USA WATER SKI & WAKE
SPORTS, INC.
Financial Statements
For the Year Ended December 31, 2024



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
USA Water Ski & Wake Sports, Inc.
Auburndale, Florida

Opinion

We have audited the accompanying financial statements of USA Water Ski & Wake Sports, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and changes in net assets, 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 Water Ski & Wake Sports, Inc. as of December 31, 2024, and the changes in 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 Water Ski & Wake Sports, 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.

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 Water Ski & Wake Sports, 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 whole are free from material financial statements as a 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 quarantee 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 Water Ski & Wake Sports, 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 Water Ski & Wake Sports, 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.

Report on Summarized Comparative Information

We have previously audited USA Water Ski & Wake Sports, Inc.'s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 28, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Waugh & Goodwin, LLP

Colorado Springs, Colorado November 15, 2025

USA WATER SKI & WAKE SPORTS, INC. Statement of Financial Position

December 31, 2024

(With Comparative Totals for December 31, 2023)

ASSE'	<u>rs</u>		
	<u>2</u>	<u>024</u>	<u>2023</u>
CURRENT ASSETS:			
Cash and cash equivalents			1,183,901
Short-term investments		539,113	474,933
Accounts receivable Prepaid expenses		97,707 30,910	3,035 5,026
Frepard expenses		30,910	3,020
Total current assets	1,	861,562	1,666,895
PROPERTY AND EQUIPMENT, at cost:			
Computers and software		11,942	11,942
Furniture and equipment		5,550	5,550
Less accumulated depreciation		(17,492)	(17,492)
Property and equipment - net			
TOTAL ASSETS	<u>\$ 1,</u>	861,562 <u>\$</u>	1,666,895
LIABILITIES AND	O NET ASSETS		
CURRENT LIABILITIES:			
Accounts payable	\$	14,759 \$	6,655
Accrued liabilities		171,492	62,193
Current portion of deferred revenue		396,070	392,420
Total current liabilities		582,321	461,268
LONG-TERM DEFERRED REVENUE			7,475
Total liabilities		582,321	468,743
NET ASSETS:			
Net assets without donor restrictions		753,049	694,668
Net assets without donor restrictions			
board designated		515,939	494,347
Total net assets without donor restric	ctions 1,	268,988	1,189,015
Net assets with donor restrictions	-	10,253	9,137
Total net assets	1,	279,241	1,198,152
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,</u>	<u>861,562</u> <u>\$</u>	1,666,895

USA WATER SKI & WAKE SPORTS, INC.

Statement of Activities and Changes in Net Assets For the Year Ended December 31, 2024

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

	Without Donor Restrictions	With Donor Restrictions	2024 Totals	2023 Totals
SUPPORT AND REVENUE:				
Membership registrations	\$ 1,001,303	\$	\$ 1,001,303	\$ 943,683
National and regional tournaments	165,346	1	165,346	221,358
Event sanctioning income	146,144		146,144	147,189
Marketing and partnership	91,761		91,761	83,289
Contributions	82,353	2,297	84,650	24,048
Sport development	82,749	•	82,749	133,352
Investment income (loss), net	78,378	78	78,456	79,682
USOPC grants	64,100		64,100	66,600
Publication income	56,383		56,383	75,574
Approved towboat testing	43,000		43,000	33,000
Merchandise sales	12,678		12,678	7,373
Special event revenue	11,295		11,295	6,925
Other income	4,102		4,102	17,259
Satisfaction of program				
restrictions	1,259	(1,259)		
Total support and revenue	1,840,851	1,116	1,841,967	1,840,149
EXPENSES:				
Program services:				
Membership	534,028		534,028	551,038
National tournaments	216,778		216,778	229,262
Sport development	184,767		184,767	156,250
Publication	143,776		143,776	180,711
Sport discipline expense	88,183		88,183	82,463
Regional expense	78,855		78,855	103,373
National teams	26,455		26,455	22,892
Towboat program	3,921		3,921	16,372
Competitions	3,768		3,768	44,759
Total program services	1,280,531		1,280,531	1,387,120
Supporting services:				
General and administrative	387,332		387,332	208,146
Sponsorship development	93,015		93,015	127,462
Total supporting services	480,347		480,347	335,608
Total expenses	1,760,878		1,760,878	1,722,728
CHANGE IN NET ASSETS	79,973	1,116	81,089	117,421
NET ASSETS,				
beginning of year	1,189,015	9,137	1,198,152	1,080,731
NET ASSETS,				
end of year	\$ 1,268,988	\$ 10,253	\$ 1,279,241	<u>\$ 1,198,152</u>

