



FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

December 31, 2019 and 2018

# USA DIVING, INC.

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## *Independent Auditors' Report*

Board of Directors  
USA Diving, Inc.

We have audited the accompanying financial statements of USA Diving, Inc., a not-for-profit corporation, which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the 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 financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 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 financial statements referred to above present fairly, in all material respects, the financial position of USA Diving, Inc. as of December 31, 2019 and 2018, and the changes in its net assets (deficit) and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Katz, Sapper & Miller, LLP*

Indianapolis, Indiana

July 8, 2021

**USA DIVING, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2019 and 2018**

**ASSETS**

	<b>2019</b>	<b>2018</b>
<b>CURRENT ASSETS</b>		
Cash	\$ 709,518	\$ 203,526
Investments	6,921	31,191
Accounts receivable, net	6,853	15,670
Due from USOC	25,000	
Due from US Diving Foundation		43,750
Prepaid expenses	48,154	4,500
Total Current Assets	796,446	298,637
<b>PROPERTY AND EQUIPMENT, net</b>	17,508	31,807
<b>TOTAL ASSETS</b>	\$ 813,954	\$ 330,444

**LIABILITIES AND NET ASSETS (DEFICIT)**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 459,290	\$ 207,550
Accrued salaries	15,268	13,237
Due to USOC	49,341	39,608
Due to US Diving Foundation	59,048	
Deferred revenue	335,421	119,136
Total Current Liabilities	918,368	379,531
<b>NET ASSETS (DEFICIT)</b>		
Without Donor Restrictions	(303,729)	(210,258)
With Donor Restrictions	199,315	161,171
Total Net Assets (Deficit)	(104,414)	(49,087)
<b>TOTAL LIABILITIES AND NET ASSETS (DEFICIT)</b>	\$ 813,954	\$ 330,444

*See accompanying notes.*

**USA DIVING, INC.**

**STATEMENTS OF ACTIVITIES**  
**Years Ended December 31, 2019 and 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>						
US Diving Foundation	\$ 622,217		\$ 622,217	\$ 180,900		\$ 180,900
Raymond C. Rude Supporting Foundation, Inc.	40,000		40,000	365,392		365,392
USOC grants	981,759		981,759	982,453		982,453
Membership dues	509,207		509,207	406,786		406,786
Corporate licensing, sponsorships, and broadcast	3,788		3,788	214,005		214,005
National and regional events	617,552		617,552	266,175		266,175
Safety	35		35	838		838
Contributions	41,436	\$ 27,171	68,607	28,057	\$ 7,276	35,333
Unrealized gain on pooled investments at U.S. Olympic Endowment	729		729	10,972		10,972
Other grants and income	121,770	10,973	132,743	78,432		78,432
Total Revenue and Support	<u>2,938,493</u>	<u>38,144</u>	<u>2,976,637</u>	<u>2,534,010</u>	<u>7,276</u>	<u>2,541,286</u>
<b>EXPENSES</b>						
Program services:						
Member services	388,869		388,869	402,527		402,527
Competitive programs	1,647,789		1,647,789	2,043,218		2,043,218
Supporting services:						
General and administrative	910,465		910,465	749,200		749,200
Fundraising	84,841		84,841	66,751		66,751
Total Expenses	<u>3,031,964</u>		<u>3,031,964</u>	<u>3,261,696</u>		<u>3,261,696</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(93,471)	38,144	(55,327)	(727,686)	7,276	(720,410)
<b>NET ASSETS (DEFICIT)</b>						
Beginning of Year	<u>(210,258)</u>	<u>161,171</u>	<u>(49,087)</u>	<u>517,428</u>	<u>153,895</u>	<u>671,323</u>
End of Year	<u>\$ (303,729)</u>	<u>\$ 199,315</u>	<u>\$ (104,414)</u>	<u>\$ (210,258)</u>	<u>\$ 161,171</u>	<u>\$ (49,087)</u>

See accompanying notes.

