

**USA SWIMMING, INC.  
USA SWIMMING FOUNDATION, INC.**

**Financial Statements and  
Supplemental Schedules**

**For the Year Ended December 31, 2021**

## TABLE OF CONTENTS

Independent Auditor's Report . . . . .	1
Consolidated Statement of Financial Position . . . . .	4
Consolidated Statement of Activities and Changes in Net Assets . . . . .	5
Consolidated Statement of Functional Expenses . . . . .	6
Consolidated Statement of Cash Flows . . . . .	7
Notes to Consolidated Financial Statements . . . . .	8
Consolidating Statement of Financial Position . . . . .	28
Consolidating Statement of Activities and Changes in Net Assets . . . . .	29

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
USA Swimming, Inc.  
USA Swimming Foundation, Inc.  
Colorado Springs, Colorado

**Opinion**

We have audited the accompanying consolidated financial statements of USA Swimming, Inc. and USA Swimming Foundation, Inc. (nonprofit organizations), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of USA Swimming, Inc. and USA Swimming Foundation, Inc. as of December 31, 2021, 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 Swimming, Inc. and USA Swimming Foundation, 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 Swimming, Inc.'s and USA Swimming Foundation, 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 Swimming, Inc.'s and USA Swimming Foundation, 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 Swimming, Inc.'s and USA Swimming Foundation, 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 Swimming, Inc.'s and USA Swimming Foundation, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 9, 2021.

In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Waugh & Goodwin, LLP*

Colorado Springs, Colorado  
May 23, 2022

USA SWIMMING, INC.  
USA SWIMMING FOUNDATION, INC.  
Consolidated Statement of Financial Position  
December 31, 2021  
(With Comparative Amounts for the Year Ended December 31, 2020)

<u>ASSETS</u>		
	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 6,281,796	\$ 4,695,468
Accounts receivable, net	2,674,098	1,841,835
Short-term pledges receivable	830,000	774,600
Prepaid expenses and deferred charges	<u>1,552,201</u>	<u>2,907,616</u>
Total current assets	11,338,095	10,219,519
<b>PROPERTY AND EQUIPMENT</b>		
Less accumulated depreciation	<u>(10,973,586)</u>	<u>(9,751,226)</u>
Property and equipment, net	3,877,114	3,883,494
<b>LONG-TERM INVESTMENTS</b>		
	63,057,358	54,846,932
<b>LONG-TERM PLEDGES RECEIVABLE, net</b>		
	905,418	850,000
<b>OTHER ASSETS:</b>		
Prepaid rent	4,717,772	4,825,420
Deposit	140,000	140,000
Olympic trials joint venture		56,482
Swim-A-Thon	<u>120,000</u>	<u>120,000</u>
Total other assets	<u>4,977,772</u>	<u>5,141,902</u>
<b>TOTAL ASSETS</b>	<u>\$ 84,155,757</u>	<u>\$ 74,941,847</u>
<u>LIABILITIES AND NET ASSETS</u>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 2,785,009	\$ 763,218
Accrued expenses and other liabilities	959,760	1,365,777
Refundable advances		32,415
PPP loan		182,316
Line of credit	1,821,000	
Deferred revenue	<u>15,051,242</u>	<u>12,714,623</u>
Total current liabilities	20,617,011	15,058,349
<b>LONG-TERM LIABILITIES:</b>		
Line of credit		1,821,000
Loss reserve	<u>760,898</u>	
Total long-term liabilities	<u>760,898</u>	<u>1,821,000</u>
Total liabilities	21,377,909	16,879,349
<b>NET ASSETS:</b>		
Without donor restrictions	39,759,648	36,723,445
Without donor restrictions - board designated	13,975,856	12,821,618
With donor restrictions	<u>9,042,344</u>	<u>8,517,435</u>
Total net assets	<u>62,777,848</u>	<u>58,062,498</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 84,155,757</u>	<u>\$ 74,941,847</u>

See Notes to Consolidated Financial Statements

USA SWIMMING, INC.  
USA SWIMMING FOUNDATION, INC.  
Consolidated Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2021  
(With Comparative Totals for the Year Ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
REVENUE AND SUPPORT:		
Membership	\$ 18,172,313	\$ 20,656,479
Investment income	6,109,340	5,400,154
USOPC grants and contracts	6,841,272	4,090,811
Partnership marketing	5,969,231	2,610,039
Sport and events, net of special event expenses of \$709,232 and \$240,826	2,315,352	486,054
Contributions	1,108,536	387,830
Other income	287,756	184,902
Consumer revenue	201,888	61,250
PPP grant	182,317	1,445,651
Swim-A-Thon	48,410	51,509
Satisfied program restrictions	<u>1,291,346</u>	<u>1,015,501</u>
Total revenue and support	42,527,761	36,390,180
EXPENSES:		
Program services:		
National Team	9,834,834	5,347,183
Commercial	5,864,080	4,334,823
Event Operations	5,296,980	2,815,305
Sport Development	4,578,544	3,714,410
Risk Management	4,347,669	2,935,396
Foundation Programs	<u>1,173,517</u>	<u>4,120,680</u>
Total program services	31,095,624	23,267,797
Supporting services:		
Business Affairs	3,504,929	7,242,748
Executive	1,809,383	1,211,839
Finance	852,639	852,274
Fundraising	<u>1,074,745</u>	<u>730,813</u>
Total supporting services	7,241,696	10,037,674
Total expenses	<u>38,337,320</u>	<u>33,305,471</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	4,190,441	3,084,709
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:		
Investment income	841,755	859,146
Contributions	974,500	677,000
Satisfied program restrictions	<u>(1,291,346)</u>	<u>(1,015,501)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>524,909</u>	<u>520,645</u>
CHANGE IN NET ASSETS	4,715,350	3,605,354
NET ASSETS, beginning of year	<u>58,062,498</u>	<u>54,457,144</u>
NET ASSETS, end of year	<u>\$ 62,777,848</u>	<u>\$ 58,062,498</u>