USA WATER SKI & WAKE SPORTS, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2024

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

	Membership	National Tournaments	Sport Development	Publication	Sport Discipline	Regional	National Teams	Competitions
Awards banquet	\$	\$	\$	\$	\$	\$	\$	\$
Awards, scholarships & stipends	¥	5,951	¥	¥	4,314	2,553	¥	¥
AWSA admin fees		1,264			-,	4,725		
Background screenings		-,	17,817			1,7.20		
Bank charges & credit card fees	7,312	2,089	2,089	4,178		363	2,089	1,045
Clinic, club & camp expenses	, .	,	,	,		1,960	,	,
Committees & meetings					784	10,761		
Computer supplies & service	15,572	4,449	4,449	8,898	5,299	2,585	4,449	2,224
Contributions	, ,	,	, -		250	3,950	•	,
Dues & subscriptions						•		
Employee benefits	11,484	4,593	4,593	2,297				
Entry fees		95,183						
Equipment repair & vehicle expenses			12,840					
Exhibits		1,290						
Fundraising expenses								
General event expenses		11,955			28,087	372		
Grants			31,621					
Grassroots series			2,780					
Insurance	332,062				1,176			
Junior team & development					39,041	34,958		
Magazine production				56,330				
Miscellaneous expenses		657			267	2,614		
Office supplies								
Officials expenses		15,973			770	3,600		
Payroll taxes	16,983	6,793	6,793	3,396				
Postage				12,207				
Printing & duplication								499
Professional fees					366			
Promotion & marketing			5,143					
Regional expenses				24,873		849		
Retirement plan	5,801	2,320	2,320	1,160				
Salaries	140,903	56,361	56,361	28,180				
Shipping & fulfillment							314	
Sport discipline expenses			37,961					
Taxes, licenses & permits					224			
Team merchandise							19,603	
Travel	3,911			2,257	61	9,565		
TV production		7,500			7,544			
VIP reception expenses		400					-	
	\$ 534,028	\$ 216,778	<u>\$ 184,767</u>	\$ 143,776	\$ 88,183	\$ 78,855	<u>\$ 26,455</u>	\$ 3,768

			Supporting				
		Total			Total	2024	2023
	Towboat	Program	General and	Sponsorship	Supporting	Total	Total
	Program	Services	Administrative	Development	Services	Expenses	Expenses
Awards banquet	\$	\$	\$ 11,017	\$	\$ 11,017	\$ 11,017	\$ 18,395
Awards, scholarships & stipends		12,818				12,818	14,286
AWSA admin fees		5,989				5,989	28,334
Background screenings		17,817				17,817	17,700
Bank charges & credit card fees	1,045	20,210	7,530	1,045	8,575	28,785	43,499
Clinic, club & camp expenses		1,960				1,960	1,200
Committees & meetings		11,545	2,295		2,295	13,840	11,635
Computer supplies & service	2,225	50,150	14,830	2,224	17,054	67,204	72,825
Contributions		4,200				4,200	7,825
Dues & subscriptions			2,809		2,809	2,809	3,063
Employee benefits		22,967	7,362	4,942	12,304	35,271	43,181
Entry fees		95,183				95,183	97,339
Equipment repair & vehicle expenses		12,840				12,840	21,055
Exhibits		1,290				1,290	7,629
Fundraising expenses				216	216	216	2,167
General event expenses		40,414				40,414	44,536
Grants		31,621				31,621	
Grassroots series		2,780				2,780	10,120
Insurance		333,238	138,391		138,391	471,629	437,379
Junior team & development		73,999	•		,	73,999	80,087
Magazine production		56,330				56,330	55,345
Miscellaneous expenses		3,538	8,208		8,208	11,746	16,967
Office supplies		•	11,099		11,099	11,099	9,000
Officials expenses		20,343	,		,	20,343	13,248
Payroll taxes		33,965	12,052	8,765	20,817	54,782	33,531
Postage		12,207	7,495	.,	7,495	19,702	17,929
Printing & duplication		499	,		,	499	, -
Professional fees		366	43,575		43,575	43,941	38,804
Promotion & marketing		5,143	.,		.,	5,143	10,907
Regional expenses		25,722				25,722	7,144
Retirement plan		11,601	3,516	2,461	5,977	17,578	18,000
Salaries		281,805	100,595	71,140	171,735	453,540	446,946
Shipping & fulfillment		314	•	252	252	566	6,498
Sport discipline expenses		37,961				37,961	30,826
Taxes, licenses & permits		224	2,025		2,025	2,249	884
Team merchandise		19,603	,		, , = =	19,603	5,117
Travel	651	16,445	14,533	1,970	16,503	32,948	26,025
TV production		15,044	,	, , , ,	.,	15,044	22,902
VIP reception expenses		400				400	400
	-			·			
	\$ 3,921	\$ 1,280,531	\$ 387,332	\$ 93,015	\$ 480,347	\$ 1,760,878	\$ 1,722,728

