



USA DIVING, INC.

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

For the Year Ended December 31, 2021



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

SIKICH.COM

INDEPENDENT AUDITOR'S REPORT

Board of Directors
USA Diving, Inc.

Opinion

We have audited the accompanying financial statements of USA Diving, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and the related statement 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 USA Diving, Inc., as of December 31, 2021, 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 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Adjustments for Prior Period Financial Statements

As discussed in Note 13 to the financial statements, USA Diving, Inc. has restated its December 1, 2020, financial statements during 2021. As part of our audit of the 2021 financial statements, we also audited the adjustments described in Note 13 that were applied to restate the 2020 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

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 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 LLP

Indianapolis, Indiana
December 14, 2023

FINANCIAL STATEMENTS

USA DIVING, INC

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2021

ASSETS	
ASSETS	
Cash and cash equivalents	\$ 1,430,809
Investments	591,260
Accounts receivable	52,710
Inventory	294,921
Prepaid expenses	807
TOTAL ASSETS	\$ 2,370,507
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	\$ 132,545
Accounts payable - related parties	620,155
Accrued liabilities	20,853
Deferred revenue	176,709
Notes payable	200,000
Total Liabilities	1,150,262
NET ASSETS	
Net assets without donor restrictions	992,485
Net assets with donor restrictions	227,760
Total net assets	1,220,245
TOTAL LIABILITIES AND NET ASSETS	\$ 2,370,507

See accompanying notes to financial statements.

USA DIVING, INC

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions	\$ 62,241	\$ 74,016	\$ 136,257
USOPC grants	699,779	-	699,779
US Diving Foundation grants	477,968	-	477,968
Raymond C. Rude Supporting Foundation, Inc. grants	18,219	-	18,219
Government grants	120,120	-	120,120
Sponsorships	30,000	-	30,000
Contributed nonfinancial assets	65,083	-	65,083
Membership dues	612,076	-	612,076
Media revenue	78,500	-	78,500
Event fees	921,145	-	921,145
Ticket sales	23,904	-	23,904
Management fees	450,000	-	450,000
Miscellaneous revenue	45,908	-	45,908
Investment return, net	75,062	-	75,062
Interest and dividends	783	-	783
Net assets released from restrictions	94,253	(94,253)	-
Total Revenues and Support	<u>3,775,041</u>	<u>(20,237)</u>	<u>3,754,804</u>
EXPENSES			
Program services:			
Member services	922,087	-	922,087
Competitive programs	1,370,887	-	1,370,887
Supporting services:			
General and administrative	766,124	-	766,124
Fundraising	150,217	-	150,217
Total Expenses	<u>3,209,315</u>	<u>-</u>	<u>3,209,315</u>
CHANGE IN NET ASSETS	565,726	(20,237)	545,489
NET ASSETS, BEGINNING OF YEAR AS PREVIOUSLY REPORTED	63,179	247,997	311,176
Restatement (Note 13)	363,580	-	363,580
NET ASSETS, BEGINNING OF YEAR AS RESTATED	<u>426,759</u>	<u>247,997</u>	<u>674,756</u>
NET ASSETS, END OF YEAR	<u>\$ 992,485</u>	<u>\$ 227,760</u>	<u>\$ 1,220,245</u>

See accompanying notes to financial statements.

USA DIVING, INC

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2021

	<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	\$ 133,646	\$ 283,690	\$ 417,336	\$ 85,663	\$ 22,065	\$ 107,728	\$ 525,064
Employee benefits	32,346	54,981	87,327	20,767	14,167	34,934	122,261
Awards and recognitions	1,661	-	1,661	13,154	-	13,154	14,815
Conferences and meetings	-	-	-	10,079	-	10,079	10,079
Education	1,736	-	1,736	3,045	-	3,045	4,781
Event venues	251,081	120,828	371,909	42,702	3,687	46,389	418,298
Financial service fees	-	-	-	31,590	-	31,590	31,590
Insurance	383,723	164,453	548,176	-	-	-	548,176
Marketing and advertising	-	1,260	1,260	20,204	3,150	23,354	24,614
Office expense	-	26,544	26,544	33,294	-	33,294	59,838
Performance support	41,744	422,653	464,397	-	-	-	464,397
Professional services	69,562	12,546	82,108	320,346	-	320,346	402,454
Travel	6,588	283,932	290,520	185,280	107,148	292,428	582,948
TOTAL EXPENSES	<u>\$ 922,087</u>	<u>\$ 1,370,887</u>	<u>\$ 2,292,974</u>	<u>\$ 766,124</u>	<u>\$ 150,217</u>	<u>\$ 916,341</u>	<u>\$ 3,209,315</u>

See accompanying notes to financial statements.

