

USA Artistic Swimming and affiliate

(a nonprofit Colorado corporation)

Colorado Springs, Colorado

Consolidated Financial Statements

December 31, 2023



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USA Artistic Swimming and Affiliate

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Independent Auditor's Report

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

Opinion

I have audited the accompanying consolidated financial statements of USA Artistic Swimming (a nonprofit organization) and affiliate, which comprise the consolidated statements of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In my opinion, the consolidated financial statements referred to above present fairly, in all material aspects, the financial position of USA Artistic Swimming and its affiliate as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

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

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

Independent Auditor's Report (continued)

Other Matters

Report on Supplementary Information

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

Mountain West Advisors, LLC

Certified Public Accountant

Littleton, Colorado
August 22, 2024

USA Artistic Swimming and Affiliate

Consolidated Statement of Financial Position

December 31, 2023

ASSETS

Current Assets

Cash and cash equivalents	\$ 103,892
Investments	3,380,348
Grants and pledges receivable - related party	247,500
Grants and pledges receivable	101,500
Accounts receivable, net of an allowance for credit losses totaling \$2,000	8,094
Prepaid expenses and other current assets	86,120
Total current assets	<u>3,927,454</u>

Property and Equipment, net

7,826

Other Assets

Deposits	500
Total other assets	<u>500</u>

Total assets

\$ 3,935,780

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and accrued expenses	\$ 264,553
Deferred member service revenue	238,728
Grants payable	29,766
Notes payable, current portion	8,094
Total current liabilities	<u>541,141</u>

Long-Term Liabilities

Note payable, net of current portion	346,954
Line of credit	219,474
Total long-term liabilities	<u>566,428</u>

Total liabilities

1,107,569

Net Assets

Without donor restrictions	2,165,617
With donor restrictions	662,594

Total net assets

2,828,211

Total liabilities and net assets

\$ 3,935,780

The accompanying Notes are an integral part of these financial statements

USA Artistic Swimming and Affiliate

Consolidated Statement of Activities

Year ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support Revenue			
Event income	\$ 885,295	\$ -	\$ 885,295
Member services	409,282	-	409,282
Athlete camps and clinics	348,060	-	348,060
Sponsorships	144,627	-	144,627
Total revenue	<u>1,787,264</u>	<u>-</u>	<u>1,787,264</u>
Support			
Grants and contributions	9,212	93,000	102,212
USOPC grants	241,500	-	241,500
USOC performance pool	-	188,000	188,000
In-kind contributions	163,000	-	163,000
Special event income	82,816	-	82,816
Special event expenses	(44,920)	-	(44,920)
Net assets released from restrictions			
Satisfaction of purpose restrictions	228,352	(228,352)	-
Expiration of time restrictions	266,408	(266,408)	-
Total support	<u>946,368</u>	<u>(213,760)</u>	<u>732,608</u>
Total revenue and support	<u>2,733,632</u>	<u>(213,760)</u>	<u>2,519,872</u>
Expenses			
Program services	2,220,928	-	2,220,928
Supporting services			
General and administrative	1,100,759	-	1,100,759
Fundraising	104,076	-	104,076
Total expenses	<u>3,425,763</u>	<u>-</u>	<u>3,425,763</u>
Total revenue and support in deficit of expenses	<u>(692,131)</u>	<u>(213,760)</u>	<u>(905,891)</u>
Other Changes			
Interest and dividends	42,394	-	42,394
Other income	16,940	-	16,940
Investment gains	335,629	(2,934)	332,695
Loss on exchange	(60)	-	(60)
Total other changes	<u>394,903</u>	<u>(2,934)</u>	<u>391,969</u>
Change in Net Assets	<u>(297,228)</u>	<u>(216,694)</u>	<u>(513,922)</u>
Net Assets, Beginning of Year	<u>2,462,845</u>	<u>879,288</u>	<u>3,342,133</u>
Net Assets, End of Year	<u>\$ 2,165,617</u>	<u>\$ 662,594</u>	<u>\$ 2,828,211</u>

