



**USA SWIMMING FOUNDATION, INC.**

**Financial Statements**

**For the Year Ended December 31, 2041**

## TABLE OF CONTENTS

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

INDEPENDENT AUDITOR'S REPORT

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

**Opinion**

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of USA 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 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 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 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 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 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 FOUNDATION, INC.  
Statement of Financial Position  
December 31, 2021  
(With Comparative Totals for December 31, 2020)

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,565,291	\$ 2,385,689
Accounts receivable	168,716	155,232
Pledges receivable	830,000	774,600
Prepaid expenses	<u>65,356</u>	<u>49,487</u>
Total current assets	2,629,363	3,365,008
LONG-TERM INVESTMENTS	20,022,280	18,242,539
LONG-TERM PLEDGES RECEIVABLE - net	905,418	850,000
PROPERTY AND EQUIPMENT, at cost:		
Equipment and software	229,963	229,963
Less accumulated depreciation	<u>(229,963)</u>	<u>(229,963)</u>
Property and equipment - net		
OTHER ASSETS:		
Swim-A-Thon	<u>120,000</u>	<u>120,000</u>
TOTAL ASSETS	<u>\$ 23,677,061</u>	<u>\$ 22,577,547</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 3,182	\$ 5,525
Accrued liabilities	20,583	10,862
Deferred revenue		151,515
Due to USA Swimming, Inc.	<u>125,526</u>	<u>1,068,919</u>
Total current liabilities	149,291	1,236,821
NET ASSETS:		
Without donor restrictions	509,570	1,673
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>23,527,770</u>	<u>21,340,726</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 23,677,061</u>	<u>\$ 22,577,547</u>

See Notes to Financial Statements

USA SWIMMING FOUNDATION, INC.  
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)

	Without Donor Restrictions	With Donor Restrictions	2021 Totals	2020 Totals
<b>REVENUE:</b>				
Contributions	\$ 1,426,177	\$ 1,095,000	\$ 2,521,177	\$ 1,179,337
Uncollectible pledges		(120,500)	(120,500)	
Investment income	1,466,756	841,755	2,308,511	2,274,554
Sponsorship	551,516		551,516	520,750
Olympic Trials VIP packages	126,043		126,043	
Swim-A-Thon	48,410		48,410	51,509
Other income	20,891		20,891	
Alumni income	16,100		16,100	
Royalties	785		785	819
Satisfied program restrictions	<u>1,291,346</u>	<u>(1,291,346)</u>		
Total revenue	4,948,024	524,909	5,472,933	4,026,969
<b>EXPENSES:</b>				
Program services:				
Building Champions	1,300,892		1,300,892	4,025,695
Learn to Swim	974,317		974,317	972,315
Alumni and other	<u>80,886</u>		<u>80,886</u>	<u>71,319</u>
Total program services	2,356,095		2,356,095	5,069,329
Supporting services:				
Fundraising	636,578		636,578	513,826
General and administrative	397,930		397,930	420,987
Trials VIP	<u>244,092</u>		<u>244,092</u>	
Total supporting services	<u>1,278,600</u>		<u>1,278,600</u>	<u>934,813</u>
Total expenses	<u>3,634,695</u>		<u>3,634,695</u>	<u>6,004,142</u>
CHANGE IN NET ASSETS	1,313,329	524,909	1,838,238	(1,977,173)
NET ASSETS, beginning of year	12,823,291	8,517,435	21,340,726	22,925,453
In-kind transfer from USA Swimming, Inc.	<u>348,806</u>		<u>348,806</u>	<u>392,446</u>
NET ASSETS, end of year	<u>\$ 14,485,426</u>	<u>\$ 9,042,344</u>	<u>\$ 23,527,770</u>	<u>\$ 21,340,726</u>

See Notes to Financial Statements

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

	Program Services				Supporting Services			2021	2020
	Building Champions	Learn to Swim	Alumni and Other	Total Program Services	Fundraising	General and Administrative	Trials VIP	Totals	Totals
Advertising	\$	\$	\$	\$	\$ 450	\$	\$	\$ 450	\$
Apparel					8,768	1,055	20,850	30,673	
Depreciation									2,588
Dues, fees, and tickets	222	3,636	378	4,236	37,630	17,773	67,899	127,538	53,493
Gear, equipment and signage					13,608	109		13,717	977
Grants	1,116,433	482,958		1,599,391				1,599,391	4,197,371
Graphics and artwork		3,123		3,123				3,123	
Management fee	14,000	38,000	14,000	66,000	114,000	20,000		200,000	200,000
Office supplies and expenses	72	393	238	703	28,588	2,574	3,344	35,209	12,203
Printing and duplication	16	33		49	10,334			10,383	7,848
Professional fees and honoraria	71,000	314,318	38,000	423,318	111,559	25,430	46,475	606,782	450,403
Recognition and fulfillment	55,000		293	55,293	11,303	695	3,083	70,374	23,256
Rent						72,380		72,380	71,468
Salaries and benefits	43,605	123,339	20,893	187,837	244,543	226,561		658,941	957,775
Silent auction cost of sales					103,313			103,313	67,153
Telephone and internet					1,386	2,642		4,028	6,305
Travel and hospitality	544	8,517	7,084	16,145	54,409	28,711	102,441	201,706	20,455
Total expenses by function	1,300,892	974,317	80,886	2,356,095	739,891	397,930	244,092	3,738,008	6,071,295
Less expenses included with revenues on the statement of activities:									
Silent auction cost of sales					(103,313)			(103,313)	(67,153)
Total expenses on the statement of activities:	<u>\$ 1,300,892</u>	<u>\$ 974,317</u>	<u>\$ 80,886</u>	<u>\$ 2,356,095</u>	<u>\$ 636,578</u>	<u>\$ 397,930</u>	<u>\$ 244,092</u>	<u>\$ 3,634,695</u>	<u>\$ 6,004,142</u>