**USA DIVING, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES**  
**Years Ended December 31, 2019 and 2018**

	2019					2018				
	Member Services	Competitive Programs	Management and General	Fundraising	Total	Member Services	Competitive Programs	Management and General	Fundraising	Total
Salaries	\$ 174,376	\$ 213,250	\$ 248,873	\$ 21,994	\$ 658,493	\$ 147,597	\$ 538,781	\$ 239,162	\$ 26,047	\$ 951,587
Employee benefits	20,339	20,606	32,473	2,792	76,210	27,058	23,875	31,305	4,775	87,013
Education	19,383		61,362	525	81,270	46,459	62,221	12,765	106	121,551
Professional services			308,787		308,787			195,408		195,408
Advertising and promotion	2,596	5,952		2,301	10,849	3,630	13,365	10,613	1,706	29,314
Office expenses		5,627	41,948		47,575		1,812	23,801		25,613
Rent			67,514		67,514			49,844		49,844
Depreciation and amortization	4,862	4,290	4,290	857	14,299	7,268	6,413	6,413	1,282	21,376
Information technology		1,304	10,892		12,196		19,475	9,914	2,146	31,535
Insurance	118,838	77,442	35,933		232,213	90,804	61,088	12,029		163,921
Direct athlete support		1,211,392		56,190	1,267,582		1,114,547		29,546	1,144,093
Apparel		88,807			88,807		179,403	3,605		183,008
Travel		16,273	14,812		31,085		17,591	19,777		37,368
Conferences and meetings			33,309		33,309	35,654		30,462		66,116
Awards and recognition		2,846	867	182	3,895		4,647		1,143	5,790
Membership benefits	48,475				48,475	44,057				44,057
Other			49,405		49,405			104,102		104,102
<b>TOTAL EXPENSES</b>	<b>\$ 388,869</b>	<b>\$ 1,647,789</b>	<b>\$ 910,465</b>	<b>\$ 84,841</b>	<b>\$ 3,031,964</b>	<b>\$ 402,527</b>	<b>\$ 2,043,218</b>	<b>\$ 749,200</b>	<b>\$ 66,751</b>	<b>\$ 3,261,696</b>

See accompanying notes.

**USA DIVING, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>OPERATING ACTIVITIES</b>		
Decrease in net assets	\$ (55,327)	\$ (720,410)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Depreciation and amortization	14,299	21,376
Unrealized gain on pooled investments	(729)	(10,972)
(Increase) decrease in certain current assets:		
Accounts receivable	8,817	4,979
Due from USOC	(25,000)	
Due from US Diving Foundation	43,750	
Prepaid expenses	(43,654)	64,073
Increase (decrease) in certain current liabilities:		
Accounts payable and accrued expenses	251,740	9,313
Accrued salaries	2,031	(1,719)
Due to USOC	9,733	39,608
Due to US Diving Foundation	59,048	
Deferred revenue	216,285	(69,012)
Net Cash Provided (Used) by Operating Activities	<u>480,993</u>	<u>(662,764)</u>
<b>INVESTING ACTIVITIES</b>		
Purchases of equipment		(9,205)
Proceeds from sale of investments	24,999	610,000
Net Cash Provided by Investing Activities	<u>24,999</u>	<u>600,795</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	505,992	(61,969)
<b>CASH</b>		
Beginning of Year	<u>203,526</u>	<u>265,495</u>
End of Year	<u>\$ 709,518</u>	<u>\$ 203,526</u>

*See accompanying notes.*

# USA DIVING, INC.

## NOTES TO FINANCIAL STATEMENTS December 31, 2019 and 2018

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USA Diving, Inc. (USA Diving) is a not-for-profit corporation located in Indianapolis, Indiana. USA Diving has been designated the National Governing Body for the Olympic sport of diving by the United States Olympic Committee (USOC). USA Diving was formed to organize and administer all aspects of competitive diving in the United States. Accordingly, USA Diving registers athletes and coaches, promotes the sport of diving, sanctions competitive diving events, and assembles and manages national diving teams.

**Basis of Presentation:** The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which require USA Diving to report information regarding its financial position and activities according to the following net asset classifications:

- **Net Assets Without Donor Restrictions** are not subject to donor-imposed restrictions and may be used at the discretion of USA Diving's management and Board of Directors. This net asset category includes Board-designated net assets.
- **Net Assets With Donor Restrictions** are subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of USA Diving or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets without donor restrictions if the restrictions expire in the same year in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, and when a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. Restrictions expire when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Estimates:** The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses. Actual results could differ from those estimates.

**Cash** consists of cash in demand deposit accounts. USA Diving maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limits. USA Diving has not experienced any losses from its bank accounts.

**Accounts Receivable** represent amounts due for memberships and services provided and are generally payable within 30 days of the billing date. Accounts receivable are stated at the amount billed by USA Diving. Accounts receivable are reviewed regularly for collectability and an allowance for doubtful accounts receivable is recorded, if necessary, based on management's judgement and analysis of the creditworthiness of the creditors, historical experience, economic conditions, and other relevant factors. Accounts receivable are written off against the allowance when deemed uncollectible. At December 31, 2019 and 2018, the allowance was \$1,000.