The accompanying Notes are an integral part of these financial statements

USA Artistic Swimming and Affiliate

Consolidated Statement of Functional Expenses

Year ended December 31, 2023

	Program Expenses	Supporting Services			Total Expenses
		General and Administrative	Fundraising	Total	
Salaries	\$ 69,412	\$ 712,922	\$ 54,392	\$ 767,314	\$ 836,726
Payroll taxes	5,405	55,311	3,386	58,697	64,102
Employee benefits	5,187	108,259	188	108,447	113,634
Total personnel costs	80,004	876,492	57,966	934,458	1,014,462
Travel	1,007,041	34,270	1,230	35,500	1,042,541
Program expenses	524,854	4,099	-	4,099	528,953
Occupancy	312,371	2,931	-	2,931	315,302
Consulting services	126,774	16,406	-	16,406	143,180
Accounting and professional fees	-	94,259	10,400	104,659	104,659
Grants expense	65,272	-	18	18	65,290
Events expense	60,044	618	-	618	60,662
Fundraising expenses	-	-	27,600	27,600	27,600
Interest	-	23,858	-	23,858	23,858
Printing and postage	20,957	1,262	-	1,262	22,219
Office expenses	15,010	5,378	362	5,740	20,750
Insurance	-	15,989	-	15,989	15,989
Dues and fees	7,649	6,503	-	6,503	14,152
Information technology	514	8,919	-	8,919	9,433
Miscellaneous expense	-	4,900	288	5,188	5,188
Bank and service fees	438	1,884	2,412	4,296	4,734
Bad debt expense	-	835	3,800	4,635	4,635
Depreciation	-	2,156	-	2,156	2,156
Total expenses	\$ 2,220,928	\$ 1,100,759	\$ 104,076	\$ 1,204,835	\$ 3,425,763

The accompanying Notes are an integral part of these financial statements

USA Artistic Swimming and Affiliate

Consolidated Statement of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Year ended December 31, 2023

Cash Flows From Operating Activities

Change in net assets	\$ (513,922)
Adjustments to reconcile change in net assets to net cash used by operating activities	
Depreciation	2,155
Net unrealized and realized gains on investments	(332,695)
Increase (decrease) from changes in assets and liabilities	
Accounts receivable	6
Grants and pledges receivable	(37,240)
Prepaid expenses	(24,048)
Accounts payable	128,246
Deferred revenue	724
Grants payable	(4,863)
Net cash used by operating activities	<u>(781,637)</u>

Cash Flows From Investing Activities

Net sales of investments	563,861
Net cash provided by investing activities	<u>563,861</u>

Cash Flows From Financing Activities

Principal payments on line of credit	(100,843)
Borrowings from line of credit	320,317
Borrowings on notes payable - EIDL Loan	(1,258)
Net cash provided by financing activities	<u>218,216</u>

Net Decrease in Cash and Cash Equivalents **440**

Cash and Cash Equivalents, Beginning of Year **103,452**

Cash and Cash Equivalents, End of Year **\$ 103,892**

Supplemental Information

Cash paid for interest	<u>\$ 21,134</u>
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USA Artistic Swimming and Affiliate

Notes to Consolidated Financial Statements

December 31, 2023

Note 1 – Nature of Organization and Significant Accounting Policies

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

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

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

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

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

Investments. The Organization's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization's management determines the valuation policies utilizing information provided by the investment advisors and custodians. *See Fair Value Measurements.*

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

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

USA Artistic Swimming and Affiliate

Notes to Consolidated Financial Statements

December 31, 2023

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

Fair Value Measurements (continued).