See Notes to Consolidated Financial Statements

USA SWIMMING, INC.  
USA SWIMMING FOUNDATION, INC.  
Consolidated Statement of Functional Expense  
For the Year Ended December 31, 2021  
(With Comparative Totals for the Year Ended December 31, 2020)

	National Team	Commercial	Event Operations	Sport Development	Risk Management	Foundation Programs	Total Program Services
Salaries	\$ 1,249,414	\$ 1,523,673	\$ 847,506	\$ 1,825,482	\$	\$ 187,788	\$ 5,633,863
Professional fees and honoraria	267,329	1,254,934	1,019,904	373,918	15	423,318	3,339,418
Travel and hospitality	2,462,709	348,181	516,672	262,381	385	16,145	3,606,473
Direct athlete support	4,061,963						4,061,963
Insurance	24,300		14,198		3,575,124		3,613,622
Employee benefits	278,350	367,697	155,720	446,432		49	1,248,248
Depreciation and amortization	89,056	719,474	53,909	582,667			1,445,106
Bad debt	7,920		1,251,588				1,259,508
Television and production	14,741	294,517	917,229	22,385			1,248,872
Dues, fees, and tickets	88,264	133,572	349,409	308,470	435	4,236	884,386
Grants			65,500	214,090		482,958	762,548
Loss reserves expense					771,000		771,000
Apparel	498,744	83,653	26,301	68,840			677,538
Gear, equipment, and signage	45,856	334,589	246,274	38,368			665,087
Rent and lease expense	100,462	191,299	78,314	170,745			540,820
Office supplies and expense	168,356	107,802	194,438	44,248	42	703	515,589
Payroll taxes	90,295	107,807	44,897	138,985			381,984
Telephone and internet service	27,199	32,367	13,184	34,555	668		107,973
Information technology expenses	2,516	231,652	1,278	5,257			240,703
Awards and gifts	332,824	5,068	66,030	17,254			421,176
Printing and duplication	3,034	74,644	23,754	4,457		49	105,938
Cost of goods sold, silent auction							
Miscellaneous expenses	13,895	36,093	2,735	2,419			55,142
Protocol	7,607	7,618	14,059	17,591			46,875
Recognition and fulfillment						55,293	55,293
Repairs and maintenance		2,298					2,298
Interest expense							
Advertising		7,142				3,123	10,265
Line of credit drawdown							
<b>Total expenses</b>	<b>9,834,834</b>	<b>5,864,080</b>	<b>5,902,899</b>	<b>4,578,544</b>	<b>4,347,669</b>	<b>1,173,662</b>	<b>31,701,688</b>
Less expenses netted against revenue on statement of activities			(605,919)				(605,919)
	<u>\$ 9,834,834</u>	<u>\$ 5,864,080</u>	<u>\$ 5,296,980</u>	<u>\$ 4,578,544</u>	<u>\$ 4,347,669</u>	<u>\$ 1,173,662</u>	<u>\$ 31,095,769</u>



	Business Affairs	Executive Division	Fundraising	Finance	Total Supporting Services	Total Expenses 2021	Total Expenses 2020
Salaries	\$ 1,299,652	\$ 1,054,744	\$ 382,809	\$ 477,475	\$ 3,214,680	\$ 8,848,543	\$ 9,046,572
Professional fees and honoraria	572,945	99,796	183,464	62,772	918,977	4,258,395	3,762,027
Travel and hospitality	69,829	285,172	185,561	9,752	550,314	4,156,787	773,537
Direct athlete support						4,061,963	2,875,490
Insurance						3,613,622	2,957,883
Employee benefits	302,050	92,556	71,448	148,019	614,073	1,862,321	2,154,539
Depreciation and amortization	217,887	14,905		34,778	267,570	1,712,676	1,553,138
Bad debt						1,259,508	
Television and production						1,248,872	637,112
Dues, fees, and tickets	61,467	20,459	123,302	3,812	209,040	1,093,426	801,487
Grants		120,000			120,000	882,548	3,948,438
Loss reserves expense						771,000	
Apparel	8,532	10,352	30,673		49,557	727,095	40,297
Gear, equipment, and signage	10,067	1,047	13,717	3,592	28,423	693,510	177,828
Rent and lease expense	59,877	27,665	2,380	29,991	119,913	660,733	524,338
Office supplies and expense	18,205	6,169	34,506	8,889	67,769	583,358	305,527
Payroll taxes	91,114	28,285	16,847	39,757	176,003	557,987	594,925
Telephone and internet service	356,647	7,783	4,028	4,096	372,554	480,527	209,973
Information technology expenses	176,004	213		5,384	181,601	422,304	656,631
Awards and gifts		608			608	421,784	94,723
Printing and duplication	141,112	262	10,334	708	152,416	258,354	254,845
Cost of goods sold, silent auction			103,313		103,313	103,313	67,153
Miscellaneous expenses	3,103	14,938		21,206	39,247	94,389	200,593
Protocol	2,059	24,411		89	26,559	73,434	33,398
Recognition and fulfillment			15,081		15,081	70,374	700
Repairs and maintenance	58,980	18		2,319	61,317	63,615	
Interest expense	55,399				55,399	55,399	15,934
Advertising			450		450	10,715	38,209
Line of credit drawdown							1,821,000
Total expenses	3,504,929	1,809,383	1,177,913	852,639	7,344,864	39,046,552	33,546,297
Less expenses netted against revenue on statement of activities			(103,313)		(103,313)	(709,232)	(240,826)
	<u>\$ 3,504,929</u>	<u>\$ 1,809,383</u>	<u>\$ 1,074,600</u>	<u>\$ 852,639</u>	<u>\$ 7,241,551</u>	<u>\$ 38,337,320</u>	<u>\$ 33,305,471</u>