See Notes to Financial Statements



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

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,838,238	\$ (1,977,173)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation		2,588
Uncollected pledges	120,500	
Net realized and unrealized gains on investments	(1,800,779)	(1,942,125)
In-kind transfer from USA Swimming, Inc.	348,806	392,446
Decrease (increase) in operating assets:		
Accounts receivable	(13,484)	(64,424)
Pledges receivable	(286,318)	149,899
Prepaid expenses	(15,869)	(37,750)
Increase (decrease) in operating liabilities:		
Accounts payable	(2,343)	(5,451)
Accrued liabilities	9,721	(30,783)
Deferred revenue	(151,515)	15,775
Due to USA Swimming, Inc.	<u>(943,393)</u>	<u>969,048</u>
Total adjustments	<u>(2,734,674)</u>	<u>(550,777)</u>
Net cash used by operating activities	(896,436)	(2,527,950)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of long-term investments	(9,549,010)	(28,754,454)
Proceeds from long-term investments	<u>9,570,048</u>	<u>32,036,256</u>
Net cash provided by investing activities	21,038	3,281,802
CASH FLOWS FROM FINANCING ACTIVITIES:		
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>150,000</u>
NET INCREASE (DECREASE) IN CASH	(820,398)	903,852
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,385,689</u>	<u>1,481,837</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 1,565,291</u></u>	<u><u>\$ 2,385,689</u></u>

See Notes to Financial Statements

USA SWIMMING FOUNDATION, INC.  
Notes to Financial Statements  
For the Year Ended December 31, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The USA Swimming Foundation, Inc. (the Foundation) is a nonprofit corporation incorporated on January 12, 2004. 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 USA Swimming, Inc.

Income Tax

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income tax. Accordingly, no income tax provision has been recorded.

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

Cash and Cash Equivalents

Cash and cash equivalents consist of the Foundation's checking and money market accounts. The Foundation considers all liquid investments with original maturities of three months or less, and which are not held for 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. The Foundation maintains its cash and cash equivalents at a commercial bank. In the event of a bank failure, the Foundation might only be able to recover the amounts insured.

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 2021 were \$819 and \$37,265, respectively.

## Notes to Financial Statements

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

#### Accounts Receivable - continued

The Foundation considers its accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary. 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.

#### Supplemental Cash Flow Disclosure

The Foundation paid no interest or income taxes during either of the years ended December 31, 2021 and 2020.

#### 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 donor restricted support 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 receivables is determined on a case-by-case basis and pledges receivables 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 without donor restrictions if the restriction is met in the same year that the gift is received.

## Notes to Financial Statements

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

#### Contributed Services

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 recorded a transfer of equity from USA Swimming, Inc. and the 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 USA Swimming, Inc. for the actual cost incurred for personnel providing those services.

#### Donated Materials

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

#### Revenue from Contracts with Customers

Sponsorship - The Foundation recognizes revenue from contracts with both sponsors and suppliers of USA Swimming, Inc. and the Foundation. Performance obligations in such contracts are satisfied as services are rendered, and therefore, the Foundation will recognize revenue over time. The Foundation 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, sponsorship revenue from contracts with customers will be recognized on a straight-line basis over the term of the agreement.

Events - The Foundation receives revenue from sales related to activities at the U.S. Olympic Team Trials (Trials) which typically 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.

## Notes to Financial Statements

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

#### Revenue from Contracts with Customers - continued

Swim-A-Thon and royalties - 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.

#### Functional 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 supplies, 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 generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those 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 Foundation's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

## Notes to Financial Statements

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

#### Date of Management's Review

In preparing the financial statements, the Foundation 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

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.

## Notes to Financial Statements

### B. AVAILABLE RESOURCES AND LIQUIDITY - Continued

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>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,565,291	\$ 2,385,689
Pledges receivable	1,735,418	1,624,600
Other receivables	<u>168,716</u>	<u>155,232</u>
Total financial assets	3,469,425	4,165,521
Less amounts not available to be used within one year:		
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>1,520,418</u>	<u>1,309,100</u>
Financial assets available within one year	<u>\$ 1,949,007</u>	<u>\$ 2,856,421</u>

### C. FAIR VALUE MEASUREMENTS

The Foundation 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).

