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New England Swimming, Inc.

**Financial Statements and Independent Accountant's Review
Report**

August 31, 2024



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Independent Accountant's Review Report

To the Board of Directors
New England Swimming, Inc.

We have reviewed the financial statements of New England Swimming, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of New England Swimming, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Basis for Accountant's Qualified Conclusion

As described in Note (4) to the financial statements, the Organization has not adopted Accounting Standards Codification (ASC) 842, Leases, and has not recognized a right-of-use asset or lease liability for its operating lease as of August 31, 2024. GAAP requires lessees to record a right-of-use asset and a corresponding lease liability for operating leases exceeding 12 months. The application of ASC 842 would have resulted in the Organization presenting a right-of-use asset and lease liability of \$40,164 each on its statement of financial position at August 31, 2024, with \$19,396 of the liability classified as current. The impact on lease expense for the year ended August 31, 2024, would have been an increase of \$1,749.

Accountant's Qualified Conclusion

Based on our review, except for the effects of the matter described in the Basis for Accountant's Qualified Conclusion paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Nash CPAs, LLC

Nash CPAs, LLC
Norwood, MA

Month XX,, 2025

New England Swimming, Inc.

Statement of Financial Position

August 31, 2024

DRAFT**ASSETS****Current Assets**

Cash and cash equivalents	\$	895,624
Accounts receivable		17,787
Prepaid expenses		<u>15,091</u>
Total current assets		<u>928,502</u>

Fixed Assets

Leashold improvements		5,250
Office equipment		<u>2,665</u>
Total fixed assets		7,915
Less: accumulated depreciation		<u>(3,534)</u>
Total fixed assets, net		<u>4,381</u>

Other Assets

Security deposit		<u>1,680</u>
Total other assets		<u>1,680</u>
Total Assets	\$	<u>934,563</u>

LIABILITIES AND NET ASSETS**Current Liabilities**

Accounts payable	\$	718
Accrued expenses		11,045
Escrow deposit		1,800
Deferred revenue		<u>17,256</u>
Total current liabilities		<u>30,819</u>

Net Assets

Net assets without donor restrictions		898,010
Net assets with donor restrictions		<u>5,734</u>
Total net assets		<u>903,744</u>
Total Liabilities and Net Assets	\$	<u>934,563</u>

The accompanying notes are an integral part of the financial statements.

New England Swimming, Inc.

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Statement of Activities

Year Ended August 31, 2024

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenue and Support			
Membership dues	259,080	-	259,080
Special events	346,318	-	346,318
Investment income, net	38,648	-	38,648
Dividends	12,985	-	12,985
Other income	1,169	-	1,169
Net assets released from restrictions	2,187	(2,187)	-
Total revenue and support	660,387	(2,187)	658,200
Expenses			
Program services	77,476	-	77,476
Administration	500,594	-	500,594
Total expenses	578,070	-	578,070
Change in Net Assets	82,317	(2,187)	80,130
Net Assets at Beginning of Year	815,693	7,921	823,614
Net Assets at End of Year	<u>\$ 898,010</u>	<u>\$ 5,734</u>	<u>\$ 903,744</u>

The accompanying notes are an integral part of the financial statements.

New England Swimming, Inc.

Statement of Functional Expenses

Year Ended August 31, 2024

	<u>Administration</u>	<u>Program Services</u>	<u>Total</u>
Expenses			
Salaries	\$ -	\$ 148,944	\$ 148,944
Payroll taxes and insurance	-	12,170	12,170
Payroll processing fees	-	4,287	4,287
	<u>-</u>	<u>165,401</u>	<u>165,401</u>
Athlete support	-	211,857	211,857
Other expenses	22,004	50,500	72,504
Officials	-	32,382	32,382
Coaches	-	17,625	17,625
Professional fees	16,471	-	16,471
Rent	15,284	-	15,284
Office expense	12,205	-	12,205
NES meets	-	10,753	10,753
Inclusion committee	-	9,909	9,909
Telephone	4,129	-	4,129
Safe sport	-	2,167	2,167
Miscellaneous expenses	1,963	-	1,963
Utilities	1,654	-	1,654
Insurance	1,545	-	1,545
Conferences and meetings	1,212	-	1,212
Website and marketing	<u>1,009</u>	<u>-</u>	<u>1,009</u>
Total Expenses	\$ <u>77,476</u>	\$ <u>500,594</u>	\$ <u>578,070</u>

The accompanying notes are an integral part of the financial statements.

