management fees	450,000	-	450,000
Sponsorships	84,011	-	84,011
Contributed nonfinancial assets	249,239	-	249,239
Membership dues	758,704	-	758,704
Media revenue	37,500	-	37,500
Participant fees	723,902	-	723,902
Miscellaneous revenue	53,678	-	53,678
Investment return, net	63,414	-	63,414
Interest	27,791	-	27,791
Net assets released from restrictions	32,452	(32,452)	-
Total Revenues and Support	4,619,414	(26,668)	4,592,746
EXPENSES			
Program services			
Member services	1,405,347	-	1,405,347
Competitive programs	2,010,873	-	2,010,873
Supporting services			
Management and general	879,703	-	879,703
Fundraising	250,499	-	250,499
Total Expenses	4,546,422	-	4,546,422
CHANGE IN NET ASSETS	72,992	(26,668)	46,324
NET ASSETS, BEGINNING OF YEAR	891,936	221,501	1,113,437
NET ASSETS, END OF YEAR	\$ 964,928	\$ 194,833	\$ 1,159,761

See accompanying notes to financial statements.

USA DIVING, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions	\$ 221,295	\$ 32,864	\$ 254,159
USOPC grants	1,015,350	-	1,015,350
United States Diving Foundation grants	607,920	-	607,920
Sponsorships	79,096	-	79,096
Contributed nonfinancial assets	126,517	-	126,517
Membership dues	791,944	-	791,944
Media revenue	75,000	-	75,000
Participant fees	536,474	-	536,474
Miscellaneous revenue	26,118	-	26,118
Investment return, net	61,659	-	61,659
Interest	37,147	-	37,147
Net assets released from restrictions	29,500	(29,500)	-
	<hr/>	<hr/>	<hr/>
Total Revenues and Support	3,608,020	3,364	3,611,384
EXPENSES			
Program services			
Member services	1,016,358	-	1,016,358
Competitive programs	1,456,828	-	1,456,828
Supporting services			
Management and general	970,819	-	970,819
Fundraising	288,457	-	288,457
	<hr/>	<hr/>	<hr/>
Total Expenses	3,732,462	-	3,732,462
CHANGE IN NET ASSETS	(124,442)	3,364	(121,078)
NET ASSETS, BEGINNING OF YEAR	1,016,378	218,137	1,234,515
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NET ASSETS, END OF YEAR	\$ 891,936	\$ 221,501	\$ 1,113,437
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See accompanying notes to financial statements.

USA DIVING, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2024

	<u>Program Services</u>			<u>Supporting Services</u>			<u>Total</u>
	<u>Member Services</u>	<u>Competitive Programs</u>	<u>Total Programming</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting</u>	
Salaries	\$ 297,322	\$ 308,381	\$ 605,703	\$ 216,862	\$ 74,200	\$ 291,062	\$ 896,765
Employee benefits	68,008	63,922	131,930	50,766	32,277	83,043	214,973
Awards and recognition	11,004	16,505	27,509	-	-	-	27,509
Education	18,560	-	18,560	7,973	-	7,973	26,533
Event venues	272,824	7,674	280,498	36,560	10,129	46,689	327,187
Financial service fees	-	-	-	48,921	-	48,921	48,921
Insurance	386,247	96,562	482,809	9,708	-	9,708	492,517
Marketing and advertising	-	-	-	30,804	24,383	55,187	55,187
Office expenses	-	13,122	13,122	43,544	-	43,544	56,666
Performance support	76,266	626,836	703,102	-	-	-	703,102
Professional services	60,065	7,374	67,439	338,344	106,600	444,944	512,383
Travel	215,051	870,497	1,085,548	91,181	2,910	94,091	1,179,639
Other	-	-	-	5,040	-	5,040	5,040
TOTAL EXPENSES	\$ 1,405,347	\$ 2,010,873	\$ 3,416,220	\$ 879,703	\$ 250,499	\$ 1,130,202	\$ 4,546,422

See accompanying notes to financial statements.