See Notes to Consolidated Financial Statements

USA SWIMMING, INC.  
USA SWIMMING FOUNDATION, INC.  
Consolidated Statements of Cash Flows  
For the Year Ended December 31, 2021  
(With Comparative Amounts for the Year Ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 4,715,350	\$ 3,605,354
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	1,712,676	1,553,138
Uncollectible pledges	120,500	
Net realized and unrealized gains on investments	(5,256,459)	(5,066,089)
PPP loan proceeds, portion in notes payable		182,316
PPP loan forgiveness	(182,316)	
Change in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable, net	(832,263)	(230,852)
Pledges receivable	(286,318)	149,899
Prepaid expenses and deferred charges	1,355,415	(878,172)
Olympic Trials joint venture	56,482	57,475
Increase (decrease) in liabilities:		
Accounts payable, accrued expenses and other liabilities	1,615,774	(1,961,358)
Refundable advances	(32,415)	32,415
Deferred revenue	2,336,619	(3,278,368)
Loss reserve	760,898	
Total adjustments	<u>1,368,593</u>	<u>(9,439,596)</u>
Net cash provided (used) by operating activities	6,083,943	(5,834,242)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of long-term investments	39,108,086	84,767,263
Purchase of long-term investments	(42,062,053)	(80,851,280)
Prepaid rent	107,648	93,368
Acquisition of property and equipment	<u>(1,706,296)</u>	<u>(1,086,166)</u>
Net cash provided (used) by investing activities	(4,552,615)	2,923,185
CASH FLOWS FROM FINANCING ACTIVITIES:		
Line of credit, net		1,821,000
Collection of pledges receivable restricted for endowment	<u>55,000</u>	<u>150,000</u>
Net cash provided by financing activities	<u>55,000</u>	<u>1,971,000</u>
NET INCREASE (DECREASE) IN CASH	1,586,328	(940,057)
CASH AND CASH EQUIVALENTS, beginning of year	<u>4,695,468</u>	<u>5,635,525</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 6,281,796</u>	<u>\$ 4,695,468</u>

See Notes to Consolidated Financial Statements

USA SWIMMING, INC.  
USA SWIMMING FOUNDATION, INC.

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The accompanying consolidated financial statements include USA Swimming, Inc. and USA Swimming Foundation, Inc.

USA Swimming, Inc. (the Corporation) is a Colorado non-profit corporation. The Corporation is the national governing body for amateur swimming, making it responsible for the conduct and administration of amateur swimming in the United States.

The USA Swimming Foundation, Inc. (the Foundation), is a Colorado non-profit corporation. The purpose of the Foundation is to operate for charitable and educational purposes, to foster national and international amateur sports competition, and to serve as a supporting organization for the Corporation.

Basis of Presentation

The financial statements of the Corporation are presented on a consolidated basis with the Foundation (collectively the Organization) in order to conform to the requirements of Financial Accounting Standards Board ASC 958.

Transactions between the entities are shown as eliminating entries and removed in order to properly reflect consolidated totals.

Income Taxes

The Corporation and the Foundation are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, both entities qualify for the charitable contribution deduction and have been classified as organizations that are not private foundations.

The Corporation's and the Foundation's Forms 990, Return of Organization Exempt from Income Tax, are subject to examination by various taxing authorities, generally for three years after the date they were filed.

Management of the Organization believes that it does not have any uncertain tax positions that are material to the financial statements.

## Notes to Consolidated Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less, and which are not held for long-term investment purposes, to be cash equivalents. Cash and highly liquid financial instruments held for long-term investment purposes, regardless of original length to maturity, are reported as investments and excluded from this definition. In the unlikely event of a bank or brokerage firm failure, the Organization might only be able to recover the amounts insured.

#### Supplemental Cash Flow Disclosure

The Organization paid interest of \$55,399 and \$15,934 in 2021 and 2020, respectively. The Organization did not pay any income taxes during either of the years ended December 31, 2021 and 2020.

#### Accounts Receivable

Accounts receivable includes amounts from contracts with customers, contributions postmarked before the end of the year and other miscellaneous amounts. Receivables from contracts with customers at the beginning and end of 2021 were \$1,440,156 and \$1,930,226, respectively.

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that an allowance for doubtful accounts in the amount of \$1,251,588 was necessary at December 31, 2021. There was no allowance of doubtful accounts at December 31, 2020. The delinquency and collectability of receivables is determined on a case by case basis and receivables are charged to bad debt expense when determined to be uncollectible.

#### Pledges Receivable

Pledges receivable consist of unconditional promises to give that are expected to be collected in current and future periods. Pledges expected to be collected within one year are recorded at their estimated net realizable values. Pledges receivable expected to be collected in more than one year are

## Notes to Consolidated Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Pledges Receivable - continued

recorded at the present value of their estimated future cash flows, computed using risk-adjusted interest rates. Amortization of the discount is included in contribution revenue. Pledges receivable are reported as support with donor restrictions unless the donor stipulations or circumstances surrounding the pledge make clear the donor intended it to be used to support activities in the current period. Pledges receivable are considered by management to be fully collectible and, accordingly, no allowance for doubtful accounts is considered necessary. The delinquency and collectability of pledges receivable is determined on a case by case basis and pledges receivable are charged to uncollectible pledges when determined to be bad debts.

#### 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.

Contributions include United States Olympic & Paralympic Committee (USOPC) and Small Business Administration (SBA) Paycheck Protection Program (PPP) grants.

#### Revenue from Contracts with Customers

Membership dues revenue - Revenue from contracts with members for annual dues is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing membership to its members. Revenue is recognized as performance obligations are satisfied, which is ratably over the membership term. Membership dues are nonrefundable.

## Notes to Consolidated Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Revenue from Contracts with Customers - continued

Partnership marketing - The Organization recognizes revenue from contracts with both sponsors and suppliers of the Organization. Performance obligations in such contracts are satisfied as services are rendered, and therefore, the Organization will recognize revenue over time. The Organization 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 agreement.

Therefore, partnership marketing revenue from contracts with customers will be recognized on a straight-line basis over the term of the agreement.

Swim-A-Thon and consumer revenue - The Foundation receives a royalty and administrative fee from swim clubs for the use of the Swim-A-Thon trademark and prizes and administrative services provided by the Foundation. The fee is 5% of the funds raised by the Swim-A-Thon hosted by the swim club. In April 2020, the Foundation waived the contracted 5% fee for teams completing a Swim-A-Thon through December 31, 2021.