USA WATER SKI & WAKE SPORTS, INC.

Statement of Cash Flows

For the Year Ended December 31, 2024

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

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 81,089	\$ 117,421
Adjustments to reconcile changes in net		
assets to net cash provided by		
operating activities:		
Net realized and unrealized (gains)		
losses on investments	(55,188)	(72,209)
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(94,672)	14,712
Prepaid expenses	(25,884)	6,671
Increase (decrease) in liabilities:		
Accounts payable	8,104	(34,663)
Accrued liabilities	109,299	12,450
Refundable advances		(5,000)
Deferred revenue	 (3,825)	 (28,683)
Net cash provided by operating		
activities	18,923	10,699
	_0,5_0	_0,000
CASH FLOWS FROM INVESTING ACTIVITIES:	(0.000)	0 220
Change in investments, net	 (8,992)	 8,220
Net cash provided (used) by investing		
activities	 (8,992)	 8,220
NET INCREASE IN CASH	9,931	18,919
CASH AND CASH EQUIVALENTS,		
beginning of year	1,183,901	1,164,982
	 _,	 _,_01,502
CASH AND CASH EQUIVALENTS,		
end of year	\$ 1,193,832	\$ <u>1,183,901</u>

USA WATER SKI & WAKE SPORTS, INC.

Notes to Financial Statements

For the Year Ended December 31, 2024

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

USA Water Ski & Wake Sports, Inc. (the Corporation) is the national governing body of organized water skiing in the United States. The Corporation's name was changed from USA Water Ski, Inc. in 2018. The Corporation is a member of the International Water Ski Federation, the Pan American Sports Organization, and the United States Olympic & Paralympic Committee (USOPC). Affiliated with the Corporation as sport disciplines are the American Water Ski Association, American American Kneeboard Association, Barefoot Club. National Collegiate Water Ski Association, National Show Association, National Water Ski Racing Association, United States Hydrofoil Association, USA Adaptive Water Ski & Wake Sports, and USA Wakeboard. The sports disciplines that are separate legal entities are not included in these financial statements.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates making it reasonably possible that a change in these estimates could occur in the near term.

Cash and Cash Equivalents

Cash and cash equivalents consist of the Corporation's checking and savings accounts. The Corporation maintains its cash and cash equivalents at a commercial bank. In the unlikely event of a bank failure, the Corporation could suffer a loss to the extent its deposits exceed the respective bank insurance limits.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounts Receivable

Accounts receivable recognized by the Corporation include amounts from contracts with customers and are stated at the amount the Corporation expects to collect from balances outstanding at year end. Receivables from contracts with customers at the beginning and end of the period were \$3,026 and \$97,707, respectively.

Accounts receivable outstanding for more than 30 days are considered delinquent. Delinquent receivables are determined to be uncollectible on a case-by-case basis and are written off to bad debt expense at such point of determination.

Based on the Corporation's experience with customers having outstanding balances, it has been concluded that any losses on balances outstanding at year end will not be material. Therefore, no allowance for credit loss is considered necessary.

