

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

**Financial Statements and
Supplemental Schedules**

For the Year Ended December 31, 2019

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	29
Consolidating Statement of Activities and Changes in Net Assets	30

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of USA Swimming, Inc. and USA Swimming Foundation, Inc. (collectively, the Organization), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statement 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated financial statements 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 the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated 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, 2019, 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.

Report on Summarized Comparative Information

We have previously audited USA Swimming, Inc.'s consolidated financial statements, and we expressed an unmodified opinion on those statements in our report dated April 18, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information on pages 28 through 29 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 financial statements. The information has been subjected to the auditing procedures applied in the audit 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Emphasis of Matter

As described in Note A to the financial statements, in 2019, USA Swimming, Inc. and USA Swimming Foundation, Inc. adopted Accounting Standards Update (ASU) 2014-09, *(Topic 606): Revenue from Contracts with Customers*, ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, ASU 2016-01, *Financial Instruments - Overall (Subtopic 825-10: Recognition and Measurement of Financial Assets and Financial Liabilities)*, ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments-Overall (Subtopic 825-10)*, and ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*. Our opinion is not modified with respect to these matters.

Waugh & Goodwin, LLP

Colorado Springs, Colorado
April 21, 2020

USA SWIMMING, INC.
USA SWIMMING FOUNDATION, INC.
Consolidated Statement of Financial Position
December 31, 2019
(With Comparative Amounts for the Year Ended December 31, 2018)

ASSETS

	<u>2019</u>	<u>2018</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 5,635,525	\$ 1,609,263
Short-term investments		6,972,461
Accounts receivable	1,610,983	1,224,560
Short-term pledges receivable	871,999	796,066
Prepaid expenses and deferred charges	<u>1,776,279</u>	<u>1,413,332</u>
Total current assets	9,894,786	12,015,682
PROPERTY AND EQUIPMENT		
Less accumulated depreciation	<u>(9,964,403)</u>	<u>(9,235,980)</u>
Property and equipment, net	4,350,466	4,463,963
LONG-TERM INVESTMENTS		
	53,696,826	47,510,692
LONG-TERM PLEDGES RECEIVABLE, net		
	1,052,500	2,490,000
OTHER ASSETS:		
Prepaid rent	4,918,788	2,164,760
Noncurrent prepaid expenses	253,165	
Deposit	140,000	140,000
Olympic trials joint venture	113,957	107,629
Swim-A-Thon	<u>120,000</u>	<u>120,000</u>
Total other assets	<u>5,545,910</u>	<u>2,532,389</u>
TOTAL ASSETS	<u>\$ 74,540,488</u>	<u>\$ 69,012,726</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 2,422,870	\$ 1,775,746
Accrued expenses and other liabilities	1,667,483	1,764,262
Deferred revenue	<u>14,244,751</u>	<u>14,315,659</u>
Total current liabilities	18,335,104	17,855,667
NONCURRENT DEFERRED REVENUE		
	<u>1,748,240</u>	<u> </u>
Total liabilities	20,083,344	17,855,667
NET ASSETS:		
Without donor restrictions	31,558,665	31,021,970
Without donor restrictions - Board designated	14,901,689	13,270,287
With donor restrictions	<u>7,996,790</u>	<u>6,864,802</u>
Total net assets	<u>54,457,144</u>	<u>51,157,059</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 74,540,488</u>	<u>\$ 69,012,726</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, 2019
(With Comparative Totals for the Year Ended December 31, 2018)