This revenue is recognized at the end of the Swim-A-Thon which is when all performance obligations are considered satisfied by the Foundation. The Foundation also receives royalties for use of its logo or trademark of Swim-A-Thon. The revenue is recognized upon receipt of the royalty.

Events - The Organization receives revenue from sales related to activities at the U.S. Olympic Team Trials (Trials) which occur a few months prior to the Summer Olympics. The sales include tickets to an alumni dinner and a VIP experience package including a variety of activities. The VIP experience package fee includes a contribution amount. The contribution is recognized upon receipt, all other amounts are recognized when the performance obligations are met at Trials. Trials were held in 2021 and revenues were recognized from the sales. The Organization also receives revenue from various sporting events which are recognized at the time of the event. The Organization receives revenue from an annual Golden Goggles event. The revenue received includes sponsorships, contributions, and tickets to the event. The ticket revenue includes a contribution amount. For the year ended December 31, 2021, contributions in the amount of \$264,636 from Golden Goggles were received.

## Notes to Consolidated Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Contributed Services

The Corporation receives a substantial amount of donated services in carrying out their programs. No amounts have been reflected in the consolidated financial statements for those services since they do not meet the criteria for recognition under FASB ASC 605.

The Foundation receives a substantial amount of donated services in carrying out its programs. Contributed services are recognized if the services received create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

During the years ended December 31, 2021 and 2020, the Foundation recognized an in-kind transfer from the Corporation and related expense for contributed services in the amount of \$348,806 and \$392,446, respectively. The Foundation measured the services received at the cost recognized by the Corporation for the actual cost incurred for personnel providing those services.

#### Donated Materials

Donated materials are recorded as both revenues and expenditures in the accompanying consolidated statements of activities at their estimated values.

#### Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Some of the expenses which are allocated include utilities, supplies and depreciation, which are allocated on a headcount basis, as well as salaries, which are allocated on the basis of time and effort estimates.

#### 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. This will affect the reported amounts of assets and liabilities, 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. Actual results could differ from these estimates.

## Notes to Consolidated Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Prior-Year Comparisons

The financial statements include certain prior year summarized comparative information in total but not by net asset or functional expense class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

#### Date of Management's Review

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 23, 2022, the date that the financial statements were available to be issued.

### B. AVAILABLE RESOURCES AND LIQUIDITY

#### USA Swimming, Inc.

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market funds, and other short-term investments.

The table on the following page reflects the Organization's financial assets as of December 31, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal Board designations. Amounts not available include a Board-designated special projects fund that is intended to fund special Board initiatives not considered in the annual operating budget. In the event the need arises to utilize the Board-designated funds for liquidity purposes, the reserves could be drawn upon through Board resolution. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

The Corporation has a line of credit available for cash needs. See note I for information on the line of credit.



## Notes to Consolidated Financial Statements

### B. AVAILABLE RESOURCES AND LIQUIDITY - Continued

#### USA Swimming Foundation, Inc.

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose or time restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. In addition, the Foundation receives support without donor restrictions; with the remainder funded by investment income without donor restrictions and appropriated earnings from gifts with donor restrictions.

The Foundation considers investment income without donor restrictions, appropriated earnings from donor-restricted and Board-designated quasi-endowments, 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, fundraising expenses, and grant commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Foundation's fiscal year.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long term grant commitments and obligations under endowments with donor restrictions and quasi-endowments that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

The Foundation strives to maintain financial assets available to meet general expenditures at a level that represents 100% of annual expenses for administrative, general, and fundraising expenses plus an amount that represents the next expected grant commitment payments, which typically represents approximately 25% of the expected annual grant cash needs. Additionally, in the event the need arises to utilize the Board-designated funds for liquidity purposes, the reserves could be drawn upon through Board resolution.

## Notes to Consolidated Financial Statements

### B. AVAILABLE RESOURCES AND LIQUIDITY - Continued

The table below presents financial assets available for general expenditures within one year at December 31:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 6,281,796	\$ 4,695,468
Contributions receivable	1,735,418	1,624,600
Other receivables	<u>2,674,098</u>	<u>1,841,835</u>
Total financial assets	10,691,312	8,161,903
Less amounts not available to be used within one year:		
Board - designated special projects fund	2,556,500	1,500,000
Contribution receivable - for restricted gifts, net	615,000	459,100
Contribution receivable - due over one year, net	<u>905,418</u>	<u>850,000</u>
Financial assets not available to be used within one year	<u>4,076,918</u>	<u>2,809,100</u>
Financial assets available within one year	<u>\$ 6,614,394</u>	<u>\$ 5,352,803</u>

### C. FAIR VALUE MEASUREMENTS

The Organization 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 Organization 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.
- Level 3 inputs are unobservable inputs for the asset or liability.

## Notes to Consolidated Financial Statements

### C. FAIR VALUE MEASUREMENTS - Continued

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, 2021 and 2020:

<u>Assets at Fair Value as of December 31, 2021</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Debt securities:				
Corporate and other notes	\$	\$ 21,024,204	\$	\$ 21,024,204
US Treasury and agencies		2,291,430		2,291,430
International		256,345		256,345
State and municipal agencies		440,785		440,785
Equity securities:				
Exchange traded funds	25,726,560			25,726,560
Pooled equity funds	10,282,994			10,282,994
Money market	3,035,040			3,035,040
	<u>\$ 39,044,594</u>	<u>\$ 24,012,764</u>	<u>\$</u>	<u>\$ 63,057,358</u>

<u>Assets at Fair Value as of December 31, 2020</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Debt securities:				
Corporate and other notes	\$	\$ 17,861,872	\$	\$ 17,861,872
US Treasury and agencies		2,089,883		2,089,883
International		166,820		166,820
State and municipal agencies		489,306		489,306
Equity securities:				
Exchange traded funds	23,141,221			23,141,221
Pooled equity funds	10,070,838			10,070,838
Mutual funds	364,365			364,365
Money market	662,627			662,627
	<u>\$ 34,239,051</u>	<u>\$ 20,607,881</u>	<u>\$</u>	<u>\$ 54,846,932</u>

Investments are included in the consolidated statements of financial position in long-term investments.

