



USA DIVING, INC.

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

For the Years Ended December 31, 2023 and 2022



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USA DIVING, INC.
TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statements of Financial Position.....	3
Statements of Activities	4-5
Statements of Functional Expenses.....	6-7
Statements of Cash Flows	8
Notes to Financial Statements.....	9-22

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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 statements of financial position as of December 31, 2023, and 2022, 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, the financial statements referred to above present fairly, in all material respects the financial position of USA Diving, Inc., as of December 31, 2023, and 2022, 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 Opinion

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 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
January 14, 2025

FINANCIAL STATEMENTS

USA DIVING, INC.

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 765,295	\$ 872,194
Investments	61,068	9,316
Accounts receivable, net	81,616	75,151
Due from USA Diving Foundation	37,500	50,000
Inventory	226,829	207,760
Prepaid expenses	168,615	13,063
Investments - board designated	500,000	490,093
TOTAL ASSETS	<u>\$ 1,840,923</u>	<u>\$ 1,717,577</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 150,400	\$ 138,827
Accounts payable - related parties	11,853	30,286
Accrued liabilities	22,873	25,617
Deferred revenue - membership dues	117,360	88,332
Deferred revenue from USOPC	225,000	-
Notes payable	200,000	200,000
Total liabilities	<u>727,486</u>	<u>483,062</u>
NET ASSETS		
Net assets without donor restrictions	891,936	1,016,378
Net assets with donor restrictions	221,501	218,137
Total net assets	<u>1,113,437</u>	<u>1,234,515</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,840,923</u>	<u>\$ 1,717,577</u>

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
US 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
Event 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			
General and administrative	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
	<hr/>	<hr/>	<hr/>
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 ACTIVITIES

For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions	\$ 92,218	\$ 252	\$ 92,470
USOPC grants	765,283	-	765,283
US Diving Foundation grants	635,824	-	635,824
Raymond C. Rude Supporting Foundation, Inc. grants	12,638	-	12,638
Government grants	137,758	-	137,758
Sponsorships	28,818	-	28,818
Contributed nonfinancial assets	13,448	-	13,448
Membership dues	826,473	-	826,473
Media revenue	75,906	-	75,906
Event fees	422,956	-	422,956
Miscellaneous revenue	34,069	-	34,069
Investment return, net	(91,848)	-	(91,848)
Interest	3,173	-	3,173
Net assets released from restrictions	9,875	(9,875)	-
Total Revenues and Support	2,966,591	(9,623)	2,956,968
EXPENSES			
Program services			
Member services	895,597	-	895,597
Competitive programs	1,154,075	-	1,154,075
Supporting services			
General and administrative	712,691	-	712,691
Fundraising	180,335	-	180,335
Total Expenses	2,942,698	-	2,942,698
CHANGE IN NET ASSETS	23,893	(9,623)	14,270
NET ASSETS, BEGINNING OF YEAR	992,485	227,760	1,220,245
NET ASSETS, END OF YEAR	\$ 1,016,378	\$ 218,137	\$ 1,234,515

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 recognitions	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.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2022

	<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	\$ 206,528	\$ 273,524	\$ 480,052	\$ 122,657	\$ 34,758	\$ 157,415	\$ 637,467
Employee benefits	46,869	51,626	98,495	29,582	22,069	51,651	150,146
Awards and recognitions	580	-	580	2,320	-	2,320	2,900
Education	8,999	-	8,999	4,157	-	4,157	13,156
Event venues	114,505	39,467	153,972	14,095	9,174	23,269	177,241
Financial service fees	-	-	-	29,225	-	29,225	29,225
Insurance	386,689	165,724	552,413	4,292	-	4,292	556,705
Marketing and advertising	-	2,291	2,291	20,074	5,727	25,801	28,092
Office expenses	-	19,784	19,784	22,846	-	22,846	42,630
Performance support	45,312	305,913	351,225	-	-	-	351,225
Professional services	70,729	12,312	83,041	278,797	-	278,797	361,838
Travel	15,386	283,434	298,820	184,646	108,607	293,253	592,073
TOTAL EXPENSES	\$ 895,597	\$ 1,154,075	\$ 2,049,672	\$ 712,691	\$ 180,335	\$ 893,026	\$ 2,942,698

See accompanying notes to financial statements.