New England Swimming, Inc.

Statement of Cash Flows

Year Ended August 31, 2024

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Cash Flows from Operating Activities

Change in net Assets	\$ 80,130
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	808
Decrease (increase) in assets	
Accounts receivable	(13,966)
Prepaid expenses	(11,591)
Increase (decrease) in liabilities	
Accounts payable	718
Accrued expenses	(152)
Escrow deposit	(3,100)
Deferred revenue	<u>15,621</u>
Net Cash Provided by Operating Activities	<u>68,468</u>

Cash Flows from Investing Activities

Purchase of fixed assets	(1,555)
Disposal of fixed assets	172
Disposal of intangible assets	<u>431</u>
Net Cash (Used in) Investing Activities	<u>(952)</u>

Net Increase in Cash and Cash Equivalents 67,516

Cash and Cash Equivalents - Beginning 828,108

Cash and Cash Equivalents - Ending \$ 895,624

The accompanying notes are an integral part of the financial statements.

August 31, 2024

(1) Summary of Significant Accounting Policies

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The significant accounting policies followed by New England Swimming, Inc. (the Organization) are described below to enhance the usefulness of the financial statements to the reader.

Nature of Activities

New England Swimming, Inc. is a not-for-profit Organization organized October 31, 1980 in Massachusetts; 501(c)(3) organization approved by the Internal Revenue Service, July 8, 1981. The Organization is committed to training individuals to develop and enhance their competitive abilities in the sport of swimming; while promoting an inclusive environment to individuals of all ages, genders, and abilities, in accordance with standards promulgated under the auspices of the Parent Organization United States Swimming, Inc.

Basis of Presentation

The statement of activities reports all changes in net assets, including changes in net assets without donor restrictions from operating activities. Operating revenues consist of those monies received and other contributions attributable to the Organization's ongoing efforts.

Standards of Accounting and Reporting

The Organization's net assets (excess of its assets over liabilities) and its revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The statement of financial position presents two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) and the statement of activities displays the change in each class of net assets. The classes of net assets applicable to the Organization are presented as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions consist of assets and contributions available for the support of operations. These net assets may be designated for specific purposes by management or the Board of Directors. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law. Contributions, gains and investment income that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the reporting period in which the contributions are recognized.

Net Assets With Donor Restrictions - Net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with an original maturity of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash equivalents.

Notes to the Financial Statements

August 31, 2024

The Organization maintains its cash balances at multiple financial institutions located in Massachusetts. The cash balances are insured by the Federal Deposit Insurance Organization. At times these balances may exceed the federal insurance limits; however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to those cash balances as of August 31, 2024.

Revenue Recognition

The Organization generally measures revenue based on the amounts of consideration it expects to be entitled for the transfers of goods and services to a customer, then recognizes its revenue as performance obligations are satisfied under a contract, except in transactions where GAAP provides other applicable guidance. The Organization evaluates its revenue contracts with customers based on the five-step model under Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; (5) Recognize revenue when (or as) each performance obligation is satisfied.

The Organization earns revenue as follows:

Membership Dues - Membership dues, which are nonrefundable, are comprised of an exchange element based on the benefits received, and a contribution element for the difference. The Organization recognizes the exchange portion of membership dues over the membership period, and the contribution portion immediately. Payments are required at the time of sale or start of the membership period. Amounts received in advance are deferred to the applicable period. With the exception of goods and services provided in connection with membership dues, which are transferred over the period of membership, all goods and services are transferred at a point in time.

Special Events - Special event revenue is primarily derived from contributions collected and fees charged for admission at various sponsored events. Special event revenue is recognized when earned. The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution revenue for the difference should these situations arise.

Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received, should these situations arise.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets, or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received, should these situations arise.

Substantially all of the Organization's revenue is derived from its activities in Massachusetts. During the year ended August 31, 2024, the Organization derived approximately 53% of its total revenue from special events, 39% from membership-dues and 8% from other sources.

Accounts Receivable

Accounts receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts.

Notes to the Financial Statements

August 31, 2024

Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of August 31, 2024, management has determined no allowance for doubtful accounts was deemed necessary.

The Organization does not have a policy to accrue interest on receivables. The Organization has no policies requiring collateral or other security to secure the accounts receivable.

Use of Estimates

In preparing the Organization's financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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 those estimates.

Functional allocation of expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. Administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Deferred Revenue

Income and expenses related to future swimming events and annual award banquet are deferred to the year in which the event occurs and only recognized after services have been completed.