USA DIVING, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2023

	<u>Program Services</u>			<u>Supporting Services</u>			<u>Total</u>
	<u>Member Services</u>	<u>Competitive Programs</u>	<u>Total Programming</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting</u>	
Salaries	\$ 250,438	\$ 276,685	\$ 527,123	\$ 194,520	\$ 39,398	\$ 233,918	\$ 761,041
Employee benefits	64,912	62,280	127,192	47,031	21,963	68,994	196,186
Awards and recognition	473	-	473	1,893	-	1,893	2,366
Education	15,720	-	15,720	6,774	-	6,774	22,494
Event venues	187,171	37,473	224,644	46,120	30,727	76,847	301,491
Financial service fees	-	-	-	30,314	-	30,314	30,314
Insurance	344,662	147,712	492,374	11,860	-	11,860	504,234
Marketing and advertising	-	-	-	26,828	29,676	56,504	56,504
Office expenses	-	18,405	18,405	19,739	-	19,739	38,144
Performance support	81,239	458,489	539,728	-	-	-	539,728
Professional services	57,604	15,039	72,643	296,124	-	296,124	368,767
Travel	14,139	440,745	454,884	289,616	166,693	456,309	911,193
TOTAL EXPENSES	\$ 1,016,358	\$ 1,456,828	\$ 2,473,186	\$ 970,819	\$ 288,457	\$ 1,259,276	\$ 3,732,462

See accompanying notes to financial statements.

USA DIVING, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 46,324	\$ (121,078)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	4,284	-
Realized/unrealized gain on investments	(67,776)	(45,003)
(Increase) decrease in		
Accounts receivable	1,498	(6,465)
Contributions receivable	(95,000)	-
Due from USA Diving Foundation	(12,500)	12,500
Inventory	(40,318)	(19,069)
Prepaid expenses	146,024	(155,552)
Increase (decrease) in		
Accounts payable	42,025	11,572
Accounts payable - related parties	7,871	(18,432)
Accrued liabilities	4,920	(2,744)
Deferred revenue	13,292	29,028
Deferred revenue from USOPC	(225,000)	225,000
	<u>(174,356)</u>	<u>(90,243)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(18,866)	-
Purchase of investments	(1,816,348)	(153,414)
Proceeds from sale of investments	1,970,958	136,758
	<u>135,744</u>	<u>(16,656)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(38,611)	(106,899)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	765,295	872,194
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 726,684</u>	<u>\$ 765,295</u>
SUPPLEMENTAL INFORMATION		
Interest paid	<u>\$ 10,260</u>	<u>\$ 23,166</u>

See accompanying notes to financial statements.

USA DIVING, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2024 and 2023

1. NATURE OF ORGANIZATION

USA Diving, Inc. (USA Diving) is a not-for-profit corporation located in Indianapolis, Indiana. USA Diving has been designated the National Governing Body for the Olympic sport of diving by the United States Olympic and Paralympic Committee (USOPC). USA Diving was formed to organize and administer all aspects of competitive diving in the United States. Accordingly, USA Diving registers athletes and coaches, promotes the sport of diving, sanctions competitive diving events, and assembles and manages national diving teams.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (USGAAP). Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Accordingly, net assets of USA Diving and changes herein are classified and reported as follows:

Without Donor Restrictions

Undesignated - Net assets that are not subject to donor-imposed restrictions or board-imposed stipulations.

Board-Designated - Net assets subject to stipulations imposed by the Board of Directors and determined to be unavailable for general use. As of December 31, 2024, and 2023, net assets without donor restrictions amounted to \$964,928 and \$891,936, respectively, of which \$0 and \$500,000 are considered board designated, respectively. The amount is designated as a special reserve emergency fund.

With Donor Restrictions

Net assets subject to donor-imposed restrictions that either expire by passage of time or can be fulfilled and removed by actions of USA Diving pursuant to those restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions. When restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

USA Diving considers all investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash and cash equivalents.