USA DIVING, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (121,078)	\$ 14,270
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Realized/unrealized (gain)/loss on investments	(45,003)	91,849
(Increase) decrease in		
Accounts receivable	(6,465)	(22,441)
Due from USA Diving Foundation	12,500	(50,000)
Inventory	(19,069)	87,163
Prepaid expenses	(155,552)	(12,256)
Increase (decrease) in		
Accounts payable	11,572	6,282
Accounts payable - related parties	(18,432)	(589,869)
Accrued liabilities	(2,744)	4,764
Deferred revenue	29,028	(88,377)
Deferred revenue - related parties	225,000	-
	(90,243)	(558,615)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(153,414)	(70,633)
Proceeds from sale of investments	136,758	53,263
	(16,656)	(17,370)
Net cash from investing activities	(16,656)	(17,370)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(106,899)	(558,615)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	872,194	1,430,809
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 765,295	\$ 872,194
SUPPLEMENTAL INFORMATION		
Interest paid	\$ 23,166	\$ 5,539

See accompanying notes to financial statements.

USA DIVING, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

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, 2023, and 2022, net assets without donor restrictions amounted to \$891,936 and \$1,016,378, respectively, of which \$500,000 and \$490,093 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, 2023, and 2022, USA Diving had a balance in excess of the insured limit of \$510,799 and \$622,194, 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, 2023 and an allowance for doubtful accounts as of December 31, 2022 are immaterial to the financial statements. However, actual write-offs may exceed the estimate.

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.

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 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.

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 the Organization's account balances and the amounts reported in the statements of activities.

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, 2023, and 2022.

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, 2023, and 2022 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 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, 2023 and 2022.

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

Contributed Nonfinancial Assets

Contributions of nonfinancial assets are recorded at fair value in the period received. Donated noncash assets for the years ended December 31, 2023, and 2022, totaled \$126,517 and \$13,448, respectively, and are recorded to the related asset or expense account, as appropriate and contributed nonfinancial assets revenue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Nonfinancial Assets (Continued)

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 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.

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 a point in time. There was no deferred revenue related to management contracts as of December 31, 2023, and 2022. 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 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. Deferred revenue related to payments received in advance of an event were \$225,000 and \$0 as of December 31, 2023, and 2022, respectively.

Ticket Sales

Ticket sales from individuals for admission to events of the Organization include handling and other fees as applicable. Tickets purchased in advance are recorded as deferred revenue by the Organization. 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 event fees on the statements of activity and are \$37,225 and \$0 for the years ended December 31, 2023 and 2022, respectively.

Management Fees

USA Diving participates in a contract that allows 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 could give rise to deferred revenue. There was \$250,000 in deferred revenue from USOPC on the statements of net assets related to this contract as of December 31, 2023. The revenue is recognized at point in time, at the time of the event. Refunds are not available.

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 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 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 2023, 2022, and 2021 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 expenses for the years ended December 31, 2023, and 2022, were \$56,504 and \$28,092, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Guidance

In June 2016, the Financial Accounting Standards Board (“FASB”) issued new guidance, Accounting Standards Update (“ASU”) 2016-13 that created Topic 326, Financial Instruments - Credit Losses, in the Accounting Standards Codification (“ASC”). Topic 326 significantly changes how entities measure credit losses for most financial assets and certain other instruments that aren’t measured at fair value through changes in net assets. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Financial assets held by the organization that are subject to the guidance in Topic 326 were accounts receivable.

USA Diving adopted the standard as of January 1, 2023, utilizing the modified retrospective transition method. The adoption of this new accounting pronouncement did not have a material impact on the financial statements and primarily resulted in new/enhanced disclosures only.

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 January 14, 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.

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 58% and 82% of its funding needs from revenue generated through donor contributions and grants as of December 31, 2023, and 2022, respectively.

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

3. LIQUIDITY AND AVAILABILITY (Continued)

As of December 31, and 2023, and 2022, financial assets available within one year for general expenditure, that is without donor or other restrictions limiting use, are comprised of the following:

	<u>2023</u>	<u>2022</u>
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 765,295	\$ 872,194
Investments	61,068	9,316
Accounts receivable, net	81,616	75,151
Due from USA Diving Foundation	37,500	50,000
Investments - board designated	<u>500,000</u>	<u>490,093</u>
 Total financial assets	 1,445,479	 1,496,754
 Less: Those unavailable for general expenditures:		
Funds restricted by donor	(221,501)	(218,137)
Collateral on EIDL loan	(200,000)	(200,000)
Board designations	<u>(500,000)</u>	<u>(490,093)</u>
 TOTAL FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR	 <u>\$ 523,978</u>	 <u>\$ 588,524</u>

USA Diving has board designated reserves of \$500,000 and \$490,093 as of December 31, 2023, and 2022, respectively. 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 years ended December 31, 2023, and 2022.

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)

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.

The following table presents assets measured at fair value on a recurring basis at December 31, 2022:

Assets	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 468,781	\$ -	\$ -	\$ 468,781
Interest in assets held by USOE	-	9,316	-	9,316
TOTAL ASSETS AT FAIR VALUE	\$ 468,781	\$ 9,316	\$ -	478,097
Cash and cash equivalents*				21,312
				\$ 499,409

*Cash and cash equivalents are recorded at cost.