## Notes to Consolidated Financial Statements

### C. FAIR VALUE MEASUREMENTS - Continued

Investment income included in the consolidated statements of activities for the years ended December 31, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 1,835,688	\$ 1,322,634
Less investment fees	(141,052)	(129,423)
Net realized and unrealized gains	<u>5,256,459</u>	<u>5,066,089</u>
	<u>\$ 6,951,095</u>	<u>\$ 6,259,300</u>

The Corporation and the Foundation record realized gains and losses in their consolidated financial statements based on historical cost basis.

### D. PLEDGES RECEIVABLE

As of December 31, 2021 and 2020, the Foundation had pledges receivable of \$1,735,418 and \$1,624,600, respectively, representing unconditional promises to give made during the current and prior years. The pledges will be received by the Foundation in future years and have been discounted using the risk-free interest rate for the year in which they were received. The interest rates used range from 0.11% to .97%.

Total pledges receivable at December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Receivable within one year	<u>\$ 830,000</u>	<u>\$ 774,600</u>
Receivable from one to five years	<u>\$ 905,418</u>	<u>\$ 850,000</u>

At December 31, 2021 and 2020, one donor accounts for 23% and 37% of the pledges receivable, respectively.

### E. PREPAID EXPENSES AND DEFERRED CHARGES

Prepaid expenses and deferred charges consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Prepaid insurance	\$ 429,746	\$ 920,390
Deferred charges	<u>1,122,455</u>	<u>1,987,226</u>
	<u>\$ 1,552,201</u>	<u>\$ 2,907,616</u>

## Notes to Consolidated Financial Statements

### E. PREPAID EXPENSES AND DEFERRED CHARGES - Continued

Expenses incurred in connection with events are recognized in the year the events take place. Membership expenses incurred in connection with the subsequent membership year are deferred.

Other non-current assets include prepaid rent of \$4,717,772 and \$4,825,420 at December 31, 2021 and 2020, respectively.

In 1996 and 1997 the Corporation paid approximately \$3,400,000 to construct a headquarters office building at the Olympic Training Center. The building is owned by the USOPC. In consideration for the Corporation's payment of the construction costs, the USOPC agreed that the Corporation would be allowed to occupy the building free of any obligation to pay rent or operating costs for a 30-year period commencing March 1, 1997. The Corporation paid approximately \$3,000,000 for remodeling the headquarters office building, which was completed in 2019. An updated lease agreement is in progress.

The building construction costs were recorded as prepaid rent, which are being amortized over the 30-year life of the agreement. The Corporation has recorded rent at fair market rates and interest income to reflect the discount received from the prepayment.

Rent expense recorded in 2021 and 2020 amounted to \$366,589 and \$357,648, respectively, and interest income recorded in 2021 and 2020 amounted to \$258,941 and \$264,280, respectively.

### F. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost and depreciation is recorded using the straight-line method over the estimated useful lives of three to 10 years. Acquisitions with an initial cost over \$1,000 and a useful life of over one year are capitalized. Expenditures for repairs and maintenance which do not materially prolong the useful lives of the assets are charged to expense as incurred.

Notes to Consolidated Financial Statements

F. PROPERTY AND EQUIPMENT - Continued

Property and equipment consists of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Software and website	\$ 12,479,774	\$ 10,986,463
Building and leasehold improvements	1,955,651	2,153,256
Furniture and equipment	376,125	455,851
Vehicles	<u>39,150</u>	<u>39,150</u>
	14,850,700	13,634,720
Less accumulated depreciation	<u>(10,973,586)</u>	<u>(9,751,226)</u>
	<u>\$ 3,877,114</u>	<u>\$ 3,883,494</u>

Depreciation expense for the years ended December 31, 2021 and 2020 was \$1,712,676 and \$1,553,138, respectively.

G. DEFERRED REVENUE

Deferred revenue, which represents contract liabilities from contracts with customers, consists of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Current:		
Membership	\$ 14,617,742	\$ 8,942,183
Corporate sponsorships	200,000	230,689
Other	146,000	180,551
USOPC Olympics funding	87,500	1,231,200
Olympic Trials	<u>                    </u>	<u>2,130,000</u>
Total deferred revenue	<u>\$ 15,051,242</u>	<u>\$ 12,714,623</u>

H. REFUNDABLE ADVANCE

As the Corporation satisfies the barriers and conditions set forth in the grant contract, revenue will be recognized accordingly.

Refundable advances consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
USOPC special grant	<u>\$</u>	<u>\$ 32,415</u>

## Notes to Consolidated Financial Statements

### I. LINE OF CREDIT

On June 24, 2020, the Corporation obtained a \$3,000,000 line of credit with First Western Trust Bank. The variable interest rate is 0.250 percentage points under the prime rate as published in The Wall Street Journal. The initial interest rate is 3.0%. Payment of principal and interest is not due on the line of credit until the maturity date of June 24, 2022. Subsequent to year end, the Board of Directors approved pursuing a 24 month extension on this line of credit. The line of credit is secured by a pledge agreement secured by an investment account held at First Western Trust Bank. The outstanding balance on the line of credit was \$1,821,000 as of December 31, 2021.

### J. NET ASSETS WITH DONOR RESTRICTIONS: TEMPORARY IN NATURE

Net assets with donor restrictions are available for the following purposes at December 31:

	<u>2021</u>	<u>2020</u>
Purpose restrictions	\$ 2,862,344	\$ 2,311,935
Time restrictions	<u>385,000</u>	<u>530,500</u>
	<u>\$ 3,247,344</u>	<u>\$ 2,842,435</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. Net assets were released from temporary restrictions by satisfying the following restricted purposes at December 31:

	<u>2021</u>	<u>2020</u>
National Team	\$ 531,433	\$ 352,649
Learn to Swim	289,913	358,852
Time restrictions	265,000	304,000
Fundraising programs and operations	<u>205,000</u>	<u>          </u>
	<u>\$ 1,291,346</u>	<u>\$ 1,015,501</u>

### K. NET ASSETS WITH DONOR RESTRICTIONS: PERPETUAL IN NATURE

During the years ended December 31, 2008, 2016, 2017, 2020 and 2021, the Foundation received perpetually restricted pledges of \$5,000,000, \$50,000, \$600,000, \$25,000, and \$120,000, respectively. Funds collected under the pledges are recognized as endowment funds. The Foundation only recognizes contributions received as endowment funds. During the years ended December 31, 2021 and 2020, the Foundation received perpetually restricted contributions of \$55,000 and \$150,000, respectively, which were recognized as endowment funds in prior years.

