

**USA Artistic Swimming and affiliate**

(a nonprofit Colorado corporation)

Colorado Springs, Colorado

**Consolidated Financial Statements**

December 31, 2022

# USA Artistic Swimming

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## **MOUNTAIN WEST ADVISORS**

CPAS AND CONSULTANTS MEETING NON PROFITS WHERE THEY'RE AT

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### **Independent Auditors' Report**

To the Board of Directors  
USA Artistic Swimming and affiliate  
Colorado Springs, Colorado

#### **Opinion**

I have audited the accompanying consolidated financial statements of USA Artistic Swimming (a nonprofit organization) and affiliate, which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In my opinion, the consolidated financial statements referred to above present fairly, in all material aspects, the financial position of USA Artistic Swimming and its affiliate as of December 31, 2022, 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**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section in my report. I am required to be independent of USA Artistic Swimming and its affiliate and to meet other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about USA Artistic Swimming and its affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

## **Independent Auditor's Report (continued)**

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my 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 consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of USA Artistic Swimming and its affiliate's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about USA Artistic Swimming and its affiliate's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

## **Independent Auditor's Report (continued)**

### ***Other Matters***

#### **Report on Supplementary Information**

My audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Mountain West Advisors, LLC*

Certified Public Accountant

Highlands Ranch, Colorado  
October 17, 2023

# USA Artistic Swimming

## Consolidated Statement of Financial Position

December 31, 2022

### ASSETS

#### Current Assets

Cash and cash equivalents	\$ 103,452
Investments	3,611,514
Grants receivable, current portion	261,760
Accounts receivable, net	8,100
Prepaid expenses and other current assets	62,072
Total current assets	<u>4,046,898</u>

#### Property and Equipment, net

9,981

#### Other Assets

Grants receivable, net current portion	50,000
Deposits	500
Total other assets	<u>50,500</u>

#### Total assets

\$ 4,107,379

### LIABILITIES AND NET ASSETS

#### Current Liabilities

Accounts payable and accrued expenses	\$ 136,307
Deferred member service revenue	238,004
Grants payable	34,629
Notes payable, current portion	794
Total current liabilities	<u>409,734</u>

#### Long-Term Liabilities

Note payable, net of current portion	355,512
Total long-term liabilities	<u>355,512</u>

#### Total liabilities

765,246

#### Net Assets

Without donor restrictions	2,462,845
With donor restrictions	879,288

#### Total net assets

3,342,133

#### Total liabilities and net assets

\$ 4,107,379

The accompanying Notes are an integral part of these financial statements

# USA Artistic Swimming

## Consolidated Statement of Activities

Year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Support and Revenue</b>			
<b>Support</b>			
USOC performance tool	\$ 20,000	\$ 506,000	\$ 526,000
Grants and contributions	20,769	127,112	147,881
In-kind contributions	66,680	-	66,680
Special event income	165,761	-	165,761
Special event expenses	(108,397)	-	(108,397)
Net assets released from restrictions			
Satisfaction of purpose restrictions	225,699	(225,699)	-
Expiration of time restrictions	254,419	(254,419)	-
Total support	<u>644,931</u>	<u>152,994</u>	<u>797,925</u>
<b>Revenue</b>			
Event income	796,098	-	796,098
Member services	381,630	-	381,630
Athlete camps and clinics	374,871	-	374,871
Sponsorships	282,261	-	282,261
Total revenue	<u>1,834,860</u>	<u>-</u>	<u>1,834,860</u>
Total support and revenue	<u>2,479,791</u>	<u>152,994</u>	<u>2,632,785</u>
<b>Expenses</b>			
Program services	1,999,654	-	1,999,654
Supporting services			
General and administrative	1,020,916	-	1,020,916
Fundraising	41,954	-	41,954
Total expenses	<u>3,062,524</u>	<u>-</u>	<u>3,062,524</u>
Total support and revenue in excess (deficit) of expenses	<u>(582,733)</u>	<u>152,994</u>	<u>(429,739)</u>
<b>Other Changes</b>			
Interest and dividends	41,563	-	41,563
Other income	164,775	-	164,775
Investment losses	(622,646)	(4,067)	(626,713)
Loss on disposal of equipment	(144)	-	(144)
Total other changes	<u>(416,452)</u>	<u>(4,067)</u>	<u>(420,519)</u>
<b>Change in Net Assets</b>	<u>(999,185)</u>	<u>148,927</u>	<u>(850,258)</u>
<b>Net Assets, Beginning of Year, As Previously Stated</b>	3,466,316	515,857	3,982,173
Prior period adjustment	<u>(4,286)</u>	<u>214,504</u>	<u>210,218</u>
<b>Net Assets, Beginning of Year, As Restated</b>	<u>3,462,030</u>	<u>730,361</u>	<u>4,192,391</u>
<b>Net Assets, End of Year</b>	<u>\$ 2,462,845</u>	<u>\$ 879,288</u>	<u>\$ 3,342,133</u>