Property and Equipment

Property and equipment consist of leasehold improvements, furniture, and office equipment used in the operations of the Corporation. Property and equipment are recorded at cost or, in the case of donated items, at the estimated fair market value at the date of the donation.

Depreciation is recorded using the straight-line method over an estimated life of three to seven years for furniture, equipment, computers, and software. There was no depreciation expense for the years ended December 31, 2024 and 2023.

Contributions

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as satisfied program restrictions. Contributions and grants with donor restrictions are reported as support and revenue without donor restrictions if the restriction is met in the same year that the gift is received.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributions - continued

Contributions include United States Olympic & Paralympic Committee (USOPC), and other grants.

Donated Assets, Property and Equipment, and Services

The Corporation's policy related to donated assets is to utilize the assets given to carry out the mission of the Corporation. If an asset is provided that does not allow the Corporation to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Corporation.

A substantial number of volunteers donated time to the Corporation's program services; however, the estimated value was not recorded because they did not meet the criteria for recognition described above.

Revenue from Contracts with Customers

Membership registrations

The Corporation shall be a membership organization of individuals open to all who subscribe to the vision, mission, and objectives of USA Water Ski Wake Sports.

Revenue from contracts with members for annual dues is reported at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing membership to its members. The Corporation currently has memberships in the following significant categories with various fees and services provided: Active athlete, grassroots member, key supporting member, club, and quest.

The Corporation may, at the discretion of the Board, provide for different types of memberships, such as individual, family, etc.; with reasonable fees, rights, and privileges as it may establish from time to time. Revenue is recognized as performance obligations are satisfied, which is ratably over the membership term. Membership dues are nonrefundable.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue from Contracts with Customers - continued

National & regional tournaments & event sanctioning income

As the national governing body for water skiing and wakeboarding, the Corporation usually sanctions more than 900 tournaments each season. These range from small, local events for novices to national and world-level tournaments for more experienced competitors. Male and female skiers of all ages can compete in traditional three-event water skiing (slalom, tricks, jumping) tournaments, as well as in tournaments for wakeboarding, barefooting, kneeboarding, show skiing, collegiate water skiing and wakeboarding, water ski racing, hydrofoiling and disabled water skiing.

Tournament and sanction revenue from these events are recognized at the time of the event, which recognizes the completion of the Corporation's performance obligations.

Marketing and partnership

The Corporation recognizes revenue from contracts with both sponsors and suppliers of USA Water Ski & Wake Sports, Inc. Performance obligations in such contracts are satisfied as services are rendered, and therefore, the Corporation will recognize revenue over time. The Corporation has concluded that the performance obligations within these contracts are substantially the same in each year and are satisfied ratably over the term of the respective agreements.

Publication income

The Corporation publishes a premier industry magazine four times per year and is mailed to all members. The publication includes advertising and advertorial opportunities, and provides event previews and recaps, as well as feature stories.

The Corporation completes its performance obligations upon publication of the magazine and recognizes income at that time.

Merchandise sales

The Corporation sells licensed merchandise to members and nonmembers through their website and at tournaments and events. Revenue is recognized as products are sold and provided to customers.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue from Contracts with Customers - continued

Merchandise sales

The Corporation sells licensed merchandise to members and nonmembers through their website and at tournaments and events. Revenue is recognized as products are sold and provided to customers.

Other revenue

The Corporation conducts various other programs and services for its members and others. Other revenue from contracts with customers includes sport development, and approved towboat testing.

The Corporation recognizes revenue from these programs and services as members and others pay for services, and performance obligations are satisfied by the Corporation.

Income Taxes

The Corporation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income tax. However, income from certain activities not directly related to the Corporation's tax-exempt purposes is subject to taxation as unrelated business income.

The Corporation's Form 990, Return of Organization Exempt from Income Tax, is subject to examination by various taxing authorities, generally for three years after the date it was filed. The management of the Corporation believes that it does not have any uncertain tax positions that are material to the financial statements.

Supplemental Cash Flow Disclosures

The Corporation paid no interest or income taxes during the years ended December 31, 2024 and 2023.

Prior-Year Comparisons

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional expense classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Prior-Year Comparisons - continued

the United States of America. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended December 31, 2023, from which the summarized information was derived.