Income Taxes

The Organization qualifies as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is generally not subject to income tax. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization is not a private foundation under Section 509(a)(1) of the IRC.

Management has analyzed the tax position taken by the Organization and has concluded that, as of August 31, 2024, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. Accordingly, these financial statements do not reflect a provision for income taxes and the Organization has no other tax positions which must be considered for disclosure.

Generally, the Organization's information returns remain open for possible examination for three years after the filing date. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2021 remain open.

Notes to the Financial Statements

August 31, 2024

In-kind Contributions

Donations other than cash are recorded at their estimated fair market value at the date of the gift. Such donations are reported as without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals with those skills, and would otherwise be purchased by the Organization. Volunteers also provided fund-raising services throughout the year that are not recognized in the financial statements since the recognition criteria were not met.

Reclassification

Certain amounts in the prior year have been reclassified to conform to the current year presentation.

Recently Adopted Accounting Guidance

In June 2016 the Financial Accounting Standards Board (the “FASB”) issued guidance which changed how entities will measure credit losses for most financial assets and certain other instruments that aren’t measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity’s exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to this guidance are accounts receivable. The Organization adopted the standard effective September 1, 2023. The impact of the adoption is not considered material to the financial statements and primarily results in new/enhanced disclosures only.

(2) Liquidity and Availability

The following reflects the Organization’s financial assets as of August 31, 2024, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year from the statement of financial position date:

Financial assets at August 31, 2024 :

Cash and cash equivalents	\$	895,624
Accounts receivable		17,787
Total		<u>913,411</u>

Less amounts unavailable for general expenditures
within one year, due to:

Purpose restrictions		<u>(5,734)</u>
Total		<u>(5,734)</u>

Financial assets available to meet cash needs for general expenditures within one year:	\$	<u>907,677</u>
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Notes to the Financial Statements

August 31, 2024

The Organization is supported by restricted and unrestricted contributions at times. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

(3) Net Assets with Donor Restriction

Net assets with donor restrictions consist of resources available to meet future obligations, but only in compliance with the restrictions specified by donors. As of August 31, 2024, net assets with donor restrictions are restricted for the following purposes:

Subject to expenditure for specified purpose

Subject to expenditure for specified purpose	
Priscilla Project	\$ <u>5,734</u>
Total net assets with donor restriction	\$ <u>5,734</u>

Net Assets released from restrictions during 2024 were \$2,187, of which were for purpose restrictions.

(4) Operating Lease

During the year ended August 31, 2024, the Organization entered into a 2-year lease extension with a property for office space. The lease commenced on November 1, 2024, and terminates on October 31, 2026. As of August 31, 2024, the lease payment is \$1,726 per month. On November 1, 2025, the monthly rent will increase to \$1,771.

The Organization has not adopted ASC 842, Leases, and consequently, has not recognized a right-of-use asset or lease liability on the statement of financial position as of August 31, 2024. The application of ASC 842 would have resulted in the Organization presenting a right-of-use asset and lease liability of \$40,164 each on its statement of financial position at August 31, 2024, with \$19,396 of the liability classified as current. The impact on lease expense for the year ended August 31, 2024, would have been an increase of \$1,749.

Rent expense for the year ended August 31, 2024 was \$15,284.

(5) Related Party Transactions

The Organization functions under the auspices of USA Swimming, Inc., which serves as the governing body for the sport of swimming in the US. For the year ended August 31, 2024 the amount paid to USA Swimming, Inc. was \$2,000. Registration fees are reported at net of the amount paid on behalf of members in the financial statements.

(6) Defined Contribution Plan

The Organization established a 401(k) retirement plan for qualified employees satisfying respective conditions pursuant to Internal Revenue Code Guidelines; plan features include salary deferral, safe-harbor, and profit-sharing contributions, not to exceed limits imposed under IRC 401(k). Amounts designated for the year then ended August 31, 2024, amount to \$5,174.

August 31, 2024

(7) Donated Services and Materials

In, excess of~1000 individuals donated their time towards assisting in program services. The Organization was unable to quantify services rendered in a measurable dollar amount; therefore, no services were recognized as revenue in the financial statements.

(8) Subsequent Events

The Organization has performed an evaluation of subsequent events through Month XX, 2025, which is the date the Organization's financial statements were available to be issued. No material subsequent events have occurred since August 31, 2024 that required recognition or disclosure in these financial statements.