USA DIVING INC.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in net assets	\$ 545,489
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Investment return, net	(75,062)
PPP loan forgiveness	(120,120)
(Increase) decrease in:	
Accounts receivable	(48,634)
Due from related parties	10,007
Inventory	68,660
Prepaid expenses	27,439
Increase (decrease) in:	
Accounts payable	89,001
Accounts payable - related parties	429,478
Accrued liabilities	8,553
Deferred revenue	(391,381)
Net cash from operating activities	<u>543,430</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from notes payable	<u>120,120</u>
Net cash from financing activities	<u>120,120</u>

INCREASE IN CASH AND CASH EQUIVALENTS 663,550

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 767,259

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 1,430,809

See accompanying notes to financial statements.

USA DIVING INC.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

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, 2021, net assets without donor restriction amounted to \$993,996, of which \$500,000 is considered to be board designated. The amount is designated as a special reserve emergency fund in accordance with the gift requirements for a period of four years ending December 31, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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.

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 one financial institution, which at times may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit of \$250,000. As of December 31, 2021, USA Diving had a balance in excess of the insured limit of approximately \$1,214,951. 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

Receivables are stated at the amount management expects to collect from outstanding balances. Management considers the collectability of each account individually. As of December 31, 2021, management has determined that no allowance for doubtful accounts is required.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 statement of activities as increases or decreases in net assets without donor restriction 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.

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 conditions on which they depend are substantially met. There are no conditional contributions as of December 31, 2021.

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 statement 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 without donor restriction.

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 year ended December 31, 2021 and therefore follow contribution guidance under Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, Not for Profit Entities (Topic 958). Conditional grants that have been funded by the donor are considered deferred revenue and are reported on the statement of financial position. When the conditions specified by the grant agreements have been met, the grant revenue will be recognized.

Sponsorships are monetary gifts considered contribution revenue as there is no performance obligation related to the receipt of funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Nonfinancial Assets

Contributions of nonfinancial assets are recorded at fair value in the period received. Donated noncash assets for the year ended December 31, 2021, totaled \$65,083, 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 which would need to be purchased if they were not donated. The Organization receives donated services from unpaid volunteers who provide program support. No amounts have been recognized in the accompanying statement 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.

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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from Contracts with Customers (Continued)

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 point in time. There was no deferred revenue related to management contracts as of December 31, 2021. The contract is not subject to refunds or warranties.

Event Fees

Revenue is received from participants in exchange for participation in a diving event. Fees for these events are set by the Organization 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 a 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 is classified as deferred revenue until the event occurs.

Ticket Sales

Ticket sales from individuals for admissions to the event of the Organization including handling and other fees as applicable. Tickets purchased in advance are recorded as contract liabilities by the Organization. Advance ticket sales are recorded as revenue when the production or performance 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.

Management Fees

USA Diving participates in a contract that allows them the opportunity to manage the Olympic Diving Trials. An additional agreement between USA Diving and a subcontractor exists to outsource the obligations of the original contract. The fees and related performance obligations are defined per the contracts. The performance obligations are delivered concurrently and have the same measure of progress and are accounted for as a single performance obligation. Payments under the contracts are due to USA Diving in advance of the event and could give rise to deferred revenue. There was no deferred revenue related to management contracts as of December 31, 2021. The revenue is recognized at point in time, at the time of the event. Refunds are not available. The contracts contain caps on revenue collected and expenses paid and there will be a final reconciliation of the contracts after the event takes place.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 statement 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 exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. USA Diving is not a private foundation.