**USOC Grants:** USOC provides funding to USA Diving for specifically approved programs through advances or reimbursements.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Investment Valuation and Income Recognition:** USA Diving's investments are initially recorded at cost, if purchased, or at fair value, if donated. Thereafter, investments are stated at fair value. See Note 3 for discussion of fair value measurements.

The statements of activities reports of interest and dividend income and realized and unrealized capital gains and losses, net of external and direct internal investment expenses. Interest income is recorded on the accrual basis, and dividends are recorded on the ex-dividend date. Purchases and sales of investments are recorded on the trade date. Gains and losses on the sale of investments are determined using the specific-identification method.

**Property and Equipment:** Expenditures for property and equipment and items which substantially increase the useful lives of existing assets are capitalized at cost, except for donated items, which are recorded at fair market value at the date of donation, less accumulated depreciation. Items over \$1,000 are capitalized. USA Diving provides for depreciation using the straight-line method over estimated useful lives as follows:

Furniture and equipment	3-7 years
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**Contributions** are recognized as support when they are received or unconditionally promised. Grants and contracts are classified as contributions in instances in which a resource provider is not itself receiving commensurate value for the resources provided. Contributions are considered conditional when the agreement with the resource provider includes a barrier that must be overcome and either a right of return of assets transferred or right of release of a promisor's obligation to transfer assets. Conditional contributions are not recognized as revenue until the conditions are substantially met.

**Program Service Revenue** is recognized when earned at the time the service is performed. Program service fees received in advance are included in deferred revenue until the related services are performed.

**Membership Dues** are recorded as deferred revenue and recognized as revenue ratably over the membership period of one year.

**Deferred Revenue:** Amounts received pursuant to sponsorship agreements, event agreements, or prepaid membership dues are recorded as deferred revenue and recognized in subsequent periods when earned. As of December 31, 2019 and 2018, prepaid membership dues of \$97,392 and \$119,136, respectively, were included in deferred revenue. As of December 31, 2019 and 2018, other deferred revenue of \$238,029 and \$0, respectively, was also included in deferred revenue.

**In-kind Goods and Services:** Contributions of services are recorded at estimated fair value when received if such services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. No such contributions were recorded in 2019 or 2018. Contributions of other goods are recorded at estimated fair value when received. Sponsors and USOC provide goods and services to USA Diving. In-kind contributions include apparel and team uniforms, airline travel, and publication printing. In-kind contributions recognized on the statements of activities were \$65,050 in 2019 and \$168,657 in 2018. No revenue or expense is recognized when the value of the services provided cannot be objectively or reasonably estimated.

**Functional Allocation of Expenses:** The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Directly identifiable expenses are charged to the specific programs and supporting services benefited. Expenses related to more than one function are allocated among program and support services based on occupied space (including, rent and depreciation and amortization) or time spent by USA Diving staff (including, salaries, employee benefits, education, advertising and promotion, office expenses, information technology, and travel). Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of USA Diving.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Income Tax:** USA Diving is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the IRC. In addition, USA Diving has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the IRC. There was no unrelated business income tax for the years ended December 31, 2019 and 2018.

USA Diving files U.S. federal and state of Indiana information returns. USA Diving is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2016. Management believes that USA Diving's income tax filing positions will be sustained on audit and does not anticipate any adjustments that will result in material change.

**Reclassifications:** Certain amounts in the 2018 financial statements have been reclassified to conform to the presentation of the 2019 financial statements.

**Subsequent Events:** USA Diving has evaluated the financial statements for subsequent events occurring through July 8, 2021, the date the financial statements were available to be issued. See Notes 9 and 10.

## NOTE 2 - AVAILABLE RESOURCES AND LIQUIDITY

USA Diving's financial assets available for general expenditure within one year of December 31, 2019 and 2018 were as follows:

	2019	2018
Cash	\$ 709,518	\$ 203,526
Investments	6,921	31,191
Accounts receivable, net	6,853	15,670
Due from USOC	25,000	
Due from US Diving Foundation		<u>43,750</u>
Total Financial Assets	<u>748,292</u>	<u>294,137</u>
Due to USOC	(49,341)	(39,608)
Due to US Diving Foundation	(59,048)	
Donor-imposed restrictions:		
Funds restricted by donor	<u>(199,815)</u>	<u>(161,171)</u>
Financial assets and liquidity resources available to meet general expenditures within one year	<u>\$ 440,088</u>	<u>\$ 93,358</u>

For purposes of analyzing resources available to meet general expenditures over a twelve-month period, USA Diving considers all expenditures related to its ongoing activities of its program services as well as the conduct of services undertaken to support those activities to be general expenditures.