The accompanying Notes are an integral part of these financial statements

# USA Artistic Swimming

## Consolidated Statement of Functional Expenses

Year ended December 31, 2022

	Program Expenses	Supporting Services			Total Expenses
		General and Administrative	Fundraising	Total	
Salaries	\$ 59,333	\$ 626,698	\$ 4,923	\$ 631,621	\$ 690,954
Payroll taxes	6,022	47,556	840	48,396	54,418
Employee benefits	5,251	101,463	489	101,952	107,203
Total personnel costs	70,606	775,717	6,252	781,969	852,575
Travel	687,857	63,443	727	64,170	752,027
Program expenses	710,776	15,799	-	15,799	726,575
Occupancy	291,768	3,126	-	3,126	294,894
Consulting services	119,719	14,850	-	14,850	134,569
Accounting and professional fees	-	91,004	29,700	120,704	120,704
Insurance	43,431	-	-	-	43,431
Events expense	37,296	-	-	-	37,296
Grants expense	6,356	17,147	120	17,267	23,623
Dues and fees	18,726	443	-	443	19,169
Printing and postage	12,547	2,954	-	2,954	15,501
Office expenses	-	12,222	-	12,222	12,222
Interest	197	10,034	-	10,034	10,231
Information technology	-	7,032	-	7,032	7,032
Bank and service fees	-	1,524	5,155	6,679	6,679
Bad debt expense	-	2,585	-	2,585	2,585
Miscellaneous expense	-	2,204	-	2,204	2,204
Depreciation	-	798	-	798	798
Advertising	375	34	-	34	409
Total expenses	\$ 1,999,654	\$ 1,020,916	\$ 41,954	\$ 1,062,870	\$ 3,062,524

The accompanying Notes are an integral part of these financial statements

# USA Artistic Swimming

## Consolidated Statement of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Year ended December 31, 2022

### Cash Flows From Operating Activities

Change in net assets	\$ (850,258)
Adjustments to reconcile change in net assets to net cash used by operating activities	
Depreciation	798
Net unrealized loss on investments	626,713
Increase (decrease) from changes in assets and liabilities	
Accounts receivable	(4,857)
Grants and pledges receivable	(64,653)
Prepaid expenses	(11,459)
Accounts payable	78,770
Deferred revenue	26,440
Grants payable	(14,468)
Net cash used by operating activities	<u>(212,974)</u>

### Cash Flows From Investing Activities

Purchases of property and equipment	(10,779)
Net sales of investments	241,417
Net cash provided by investing activities	<u>230,638</u>

### Cash Flows From Financing Activities

Principal payments on line of credit	(126,721)
Borrowings on notes payable - EIDL Loan	150,000
Net cash provided by financing activities	<u>23,279</u>

**Net Increase in Cash and Cash Equivalents** **40,943**

**Cash and Cash Equivalents, Beginning of Year** **62,509**

**Cash and Cash Equivalents, End of Year** **\$ 103,452**

### Supplemental Information

Cash paid for interest	<u>\$ 7,937</u>
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# USA Artistic Swimming

## Notes to Consolidated Financial Statements

December 31, 2022

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### Note 1 – Nature of Organization and Significant Accounting Policies

*Nature of Organization.* USA Artistic Swimming ("USAAS") was established for the development and promotion of amateur synchronized swimming in the United States. USAAS is recognized as the national governing body for synchronized swimming by the United States Olympic Committee (USOC).