USA Diving maintains its bank accounts at financial institutions, which at times may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit of \$250,000. As of December 31, 2024, and 2023, USA Diving had a balance in excess of the insured limit of \$476,683 and \$510,799, respectively. USA Diving has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable and Allowance for Credit Losses

Receivables are stated at the amount management expects to collect from outstanding balances. Management estimates expected credit losses primarily by an aging methodology and establishes individual account specific reserves for higher risk trade accounts. The allowance is based on a combination of specific individual account circumstances, credit and market conditions and history of write-offs and collections. Based on information available, management has determined that an allowance for credit losses as of December 31, 2024 and 2023, respectively is immaterial to the financial statements. However, actual write-offs may occur.

Contributions Receivable

Contributions receivable are unconditional promises to give and are carried at the net present value of original pledged amounts less an estimate made for uncollectible contributions based on a review of all outstanding amounts on a periodic basis. Based on management's analysis, an allowance was not deemed necessary as of December 31, 2024 and 2023. However, actual write-offs may occur. All outstanding receivables are expected to be received in the next year.

Investments and Income Recognition

Investments in marketable securities with readily determinable fair values are reported at their fair values. Fair value is determined by reference to quoted market prices and other relevant information generated by market transactions. Unrealized and realized gains and losses are included in the change in net assets. Investment return is reported net of external and direct internal investment expense.

Gains and losses on investment income are reported in the statements of activities as increases or decreases in net assets without donor restrictions unless their use is time restricted or restricted in perpetuity by explicit donor stipulations. Gains and investment income that are limited to specific uses by donor-imposed restrictions are reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the gains and income are recognized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and Income Recognition (Continued)

USA Diving invests in various investment securities. 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 at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect USA Diving's account balances and the amounts reported in the statements of activities.

Inventory

Inventory primarily consists of apparel and accessories for event team members that were donated by a sponsor. Inventory is stated at the estimated fair value, on a first-in, first-out basis.

Property and Equipment

Fixed assets are carried at cost and include expenditures for new additions and those expenditures that substantially increase the useful lives of existing property and equipment. USA Diving reports donations of property and equipment as support without donor restrictions unless restricted by the donor. The capitalization policy is \$3,000. Expenditures for maintenance and repairs are charged to expense as incurred.

Depreciation of property and equipment is computed using the straight-line method over the following useful lives:

	<u>Years</u>
Equipment – programming	3-5 Years

Depreciation expense for the years ended December 31, 2024 and 2023 is \$4,284 and \$0, respectively.

Revenue Recognition

USA Diving's revenue is derived from the following sources:

Unconditional promises to give are recognized as revenues in the period received. Conditional promises to give are recognized when the barriers are overcome. There are no conditional contributions as of December 31, 2024, and 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Contributions received are recorded as increases in net assets, based on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without restrictions and are reported in the statements of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same year in which the support is recognized are reported as net assets without donor restrictions.

Unconditional grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award. All grants are considered contributions for the fiscal years ended December 31, 2024, and 2023 and therefore follow contribution guidance under USGAAP. Conditional grants that have been funded by the donor are considered refundable grant advances and are reported on the statements of financial position. When the conditions specified by the grant agreements have been met, the grant revenue will be recognized. There were no conditional grants as of December 31, 2024 and 2023.

Sponsorships are monetary gifts considered contribution revenue as there is no commensurate value received by the donor.

Contributed Nonfinancial Assets

Contributions of nonfinancial assets are recorded at estimated fair value in the period received. Donated noncash assets for the years ended December 31, 2024, and 2023, totaled \$249,239 and \$126,517, respectively, and are recorded to the related asset or expense account, as appropriate, and contributed nonfinancial assets revenue.

Donated services are recognized as revenue at their estimated fair value when they create or enhance nonfinancial assets, or they require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if they were not donated. USA Diving receives donated services from unpaid volunteers who provide program support. No amounts have been recognized in the accompanying statements of activities for these volunteer services because the criteria for recognition of such volunteer effort has not been satisfied.