	<u>2019</u>	<u>2018</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
REVENUE AND SUPPORT:		
Membership	\$ 22,481,679	\$ 22,778,145
Investment income (loss)	8,305,590	(1,904,101)
Partnership marketing	5,800,825	4,683,496
USOPC grants	5,455,500	5,294,900
Sport and events, net of special event expenses of \$526,623 and \$855,300	1,381,849	804,610
Contributions	1,108,766	916,369
Swim-A-Thon	358,711	361,920
Consumer revenue	290,267	235,749
Other income	147,986	623,478
Satisfied program restrictions	<u>1,152,838</u>	<u>1,016,766</u>
Total revenue and support	46,484,011	34,811,332
EXPENSES:		
Program services:		
National Team	10,699,841	9,013,588
Events and Member Services	7,859,791	8,002,357
Commercial	6,119,539	6,260,264
Sport Development	4,544,537	4,653,646
Risk Management	3,195,456	3,063,526
Foundation Programs	<u>1,878,744</u>	<u>1,868,253</u>
Total program services	34,297,908	32,861,634
Supporting services:		
Business Affairs	5,905,757	4,495,421
Executive	1,600,768	1,530,156
Fundraising	1,353,677	1,397,338
Finance	<u>1,157,805</u>	<u>871,534</u>
Total supporting services	<u>10,018,007</u>	<u>8,294,449</u>
Total expenses	<u>44,315,915</u>	<u>41,156,083</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	2,168,096	(6,344,751)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions	1,603,010	1,003,181
Investment income (loss)	681,817	(194,959)
Satisfied program restrictions	<u>(1,152,838)</u>	<u>(1,016,766)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>1,131,989</u>	<u>(208,544)</u>
CHANGE IN NET ASSETS	3,300,085	(6,553,295)
NET ASSETS, beginning of year	<u>51,157,059</u>	<u>57,710,354</u>
NET ASSETS, end of year	<u>\$ 54,457,144</u>	<u>\$ 51,157,059</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, 2019
(With Comparative Totals for the Year Ended December 31, 2018)

	National Team	Events & Member Services	Commercial	Sport Development	Risk Management	Foundation Programs	Total Program Services
Salaries	\$ 1,982,587	\$ 1,163,467	\$ 1,406,321	\$ 1,761,837	\$	\$ 667,371	\$ 6,981,583
Travel and hospitality	2,362,562	2,043,793	556,845	998,489	30,002	92,750	6,084,441
Professional fees and honoraria	262,352	1,529,625	835,395	182,700	10,035	183,553	3,003,660
Direct athlete support	3,784,891	12,000	159,500	9,000		206,000	4,171,391
Insurance	35,526	17	5,820	33	3,147,997		3,189,393
Employee benefits	284,723	282,131	335,919	395,848		13,076	1,311,697
Television and production	21,965	1,273,541	442,614	37,354			1,775,474
Depreciation and amortization	90,431	344,421	528,990	129,631			1,093,473
Dues, fees and tickets	352,343	545,083	32,711	72,675	1,443	902	1,005,157
Grants		5,000		456,347		633,555	1,094,902
Rent and lease expense	147,363	288,431	434,382	132,846		11,000	1,014,022
Gear, equipment and signage	66,577	366,834	296,346	27,791		17,216	774,764
Apparel	483,979	130,217	18,327	52,530	2,500	4,101	691,654
Office supplies and expense	157,659	103,344	260,638	52,218	2,469	15,566	591,894
Payroll taxes	98,655	68,918	104,641	124,761			396,975
Awards and gifts	456,468	76,449	1,458	37,546		729	572,650
Information technology expenses	599	200	36	7,577			8,412
Printing and duplication	7,181	108,588	237,766	7,772		4,858	366,165
Advertising	1,250		315,089	384		1,568	318,291
Protocol	6,951	20,229	50,684	23,023		20,519	121,406
Telephone and internet service	32,158	19,864	56,656	29,370	1,010	3,490	142,548
Miscellaneous expenses	63,621	4,262	39,401	4,805		2,490	114,579
Recognition and fulfillment							
Total expenses	10,699,841	8,386,414	6,119,539	4,544,537	3,195,456	1,878,744	34,824,531
Less expenses netted against revenue on statement of activities		(526,623)					(526,623)
	<u>\$ 10,699,841</u>	<u>\$ 7,859,791</u>	<u>\$ 6,119,539</u>	<u>\$ 4,544,537</u>	<u>\$ 3,195,456</u>	<u>\$ 1,878,744</u>	<u>\$ 34,297,908</u>