The United States Synchronized Swimming Foundation, Inc. (USSSF) is a separate, tax exempt not-for profit organization (Type 1 Supporting Organization under section 509(a)(3) of the Internal Revenue Code). It was established for the exclusive benefit of USAAS to foster the development of artistic swimming in the United States, to solicit funds and to manage and direct investment of the funds for the benefit of USAAS. USSSF is governed by a separate board of directors of which a majority of the directors are elected by the Board of Governors of USAAS. The board of directors of USSSF authorize all distributions, including supporting distributions to the USAAS. All inter-entity transactions have been eliminated.

*Basis of Accounting.* The consolidated financial statements include USSAS and its affiliate, USSSF (collectively, "the Organization") and have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

*Use of Estimates.* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Cash and Cash Equivalents.* Cash consists of checking and savings accounts held at financial institutions. For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents.

*Investments.* The Organization's investments are stated 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. The Organization's management determines the valuation policies utilizing information provided by the investment advisors and custodians. *See Fair Value Measurements.*

Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

*Fair Value Measurements.* The Organization reports using fair value measurements, which requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

# USA Artistic Swimming

## Notes to Consolidated Financial Statements

December 31, 2022

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### Note 1 – Nature of Organization and Significant Accounting Policies (continued)

#### *Fair Value Measurements* (continued).

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

Level 2        Inputs to the valuation methodology include:

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

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

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

Debt and Equity Securities. The Organization values debt and equity securities with readily determinable market values at fair value as determined by quoted market prices on national security exchanges valued at the closing price on the last business day of the fiscal year. Securities traded on the over-the-counter market are valued at the last reported bid price.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position.

# USA Artistic Swimming

## Notes to Consolidated Financial Statements

December 31, 2022

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### Note 1 – Nature of Organization and Significant Accounting Policies (continued)

*Grants Receivable.* Grants receivable are recognized only when the conditions on which they depend are substantially met and the grants become unconditional. Grants receivable are stated net of allowances for uncollectible accounts. Management provides for probable uncollectible accounts through a provision for bad debt expenses and an adjustment to the allowance account based on its assessment of the current status of individual amounts. Balances still outstanding after management has used reasonable collection efforts are written off through a reduction to the allowance account and a corresponding reduction to grants receivable. Management believes that all grants receivable are fully collectible at December 31, 2022. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

*Accounts Receivable.* Accounts receivable consists of amounts billed or billable under contracts or for products or services provided. Interest is not charged on outstanding accounts receivable. Management determined the net collectability of accounts receivable by establishing an allowance for doubtful accounts. The allowance is determined by management based on historical losses, general economic conditions, and results of collection activities. As of December 31, 2022, the allowance for doubtful accounts was \$2,000.

*Property and Equipment.* It is the Organization's policy to capitalize property and equipment at cost for purchases over \$1,000, while repair and maintenance items are charged to expense. Donations of property and equipment are capitalized at their estimated fair value at the date of gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets, which is generally five to ten years for equipment and furniture/fixtures. Depreciation expense for the year ended December 31, 2022 was \$798.

*Impairment of Long-Lived Assets.* In the event that facts and circumstances indicate that property and equipment, or other assets, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value would be necessary. No impairment losses were recorded during the year ended December 31, 2022.

*Deferred Revenue.* Prepayments of membership, program fees, and specialty camps and clinics are deferred and recognized as revenue in the applicable future period when the services are provided, and the related expenses are incurred.

*Basis of Net Asset Presentation.* The Organization 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 resulting from revenues generated by receiving contributions that have no donor stipulations, providing services, and receiving interest and other income, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

# USA Artistic Swimming

## Notes to Consolidated Financial Statements

December 31, 2022

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### Note 1 – Nature of Organization and Significant Accounting Policies (continued)

*Basis of Net Asset Presentation* (continued).