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

Level 2 Inputs to the valuation methodology include:

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

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

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

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

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

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

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

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

USA Artistic Swimming and Affiliate

Notes to Consolidated Financial Statements

December 31, 2023

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

Grants and Pledges Receivable. Grants and pledges receivable are recognized only when the conditions on which they depend are substantially met and the grants become unconditional. Grants and pledges receivable are stated net of allowances for uncollectible accounts. Management provides for probable uncollectible accounts through a provision for bad debt expenses and an adjustment to the allowance account based on its assessment of the current status of individual amounts. Balances still outstanding after management has used reasonable collection efforts are written off through a reduction to the allowance account and a corresponding reduction to grants receivable. Management believes that all grants receivable are fully collectible at December 31, 2023. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Accounts Receivable. Accounts receivable consists of amounts billed or billable under contracts or for products or services provided. Interest is not charged on outstanding accounts receivable. Management determined the net collectability of accounts receivable by establishing an allowance for doubtful accounts. The allowance is determined by management based on historical losses, general economic conditions, and results of collection activities. As of December 31, 2023, the allowance for doubtful accounts was \$2,000.

Property and Equipment. It is the Organization's policy to capitalize property and equipment at cost for purchases over \$1,000, while repair and maintenance items are charged to expense. Donations of property and equipment are capitalized at their estimated fair value at the date of gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets, which is generally five to ten years for equipment and furniture/fixtures. Depreciation expense for the year ended December 31, 2023 was \$2,156.

Impairment of Long-Lived Assets. In the event that facts and circumstances indicate that property and equipment, or other assets, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value would be necessary. No impairment losses were recorded during the year ended December 31, 2023.

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

Basis of Net Asset Presentation. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions. Net assets resulting from revenues generated by receiving contributions that have no donor stipulations, providing services, and receiving interest and other income, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

USA Artistic Swimming and Affiliate

Notes to Consolidated Financial Statements

December 31, 2023

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

Basis of Net Asset Presentation (continued).

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

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

Revenue Recognition.

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

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

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

For the year ended December 31, 2023, the Organization recognized revenue of \$1,377,982, respectively from goods and services that transfer to the customer at a point in time and \$409,282 from services that transfer to the customer over time.

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

Accounts receivable, beginning of year	\$	8,100
Accounts receivable, end of year	\$	8,094
Deferred revenue, beginning of year	\$	238,004
Deferred revenue, end of year	\$	238,728

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

USA Artistic Swimming and Affiliate

Notes to Consolidated Financial Statements

December 31, 2023

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

Contributed Facilities and Services. Contributed facilities are recorded at fair market value at the time of donation. Services are recognized if the services received satisfy the criteria for recognition. Contributed services are recognized if services either (a) create or enhance a nonfinancial asset or (b) require specialized skills that are provided by persons possessing those skills and would typically need to be purchased if not provided by donation. The Organization did not receive contributed services during the year ended December 31, 2023.

The Organization recorded the following in-kind activity during the years ended December 31, 2023:

		Usage
Facilities use	\$ 88,000	Lodging for athletes
Sponsorships	75,000	Sponsorships for events
	<u>\$ 163,000</u>	

In-kind contributed facilities were valued using like-kind methodology for similar size houses or apartments. In-kind services were valued using estimated average hourly wage for identical services using pricing data of similar services under a 'like-kind' methodology, considering the utility of the services at the time of the contribution. No in-kind contributions were restricted. The Organization does not sell donated gifts in-kind and only uses services, goods and facilities for its own program or supporting service activities.

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

Advertising. The Organization expenses advertising costs, including donated advertising, as incurred. There were no advertising expenses for the year ended December 31, 2023.

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

Subsequent Events. The Organization evaluates events and transactions occurring subsequent to the date of the consolidated financial statements for matters requiring recognition or disclosure in the consolidated financial statements. The accompanying consolidated financial statements consider events through August 22, 2024, the date at which the consolidated financial statements were available for release.

USA Artistic Swimming and Affiliate

Notes to Consolidated Financial Statements

December 31, 2023

Note 2 – New Accounting Pronouncement

On January 1, 2023, the Organization adopted ASU 2016-13 *Financial Instruments – Credit Losses (Topic 326)*. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. Under this guidance, the Organization is required to measure expected credit losses on financial assets measured at amortized cost, including accounts receivable, using a forward-looking approach. The Organization calculates the allowance for credit losses utilizing historical data, current economic conditions, and reasonable and supportable forecasts that affect the collectability of the receivables.