	Business Affairs	Executive Division	Fundraising	Finance	Total Supporting Services	Total Expenses 2019	Total Expenses 2018
Salaries	\$ 1,829,962	\$ 695,995	\$ 604,553	\$ 738,454	\$ 3,868,964	\$ 10,850,547	\$ 9,635,618
Travel and hospitality	151,237	311,100	154,686	8,332	625,355	6,709,796	6,383,839
Professional fees and honoraria	2,164,996	186,903	55,622	58,211	2,465,732	5,469,392	3,607,392
Direct athlete support			4,500		4,500	4,175,891	4,153,836
Insurance	26	3		10	39	3,189,432	3,032,730
Employee benefits	455,332	82,995	158,828	180,862	878,017	2,189,714	2,070,046
Television and production			6,506		6,506	1,781,980	1,546,462
Depreciation and amortization	233,106	8,616	10,354	32,073	284,149	1,377,622	1,203,669
Dues, fees and tickets	261,899	38,446	50,593	3,096	354,034	1,359,191	1,461,221
Grants		120,000			120,000	1,214,902	1,563,029
Rent and lease expense	67,169	21,171	2,851	27,192	118,383	1,132,405	1,861,086
Gear, equipment and signage	32,487	11,525	1,349	68	45,429	820,193	810,103
Apparel	117	783	14,651		15,551	707,205	478,059
Office supplies and expense	10,549	5,629	51,016	12,677	79,871	671,765	885,262
Payroll taxes	123,173	29,027	54,021	51,396	257,617	654,592	612,507
Awards and gifts			29,005		29,005	601,655	548,773
Information technology expenses	498,719		21,458	17,853	538,030	546,442	585,753
Printing and duplication	6,477	905	91,155	2,116	100,653	466,818	674,891
Advertising						318,291	292,866
Protocol	7,084	73,157	28,500	414	109,155	230,561	258,847
Telephone and internet service	42,746	7,836	4,163	4,860	59,605	202,153	180,698
Miscellaneous expenses	20,678	6,677	1,580	20,191	49,126	163,705	156,046
Recognition and fulfillment			8,286		8,286	8,286	8,650
Total expenses	5,905,757	1,600,768	1,353,677	1,157,805	10,018,007	44,842,538	42,011,383
Less expenses netted against revenue on statement of activities						(526,623)	(855,300)
	<u>\$ 5,905,757</u>	<u>\$ 1,600,768</u>	<u>\$ 1,353,677</u>	<u>\$ 1,157,805</u>	<u>\$ 10,018,007</u>	<u>\$ 44,315,915</u>	<u>\$ 41,156,083</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, 2019
(With Comparative Totals for the Year Ended December 31, 2018)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,300,085	\$ (6,553,295)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	1,377,622	1,203,669
Net realized and unrealized (gains) losses on investments	(7,406,103)	3,518,222
Change in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(386,423)	(165,328)
Pledges receivable	1,361,567	456,274
Prepaid expenses and deferred charges	(616,112)	192,906
Deposit		(140,000)
Olympic trials joint venture	(6,328)	46,541
Increase (decrease) in liabilities:		
Accounts payable, accrued expenses and other liabilities	550,333	(200,974)
Deferred revenue	<u>1,677,332</u>	<u>(88,618)</u>
Total adjustments	<u>(3,448,112)</u>	<u>4,822,692</u>
Net cash used by operating activities	(148,027)	(1,730,603)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Short-term investments, net	6,972,461	215,463
Proceeds from sale of long-term investments	39,868,549	42,498,691
Purchase of long-term investments	(38,543,850)	(40,897,415)
(Increase) decrease in prepaid rent	(2,754,028)	170,072
Acquisition of property and equipment	<u>(1,368,843)</u>	<u>(1,626,078)</u>
Net cash provided by investing activities	<u>4,174,289</u>	<u>360,733</u>
NET INCREASE (DECREASE) IN CASH	4,026,262	(1,369,870)
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,609,263</u>	<u>2,979,133</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 5,635,525</u>	<u>\$ 1,609,263</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, 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

USA Swimming, Inc. is a Colorado non-profit corporation. USA Swimming 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 or international amateur sports competition, and to serve as a supporting organization for USA Swimming, Inc.

Basis of Presentation

The financial statements of USA Swimming, Inc. are presented on a consolidated basis with USA Swimming Foundation, Inc. (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.

Accounting Standards Update

On January 1, 2019, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU 2014-09), *Revenue from Contracts with Customers (Topic 606)*, (ASU 2014-09) and FASB ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). These two ASUs were adopted together as of January 1, 2019, because they both establish standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions. Adopting one ASU without the other would leave the accounting for some ongoing grants and contracts unresolved. ASU 2014-09 was adopted retrospectively for all periods presented. Accordingly, there is no effect on net assets in connection with implementation of the two ASUs.

Notes to Consolidated Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounting Standards Update - continued

On January 1, 2019, the Organization also adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-01, *Financial Instruments - Overall (Subtopic 825-10: Recognition and Measurement of Financial Assets and Financial Liabilities)*, and subsequently issued related ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments-Overall (Subtopic 825-10)*, and elected early adoption for ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*. These standards amend certain aspects of accounting and disclosure requirements for financial instruments, including the requirement that equity investments with readily determinable fair values are to be measured at fair value with any changes in fair value recognized in the statement of changes in net assets. The standards were adopted using the modified retrospective method and there is no effect on net assets with the implementation of the three ASUs.