Revenue from Contracts with Customers

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration USA Diving expects to receive in exchange for those products or services. The timing of revenue recognition may differ from the timing of invoicing to customers and may result in contract assets and contract liabilities on the statements of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from Contracts with Customers (Continued)

In instances where the timing of revenue recognition differs from the timing of invoicing, USA Diving has determined that these contracts do not include a significant financing component.

Significant Judgments

USA Diving evaluates each contract to determine the number of distinct performance obligations in the contract, which requires the use of judgment. Significant judgments include the methodology for recognizing revenue over the appropriate period.

Membership Dues

An annual membership with USA Diving requires the payment of a set fee for dues. Membership categories and the related dues are based on an individual's level of competition and participation level as defined by USA Diving. Based on membership level, the stand ready performance obligations recognized using the time elapsed method over the membership period include insurance coverage, access as a member or coach to USA Diving training facilities, coaches, competitions and events, and website access. Members receive monthly and quarterly electronic newsletters. Related revenues are recognized at the point in time that access is available. Annual dues may be received in advance of the year for which they apply, and they are reported as deferred revenue when they are received. At the end of the membership year, which coincides with USA Diving's fiscal year end, all dues related to the year will have been recognized as revenue. There are no discounts, refunds or warranties associated with membership.

Media Revenue

USA Diving participates in an annual digital media contract with a related party. The related party hosts the official USA Diving website and other digital platforms and is permitted unlimited monetization of these platforms. USA Diving receives an agreed upon fee as defined per the contract. Based on the contract, the performance obligation is met at a point in time. There was no deferred revenue related to management contracts as of December 31, 2024, and 2023. The contract is not subject to refunds or warranties.

Participant Fees

Revenue is received from participants in exchange for participation in a diving event. Fees for these events are set by USA Diving and are set forth in the agreement with the participants. Fees for the event are based on which event the participant is attending. Fees are refundable under certain circumstances, such as cancellation of the event. Related revenues are earned at the commencement of the event, which is when the performance obligation has been satisfied. Any amounts paid in advance of the event are classified as deferred revenue until the event occurs. There was no deferred revenue related to event fees as of December 31, 2024 or 2023, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from Contracts with Customers (Continued)

Ticket Sales

Ticket sales from individuals for admission to events of USA Diving include handling and other fees as applicable. Tickets purchased in advance are recorded as deferred revenue by USA Diving. Advance ticket sales are recorded as revenue when the competition or event related to the ticket sale is complete. Admission revenues are recognized when performance obligations have been satisfied, which occurs when the event has commenced at a point in time. Ticket sales revenue is included within participant fees on the statements of activity and are \$60,229 and \$37,225 for the years ended December 31, 2024 and 2023, respectively.

Management Fees

USA Diving participated in a contract that allowed them the opportunity to manage the 2024 Olympic Diving Trials. The fees and related performance obligations are defined per the contract. The performance obligations are delivered concurrently and have the same measure of progress and are accounted for as a single performance obligation. Certain payments under the contract are due to USA Diving in advance of the event and give rise to deferred revenue. There was \$0 and \$250,000 in deferred revenue from the USOPC on the statements of financial position as of December 31, 2024 and 2023, respectively. \$450,000 and \$0 was recognized as management fee revenue in fulfillment of this contract on the statements of activities as of December 31, 2024 and 2023, respectively. The revenue is recognized at point in time, at the time of the event. Refunds are not available.

Contract Assets and Liabilities

The timing of revenue recognition, billings and cash collections results in billed accounts receivable (contract assets), and deferred revenue (contract liabilities) in the statements of financial position. Generally, billing occurs in advance of revenue recognition, resulting in contract liabilities referred to as deferred revenue. The deferred revenue is liquidated when related performance obligations are satisfied.

Income Taxes

USA Diving is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. USA Diving is not a private foundation. USA Diving files various federal and state non-profit tax returns and is no longer subject to U.S. federal or state examinations by tax authorities for tax years prior to 2021.