The adoption of ASU 2016-13 did not have a material impact on the Organization's financial position, results of operations, or cash flows. However, it resulted in changes to the Organization's accounting policies, procedures, and internal controls related to the estimation and recording of credit losses on accounts receivable. The Organization estimates credit losses on accounts receivable using a provision matrix approach, which considers historical loss rates adjusted for current market conditions and other relevant factors. The provision matrix takes into account factors such as customer creditworthiness, payment history, aging of receivables, industry trends, and economic indicators. The Organization monitors its allowance for credit losses regularly and adjusts it as necessary to reflect changes in economic conditions and credit risk. Changes in the allowance for credit losses are recognized in the statement of comprehensive income as "Provision for credit losses."

As of December 31, 2023, the allowance for credit losses on accounts receivable totaled

Note 3 – Fair Value Measurements

The following table summarizes the Organization's fair value of assets measured on a recurring basis by fair value ("FV") hierarchy as of December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
USOE portfolio	<u>\$ -</u>	<u>\$ 3,263,357</u>	<u>\$ -</u>	<u>\$ 3,263,357</u>

The USOE portfolio consists of the following investments at December 31, 2023:

Alternative investments*	39.20%
Domestic equities	35.60%
International equities	17.20%
Domestic bonds	6.90%
Cash and other	1.10%
	<u>100.00%</u>

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

USA Artistic Swimming and Affiliate

Notes to Consolidated Financial Statements

December 31, 2023

Note 3 – Fair Value Measurements (continued)

Net investment earnings consisted of the following for the years ended December 31, 2023:

	USAAS	USAAS Foundation	Total
Interest and dividends	\$ 2,223	\$ 40,171	\$ 42,394
Realized losses	(27,246)	45,776	18,530
Unrealized gains and losses	29,235	284,930	314,165
	<u>\$ 4,212</u>	<u>\$ 370,877</u>	<u>\$ 375,089</u>

Note 4 – Property and Equipment

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

Furniture and fixtures	\$ 1,096
Equipment	10,779
Software	18,419
	<u>30,294</u>
Less accumulated depreciation	(22,468)
Net property and equipment	<u>\$ 7,826</u>

Note 5 – Endowment

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

The Board of Directors has determined that a portion of the Organization's net assets meet the definition of endowment funds under the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"), adopted by the State of Colorado in 2008. The Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Organization generally classifies as net assets with donor restrictions to be maintained in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions to be maintained in perpetuity is classified as net assets without donor restriction as appropriations for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA occur.

USA Artistic Swimming and Affiliate

Notes to Consolidated Financial Statements

December 31, 2023

Note 5 – Endowment (continued)

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

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration.

Donor Restricted Endowment Spending Policy. The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

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

The following summarizes the changes in net assets designated by the Board of Directors as an endowment fund for the year ended December 31, 2023:

	With Donor Restrictions
Balance, December 31, 2022	\$ 109,112
Interest and dividends	1,046
Net appreciation	6,698
Balance, December 31, 2023	<u>\$ 116,856</u>

Note 6 – Notes Payable

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

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

USA Artistic Swimming and Affiliate

Notes to Consolidated Financial Statements

December 31, 2023

Note 6 – Notes Payable (continued)

Scheduled maturities of the long-term notes payable are as follows at December 31, 2023:

Year ended December 31	Total
2024	\$ 8,103
2025	9,682
2026	9,952
2026	10,229
2027	10,514
Thereafter	306,568
	<u>\$ 355,048</u>

Note 7 – Net Assets with Donor Restrictions

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

	Jan 1, 2023 Balance	Additions	Releases	Dec 31, 2023 Balance
<i>Time restrictions:</i>				
Pledges receivable	\$ 311,760	\$ 349,000	\$ 311,760	\$ 349,000
Investments held for endowment	119,790	7,877	10,811	116,856
<i>Purpose restrictions:</i>				
International competitions	253,000	-	253,000	-
USAAS Foundation grant	68,352	353,738	228,352	193,738
Other restricted grants	126,386	-	123,386	3,000
Total	<u>\$ 879,288</u>	<u>\$ 710,615</u>	<u>\$ 927,309</u>	<u>\$ 662,594</u>