Income Taxes

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

USA Swimming, Inc. and USA Swimming Foundation, Inc.'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.

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.

Notes to Consolidated Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Supplemental Cash Flow Disclosure

The Organization paid no interest or income taxes during either of the years ended December 31, 2019 and 2018.

Accounts Receivable

Accounts receivable include 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 2019 were \$901,573 and \$1,390,222, 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 no allowance for doubtful accounts was necessary at December 31, 2019 and 2018.

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 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.

Notes to Consolidated Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 USOPC 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.

Partnership marketing - The Organization recognizes revenue from contracts with both sponsors and suppliers of USA Swimming, Inc. and USA Swimming Foundation, Inc. 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.

Notes to Consolidated Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue from Contracts with Customers - continued

Swim-A-Thon and consumer revenue - The Organization 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 Organization. The fee is variable and is 5% of the funds raised by the Swim-A-Thon hosted by the swim club. The revenue is recognized at the end of the Swim-A-Thon which is when all performance obligations are satisfied by the Organization. The Organization also receives royalties for use of its logo or trademark of Swim-A-Thon. The revenue is variable based on the terms of the agreement and related sales. 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 occurs a few months prior to the Summer Olympics. The sales include tickets to the trials, 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. The Trials were not held in 2019, therefore no revenues were recognized from 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, 2019, Golden Goggles contributions totaled \$330,879.

Contributed Services

USA Swimming, Inc. and USA Swimming Foundation, Inc. receive a substantial amount of donated services in carrying out their programs. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under FASB ASC 605.

Donated Materials

Donated materials are recorded as both a revenue and expenditure in the accompanying statements of activities at their estimated values.

Notes to Consolidated Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 and depreciation, which are allocated on a square footage 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.

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, 2018, from which the summarized information was derived.

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

Date of Management's Review

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 21, 2020, the date that the financial statements were available to be issued.

Notes to Consolidated Financial Statements

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, 2019 and 2018, 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.

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.

Notes to Consolidated Financial Statements

B. AVAILABLE RESOURCES AND LIQUIDITY - Continued

USA Swimming Foundation, Inc. - continued

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's Executive Management and applicable Organizational staff meet regularly to review and approve grant requests which are then approved by the Board of Directors at least annually. 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.

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

	<u>2019</u>	<u>2018</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 5,635,525	\$ 1,609,263
Contributions receivable	1,924,499	3,286,066
Other receivables	1,610,983	1,224,560
Short-term investments	<u> </u>	<u>6,972,461</u>
Total financial assets	9,171,007	13,092,350

Notes to Consolidated Financial Statements

B. AVAILABLE RESOURCES AND LIQUIDITY - Continued

	<u>2019</u>	<u>2018</u>
Less amounts not available to be used within one year:		
Board - designated special projects fund	2,388,703	1,333,874
Contribution receivable - for restricted gifts, net	871,999	796,066
Contribution receivable - due over one year, net	<u>1,052,500</u>	<u>2,490,000</u>
Financial assets not available to be used within one year	<u>4,313,202</u>	<u>4,619,940</u>
Financial assets available within one year	<u>\$ 4,857,805</u>	<u>\$ 8,472,410</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.

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. Transfers between levels are recorded at the end of the period.

Notes to Consolidated Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

The following tables present assets that are measured at fair value on a recurring basis at December 31, 2019 and 2018:

<u>Assets at Fair Value as of December 31, 2019</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Debt securities:				
Corporate and other notes	\$	\$ 15,818,880	\$	\$ 15,818,880
US Treasury and agencies		5,052,857		5,052,857
Equity securities:				
Exchange traded funds	21,596,782			21,596,782
Mutual funds	10,828,478			10,828,478
Money market	399,829			399,829
	<u>\$ 32,825,089</u>	<u>\$ 20,871,737</u>	<u>\$</u>	<u>\$ 53,696,826</u>

<u>Assets at Fair Value as of December 31, 2018</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Debt securities:				
Corporate and other notes	\$	\$ 19,757,102	\$	\$ 19,757,102
US Treasury and agencies		6,434,048		6,434,048
Equity securities:				
Exchange traded funds	16,736,985			16,736,985
Mutual funds	11,066,511			11,066,511
Money market	488,507			488,507
	<u>\$ 28,292,003</u>	<u>\$ 26,191,150</u>	<u>\$</u>	<u>\$ 54,483,153</u>