*Net Assets With Donor Restrictions.* Net assets resulting from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose restriction is accomplished. Other donor restrictions are perpetual in nature whereby the donor has stipulated the funds be maintained in perpetuity.

*Grants and Contributions.* Grants and contributions are recognized when donations are received. Donor-restricted grants and contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Grants and contributions that are restricted by the grantor or donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the grants and contributions are recognized.

*Revenue Recognition.*

*Events, Athlete Camps and Clinics, and Sponsorships.* The majority of the Organization's exchange revenue arrangements generally consist of a single performance obligation to transfer promised goods or services.

*Membership Fees.* Revenue from membership fees is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the related services. The Organization recognizes revenue from membership fees as the Organization satisfies performance obligations under its contracts, which is ratably over the

*Transaction Price.* The transaction price of a contract with a customer is the amount of consideration to which the Organization expects to be entitled in exchange for transferring promised goods and services to the customer.

For the year ended December 31, 2022, the Organization recognized revenue of \$1,453,230, from goods and services that transfer to the customer at a point in time and \$381,630 from services that transfer to the customer over time.

*Contract Balances.* The following table provides information about the Organization's receivables from contracts with customers at December 31, 2022:

Accounts receivable, beginning of year	\$	3,243
Accounts receivable, end of year	\$	8,100
Deferred revenue, beginning of year	\$	211,564
Deferred revenue, end of year	\$	238,004

The Organization's contracts do not include significant financing components.

# USA Artistic Swimming

## Notes to Consolidated Financial Statements

December 31, 2022

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### Note 1 – Nature of Organization and Significant Accounting Policies (continued)

*Contributed Facilities and Services.* Contributed facilities are recorded at fair market value at the time of donation. Services are recognized if the services received satisfy the criteria for recognition. Contributed services are recognized if services either (a) create or enhance a nonfinancial asset or (b) require specialized skills that are provided by persons possessing those skills and would typically need to be purchased if not provided by donation. The Organization did not receive contributed services during the years ended December 31, 2022.

The Organization recorded the following in-kind activity during the years ended December 31, 2022:

		Usage
Facilities use	<u>\$ 66,680</u>	Lodging for athletes

In-kind contributed facilities were valued using like-kind methodology for similar size houses or apartments. No in-kind contributions were restricted. The Organization does not sell donated gifts in-kind and only uses services, goods and facilities for its own program or supporting service activities.

*Functional Allocation of Expenses.* Direct expenses have been allocated to the applicable program for which the expenses were incurred. Indirect expenses have been allocated between program and supporting services based on an analysis of personnel time and space utilized for the related activities.

*Advertising.* The Organization expenses advertising costs, including donated advertising, as incurred. Total advertising expense for the years ended December 31, 2022 was \$409.

*Income Taxes.* The Organization is a nonprofit corporation exempt from income taxes as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made.

*Subsequent Events.* The Organization evaluates events and transactions occurring subsequent to the date of the consolidated financial statements for matters requiring recognition or disclosure in the consolidated financial statements. The accompanying consolidated financial statements consider events through October 17, 2023, the date at which the consolidated financial statements were available for release.

### Note 2 – Prior Period Adjustment

The Organization has recorded a prior period adjustment to correct balances related to grants receivable, inventories, and security deposits. The accompanying consolidated financial statements have been restated to increase grants receivable by \$238,000, decrease inventory by \$14,023, decrease deposits by \$9,647, decrease net assets with donor restrictions by \$4,206, and to increase net assets with donor restrictions by \$214,504 as of January 1, 2022.