The Organization's 2020, 2019 and 2018 tax returns are subject to examination by the Internal Revenue Service

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.

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 expense for the year ended December 31, 2021 was \$24,614.

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 taxes and benefits, insurance, office expense, performance support, professional services, awards and recognition, event venues, 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.

New Accounting Pronouncements

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07 on Topic 958, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements (Continued)

A not-for-profit will be required to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets.

The standard also requires a not-for-profit to disclose contributed nonfinancial assets recognized within the statement of activities, disaggregated by category that depicts the type of nonfinancial assets.

For each category of contributed nonfinancial assets recognized, the standard requires a not-for-profit to disclose additional qualitative information and policies regarding monetization or utilization of contributed nonfinancial assets; information about any donor-imposed restrictions; valuation techniques and inputs; and the principal market (or most advantageous market) used to arrive at a fair value measure if it is a market in which the recipient not-for-profit is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. ASU 2020-07 is effective for fiscal years beginning after June 15, 2021. The adoption of this new accounting pronouncement did not have a material impact on the financial statements.

Subsequent Events

Subsequent events are events or transactions that occur after the statement 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 statement 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 statement of financial position but arose after that date (that is, recognized subsequent events).

On March 15, 2022, the SBA further extended the payment deferral date of the EIDL to November, 2022. See footnote 5.

USA Diving has evaluated subsequent events through December 14, 2023, which was the date that these financial statements were available for issuance.

3. LIQUIDITY AND AVAILABILITY

USA Diving receives contributions and grants with donor restrictions to be used in accordance with the associated purpose or time restriction. USA Diving received approximately 36% of its funding needs from revenue generated through donor contributions and grants as of December 31, 2021.

3. LIQUIDITY AND AVAILABILITY (Continued)

As of December 31, 2021, financial assets available within one year for general expenditure, that is without donor or other restrictions limiting use, are comprised of the following:

FINANCIAL ASSETS

Cash and cash equivalents	\$ 1,430,809
Investments	591,260
Accounts receivable	<u>52,710</u>
Total financial assets	2,074,779
Less: Those unavailable for general expenditures:	
Funds restricted by donor	(227,760)
Collateral on EIDL loan	(200,000)
Board designations	<u>(500,000)</u>
TOTAL FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR	<u><u>\$ 1,147,019</u></u>

USA Diving has board designated reserves of \$500,000 as of December 31, 2021. This amount is considered a liquid resource as the board has the ability to remove the designation and permit its use for general operating expenditures.

For purposes of analyzing resources available to meet general expenditures over a twelve-month period, USA Diving considers all expenditures related to the ongoing activities of its program services as well as the conduct of services undertaken to support those activities to be general expenditures.

USA Diving considers investment income without donor restrictions, contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses and fundraising expenses expected to be paid in the subsequent year. Annual operations are defined as activities occurring during USA Diving's fiscal year.

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.

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 year ended December 31, 2021.

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. The Organization considers the measurement to be a Level 2 measurement within the fair value hierarchy because the organization has the ability to redeem the funds.

USA DIVING INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Recurring Measurements

The following table presents assets measured at fair value on a recurring basis at December 31, 2021:

Assets	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 546,311	\$ -	\$ -	\$ 546,311
Interest in assets held by USOE	-	10,758	-	10,758
TOTAL ASSETS AT FAIR VALUE	\$ 546,311	\$ 10,758	\$ -	557,069
Cash and cash equivalents*				34,191
				<u><u>\$ 591,260</u></u>

*Cash and cash equivalents are recorded at cost and are not based on Level 1, 2, or 3 inputs.

5. NOTE PAYABLE

USA Diving received a U.S. Small Business Administration (SBA) Economic Injury Disaster Loan (EIDL) dated May 5, 2020, collateralized by all assets of the Organization. Payments of \$855 per month, including principal and interest at 2.75%, are deferred for one year, with payments beginning May, 2021. The note matures in May, 2050. As of December 31, 2021, there is a balance due of \$200,000. The note is collateralized by all assets of USA Diving.