## Notes to Consolidated Financial Statements

### K. NET ASSETS WITH DONOR RESTRICTIONS: PERPETUAL IN NATURE - Continued

During the year ended December 31, 2020, the \$25,000 noted in the first sentence was a reallocation by one donor of their previously time-restricted contribution to the endowment. The \$25,000 is included in the \$150,000 contributions collected as noted above.

### L. ENDOWMENTS

Perpetually restricted net assets consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Endowment funds	\$ 5,705,000	\$ 5,650,000
Pledges receivable	<u>90,000</u>	<u>25,000</u>
	<u>\$ 5,795,000</u>	<u>\$ 5,675,000</u>

The Foundation's endowment funds consist of funds without donor restrictions functioning as endowment through designations by the Board and donor restricted endowment funds. The earnings of the Board-designated endowment are designated for athlete support. The earnings of the donor restricted endowment support Learn to Swim, National Team initiatives, and the USA Swimming Dirks/Gould Coaches Incentive Program.

The Foundation has adopted investment and spending policies based on the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Foundation 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 Foundation classifies as net assets with donor restrictions-perpetual in nature (a) the original value of gifts donated to the permanent endowment, and (b) accumulations to the donor restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time of accumulation is added to the fund. The remaining portion of the donor-restricted endowment funds that is not classified in net assets with donor restrictions-perpetual in nature is classified as net assets with donor restrictions-temporary in nature until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. Each year, the Foundation is required to spend no less than 3% and no more than 5% of the donor restricted endowment funds for specific purposes.



## Notes to Consolidated Financial Statements

### L. ENDOWMENTS - Continued

The Foundation does not include uncollected pledges receivable as part of endowment net assets. Amounts are included with endowment net assets as the pledges receivable are collected. As of December 31, 2021 and 2020, perpetually restricted uncollected pledges were \$90,000 and \$25,000, respectively.

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 Foundation to retain as a fund of perpetual duration. During the years ended December 31, 2021 and 2020, there were no net asset deficiencies present.

The Foundation 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 Foundation must hold in perpetuity or for a donor-specified period as well as Board-designated funds.

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 Foundation expects its endowment funds, over time, to provide a rate of return sufficient to keep pace with the rate of inflation. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a great emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The following table represents the composition of the endowment fund's net assets during the years ended December 31, 2021 and 2020.

Notes to Consolidated Financial Statements

L. ENDOWMENTS - Continued

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
Endowment net assets, January 1, 2020	\$ 13,700,689	\$ 5,500,000
Investment return:		
Investment income	189,695	34,973
Net appreciation (net realized and unrealized)	<u>1,200,234</u>	<u>221,277</u>
Total investment return	1,389,929	256,250
Contributions		150,000
Expenditures	<u>(3,470,000)</u>	<u>(256,250)</u>
Endowment net assets, December 31, 2020	11,620,618	5,650,000
Investment return:		
Investment income	295,323	52,585
Net appreciation (net realized and unrealized)	<u>1,157,842</u>	<u>206,165</u>
Total investment return	1,453,165	258,750
Contributions	171,073	55,000
Expenditures	<u>(470,000)</u>	<u>(258,750)</u>
Endowment net assets, December 31, 2021	<u>\$ 12,774,856</u>	<u>\$ 5,705,000</u>

M. UNITED STATES SPORTS INSURANCE COMPANY INC. PROVISION FOR LOSSES

United States Sports Insurance Company, Inc. (USSIC) was a wholly owned captive insurer of the Corporation. USSIC provided insurance protection on a run off basis to the Corporation and its committees and clubs located throughout the United States of America. Effective September 22, 2016, the Corporation entered into an Equity Purchase Agreement, selling all of the issued and outstanding equity membership interest in USSIC.

The USSIC provision for insurance losses and loss expenses was based on circumstances reported and a review of individual cases for each respective policy year and an actuarial study which takes into account the past loss experience and the potential of significant losses which might arise.

Notes to Consolidated Financial Statements

M. UNITED STATES SPORTS INSURANCE COMPANY INC. PROVISION FOR LOSSES - Continued

As these provisions are necessarily based on estimates, the ultimate liability may be significantly in excess of or less than the amounts provided. The methods of making such estimates and for establishing the resulting provisions are continually reviewed and any adjustments resulting therefrom are reflected in current earnings. The reserve for losses was transferred as part of the sale of USSIC on September 22, 2016.

In accordance with the Equity Purchase Agreement, the Corporation obtained a letter of credit (the LOC) for benefit of the buyer in the amount of \$5,000,000. The LOC collateralizes indemnity reserves and allows the buyer to draw against the LOC once per quarter for the payment of claims that exceed \$3,265,599, which is the referenced loss reserves as defined in the agreement. If on the fifth anniversary of the date of sale the estimated ultimate losses of USSIC are equal to or greater than \$5,000,000 the Corporation may, but is not obligated to, release the entire LOC to the buyer.

The LOC will be terminated on the tenth anniversary of the date of sale. The unused balance on the LOC is \$3,200,000 as of December 31, 2021.

N. RELATED PARTY TRANSACTIONS

The USOPC provides grants to the Corporation for sports development, international competition, and team preparation. In addition, the USOPC designates a portion of their funding for athlete support, and this amount is paid directly to eligible athletes. On occasion the Corporation will contract with the USOPC to provide services, usually in relation to specific events.