Use of Estimates

The presentation of financial statements in conformity with USGAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 may differ from those estimates and assumptions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Marketing and Advertising Cost

USA Diving uses marketing and advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expenses for the years ended December 31, 2024, and 2023, were \$55,187 and \$56,504, respectively.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The allocated expenses include salaries, and related benefits, education, insurance, marketing and advertising, awards and recognition, event venues, office expenses, performance support, professional services, and travel. The expenses are allocated based on estimates of time and effort. Expenses that are specifically identifiable with a program are charged to that program.

Subsequent Events

Subsequent events are events or transactions that occur after the statements of financial position date but before financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at the date of the statements of financial position, including the estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at the date of the statements of financial position but arose after that date (that is, recognized subsequent events).

USA Diving has evaluated subsequent events through December 19, 2025, which was the date that these financial statements were available for issuance and determined that there were no significant non-recognized subsequent events through that date.

USA DIVING, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

3. LIQUIDITY AND AVAILABILITY

As of December 31, and 2024, and 2023, financial assets available within one year for general expenditure, that is without donor or other restrictions limiting use, are comprised of the following:

	<u>2024</u>	<u>2023</u>
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 726,684	\$ 765,295
Investments	474,235	61,068
Accounts receivable	80,118	81,616
Contributions receivable	95,000	-
Due from USA Diving Foundation	50,000	37,500
Investments - board designated	-	500,000
	<u>1,426,037</u>	<u>1,445,479</u>
Less: Financial assets unavailable for general expenditures:		
Donor restrictions - purpose and time	(194,833)	(221,501)
Collateral on EIDL loan	(200,000)	(200,000)
Board designations	-	(500,000)
	<u>-</u>	<u>(500,000)</u>
TOTAL FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR	<u><u>\$ 1,031,204</u></u>	<u><u>\$ 523,978</u></u>

USA Diving manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

USGAAP establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

USGAAP requires the Organization to maximize the use of observable inputs when measuring fair value.

The hierarchy describes three levels of inputs, which are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Significant unobservable inputs.

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

If an investment that is measured using net asset value (NAV) has a readily determinable fair value (that is, it can be traded at the measurement date at its published NAV), it is included in Level 1 of the hierarchy. Otherwise, investments measured using NAV's are not included in Level 1, 2, or 3, but are separately reported.

Valuation Techniques

The following is a description of the valuation techniques used for assets measured at fair value on a recurring basis. There has been no change to the techniques used during the years ended December 31, 2024, and 2023.

Mutual funds: Valued at the NAV of shares on the last trading day of the fiscal year.

Interest in assets held by United States Olympic Endowment (USOE): Valued at NAV, per unit as reported by USOE. USA Diving considers the measurement to be a Level 2 measurement within the fair value hierarchy because USA Diving has the ability to redeem the funds.

The following table presents assets measured at fair value on a recurring basis at December 31, 2024:

Assets	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 443,965	\$ -	\$ -	\$ 443,965
Interest in assets held by USOE	-	11,649	-	11,649
TOTAL ASSETS AT FAIR VALUE	\$ 443,965	\$ 11,649	\$ -	455,614
Cash and cash equivalents*				18,621
				\$ 474,235

*Cash and cash equivalents are recorded at cost.

USA DIVING, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The following table presents assets measured at fair value on a recurring basis at December 31, 2023:

Assets	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 530,755	\$ -	\$ -	\$ 530,755
Interest in assets held by USOE	-	10,401	-	10,401
TOTAL ASSETS AT FAIR VALUE	\$ 530,755	\$ 10,401	\$ -	541,156
Cash and cash equivalents*				19,912
				\$ 561,068

*Cash and cash equivalents are recorded at cost.