# USA Artistic Swimming

## Notes to Consolidated Financial Statements

December 31, 2022

### Note 3 – Fair Value Measurements

The following table summarizes the Organization's fair value of assets measured on a recurring basis by fair value ("FV") hierarchy as of December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds				
Small blend	\$ 9,584	\$ -	\$ -	\$ 9,584
Bond funds	275,912	-	-	275,912
USOE portfolio	-	3,326,018	-	3,326,018
	<u>\$ 285,496</u>	<u>\$ 3,326,018</u>	<u>\$ -</u>	<u>\$ 3,611,514</u>

The USOE portfolio consists of the following investments at December 31, 2022:

Alternative investments*	34.47%
Domestic equities	24.49%
International equities	13.40%
Domestic bonds	23.46%
Cash and other	4.18%
	<u>100.00%</u>

\* Alternative investments include hedge equity funds, private equity funds, real estate funds and limited partnerships.

### Note 4 – Grants Receivable

Grants receivable are as follows at December 31, 2022:

Due within one year	\$ 261,760
Due in one to five years	50,000
Pledges receivable	<u>\$ 311,760</u>

Grants receivable are measured in the aggregate using present value techniques that consider historical trends of collections similar to other fund raising activities, the type of donor, general economic conditions, and market interest rate assumptions. The noncurrent portion of grants receivable relates to the estimated fair market value of pledges receivable as of December 31, 2022, at which time a present value discount rate of 5.0% was used. The total present value discount was deemed immaterial to the financial statements as of December 31, 2022 and therefore was not recorded in the statement of activities.

# USA Artistic Swimming

## Notes to Consolidated Financial Statements

December 31, 2022

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### Note 5 – Property and Equipment

Property and equipment consisted of the following at December 31, 2022:

Furniture and fixtures	\$	1,096
Equipment		10,779
Software		18,419
		<u>30,294</u>
Less accumulated depreciation		(20,313)
Net property and equipment	\$	<u>9,981</u>

### Note 6 – Endowment

The Organization's endowment consists of donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has determined that a portion of the Organization's net assets meet the definition of endowment funds under the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"), adopted by the State of Colorado in 2008. The Organization has interpreted UPMIFA as requiring 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 of this interpretation, the Organization generally classifies as net assets with donor restrictions to be maintained in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions to be maintained in perpetuity is classified as net assets without donor restriction as appropriations for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA occur.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

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 UPMIFA requires the Organization to retain as a fund of perpetual duration. During the year ended December 31, 2022, the endowment was "underwater". These deficiencies resulted from unfavorable market conditions during 2022.

# USA Artistic Swimming

## Notes to Consolidated Financial Statements

December 31, 2022

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### Note 6 – Endowment (continued)

*Donor Restricted Endowment Spending Policy.* 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.

Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this policy the endowment assets are invested in a manner that is intended to produce maximum results while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return of approximately the sum of 5% plus the consumer price index (CPI) annually. Actual returns in any given year may vary from this amount.

The following summarizes the changes in net assets designated by the Board of Directors as an endowment fund for the year ended December 31, 2022:

	With Donor Restrictions
Balance, December 31, 2021	\$ 123,857
Interest and dividends	3,313
Net depreciation	(18,057)
Balance, December 31, 2022	<u>\$ 109,113</u>

### Note 7 – Notes Payable

On May 24, 2020, the USAAS obtained an Economic Injury Disaster Loan ("EIDL") in the amount of \$150,000 from the U.S. Small Business Administration (SBA). In addition, on May 3, 2022, the USAAS obtained a second EIDL loan ("the second EIDL") in the amount of \$150,000. At the time of the second EIDL loan, the SBA consolidated the loans into one loan ("the combined EIDL") totaling \$300,000. The combined EIDL note matures May 27, 2050 and bears interest at a rate of 2.75% per annum. Monthly installments totaling \$1,348 commenced on May 24, 2022 and will be applied to all accrued interest prior to being applied to principal and interest. The loan is secured by all assets.

On July 1, 2020, the USSSF obtained an Economic Injury Disaster Loan ("EIDL") in the amount of \$57,100 from the U.S. Small Business Administration. The EIDL note matures July 1, 2050 and bears interest at a rate of 2.75% per annum. Monthly installments totaling \$244 commenced on July 1, 2021 and will be applied to all accrued interest prior to being applied to principal and interest. The loan is secured by all assets.