In addition, certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Functional Allocation of Expenses

Certain costs and expenses are allocated among the various programs and supporting services based on salary and estimated time and effort spent in the related departments. For the years ended December 31, 2024 and 2023, the Corporation's supporting service expenses amounted to 26.08% and 18.24%, respectively, of total expenses.

Date of Management's Review

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through November 15, 2025, the date that the financial statements were available to be issued.

B. AVAILABLE RESOURCES AND LIQUIDITY

The Corporation regularly monitors liquidity required to meet its operating needs and other commitments, while also striving to effectively invest funds in the sole interest of meeting the financial goals of the Corporation and its mission. The Corporation has various sources of liquidity at its disposal, including cash and cash equivalents, accounts receivable, and short-term investments, which include certificates of deposit held by one of the Sport Regions. The Corporation does not have an official investment policy; however, Management and the Board of Directors oversee all investment decisions.

In addition to financial assets available to meet general expenditures over the next 12 months, the Corporation strives to produce a conservative budget and anticipates collecting revenue from conducting its program services to adequately cover operating expenses.

B. AVAILABLE RESOURCES AND LIQUIDITY - Continued

The following table reflects the Corporation's financial assets as of December 31, 2024 and 2023. Additionally, the Corporation has funds designated by the Board of Directors for the benefit of the various Sport Disciplines and Regions (Note H), and funds designated by donors for the benefit of various program services (Note I).

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents Short-term investments Accounts receivable	\$ 1,193,832 539,113 97,707	\$ 1,183,901 454,362 3,035
Total financial assets	1,830,652	1,641,298
Less amounts with board restrictions (Note G)	(515,939)	(494,347)
Less amounts with donor restrictions - temporary (Note H)	 (10,253)	 (9,137)
Financial assets available within one year	\$ 1,304,460	\$ 1,137,814

C. FAIR VALUE MEASUREMENTS

The Corporation applies Generally Accepted Accounting Principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes 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 measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

C. FAIR VALUE MEASUREMENTS - Continued

• Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following tables present assets that are measured at fair value on a recurring basis at December 31, 2024 and 2023:

Assets at Fair Value as of December 31, 2024

	1	Level 1	Level 2	Level 3	 Total
Equity securities:					
Common stock & ETFs	\$	267,155	\$	\$	\$ 267,155
Structured products			109,826		109,826
Mutual funds		134,786			134,786
Debt securities:					
Certificates of deposit		21,090			21,090
Money market		6,256			 6,256
	\$	429,287	\$109,826	\$	\$ 539,113

Assets at Fair Value as of December 31, 2023

	 Level 1	Level 2	Level 3	 Total
Equity securities:				
Common stock & ETFs	\$ 243,696	\$	\$	\$ 243,696
Structured products		89,213		89,213
Mutual funds	107,016			107,016
Money market	 14,438	20,570		 35,008
	\$ 365,150	<u>\$109,783</u>	\$	\$ 474,933

Investment income in the accompanying statement of activities consists of the following for the years ended December 31, 2024 and 2023:

	<u> </u>	<u> 2024</u>	<u>2023</u>	
Realized gains	\$	18,126	\$	10,025
Unrealized gains		37,062		62,184
Interest and dividends		26,078		11,847
Investment fees		(2,810)		(4,374)
Total	\$	78,456	\$	79,682

D. USA WATER SKI AND WAKE SPORTS FOUNDATION

The USA Water Ski & Wake Sports Foundation (the Foundation) is a separate exempt entity created to establish, administer, and promote an educational program devoted to the development and training of water skiers as a means of healthful recreation and physical fitness and to stimulate an interest in water skiing competitions.

The Foundation is not controlled by the Corporation and therefore consolidated financial statements are not prepared.

E. DEFERRED REVENUE

Deferred revenue recognized by the Corporation includes amounts from contracts with customers. Deferred revenue consists of the following at December 31, 2024 and 2023:

	<u>2024</u>			<u>2023</u>
Memberships	\$	351,623	\$	379,520
Sanction fees		30,120		20,375
Club		13,775		
Other		552		
Total	\$	396,070	\$	399,895

Deferred sanction fees include amounts collected by the Corporation that are paid quarterly to the respective sport regions. This is deferred revenue of the sport regions.