Investments are included in the consolidated statements of financial position under the following categories as of December 31:

	<u>2019</u>	<u>2018</u>
Short-term investments	\$	\$ 6,972,461
Long-term investments	<u>53,696,826</u>	<u>47,510,692</u>
	<u>\$ 53,696,826</u>	<u>\$ 54,483,153</u>

Investment income included in the consolidated statements of activities for the years ended December 31, 2019 and 2018 consists of the following:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 1,710,880	\$ 1,553,220
Less investment fees	(129,576)	(134,058)
Net realized and unrealized gains (losses)	<u>7,406,103</u>	<u>(3,518,222)</u>
	<u>\$ 8,987,407</u>	<u>\$ (2,099,060)</u>

Notes to Consolidated Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

USA Swimming, Inc. and USA Swimming Foundation, Inc. record realized gains and losses in their financial statements based on historical cost basis.

D. PLEDGES RECEIVABLE

As of December 31, 2019 and 2018, the Foundation had pledges receivable of \$1,924,499 and \$3,286,066, 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 .11% to 2.69%.

Total pledges receivable at December 31, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Short-term pledges receivable	\$ 871,999	\$ 796,066
Long-term pledges receivable	\$ 1,052,500	\$ 2,490,000

At December 31, 2019 and 2018, one and two donors account for 42% and 70% of the pledges receivable, respectively.

E. PREPAID EXPENSES AND DEFERRED CHARGES

Prepaid expenses and deferred charges consist of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Prepaid insurance	\$ 796,444	\$ 930,153
Deferred charges	1,233,000	483,174
	<u>\$ 2,029,444</u>	<u>\$ 1,413,327</u>

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.

Notes to Consolidated Financial Statements

E. PREPAID EXPENSES AND DEFERRED CHARGES - Continued

Other non-current assets include prepaid rent of \$4,918,788 and \$2,164,760 at December 31, 2019 and 2018, respectively.

In 1996 and 1997 USA Swimming, Inc. paid approximately \$3,400,000 to construct a headquarters office building at the Olympic Training Center. The building is owned by the United States Olympic & Paralympic Committee (USOPC). In consideration for USA Swimming, Inc.'s payment of the construction costs, the USOPC agreed that USA Swimming, Inc. 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. USA Swimming, Inc. 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. USA Swimming, Inc. has recorded rent at fair market rates and interest income to reflect the discount received from the prepayment.

Rent expense recorded in 2019 and 2018 amounted to \$369,670 and \$333,741 and interest income recorded in 2019 and 2018 amounted to \$228,912 and \$163,669, 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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Software and website	\$ 9,722,423	\$ 9,153,635
Building and leasehold improvements	2,214,795	2,334,855
Furniture and equipment	2,338,501	1,498,630
Construction in progress		673,673
Vehicles	<u>39,150</u>	<u>39,150</u>
	14,314,869	13,699,943
Less accumulated depreciation	<u>(9,964,403)</u>	<u>(9,235,980)</u>
	<u>\$ 4,350,466</u>	<u>\$ 4,463,963</u>

Depreciation expense for the years ended December 31, 2019 and 2018 was \$1,377,622 and \$1,203,669, respectively.

G. DEFERRED REVENUE

Deferred revenue, which represents contract liabilities from contracts with customers, consists of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Current:		
Membership	\$ 14,182,251	\$ 14,206,434
Other	47,500	107,200
Corporate sponsorships	<u>15,000</u>	<u>2,025</u>
	14,244,751	14,315,659
Noncurrent:		
Olympic Trials	<u>1,748,240</u>	<u> </u>
Total deferred revenue	<u>\$ 15,992,991</u>	<u>\$ 14,315,659</u>

Notes to Consolidated Financial Statements

H. NET ASSETS WITH DONOR RESTRICTIONS: TEMPORARY IN NATURE

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

	<u>2019</u>	<u>2018</u>
Purpose restrictions	\$ 1,537,290	\$ 551,073
Time restrictions	<u>809,500</u>	<u>759,500</u>
	<u>\$ 2,346,790</u>	<u>\$ 1,310,573</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>2019</u>	<u>2018</u>
National Team	\$ 415,625	\$ 148,750
Time restrictions	370,000	665,500
Make A Splash	367,213	152,516
Golden Goggles	<u>50,000</u>	<u>50,000</u>
	<u>\$ 1,152,838</u>	<u>\$ 1,016,766</u>

I. NET ASSETS WITH DONOR RESTRICTIONS: PERPETUAL IN NATURE

During the years ended December 31, 2008, 2016 and 2017, the Foundation received perpetually restricted pledges of \$5,000,000, \$50,000, and \$600,000, respectively. Funds collected under the pledges are recognized as endowment funds. During the years ended December 31, 2019 and 2018, the Foundation did not recognize any perpetually restricted contributions. The Foundation only recognizes contributions received as endowment funds. During the years ended December 31, 2019 and 2018, the Foundation received perpetually restricted contributions of \$2,150,000 and \$400,000, respectively, which were recognized as endowment funds.