Note 5 – Related Party Transactions

During 2023, the USAAS entered into several agreements with the United States Olympic and Paralympic Committee (USOPC) to receive \$344,500 to cover various expense incurred in 2023 and 2024. In addition, during 2023, the USAAS also received a "Digital Media Agreement" grant from the USOPC for totaling \$50,000 and a \$35,000 grant to cover costs associated with the World Championships. This has been recorded in the statement of activities for the year ended December 31, 2023 and was shown as a grant receivable - related party on the statement of financial position totaling \$247,500 at December 31, 2023.

USA Artistic Swimming and Affiliate

Notes to Consolidated Financial Statements

December 31, 2023

Note 8 – Line of Credit

USAAS has a \$225,000 revolving line of credit from PNC Bank. This line is collateralized by all of USAAS's assets and bears interest at the prime rate index plus 0.5%, resulting in a borrowing rate of 9% at December 31, 2023 and is payable monthly. The line of credit matures in January of each year and is automatically renewed annually. During 2023, there were borrowings from the line of credit and an outstanding balance as of December 31, 2023 totaling \$219,474.

Note 9 – Retirement Plan

The Organization maintains a tax-deferred compensation plan under Section 403(b)(7) of the Internal Revenue Code. The plan provides that the Organization contribute 5% of the annual compensation of eligible employees on their behalf. The plan also provides for voluntary employee contributions. The amounts contributed by the Organization to this plan during the year ended December 31, 2023 was \$22,855.

Note 10 – Liquidity and Availability of Resources

The Organization receives significant grants and contributions that are restricted by donors/grantors, and considers grants and contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability; maintaining adequate liquid assets to fund near-term operating needs; and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve these guiding principles, the Organization forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually.

Additionally, in the event of an unanticipated liquidity need, the Organization could draw upon its \$225,000 line of credit, of which, \$5,526 was available at December 31, 2023. During the year ended December 31, 2023, the level of liquidity and reserves was managed within the policy requirements.

The Organization's financial assets available for general expenditures within one year are as follows at December 31, 2023:

Financial assets at year-end:

Cash and cash equivalents	\$ 103,892
Investments	3,380,348
Grants and pledges receivable - related party	247,500
Grants and pledges receivable	101,500
Accounts receivable, net of an allowance for credit losses totaling	8,094
	<u>3,841,334</u>
Less amounts not available to be used within one year:	
Contribution restricted by donors for endowment	<u>(116,856)</u>
	<u>(116,856)</u>
Financial assets available for general expenditures within one year	<u>\$ 3,724,478</u>

USA Artistic Swimming and Affiliate

Notes to Consolidated Financial Statements

December 31, 2023

Note 11 – Concentrations of Credit Risk

Major Donors. The Organization had two donors who comprised approximately 26% of total support and revenue for the year ended December 31, 2023.