## Notes to Financial Statements

### C. FAIR VALUE MEASUREMENTS - Continued

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 Foundation 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 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>
Equity securities:				
Exchange traded funds	\$ 9,013,258	\$	\$	\$ 9,013,258
Pooled equity funds	3,400,013			3,400,013
Debt securities:				
Corporate		3,970,512		3,970,512
US Treasury and Federal agencies		2,170,536		2,170,536
State and municipal agencies		440,785		440,785
International		256,345		256,345
Money market	770,831			770,831
	<u>\$ 13,184,102</u>	<u>\$ 6,838,178</u>	<u>\$</u>	<u>\$ 20,022,280</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>
Equity securities:				
Exchange traded funds	\$ 7,784,518	\$	\$	\$ 7,784,518
Pooled equity funds	3,386,386			3,386,386
Mutual funds	364,365			364,365
Debt securities:				
Corporate		4,133,411		4,133,411
US Treasury and Federal agencies		1,794,903		1,794,903
State and municipal agencies		489,306		489,306
International		166,820		166,820
Money market	122,830			122,830
	<u>\$ 11,658,099</u>	<u>\$ 6,584,440</u>	<u>\$</u>	<u>\$ 18,242,539</u>



## Notes to Financial Statements

### D. INVESTMENT INCOME

Investment income consists of the following for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 554,956	\$ 379,363
Net realized and unrealized gains	1,800,779	1,942,125
Investment fees	<u>(47,224)</u>	<u>(46,934)</u>
	<u>\$ 2,308,511</u>	<u>\$ 2,274,554</u>

### E. 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 .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 in 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.

### F. PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost, if purchased, or if donated, at estimated fair market value at the date the gift was received. Acquisitions in excess of \$1,000 are capitalized. The cost of repairs and maintenance, which do not materially prolong the useful lives of the assets, are charged to expense when incurred.

Depreciation is computed using the straight-line method over an estimated useful life of three to 10 years.

## Notes to Financial Statements

### F. PROPERTY AND EQUIPMENT - Continued

There was no depreciation expense during the year ended December 31, 2021. Depreciation expense for the year ended December 31, 2020 was \$2,588.

Property and equipment consists of the following at December 31:

	<u>2021</u>	<u>2020</u>
Software	\$ 192,813	\$ 192,813
Website	31,063	31,063
Equipment	6,087	6,087
Less: accumulated depreciation and amortization	<u>(229,963)</u>	<u>(229,963)</u>
	<u>\$</u>	<u>\$</u>

### G. OTHER ASSETS

USA Swimming, Inc. sold the rights, title and interest in Swim-A-Thon to the Foundation for \$120,000. This sale includes, but is not limited to, all goodwill and trademarks associated with Swim-A-Thon. The Foundation analyzes its indefinite-lived assets for impairment on an annual basis.

The Foundation has determined there was no impairment as of December 31, 2021 and 2020. Swim-A-Thon is a trademarked program that swim teams utilize as a fundraiser for their competitive programs and activities. Participant teams pay royalties to the Foundation to support its mission.

### H. DEFERRED REVENUE

Deferred revenue, which represents contract liabilities for contracts with customers, consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Event packages	<u>\$</u>	<u>\$ 151,515</u>

## Notes to Financial Statements

### I. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2021 and 2020, USA Swimming, Inc. provided in-kind support to the Foundation in the amounts of \$348,806 and \$392,446, respectively. During the years ended December 31, 2021 and 2020, the Foundation provided grants to USA Swimming, Inc. in the amounts of \$1,116,433 and \$882,649, respectively. The Foundation paid USA Swimming, Inc. office rent of \$70,000 in both of the years ended December 31, 2021 and 2020. At December 31, 2021 and 2020, USA Swimming Foundation, Inc. owed USA Swimming, Inc. \$125,526 and \$1,068,919, respectively.

The Foundation paid USA Swimming, Inc. a management fee of \$200,000 for services provided by employees of USA Swimming Inc. during the years ended December 31, 2021 and 2020. This fee agreement commenced in 2020 and was paid quarterly by the Foundation.

### J. AFFILIATION

During the year ended December 31, 2021, the USA Swimming Foundation and U.S. Masters Swimming formed a philanthropic partnership to create greater support for adult learn-to-swim efforts. This partnership brings learn-to-swim fundraising efforts for these two organizations under the USA Swimming Foundation umbrella creating a greater generational impact by providing swim lessons to people of all ages.

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

Net assets with donor restrictions are available for the following 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 or passage of time.

## Notes to Financial Statements

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

Net assets were released from temporary restrictions by satisfying the following restrictions 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>

### L. 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. 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.

### M. 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.

## Notes to Financial Statements

### M. ENDOWMENTS - Continued

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.

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.

## Notes to Financial Statements

### M. ENDOWMENTS - Continued

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.

	Without Donor <u>Restrictions</u>	With Donor <u>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>

## Notes to Financial Statements

### N. 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 Foundation is uncertain.