F. RETIREMENT PLAN

The Corporation has a 401(k)-profit sharing plan for its employees. Employees are eligible to participate if they are over the age of 21 with at least one year of service. Each year, the Corporation may elect to make a discretionary matching contribution. The contribution will be allocated to participants based on a uniform percentage of employee salary deferrals, as defined by the plan. Total pension expense for the years ended December 31, 2024 and 2023, amounted to \$17,578 and \$18,000, respectively.

G. NET ASSETS WITHOUT DONOR RESTRICTIONS - BOARD DESIGNATED

At December 31, 2024 and 2023, Net assets without donor restrictions - board designated consist of the following:

	2024	2023
American Water Ski Association	\$ 145,075	\$ 137,488
Midwest region	83,364	80,210
American Barefoot Club	84,430	70,324
Western region	67,002	70,243
Junior Development Funds	38,119	41,148
Eastern region	35,899	34,887
Southern region	31,825	26,514
South Central region	18,705	21,185
Wakeboard	7,499	8,052
American Kneeboard Association	 4,021	 4,297
	\$ 515,939	\$ 494,348

H. NET ASSETS WITH DONOR RESTRICTIONS - TEMPORARY

Net assets with temporary donor restrictions at December 31, 2024 and 2023, are available for the following purposes:

		<u>2024</u>	<u>2023</u>
Teams-age specific Physician	\$	10,254	\$ 8,155 982
	<u>\$</u>	10,254	\$ 9,137

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2024 and 2023, net assets with donor restrictions were released for the following programs:

	<u>2024</u>	<u>2023</u>
Teams-age specific Physician Teams-other	\$ 8,155 982	\$ 3,370 1,080 669
	\$ 9,137	\$ 5,119

I. SPORT DISCIPLINES AND REGIONS

The Corporation has five separate regions and nine separate sport disciplines that assist in administering tournaments across the United States of America. The Corporation granted funding to these regions and disciplines in the total amount of \$70,757 and \$64,028 during the years ended December 31, 2024 and 2023, respectively. The amount of revenue and expense for the regions and sports disciplines included in these financial statements have been eliminated.

J. RELATED PARTIES

During the years ended December 31, 2024 and 2023, the USOPC provided grants to the Corporation of \$64,100 and \$66,600, respectively. The grants awarded during the years ended December 31, 2024 and 2023, consisted of the following:

		<u>2024</u>	<u>2023</u>
Administration costs	\$	38,500	\$ 38,500
Shared services		23,100	23,100
Coaching		2,500	 5,000
	<u>\$</u>	64,100	\$ 66,600

In addition, the Corporation received \$25,000 and \$50,000 during the years ended December 31, 2024 and 2023, respectively, for the digital media agreement, which is considered a contract with a customer, and is included in marketing and partnership revenue on the accompanying statement of activities. During the year ended December 31, 2023, the Corporation received a \$5,000 award for diversity, equity, and inclusion. The funding was provided by the USOPC but the award was voted upon by the national governing bodies of many sports.

K. LEASES

The Corporation assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. As the Corporation's leases do not provide an implicit rate, the Corporation uses the risk-free discount rate based on the five-year Treasury bond rate as of the later of the date of adoption of the lease standard or the initial date of the lease term in determining the present value of lease payments in determination of the respective right-of-use (ROU) assets and liabilities.

K. LEASES - Continued

Under ASU 2016-02, the Corporation has made an accounting policy election to apply the short-term lease recognition exemption for all applicable classes of underlying assets.

Leases with a term of 12 months or less that do not include an option to purchase the underlying asset, are not recorded on the balance sheet as ROU assets or lease liabilities. The Corporation has elected to expense the cost of the short-term leases on the straight-line basis in the accompanying Statements of Activities.

The Corporation had no leases and no rental expenses during the years ended December 31, 2024 and 2023.

L. UNCERTAINTIES

With the rising cost of inflation and potential recession, it is uncertain what effect these factors may have on the operations of the Corporation in the coming year.

M. CONTINGENCIES

Occasionally, in the normal conduct of business, the Corporation may be named defendant in a lawsuit or other form of legal action. In the opinion of management, any pending or threatened claims against the Corporation, as of December 31, 2024, are either without merit or will not exceed insurance limits.