J. ENDOWMENTS

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

	<u>2019</u>	<u>2018</u>
Endowment funds	\$ 5,500,000	\$ 3,254,229
Pledges receivable	<u>150,000</u>	<u>2,300,000</u>
	<u>\$ 5,650,000</u>	<u>\$ 5,554,229</u>

Notes to Consolidated Financial Statements

J. ENDOWMENTS - Continued

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 perpetually restricted endowment support Make A Splash 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 perpetual endowment, and (b) accumulations to the perpetual 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.

The Foundation does not include uncollected pledges receivable, that are perpetually restricted, as part of endowment net assets. Amounts are included with endowment net assets as the pledges receivable are collected. As of December 31, 2019 and 2018, perpetually restricted uncollected pledges were \$150,000 and \$2,300,000, respectively.

Notes to Consolidated Financial Statements

J. ENDOWMENTS - Continued

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
Endowment net assets, January 1, 2018	\$ 12,377,495	\$ 3,212,168
Investment return:		
Investment income	274,711	76,462
Net appreciation (net realized and unrealized)	<u>(954,395)</u>	<u>(266,901)</u>
Total investment return	(679,684)	(190,439)
Contributions	905,076	400,000
Expenditures	<u>(533,600)</u>	<u>(167,500)</u>
Endowment net assets, December 31, 2018	12,069,287	3,254,229
Investment return:		
Investment income	331,547	55,089
Net appreciation (net realized and unrealized)	<u>1,899,855</u>	<u>315,682</u>
Total investment return	2,231,402	370,771
Contributions		2,150,000
Expenditures	<u>(600,000)</u>	<u>(275,000)</u>
Endowment net assets, December 31, 2019	<u>\$ 13,700,689</u>	<u>\$ 5,500,000</u>

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. There were no deficiencies present as of December 31, 2019. At December 31, 2019, deficiencies of this nature exist in four donor-restricted endowment funds, which together have an original gift value of \$5,650,000, a current fair value of \$5,554,229, and a deficiency of \$95,771.

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.

Notes to Consolidated Financial Statements

J. ENDOWMENTS - Continued

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.

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

United States Sports Insurance Company, Inc. (USSIC) was a wholly owned captive insurer of USA Swimming, Inc. USSIC provided insurance protection on a run off basis to USA Swimming, Inc. and its committees and clubs located throughout the United States of America. Effective September 22, 2016, USA Swimming, Inc. 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.

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.

Notes to Consolidated Financial Statements

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

In accordance with the Equity Purchase Agreement, USA Swimming 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 USA Swimming, Inc. may, but is not obligated to, release the entire LOC to the buyer. If on the fifth anniversary of the date of sale the estimated ultimate losses of USSIC are less the \$5,000,000 USA Swimming may release a portion of the LOC to the buyer or reduce the LOC amount. The LOC will be terminated on the tenth anniversary of the date of sale.

L. RELATED PARTY TRANSACTIONS

The United States Olympic Paralympic Committee (USOPC) provides grants to USA Swimming, Inc. 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.

Total grants from the USOPC for the years ended December 31, 2019 and 2018 consist of the following project categories:

	<u>2019</u>	<u>2018</u>
NGB Funding	\$ 3,082,200	\$ 3,082,200
Direct athlete support	2,207,300	2,207,300
Other USOPC support	150,000	
International relations	<u>16,000</u>	<u>5,400</u>
	<u>\$ 5,455,500</u>	<u>\$ 5,294,900</u>

During the years ended December 31, 2019 and 2018, NGB funding provided as value-in-kind was \$60,000 for each year. At December 31, 2019 and 2018, payables to the USOPC amounted to \$529,522 and \$229,272, respectively.

M. PENSION PLAN

USA Swimming, Inc. and USA Swimming Foundation, Inc.'s 401(k) retirement plan covers all employees over 18 years of age with one year of service. During the years ended December 31, 2019 and 2018, contributions to the plan were \$720,114 and \$728,062, respectively.