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%, begin January 2023. All 2023 payments were applied to interest accrued. The note matures in May, 2050. As of December 31, 2023, and 2022, there is a balance due of \$200,000. The note is collateralized by all assets of USA Diving.

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

5. NOTE PAYABLE (Continued)

As of December 31, 2023, principal payments due on the note payable were as follows:

2024	\$	3,732
2025		4,711
2026		4,842
2027		4,977
2028		5,115
Thereafter		<u>176,623</u>
 TOTAL	 \$	 <u><u>200,000</u></u>

6. CONTRIBUTED NONFINANCIAL ASSETS

The Organization received the following contributions of nonfinancial assets for the years ended December 31, 2023, and 2022:

	<u>2023</u>	<u>2022</u>
Room and board	\$ 29,981	\$ -
Apparel and outfitting	84,042	-
Wellness tools	<u>12,494</u>	<u>13,448</u>
 TOTAL	 <u>\$ 126,517</u>	 <u>\$ 13,448</u>

Contributed nonfinancial assets 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. The Organization utilizes all contributed non-financial assets in their competitive program.

7. GOVERNMENT GRANTS

Paycheck Protection Program

The Paycheck Protection Program (PPP) is a low-interest Small Business Administration (SBA) loan and may be forgiven entirely if the borrower meets certain parameters. On April 14, 2020, the Organization 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.

7. 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. The Organization 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, the Organization 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 the Organization did not meet eligibility requirements, a legal liability for repayment of previously recognized ERC amounts could be incurred. The Organization does not believe the results of any audits or reviews by the SBA would have a material impact on the financial statements.

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available to support the following purposes as of December 31, 2023, and 2022:

	<u>2023</u>	<u>2022</u>
Dive-In campaign	\$ 109,034	\$ 117,034
High performance/Synchro	23,208	25,007
Masters events	51,499	39,362
Relocation expenses	10,000	10,000
Technology	5,000	5,000
Judges fund	20,727	-
Biomechanical Upgrades - VAMA	<u>2,033</u>	<u>21,734</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u><u>\$ 221,501</u></u>	<u><u>\$ 218,137</u></u>

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

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, 2023:	Raymond C. Rude Supporting Foundation			
	USOPC	US Diving Foundation	Supporting Foundation	Total
Assets				
Accounts 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	\$ 150,000	\$ 457,920	\$ 1,623,270
Contributions	-	20,000	-	20,000
Media revenue	75,000	-	-	75,000
TOTAL RELATED PARTY REVENUES AND SUPPORT	\$ 1,090,350	\$ 170,000	\$ 457,920	\$ 1,718,270
Percentage of all revenues and support earned by USA Diving	30%	5%	13%	48%

Related Party Activity For the Year Ended December 31, 2022:	Raymond C. Rude Supporting Foundation			
	USOPC	US Diving Foundation	Supporting Foundation	Total
Assets				
Accounts receivable	\$ -	\$ 50,000	\$ -	\$ 50,000
Liabilities				
Accounts payable	\$ 25,386	\$ -	\$ 4,900	\$ 30,286
Revenues and Support:				
Contributions	\$ -	\$ -	\$ 4,952	\$ 4,952
Grants	765,283	231,638	416,824	1,413,745
Media revenue	75,906	-	-	75,906
TOTAL RELATED PARTY REVENUES	\$ 841,189	\$ 231,638	\$ 421,776	\$ 1,494,603
Percentage of all revenues and support earned by USA Diving	28%	8%	14%	50%

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 years ended December 31, 2023, and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Over time		
Membership dues	<u>\$ 722,755</u>	<u>\$ 754,070</u>
Point in time		
Membership dues	69,189	72,403
Media revenue	75,000	75,906
Event fees	<u>536,474</u>	<u>422,956</u>
TOTAL POINT IN TIME	<u>680,663</u>	<u>571,265</u>
TOTAL REVENUES FROM CONTRACTS WITH CUSTOMERS	<u><u>\$ 1,403,418</u></u>	<u><u>\$ 1,325,335</u></u>

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 \$75,151 and \$52,710 on January 1, 2023, and 2022, respectively.

The opening balances for contract liabilities (deferred revenue) from contracts with customers on January 1, 2023, and 2022 were \$88,332 and \$176,709 of deferred membership dues, respectively.

11. CONCENTRATION OF INCOME SOURCES

During 2023 and 2022, USA Diving received approximately 48% and 50% 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 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 years ended December 31, 2023, and 2022, USA Diving contributed \$23,906, and \$18,903, respectively, to the Plan.