USA Diving considers investment income without donor restrictions, 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 USA Diving's fiscal year.

USA Diving manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

### NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

USA Diving has categorized its assets and liabilities that are measured at fair value into a three-level fair value hierarchy. The hierarchy 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) and the lowest priority to unobservable inputs (Level 3). The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy are described as follows:

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

**Level 2** – Inputs to the valuation methodology may include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and/or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3** – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. In situations where there is little or no market activity for the asset or liability, USA Diving makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

Following is a description of the valuation methodology used by USA Diving for assets that are measured at fair value on a recurring basis. There has been no change in the methodology used at December 31, 2019 and 2018.

**Pooled Investments at the U.S. Olympic Endowment:** Valued at USA Diving's proportionate share of the investments held within the pooled fund. Investments held in the investment pool are valued using the market value unit method, which assigns a number of units to each participant based on the relationship of the individual participant's investments to the total investments at the time the investments are pooled. Periodically, the pooled assets are valued and new unit values are assigned and used for valuing additions to, or withdrawals from, the pool by existing members or by new participants entering the pool. USA Diving may withdraw from the pool at any time. The underlying investments held by the pool include treasury bills, Government Agency bonds, international bonds, and exchange-traded funds, which are valued at quoted market prices, and alternative investments and mutual funds, which are valued at the published NAV.

For assets with fair value measured using Level 3 inputs, management determines the fair value measurement policies and procedures in consultation with the Board. Those policies and procedures are reassessed as necessary to determine if the current valuation techniques are appropriate. At that time, the unobservable inputs used in the fair value measurements are evaluated and adjusted, as necessary, based on current market conditions and other third-party information.

The preceding method may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although USA Diving's management believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of these assets could result in a different fair value measurement at the reporting date.

### NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Following is a summary, by major nature and risks class within each level of the fair value hierarchy, of USA Diving's assets that are measured at fair value on a recurring basis as of December 31, 2019 and 2018:

<b>2019</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>		
Pooled Investments at U.S. Olympic Endowment	<u>\$ 6,921</u>	<u>\$ 6,921</u>
Total Assets at Fair Value	<u>\$ 6,921</u>	<u>\$ 6,921</u>
<b>2018</b>		
<b>Assets</b>		
Pooled Investments at U.S. Olympic Endowment	<u>\$31,191</u>	<u>\$31,191</u>
Total Assets at Fair Value	<u>\$31,191</u>	<u>\$31,191</u>

Following is a summary of the changes in the fair value of Level 3 Pooled Investments at U.S. Olympic Endowment measured on the recurring basis for the years ended December 31, 2019 and 2018:

Balance at December 31, 2017	\$ 630,219
Distributions	(610,000)
Unrealized gain on pooled investments at U.S. Olympic Endowment included in earnings	<u>10,972</u>
Balance at December 31, 2018	31,191
Distributions	(24,999)
Unrealized gain on pooled investments at U.S. Olympic Endowment included in earnings	<u>729</u>
Balance at December 31, 2019	<u>\$ 6,921</u>

#### Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The following table represents USA Diving's Level 3 assets, the valuation techniques used to measure the fair value of those assets, and the significant unobservable inputs and the ranges of values for those inputs.

<b>Instrument</b>	<b>Fair Value</b>	<b>Principal Valuation Technique</b>	<b>Unobservable Inputs</b>	<b>Basis or Range of Significant Input Values</b>
<b>2019</b>				
Pooled Investments at U.S. Olympic Endowment	<u>\$ 6,921</u>	Market value unit method	Unit Value	<u>\$ 6,921</u>
<b>2018</b>				
Pooled Investments at U.S. Olympic Endowment	<u>\$31,191</u>	Market value unit method	Unit Value	<u>\$31,191</u>

### NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

As of December 31, 2019 and 2018, the U.S. Olympic Endowment portfolio consisted of the following investments as a percentage of total investments:

	2019	2018
Cash and cash equivalents	3.0%	2.8%
Fixed income investments:		
Domestic common stock	23.4%	16.6%
Mutual fund shares:		
U.S. Treasury notes	5.9%	7.2%
Large cap funds	11.6%	10.3%
International funds	5.7%	5.7%
Alternative investments	50.4%	57.4%

### NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2019 and 2018:

	2019	2018
Furniture and equipment	\$ 131,215	\$131,215
Less: Accumulated depreciation	<u>(113,707)</u>	<u>(99,408)</u>
Total Property and Equipment, Net	<u>\$ 17,508</u>	<u>\$ 31,807</u>

### NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31, 2019 and 2018:

	2019	2018
Dive-In Campaign – Junior Diving	\$116,342	\$115,171
Masters	46,973	36,000
Scholarship	21,000	10,000
Relocation Expenses	10,000	
Technology	<u>5,000</u>	<u>          </u>
Net Assets With Donor Restrictions	<u>\$199,315</u>	<u>\$161,171</u>

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of the passage of time or other events specified by donors. There were no net assets released from donor restrictions for the years ended December 31, 2019 and 2018.