Notes to Consolidated Financial Statements

M. PENSION PLAN - Continued

Effective January 1, 2004, USA Swimming, Inc. 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, 2019 and 2018, the vested balance in the Qualified Deferred Compensation account was \$169,957 and \$237,940, respectively.

N. INVESTMENT IN JOINT VENTURE

USA Swimming, Inc. is a party to a joint venture agreement with Omaha Sports Commission (OSC) for the purpose of operating, promoting, and managing the U.S. Olympic Team Trials (the Trials). The two parties agree to share equally the difference between the Trials revenues and the Trials 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 USA Swimming, Inc. and likewise any amounts paid to OSC from various Nebraska municipalities will accrue to the benefit of OSC.

Notes to Consolidated Financial Statements

N. INVESTMENT IN JOINT VENTURE

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

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Cash	\$ 323,892	\$ 126,741
Accounts Receivable	30,262	500
Other assets	424,750	
Property and equipment, net	<u>112,264</u>	<u>158,519</u>
Total assets	<u>\$ 891,168</u>	<u>\$ 285,760</u>
<u>LIABILITIES AND EQUITY</u>		
Liabilities	\$ 663,250	\$ 70,500
Equity	<u>227,918</u>	<u>215,260</u>
Total liabilities and equity	<u>\$ 891,168</u>	<u>\$ 285,760</u>

O. CONTINGENCIES

Occasionally, in the 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, 2019, are either without merit, will not exceed insurance limits or will be covered by the letter of credit discussed in Note K.

P. SUBSEQUENT EVENTS

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

Notes to Consolidated Financial Statements

P. SUBSEQUENT EVENTS - Continued

In April 2020, the Organization received a \$1,627,968 loan from First Western Trust through the Small Business Administration's Paycheck Protection Program. A portion or all of 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. Any portion of the loan that is not forgiven has a maturity of two years and an interest rate of 1%. Loan payments are deferred for six months.

USA SWIMMING, INC.
USA SWIMMING FOUNDATION, INC.
Consolidating Statement of Financial Position
December 31, 2019
(With Consolidated Totals for 2018)

ASSETS

	<u>USAS</u>	<u>USASF</u>	<u>Eliminations</u>	Consolidated Totals <u>2019</u>	Consolidated Totals <u>2018</u>
CURRENT ASSETS:					
Cash and cash equivalents	\$ 4,153,688	\$ 1,481,837	\$	\$ 5,635,525	\$ 1,609,263
Short-term investments					6,972,461
Accounts receivable, net	1,520,175	90,808		1,610,983	1,224,560
Due from USA Swimming Foundation, Inc.	99,871		(99,871)		
Short-term pledges receivable		871,999		871,999	796,066
Prepaid expenses and deferred charges	<u>1,764,542</u>	<u>11,737</u>		<u>1,776,279</u>	<u>1,413,332</u>
Total current assets	7,538,276	2,456,381	(99,871)	9,894,786	12,015,682
PROPERTY AND EQUIPMENT	14,084,906	229,963		14,314,869	13,699,943
Less accumulated depreciation	<u>(9,737,028)</u>	<u>(227,375)</u>		<u>(9,964,403)</u>	<u>(9,235,980)</u>
Property and equipment - net	4,347,878	2,588		4,350,466	4,463,963
LONG-TERM INVESTMENTS	34,114,610	19,582,216		53,696,826	47,510,692
LONG-TERM PLEDGES & OTHER RECEIVABLES		1,052,500		1,052,500	2,490,000
OTHER ASSETS:					
Prepaid rent	4,918,788			4,918,788	2,164,760
Noncurrent prepaid expenses	253,165			253,165	
Deposit	140,000			140,000	140,000
Olympic trials joint venture	113,957			113,957	107,629
Swim-A-Thon		<u>120,000</u>		<u>120,000</u>	<u>120,000</u>
Total other assets	<u>5,425,910</u>	<u>120,000</u>		<u>5,545,910</u>	<u>2,532,389</u>
TOTAL ASSETS	<u>\$ 51,426,674</u>	<u>\$ 23,213,685</u>	<u>\$ (99,871)</u>	<u>\$ 74,540,488</u>	<u>\$ 69,012,726</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:					
Accounts payable	\$ 2,411,894	\$ 10,976	\$	\$ 2,422,870	\$ 1,775,746
Due to USA Swimming, Inc.		99,871	(99,871)		
Accrued expenses and other liabilities	1,625,838	41,645		1,667,483	1,764,262
Deferred revenue	<u>14,227,251</u>	<u>17,500</u>		<u>14,244,751</u>	<u>14,315,659</u>
Total current liabilities	18,264,983	169,992	(99,871)	18,335,104	17,855,667
NONCURRENT DEFERRED REVENUE	<u>1,630,000</u>	<u>118,240</u>		<u>1,748,240</u>	
Total liabilities	19,894,983	288,232	(99,871)	20,083,344	17,855,667
NET ASSETS:					
Without donor restrictions	31,531,691	26,974		31,558,665	31,021,970
Without donor restrictions - Board designated		14,901,689		14,901,689	13,270,287
With donor restrictions		<u>7,996,790</u>		<u>7,996,790</u>	<u>6,864,802</u>
Total net assets	<u>31,531,691</u>	<u>22,925,453</u>		<u>54,457,144</u>	<u>51,157,059</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 51,426,674</u>	<u>\$ 23,213,685</u>	<u>\$ (99,871)</u>	<u>\$ 74,540,488</u>	<u>\$ 69,012,726</u>