Total grants from the USOPC for the years ended December 31, 2021 and 2020 consist of the following project categories:

	<u>2021</u>	<u>2020</u>
NGB Funding	\$ 3,183,696	\$ 1,851,000
Direct athlete support	2,232,300	2,226,865
Trials - TV revenue	1,260,000	
Other USOPC support	160,095	5,000
International relations	<u>5,181</u>	<u>7,946</u>
	<u>\$ 6,841,272</u>	<u>\$ 4,090,811</u>

## Notes to Consolidated Financial Statements

### N. RELATED PARTY TRANSACTIONS - Continued

The Trials - TV revenue is considered revenue from contract with customers. All other categories are considered contributions.

During the years ended December 31, 2021 and 2020, NGB funding provided as value-in-kind was \$19,916 and \$0, respectfully. At December 31, 2021 and 2020, payables to the USOPC amounted to \$1,691,106 and \$1,525, respectively.

### O. PENSION PLAN

The Corporation and the Foundation's 401(k) retirement plan covers all employees over 18 years of age with one year of service. During the years ended December 31, 2021 and 2020, contributions to the plan were \$664,457 and \$688,683, respectively.

Effective January 1, 2004, the Corporation entered into a deferred compensation agreement under Section 457 of the Internal Revenue Code with its former Chief Executive Officer.

The purpose of the plan is to provide retirement benefits for this individual. This plan contains two components, a Qualified Deferred Compensation account and a Nonqualified account.

All amounts credited to the Qualified Deferred Compensation account are fully vested. In January 2013, all funds held in the non-qualified account were distributed to the former Chief Executive Officer.

As of December 31, 2012, the deferred compensation plan was fully funded, and no additional contributions have been made. However, earnings of 8% are added to the fund annually. At December 31, 2021 and 2020, the vested balance in the Qualified Deferred Compensation account was \$33,991 and \$101,974, respectively.

### P. INVESTMENT IN JOINT VENTURE

The Corporation is a party to a joint venture agreement with Omaha Sports Commission (OSC) for the purpose of operating, promoting, and managing the Trials. The two parties agree to share equally the difference between the revenues and the expenses from the operation of the Trials. The joint venture agreement states that any amounts received from the USOPC and certain sponsors will accrue solely to the benefit of the Corporation and likewise any amounts paid to OSC from various Nebraska municipalities will accrue to the benefit of OSC.

Notes to Consolidated Financial Statements

P. INVESTMENT IN JOINT VENTURE - Continued

The following is an unaudited condensed balance sheet of the joint venture as of December 31:

	<u>2021</u>	<u>2020</u>
Cash	\$ 310,724	\$ 133,791
Accounts Receivable	117,435	152,250
Other assets	576,163	908,654
Property and equipment, net	<u>49,960</u>	<u>78,274</u>
Total assets	<u>\$ 1,054,282</u>	<u>\$ 1,272,969</u>
Liabilities	\$ 941,313	\$ 1,160,000
Equity	<u>112,969</u>	<u>112,969</u>
Total liabilities and equity	<u>\$ 1,054,282</u>	<u>\$ 1,272,969</u>

Q. PPP GRANT AND LOAN

In April 2020, the Corporation received a loan in the amount of \$1,627,968 from First Western Trust through the PPP. Under the terms of this program, a portion or all of the loan may be forgiven by the Small Business Administration if certain payroll criteria are met and funds are used for payroll, rent, mortgage interest, or utilities.

The Corporation received forgiveness of \$1,445,651 in 2020 and the remaining \$182,317 was forgiven at December 31, 2021. The remaining amount forgiven is reported as a PPP grant in the accompanying financial statements.

R. LEASES

In March 2021, the Corporation entered into a lease agreement for copier equipment. The lease requires 48 monthly payments of \$535 with the final payment due in March 2025.

Future minimum payments under all of the above operating leases are as follows:

2022	\$	6,421
2023		6,421
2024		6,421
2025		1,605

## Notes to Consolidated Financial Statements

### S. CONTINGENCIES

Occasionally, in the normal conduct of business, the Organization 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 Organization, as of December 31, 2021, are either without merit, will not exceed insurance limits, or will be covered by the letter of credit discussed in Note M.

The Corporation has accrued \$760,898 for the year ending December 31, 2021, for the insurance deductible layer on its general liability insurance policy. The accrual was based on actuarial analysis and will be monitored for adjustment periodically.

### T. UNCERTAINTIES

During the year ended December 31, 2020, the outbreak of a novel strain of coronavirus (COVID-19 outbreak) had been recognized as a pandemic by the World Health Organization, and became increasingly widespread in the United States throughout the year ended December 31, 2021. The COVID-19 outbreak has had a notable impact on general economic conditions, including, but not limited to, the uncertainty in global financial markets, temporary closures of many businesses, suspension or cancelation of events, "shelter in place" and other governmental regulations, and job losses. The extent to which the COVID-19 outbreak will continue to affect the operations, collections or financial results of the Organization is uncertain.

USA SWIMMING, INC.  
USA SWIMMING FOUNDATION, INC.  
Consolidating Statement of Financial Position  
December 31, 2021  
(With Consolidated Totals for 2020)