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2024 and 2023:

	2024	2023
Equipment - programming	\$ 18,866	\$ -
Less: Accumulated depreciation	(4,284)	-
PROPERTY AND EQUIPMENT, NET	\$ 14,582	\$ -

6. NOTE PAYABLE

USA Diving received a U.S. Small Business Administration (SBA) Economic Injury Disaster Loan (EIDL) dated May 5, 2020, in the original amount of \$200,000. EIDL loans provided funding to help small businesses recover from the economic impacts of the Covid-19 pandemic. The loan is collateralized by all assets of USA Diving. Under the program, payments of \$855 per month, were suspended until January, 2023. However, interest at 2.75% continued to accrue from the original loan date. All 2023 and 2024 payments were applied to accrued interest. The note matures in May, 2050 at which time, a balloon payment of \$32,122 will be due. As of December 31, 2024 and 2023, the outstanding balance was \$200,000.

USA DIVING, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

6. NOTE PAYABLE (Continued)

As of December 31, 2024, principal payments due on the note payable were as follows:

2025	\$	4,735
2026		4,711
2027		4,842
2028		4,977
2029		5,115
Thereafter		175,620
TOTAL	\$	200,000

7. CONTRIBUTED NONFINANCIAL ASSETS

USA Diving received the following contributions of nonfinancial assets for the years ended December 31, 2024, and 2023:

	<u>2024</u>	<u>2023</u>
Room and board	\$ 78,498	\$ 29,981
Apparel and outfitting	134,122	84,042
Wellness tools	36,619	12,494
TOTAL	\$ 249,239	\$ 126,517

Apparel and outfitting and wellness tools are maintained in inventory and received without donor restrictions. The room and board contributions are valued based on actual cost of the lodging and related expense. The contributions of donated apparel and outfitting as well as donated wellness tools are valued at wholesale prices that would be received for selling similar items. USA Diving utilizes all contributed non-financial assets in their competitive program.

8. GOVERNMENT GRANTS

Paycheck Protection Program

The Paycheck Protection Program (PPP) is a low-interest SBA loan and may be forgiven entirely if the borrower meets certain parameters. On April 14, 2020, USA Diving received \$157,000 related to this program which was forgiven during 2021. An additional \$120,120 was received on January 26, 2021 and forgiven during 2022. Government grant revenue was recognized in the year received.

8. GOVERNMENT GRANTS (Continued)

Paycheck Protection Program (Continued)

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the Coronavirus Aid, Relief, and Economic Security Act (CARES) Act, all borrowers are required to maintain PPP loan documentation for six years after the PPP loan is repaid in full and to provide that documentation to the SBA upon request. USA Diving does not believe the results of any audits or reviews by the SBA would have a material impact on the financial statements.

Employee Retention Credit

Under the provisions of the CARES Act, as modified, the Employee Retention Credit (ERC) provides employers with less than 500 employees a refundable tax credit against the employer's share of social security taxes. The ERC is equal to 70% of qualified wages paid to employees during calendar year 2021 for a maximum credit per employee of \$7,000 per employee for each calendar quarter through December 31, 2021. During the year ended December 31, 2022, USA Diving claimed ERCs of \$137,758 as government grants in the statements of activity.

The IRS has extended the statute of limitations to five years with respect to ERC claims. Should the IRS subsequently audit ERC amounts and USA Diving did not meet eligibility requirements, a legal liability for repayment of previously recognized ERC amounts could be incurred. USA Diving does not believe the results of any audits or reviews by the SBA would have a material impact on the financial statements.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available to support the following purposes as of December 31, 2024, and 2023:

	<u>2024</u>	<u>2023</u>
Dive-In campaign	\$ 109,034	\$ 109,034
High performance/Synchro	23,208	23,208
Masters events	57,283	51,499
Relocation expenses	-	10,000
Technology	-	5,000
Judges fund	4,733	20,727
Biomechanical Upgrades - VAMA	575	2,033
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 194,833</u>	<u>\$ 221,501</u>

USA DIVING, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

10. RELATED PARTY ACTIVITY

USA Diving is the sole member of United States Diving Foundation, Inc. (the Foundation). Entities that hold a sole corporate membership in an organization are determined to hold a controlling financial interest in that entity. As such, USGAAP requires that the entity be consolidated in the financial statements of the member organization. The effects of this departure from USGAAP have not been determined.