USA Artistic Swimming and affiliate

SUPPLEMENTAL INFORMATION

USA Artistic Swimming

Consolidating Statement of Financial Position

December 31, 2023

	USA Artistic Swimming	United States Synchronized Swimming Foundation	Eliminations	Total
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 37,758	\$ 66,134	\$ -	\$ 103,892
Investments	-	3,380,348	-	3,380,348
Grants receivable, current portion	567,290	-	(217,934)	349,356
Accounts receivable, net	5,869	2,225	-	8,094
Prepaid expenses	82,511	3,609	-	86,120
Total current assets	<u>693,428</u>	<u>3,452,316</u>	<u>(217,934)</u>	<u>3,927,810</u>
Property and Equipment, net	<u>7,826</u>	<u>-</u>	<u>-</u>	<u>7,826</u>
Other Assets				
Deposits	<u>500</u>	<u>-</u>	<u>-</u>	<u>500</u>
Total other assets	<u>500</u>	<u>-</u>	<u>-</u>	<u>500</u>
Total assets	<u>\$ 701,754</u>	<u>\$ 3,452,316</u>	<u>\$ (217,934)</u>	<u>\$ 3,936,136</u>
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable and accrued expenses	\$ 258,254	\$ 6,299	\$ -	\$ 264,553
Deferred member service revenue	238,728	-	-	238,728
Grants payable	-	248,056	(217,934)	30,122
Notes payable, current portion	6,673	1,421	-	8,094
Total current liabilities	<u>503,655</u>	<u>255,776</u>	<u>(217,934)</u>	<u>541,497</u>
Long-Term Liabilities				
Note payable, net of current portion	293,326	53,627	-	346,953
Line of credit	219,474	-	-	219,474
Total long-term liabilities	<u>512,800</u>	<u>53,627</u>	<u>-</u>	<u>566,427</u>
Total liabilities	<u>1,016,455</u>	<u>309,403</u>	<u>(217,934)</u>	<u>1,107,924</u>
Net Assets				
Without donor restrictions	(860,439)	3,026,057	-	2,165,618
With donor restrictions	545,738	116,856	-	662,594
Total net assets	<u>(314,701)</u>	<u>3,142,913</u>	<u>-</u>	<u>2,828,212</u>
Total liabilities and net assets	<u>\$ 701,754</u>	<u>\$ 3,452,316</u>	<u>\$ (217,934)</u>	<u>\$ 3,936,136</u>

The accompanying Notes are an integral part of these financial statements

USA Artistic Swimming

Consolidating Statement of Activities

Year ended December 31, 2023

	USA Artistic Swimming	United States Synchronized Swimming Foundation	Eliminations	Total
Operating Support and Revenue Support				
Grants and contributions	\$ 457,299	\$ 66,651	\$ (421,738)	\$ 102,212
USOPC grants	241,500	-	-	241,500
USOC performance pool	188,000	-	-	188,000
In-kind contributions	163,000	-	-	163,000
Special event income	13,728	69,088	-	82,816
Special event expenses	-	(44,920)	-	(44,920)
Total support	<u>1,063,527</u>	<u>90,819</u>	<u>(421,738)</u>	<u>732,608</u>
Revenue				
Event income	885,295	-	-	885,295
Member services	409,282	-	-	409,282
Athletic camps and clinics	348,060	-	-	348,060
Sponsorships	144,627	-	-	144,627
Total revenue	<u>1,787,264</u>	<u>-</u>	<u>-</u>	<u>1,787,264</u>
Total support and revenue	<u>2,850,791</u>	<u>90,819</u>	<u>(421,738)</u>	<u>2,519,872</u>
Expenses				
Program services	2,131,115	511,551	(421,738)	2,220,928
Supporting services				
General and administrative	1,029,621	71,138	-	1,100,759
Fundraising	51,256	52,819	-	104,075
Total expenses	<u>3,211,992</u>	<u>635,508</u>	<u>(421,738)</u>	<u>3,425,762</u>
Total support and revenue in in deficit of expenses	<u>(361,201)</u>	<u>(544,689)</u>	<u>-</u>	<u>(905,890)</u>
Other Changes				
Interest and dividends	2,223	40,171	-	42,394
Other income	16,940	-	-	16,940
Investment gains	1,989	330,706	-	332,695
Loss on exchange	(60)	-	-	(60)
Total other changes	<u>21,092</u>	<u>370,877</u>	<u>-</u>	<u>391,969</u>
Change in Net Assets	<u>(340,109)</u>	<u>(173,812)</u>	<u>-</u>	<u>(513,921)</u>
Net Assets, Beginning of Year	<u>25,409</u>	<u>3,316,724</u>	<u>-</u>	<u>3,342,133</u>
Net Assets, End of Year	<u>\$ (314,700)</u>	<u>\$ 3,142,912</u>	<u>\$ -</u>	<u>\$ 2,828,212</u>