ASSETS

	<u>USAS</u>	<u>USASF</u>	<u>Eliminations</u>	Consolidated Totals 2021	Consolidated Totals 2020
CURRENT ASSETS:					
Cash and cash equivalents	\$ 4,716,505	\$ 1,565,291	\$	\$ 6,281,796	\$ 4,695,468
Accounts receivable, net	2,505,382	168,716		2,674,098	1,841,835
Due from USA Swimming Foundation, Inc.	125,526		(125,526)		
Short-term pledges receivable		830,000		830,000	774,600
Prepaid expenses and deferred charges	<u>1,486,845</u>	<u>65,356</u>		<u>1,552,201</u>	<u>2,907,616</u>
 Total current assets	 8,834,258	 2,629,363	 (125,526)	 11,338,095	 10,219,519
PROPERTY AND EQUIPMENT					
Less accumulated depreciation	14,620,737	229,963		14,850,700	13,634,720
	<u>(10,743,623)</u>	<u>(229,963)</u>		<u>(10,973,586)</u>	<u>(9,751,226)</u>
 Property and equipment - net	 3,877,114			 3,877,114	 3,883,494
LONG-TERM INVESTMENTS					
	43,035,078	20,022,280		63,057,358	54,846,932
LONG-TERM PLEDGES RECEIVABLE, net					
		905,418		905,418	850,000
OTHER ASSETS:					
Prepaid rent	4,717,772			4,717,772	4,825,420
Deposit	140,000			140,000	140,000
Olympic trials joint venture					56,482
Swim-A-Thon		120,000		120,000	120,000
 Total other assets	 <u>4,857,772</u>	 <u>120,000</u>		 <u>4,977,772</u>	 <u>5,141,902</u>
 TOTAL ASSETS	 <u>\$ 60,604,222</u>	 <u>\$ 23,677,061</u>	 <u>\$ (125,526)</u>	 <u>\$ 84,155,757</u>	 <u>\$ 74,941,847</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES:</b>					
Accounts payable	\$ 2,781,827	\$ 3,182	\$	\$ 2,785,009	\$ 763,218
Due to USA Swimming, Inc.		125,526	(125,526)		
Accrued expenses and other liabilities	939,177	20,583		959,760	1,365,777
Refundable advances					32,415
PPP Loan					182,316
Deferred revenue	15,051,242			15,051,242	12,714,623
Line of credit	<u>1,821,000</u>			<u>1,821,000</u>	
<b>Total current liabilities</b>	<b>20,593,246</b>	<b>149,291</b>	<b>(125,526)</b>	<b>20,617,011</b>	<b>15,058,349</b>
<b>LONG-TERM LIABILITIES:</b>					
Line of credit					1,821,000
Loss reserve	<u>760,898</u>			<u>760,898</u>	
<b>Total liabilities</b>	<b>21,354,144</b>	<b>149,291</b>	<b>(125,526)</b>	<b>21,377,909</b>	<b>16,879,349</b>
<b>NET ASSETS:</b>					
Without donor restrictions	39,250,078	509,570		39,759,648	36,723,445
Without donor restrictions - board designated		13,975,856		13,975,856	12,821,618
With donor restrictions		<u>9,042,344</u>		<u>9,042,344</u>	<u>8,517,435</u>
<b>Total net assets</b>	<u>39,250,078</u>	<u>23,527,770</u>		<u>62,777,848</u>	<u>58,062,498</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 60,604,222</u>	<u>\$ 23,677,061</u>	<u>\$ (125,526)</u>	<u>\$ 84,155,757</u>	<u>\$ 74,941,847</u>



USA SWIMMING, INC.  
USA SWIMMING FOUNDATION, INC.  
Consolidating Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2021  
(With Consolidated Totals for 2020)

	<u>USAS</u>	<u>USASF</u>	<u>Eliminations</u>	<u>Consolidated Totals 2021</u>	<u>Consolidated Totals 2020</u>
CHANGES IN NET ASSETS WITHOUT					
DONOR RESTRICTIONS:					
REVENUE AND SUPPORT:					
Membership	\$ 18,172,313	\$	\$	\$ 18,172,313	\$ 20,656,479
USOPC grants and contracts	6,841,272			6,841,272	4,090,811
Investment income	4,642,584	1,466,756		6,109,340	5,400,154
Partnership marketing	5,417,715	551,516		5,969,231	2,610,039
Sport and events, net of special event expenses of \$709,232 and \$240,826	1,997,711	317,641		2,315,352	486,054
Contributions	1,116,433	1,108,536	(1,116,433)	1,108,536	387,830
Other income	394,722	163,034	(270,000)	287,756	184,902
Consumer revenue	201,103	785		201,888	61,250
PPP grant	182,317			182,317	1,445,651
Swim-A-Thon		48,410		48,410	51,509
Satisfied program restrictions		1,291,346		1,291,346	1,015,501
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue and support	38,966,170	4,948,024	(1,386,433)	42,527,761	36,390,180
EXPENSES:					
Program services:					
National Team	9,834,834			9,834,834	5,347,183
Commercial	5,864,080			5,864,080	4,334,823
Event Operations	5,296,980			5,296,980	2,815,305
Sport Development	4,578,544			4,578,544	3,714,410
Risk Management	4,347,669			4,347,669	2,935,396
Foundation Programs	348,806	2,355,950	(1,531,239)	1,173,517	4,120,680
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total program services	30,270,913	2,355,950	(1,531,239)	31,095,624	23,267,797

Supporting services:					
Business Affairs	3,504,929			3,504,929	7,242,748
Executive	1,809,383			1,809,383	1,211,839
Finance	852,639			852,639	852,274
Fundraising		<u>1,278,745</u>	<u>(204,000)</u>	<u>1,074,745</u>	<u>730,813</u>
Total supporting services	<u>6,166,951</u>	<u>1,278,745</u>	<u>(204,000)</u>	<u>7,241,696</u>	<u>10,037,674</u>
Total expenses	<u>36,437,864</u>	<u>3,634,695</u>	<u>(1,735,239)</u>	<u>38,337,320</u>	<u>33,305,471</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	2,528,306	1,313,329	348,806	4,190,441	3,084,709
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:					
Contributions		974,500		974,500	677,000
Investment income		841,755		841,755	859,146
Satisfied program restrictions		<u>(1,291,346)</u>		<u>(1,291,346)</u>	<u>(1,015,501)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		<u>524,909</u>		<u>524,909</u>	<u>520,645</u>
CHANGE IN NET ASSETS	2,528,306	1,838,238	348,806	4,715,350	3,605,354
TRANSFER OF EQUITY		348,806	(348,806)		
NET ASSETS, beginning of year	<u>36,721,772</u>	<u>21,340,726</u>		<u>58,062,498</u>	<u>54,457,144</u>
NET ASSETS, end of year	<u>\$ 39,250,078</u>	<u>\$ 23,527,770</u>	<u>\$</u>	<u>\$ 62,777,848</u>	<u>\$ 58,062,498</u>