The purpose of the Foundation is to benefit the educational and charitable purposes of USA Diving and to advance the sport of diving. The Foundation also makes grants to various not-for-profit and for-profit organizations in carrying out the mission of USA Diving.

USA Diving is a member of USOPC, a federally chartered nonprofit organization charged with governing and supporting the individual governing bodies of Olympic and Paralympic sports in the United States.

Related Party Activity For the Year Ended December 31, 2024:	United States Diving		
	USOPC	Foundation	Total
Assets			
Grants receivable	\$ -	\$ 50,000	\$ 50,000
Liabilities			
Accounts payable	\$ 19,725	\$ -	\$ 19,725
Revenues and Support:			
Grants	\$ 1,005,116	\$ 959,450	\$ 1,964,566
Contributions	1,000	-	1,000
Management fees	450,000	-	450,000
Contributed nonfinancial assets	78,498	-	78,498
Media revenue	37,500	-	37,500
Miscellaneous revenue	26,630	-	26,630
TOTAL RELATED PARTY REVENUES AND SUPPORT	\$ 1,598,744	\$ 959,450	\$ 2,558,194
Percentage of all revenues and support earned by USA Diving	35%	21%	56%

USA DIVING, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

10. RELATED PARTY ACTIVITY (Continued)

Related Party Activity For the Year Ended December 31, 2023:	United States		
	USOPC	Diving Foundation	Total
Assets			
Grants receivable	\$ -	\$ 37,500	\$ 37,500
Liabilities			
Accounts payable	\$ 11,853	\$ -	\$ 11,853
Deferred revenue	225,000	-	225,000
TOTAL LIABILITIES	\$ 236,853	\$ -	\$ 236,853
Revenues and Support			
Grants	\$ 1,015,350	\$ 607,920	\$ 1,623,270
Contributions	-	20,000	20,000
Media Revenue	75,000	-	75,000
TOTAL RELATED PARTY REVENUES AND SUPPORT	\$ 1,090,350	\$ 627,920	\$ 1,718,270
Percentage of all revenues and support earned by USA Diving	30%	18%	48%

11. REVENUE FROM CONTRACTS WITH CUSTOMERS

USA Diving recognizes revenue from contracts with customers through three primary revenue streams: membership, media and event contracts. USA Diving's disaggregated revenue based on timing of revenue recognition for the years ended December 31, 2024, and 2023 is as follows:

	2024	2023
Over time		
Membership dues	\$ 694,607	\$ 722,755
Point in time		
Management fees	450,000	-
Membership dues	64,097	69,189
Media revenue	37,500	75,000
Participant fees	723,902	536,474
Total point in time	1,275,499	680,663
TOTAL REVENUES FROM CONTRACTS WITH CUSTOMERS	\$ 1,970,106	\$ 1,403,418

11. REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

USA Diving has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the general economy and ability to provide services.

The opening balance for contract assets (accounts receivable) from contracts with customers was \$81,616 and \$75,151 on January 1, 2024, and 2023, respectively.

The opening balances for contract liabilities (deferred revenue) from contracts with customers on January 1, 2024, included deferred memberships of \$117,360 and deferred management fees from USOPC of \$225,000. Deferred revenue consisted of \$88,332 of deferred membership dues and no deferred management fees at January 1, 2023.

12. CONCENTRATION OF INCOME SOURCES

During 2024 and 2023, USA Diving received approximately 56% and 48% of its total revenue, respectively, from related parties. A decrease in funding from these sources could have a significant impact on USA Diving. See footnote 10 for additional information.

13. EMPLOYEE BENEFIT PLAN

USA Diving sponsors a 401(k) plan (Plan) for its eligible employees. The Plan requires USA Diving to make certain minimum contributions to eligible employees on an annual basis. USA Diving may make additional discretionary contributions and employee contributions are permitted. All contributions are immediately 100% vested. For the years ended December 31, 2024, and 2023, USA Diving contributed \$27,172, and \$23,906, respectively, to the Plan.