USA SWIMMING, INC.
USA SWIMMING FOUNDATION, INC.
Consolidating Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2019
(With Consolidated Totals for 2018)

	<u>USAS</u>	<u>USASF</u>	<u>Eliminations</u>	<u>Consolidated Totals 2019</u>	<u>Consolidated Totals 2018</u>
CHANGES IN NET ASSETS WITHOUT					
DONOR RESTRICTIONS:					
REVENUE AND SUPPORT:					
Membership	\$ 22,481,679	\$	\$	\$ 22,481,679	\$ 22,778,145
Investment income (loss)	6,049,094	2,256,496		8,305,590	(1,904,101)
Partnership marketing	5,098,325	702,500		5,800,825	4,683,496
USOPC grants	5,455,500			5,455,500	5,294,900
Sport and events, net of special event expenses of \$526,623 and \$855,300	1,331,849		50,000	1,381,849	804,610
Contributions	1,013,750	1,158,766	(1,063,750)	1,108,766	916,369
Swim-A-Thon	120,000	358,711	(120,000)	358,711	361,920
Consumer revenue	286,026	4,241		290,267	235,749
Other income	186,803	21,183	(60,000)	147,986	623,478
USA Swimming support		449,414	(449,414)		
Satisfied program restrictions		1,152,838		1,152,838	1,016,766
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue and support	42,023,026	6,104,149	(1,643,164)	46,484,011	34,811,332
EXPENSES:					
Program services:					
National Team	10,699,841			10,699,841	9,013,588
Events and Member Services	7,859,791			7,859,791	8,002,357
Commercial	6,119,539			6,119,539	6,260,264
Sport Development	4,544,537			4,544,537	4,653,646
Risk Management	3,195,456			3,195,456	3,063,526
Foundation Programs	449,414	3,012,494	(1,583,164)	1,878,744	1,868,253
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total program services	32,868,578	3,012,494	(1,583,164)	34,297,908	32,861,634

Supporting services:					
Business Affairs	5,905,757			5,905,757	4,495,421
Executive	1,600,768			1,600,768	1,530,156
Fundraising		1,413,677	(60,000)	1,353,677	1,397,338
Finance	<u>1,157,805</u>			<u>1,157,805</u>	<u>871,534</u>
Total supporting services	<u>8,664,330</u>	<u>1,413,677</u>	<u>(60,000)</u>	<u>10,018,007</u>	<u>8,294,449</u>
Total expenses	<u>41,532,908</u>	<u>4,426,171</u>	<u>(1,643,164)</u>	<u>44,315,915</u>	<u>41,156,083</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	490,118	1,677,978		2,168,096	(6,344,751)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:					
Contributions		1,603,010		1,603,010	1,003,181
Investment income		681,817		681,817	(194,959)
Satisfied program restrictions		<u>(1,152,838)</u>		<u>(1,152,838)</u>	<u>(1,016,766)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		1,131,989		1,131,989	(208,544)
CHANGE IN NET ASSETS	490,118	2,809,967		3,300,085	(6,553,295)
NET ASSETS, beginning of year	<u>31,041,573</u>	<u>20,115,486</u>		<u>51,157,059</u>	<u>57,710,354</u>
NET ASSETS, end of year	<u>\$ 31,531,691</u>	<u>\$ 22,925,453</u>	<u>\$</u>	<u>\$ 54,457,144</u>	<u>\$ 51,157,059</u>