# USA Artistic Swimming

## Notes to Consolidated Financial Statements

December 31, 2022

### Note 7 – Notes Payable (continued)

Scheduled maturities of the long-term notes payable are as follows:

Year ended December 31	Total
2023	\$ 794
2024	8,064
2025	9,642
2026	9,911
2026	10,187
Thereafter	318,502
	<u>\$ 357,100</u>

### Note 8 – Net Assets with Donor Restrictions

The balances of net assets with donor restrictions are as follows:

	Jan 1, 2022 Balance	Additions	Releases	Dec 31, 2022 Balance
<i>Time restrictions:</i>				
Pledges receivable	\$ 254,419	\$ 311,760	\$ 254,419	\$ 311,760
Investments held for endowment	123,857	-	4,067	119,790
<i>Purpose restrictions:</i>				
International competitions	-	253,000	-	253,000
USAAS Foundation grant	58,358	68,352	58,358	68,352
Other restricted grants	293,727	-	167,341	126,386
Total	<u>\$ 730,361</u>	<u>\$ 633,112</u>	<u>\$ 484,185</u>	<u>\$ 879,288</u>

### Note 9 – Line of Credit

USAAS has a \$225,000 revolving line of credit from PNC Bank. This line is collateralized by all of USAAS's assets and bears interest at the prime rate index plus 0.5%, resulting in a borrowing rate of 8% at December 31, 2022 and is payable monthly. The line of credit matures in January of each year and is automatically renewed annually. There were no borrowings or outstanding balances on the line during the year ended December 31, 2022.

### Note 10 – Retirement Plan

The Organization maintains a tax-deferred compensation plan under Section 403(b)(7) of the Internal Revenue Code. The plan provides that the Organization contribute 5% of the annual compensation of eligible employees on their behalf. The plan also provides for voluntary employee contributions. The amounts contributed by the Organization to this plan during the year ended December 31, 2022 was \$22,275.

# USA Artistic Swimming

## Notes to Consolidated Financial Statements

December 31, 2022

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### Note 11 – Liquidity and Availability of Resources

The Organization receives significant grants and contributions that are restricted by donors/grantors, and considers grants and contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization 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. To achieve these guiding principles, the Organization forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually.

Additionally, in the event of an unanticipated liquidity need, the Organization could draw upon its \$225,000 line of credit, of which, \$225,000 was available at December 31, 2022. During the year ended December 31, 2022, the level of liquidity and reserves was managed within the policy requirements.

The Organization's financial assets available for general expenditures within one year are as follows at December 31, 2022:

Financial assets at year-end:

Cash and cash equivalents	\$ 103,452
Investments	3,611,514
Accounts receivable, net	8,100
Grants and pledges receivable	311,760
	<u>4,034,826</u>

Less amounts not available to be used within one year:

Contribution restricted by donors for endowment	(119,790)
Contributions to be received beyond one year	(50,000)
	<u>(169,790)</u>

Financial assets available for general expenditures within one year	<u>\$ 3,865,036</u>
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### Note 12 – Concentrations of Credit Risk

*Major Donors.* The Organization had one donor who comprised approximately 25% of total support and revenue for the year ended December 31, 2022. The Organization had three donors who comprised approximately 93% of total receivables for the year ended December 31, 2022.

*Bank Deposits.* At certain times during the year ended December 31, 2022, the Organization maintained cash balances in excess of federally insured limits.