At December 31, 2021, principal payments due on the note payable were as follows:

2022	\$ 366
2023	4,459
2024	4,583
2025	4,710
2026	4,841
Thereafter	181,041
	<u><u>\$ 200,000</u></u>

As of March 15, 2022, The SBA further extended the payment deferral to November 2022. All other terms of the loan remain the same.

6. CONTRIBUTED NONFINANCIAL ASSETS

The Organization received the following contributions of nonfinancial assets for the year ended December 31, 2021:

	<u>2021</u>
Apparel and outfitting	\$ 53,640
Wellness tools	11,443
TOTAL	<u><u>\$ 65,083</u></u>

Contributed nonfinancial assets are maintained in inventory and received without donor restriction. 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. The Organization utilizes all contributed non-financial assets in their competitive program.

7. GOVERNMENT GRANTS

Paycheck Protection Program

The Paycheck Protection Program is a low-interest SBA loan and generally covers two and a half months of payroll costs and may be forgiven entirely if the borrower meets conditions of maintaining certain staffing levels and spending a certain amount of funds on salaries and other qualifying expenditures during the qualified period. In January of 2021, USA Diving was approved for a loan under this program, in the amount of \$120,120, with an interest rate of 1% maturing in January 2022. As of December 31, 2021, management believes that loan forgiveness requirements have been met. As such, the amount was recognized in income, and included in government grants on the statement of activities as of December 31, 2021.

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 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. The Organization does not believe the results of any audits or reviews by the SBA would have a material impact on the financial statements.

USA DIVING INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available to support the following purposes as of December 31, 2021:

Dive-In campaign	\$ 117,034
High performance/Synchro	25,007
Masters events	39,110
Relocation expenses	10,000
Technology	5,000
Biomechanical Upgrades - VAMA	31,609
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ 227,760

9. RELATED PARTY ACTIVITY

USA Diving is the sole member of US Diving Foundation (the Foundation); however, USA Diving does not have a majority voting interest in electing the Foundation's board of directors. 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, 2021:	Raymond C. Rude Supporting Foundation			
	USOPC	US Diving Foundation	Supporting Foundation	Total
Liabilities:				
Accounts payable	\$ 348,818	\$ 271,337	\$ -	\$ 620,155
Revenues and Support:				
Grants	\$ 699,779	\$ 477,968	\$ 18,219	\$ 1,195,966
Contributed nonfinancial assets	53,640	-	-	53,640
Contributions	39,584	18,200	-	57,784
Management fees	450,000	-	-	450,000
Media revenue	78,500	-	-	78,500
Event Fees	18,750	-	-	18,750
TOTAL RELATED PARTY REVENUES AND SUPPORT	\$ 1,340,253	\$ 496,168	\$ 18,219.00	\$ 1,854,640
Percentage of all revenues and support earned by USA Diving	36%	13%	0%	49%

Raymond C. Rude Supporting Foundation, Inc. is a related party donor to USA Diving and the Foundation.

10. 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 year ended December 31, 2021 is as follows:

Over time:	
Membership dues	\$ 558,674
Point in time:	
Membership dues	53,402
Media revenue	78,500
Event fees	921,145
Ticket sales	23,904
Management fees	450,000
	<u>1,526,951</u>
TOTAL REVENUES FROM CONTRACTS WITH CUSTOMERS	<u><u>\$ 2,085,625</u></u>

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

The opening balance for contract assets (accounts receivable) from contracts with customers was \$0 on January 1, 2021.

The opening balances for contract liabilities (deferred revenue) from contracts with customers on January 1, 2021 was \$123,871 of deferred membership dues.

11. CONCENTRATION OF INCOME SOURCES

During 2021, USA Diving received approximately 36% of its total revenue from a related party. A decrease in funding from this source could have a significant impact on USA Diving. See footnote 9 for additional information.

12. 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 year ended December 31, 2021, USA Diving contributed \$16,452 to the Plan.

13. RESTATEMENT

As a result of a correction of an error of inventory under USGAAP, certain adjustments were made to net assets without donor restrictions and inventory USA Diving as of January 1, 2021. The major effect of the restatement was to increase net assets without donor restrictions and increase inventory by \$363,580 as of January 1, 2021, respectively. This restatement has been reflected in the statement of financial position and the statement of activities.