The accompanying Notes are an integral part of these financial statements

USA Artistic Swimming and Affiliate

Consolidating Statement of Functional Expenses

Year ended December 31, 2023

	Program Services			Supporting Services		
	USA Artistic Swimming	United States Synchronized Swimming Foundation	Total Program Expenses	USA Artistic Swimming General and Administrative	United States Synchronized Swimming Foundation General and Administrative	Total General and Administrative
Salaries	\$ 47,281	\$ 22,131	\$ 69,412	\$ 705,914	\$ 7,008	\$ 712,922
Payroll taxes	3,558	1,847	5,405	54,745	566	55,311
Employee benefits	4,624	563	5,187	108,254	5	108,259
Total personnel costs	55,463	24,541	80,004	868,913	7,579	876,492
Travel	1,007,041	-	1,007,041	32,018	2,252	34,270
Program expenses	524,854	-	524,854	4,099	-	4,099
Occupancy	312,371	-	312,371	2,931	-	2,931
Consulting services	126,774	-	126,774	16,406	-	16,406
Accounting and professional fees	-	-	-	45,212	49,047	94,259
Grants expense	-	487,010	487,010	-	-	-
Events expense	60,044	-	60,044	618	-	618
Fundraising expenses	-	-	-	-	-	-
Interest	-	-	-	22,164	1,694	23,858
Printing and postage	20,957	-	20,957	1,262	-	1,262
Office expenses	15,010	-	15,010	1,530	3,848	5,378
Insurance	-	-	-	14,214	1,775	15,989
Dues and fees	7,649	-	7,649	6,503	-	6,503
Information technology	514	-	514	8,919	-	8,919
Meeting expenses	-	-	-	-	4,900	4,900
Bank and service fees	438	-	438	1,841	43	1,884
Bad debt expense	-	-	-	835	-	835
Depreciation	-	-	-	2,156	-	2,156
Total expenses	\$ 2,131,115	\$ 511,551	\$ 2,642,666	\$ 1,029,621	\$ 71,138	\$ 1,100,759

The accompanying Notes are an integral part of these financial statements

USA Artistic Swimming and Affiliate

Consolidating Statement of Functional Expenses (continued)

Year ended December 31, 2023 (continued)

	Supporting Services (continued)					Total Expenses
	USA Artistic Swimming Fundraising	United States Synchronized Swimming Foundation Fundraising	Total Fundraising	Total	Eliminations	
Salaries	\$ 22,590	\$ 31,802	\$ 54,392	\$ 767,314	\$ -	\$ 836,726
Payroll taxes	658	2,728	3,386	58,697	-	64,102
Employee benefits	-	188	188	108,447	-	113,634
Total personnel costs	23,248	34,718	57,966	934,458	-	1,014,462
Travel	409	821	1,230	35,500	-	1,042,541
Program expenses	-	-	-	4,099	-	528,953
Occupancy	-	-	-	2,931	-	315,302
Consulting services	-	-	-	16,406	-	143,180
Accounting and professional fees	-	10,400	10,400	104,659	-	104,659
Grants expense	-	18	18	18	(421,738)	65,290
Events expense	-	-	-	618	-	60,662
Fundraising expenses	27,600	-	27,600	27,600	-	27,600
Interest	-	-	-	23,858	-	23,858
Printing and postage	-	-	-	1,262	-	22,219
Office expenses	-	362	362	5,740	-	20,750
Insurance	-	-	-	15,989	-	15,989
Dues and fees	-	-	-	6,503	-	14,152
Information technology	-	-	-	8,919	-	9,433
Miscellaneous expense	-	288	288	5,188	-	5,188
Bank and service fees	-	2,412	2,412	4,296	-	4,734
Bad debt expense	-	3,800	3,800	4,635	-	4,635
Depreciation	-	-	-	2,156	-	2,156
Total expenses	\$ 51,257	\$ 52,819	\$ 104,076	\$ 1,204,835	\$ (421,738)	\$ 3,425,763

The accompanying Notes are an integral part of these financial statements