**USA Artistic Swimming and affiliate**

**SUPPLEMENTAL INFORMATION**

# USA Artistic Swimming

## Consolidating Statement of Financial Position

December 31, 2022

	USA Artistic Swimming	United States Synchronized Swimming Foundation	Eliminations	Total
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 77,904	\$ 25,548	\$ -	\$ 103,452
Investments	208,925	3,402,589	-	3,611,514
Grants receivable, current portion	297,264	-	(35,504)	261,760
Accounts receivable, net	1,300	6,800	-	8,100
Prepaid expenses	55,402	6,670	-	62,072
Total current assets	<u>640,795</u>	<u>3,441,607</u>	<u>(35,504)</u>	<u>4,046,898</u>
Property and Equipment, net	<u>9,981</u>	<u>-</u>	<u>-</u>	<u>9,981</u>
<b>Other Assets</b>				
Grants receivable, net current portion	50,000	-	-	50,000
Deposits	500	-	-	500
Total other assets	<u>50,500</u>	<u>-</u>	<u>-</u>	<u>50,500</u>
Total assets	<u>\$ 701,276</u>	<u>\$ 3,441,607</u>	<u>\$ (35,504)</u>	<u>\$ 4,107,379</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued expenses	\$ 162,205	\$ 9,606	\$ (35,504)	\$ 136,307
Deferred member service revenue	238,004	-	-	238,004
Grants payable	-	34,629	-	34,629
Notes payable, current portion	-	794	-	794
Total current liabilities	<u>400,209</u>	<u>45,029</u>	<u>(35,504)</u>	<u>409,734</u>
<b>Long-Term Liabilities</b>				
Note payable, net of current portion	300,000	55,512	-	355,512
Total long-term liabilities	<u>300,000</u>	<u>55,512</u>	<u>-</u>	<u>355,512</u>
Total liabilities	<u>700,209</u>	<u>100,541</u>	<u>(35,504)</u>	<u>765,246</u>
<b>Net Assets</b>				
Without donor restrictions	(758,431)	3,221,276	-	2,462,845
With donor restrictions	759,498	119,790	-	879,288
Total net assets	<u>1,067</u>	<u>3,341,066</u>	<u>-</u>	<u>3,342,133</u>
Total liabilities and net assets	<u>\$ 701,276</u>	<u>\$ 3,441,607</u>	<u>\$ (35,504)</u>	<u>\$ 4,107,379</u>

The accompanying Notes are an integral part of these financial statements

# USA Artistic Swimming

## Consolidating Statement of Activities

Year ended December 31, 2022

	USA Artistic Swimming	United States Synchronized Swimming Foundation	Eliminations	Total
<b>Operating Support and Revenue Support</b>				
USOC performance tool	\$ 526,000	\$ -	\$ -	\$ 526,000
Grants and contributions	186,881	73,703	(112,703)	147,881
In-kind contributions	66,000	680	-	66,680
Special event income	2,036	163,725	-	165,761
Special event expenses	(21,583)	(86,814)	-	(108,397)
Total support	759,334	151,294	(112,703)	797,925
<b>Revenue</b>				
Event income	796,098	-	-	796,098
Member services	381,630	-	-	381,630
Athletic camps and clinics	374,871	-	-	374,871
Sponsorships	282,261	-	-	282,261
Total revenue	1,834,860	-	-	1,834,860
Total support and revenue	2,594,194	151,294	(112,703)	2,632,785
<b>Expenses</b>				
Program services	1,941,649	170,708	(112,703)	1,999,654
Supporting services				
General and administrative	956,151	64,765	-	1,020,916
Fundraising	727	41,227	-	41,954
Total expenses	2,898,527	276,700	(112,703)	3,062,524
Total support and revenue in excess (deficit) of expenses	(304,333)	(125,406)	-	(429,739)
<b>Other Changes</b>				
Interest and dividends	2,012	39,550	-	41,562
Other income	164,775	-	-	164,775
Investment losses	(40,105)	(586,607)	-	(626,712)
Loss on disposal of equipment	(144)	-	-	(144)
Total other changes	126,538	(547,057)	-	(420,519)
<b>Change in Net Assets</b>	(177,795)	(672,463)	-	(850,258)
<b>Net Assets, Beginning of Year, As Previously Stated</b>	4,154	3,978,019	-	3,982,173
Prior period adjustment	174,708	35,510	-	210,218
<b>Net Assets, Beginning of Year, As Restated</b>	178,862	4,013,529	-	4,192,391
<b>Net Assets, End of Year</b>	\$ 1,067	\$ 3,341,066	\$ -	\$ 3,342,133

The accompanying Notes are an integral part of these financial statements