### NOTE 6 - RELATED PARTY TRANSACTIONS

USA Diving is the sole member of US Diving Foundation (the Foundation); however, USA Diving does not have a majority voting interest in electing the Foundation's board of directors. The purpose of the Foundation is to benefit the educational and charitable purposes of USA Diving and to advance the sport of diving. The Foundation also makes grants to various not-for-profit and for-profit organizations in carrying out the mission of USA Diving. Amounts due to USA Diving from the Foundation at December 31, 2019 and 2018 were \$0 and \$43,750, respectively. Amounts due from USA Diving to the Foundation at December 31, 2019 and 2018 were \$59,048 and \$0, respectively. Grants from the Foundation amounted to 13% and 7% of all support and revenue in 2019 and 2018, respectively.

## **NOTE 6 - RELATED PARTY TRANSACTIONS (CONTINUED)**

USA Diving is a member of USOC, a federally-chartered nonprofit organization charged with governing and supporting United States Olympic and Paralympic governing bodies. Included in USOC grants are in-kind amounts of \$65,050 in 2019 and \$58,501 in 2018. Amounts due to USOC at December 31, 2019 and 2018 were \$49,341 and \$39,608, respectively. Amounts due from USOC at December 31, 2019 and 2018 were \$25,000 and \$0, respectively. Grants from USOC amounted to 31% and 39% of all support and revenue in 2019 and 2018, respectively.

Raymond C. Rude Supporting Foundation, Inc. is a related party donor to USA Diving and the Foundation. Grants from the Raymond C. Rude Supporting Foundation, Inc. amounted to 1% and 14% of all support and revenue in 2019 and 2018, respectively.

## **NOTE 7 - OPERATING LEASES**

USA Diving has a long-term noncancellable operating lease for office space which expires in 2020. At December 31, 2019, the future minimum rental payments were \$32,900 in 2020. Total rent expense was \$67,514 in 2019 and \$49,844 in 2018.

## **NOTE 8 - EMPLOYEE BENEFIT PLAN**

USA Diving sponsors a 401(k) plan (Plan) for its eligible employees. The Plan requires USA Diving to make certain minimum contributions to eligible employees on an annual basis. USA Diving may make additional discretionary contributions and employee contributions are permitted. All contributions are 100% vested immediately. USA Diving contributions to the Plan were \$5,485 in 2019 and \$28,017 in 2018.

## **NOTE 9 - CONTINGENCIES**

In the course of normal operations, the USA Diving is subject to various claims and assessments and is involved in various litigation that management intends to vigorously defend. USA Diving was involved in various litigation which was settled during 2020, and USA Diving was not required to disburse any amounts as all settlements were covered by insurance maintained by USA Diving. USA Diving is also involved in an unasserted claim. Management believes a loss to USA Diving resulting from the claim is not probable and estimable.

## **NOTE 10 - UNCERTAINTY RELATED TO CORONAVIRUS**

On January 30, 2020, the World Health Organization declared a global health emergency over the novel coronavirus known as COVID-19. The ultimate impact of the outbreak to USA Diving's financial results and operations cannot be determined at this time. The 2020 summer Olympics were delayed to the summer of 2021 due to the COVID pandemic. This will cause a delay in receipts of sponsorships and grants specifically related to the Olympic Games. However, management is taking actions to mitigate the impact of the outbreak to USA Diving.

On April 14, 2020, USA Diving was granted a loan under the Paycheck Protection Program (PPP) established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act) in the amount of \$157,000. PPP loans, including accrued interest, are forgivable as long as the entity uses the proceeds for eligible purposes, including payroll, benefits, rent and utilities. Under the PPP, the amount of forgiveness is reduced if the entity terminates employees or reduces salaries during the covered period. USA Diving believes it used the proceeds for purposes consistent with the PPP and has received forgiveness from the bank.

On January 26, 2021, USA Diving was granted an additional loan of \$120,120 under the PPP, as expanded and amended under the Consolidated Appropriations Act, 2021.