

POTOMAC VALLEY SWIMMING, INC.

FINANCIAL STATEMENTS

AUGUST 31, 2025 AND 2024



Certified Public Accountants

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Certified Public Accountants

Independent Accountant's Review Report

To the Board of Directors
Potomac Valley Swimming, Inc.

We have reviewed the accompanying financial statements of **Potomac Valley Swimming, Inc.** (a nonprofit organization), which comprise the statement of financial position as of August 31, 2025, 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 entity 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 **Potomac Valley Swimming, Inc.**, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, 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.

Report on 2024 Financial Statements

The 2024 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated December 12, 2024. We have not performed any auditing procedures since that date.

Kositzka, Wicks and Company

Alexandria, Virginia
January 7, 2026

Potomac Valley Swimming, Inc.

Statements of Financial Position August 31,

(Reviewed)
2025

(Audited)
2024

Assets

Current assets

Cash and cash equivalents	\$ 185,587	\$ 501,658
Investments	1,253,926	948,143
Accounts receivable	2,086	15,016
Prepaid expenses	6,190	-
Security deposit	1,000	1,000
Total assets	<u>\$ 1,448,789</u>	<u>\$ 1,465,817</u>

Liabilities and net assets

Current liabilities

Accounts payable and accrued expenses	\$ 100	\$ 47,720
Deferred registration revenue	95,957	101,707
Total liabilities	<u>96,057</u>	<u>149,427</u>

Net assets

Without donor restrictions	1,352,732	1,316,390
Total liabilities and net assets	<u>\$ 1,448,789</u>	<u>\$ 1,465,817</u>

The accompanying independent accountant's review report and notes are an integral part of the financial statements.

Potomac Valley Swimming, Inc.

Statements of Activities for the years ended August 31,

(Reviewed) **2025** (Audited) **2024**

	Without donor restrictions and total	Without donor restrictions and total
Revenue		
Membership registration	\$ 351,267	\$ 348,596
USAS Technology fee and Officials/Staff registration reimbursement	(30,956)	(24,400)
Net membership revenue	<u>320,311</u>	<u>324,196</u>
Meet fees	773,967	753,747
Investment income, net	55,842	55,791
Miscellaneous income	2,476	4,163
Total revenue	<u>1,152,596</u>	<u>1,137,897</u>
Expenses		
Program services		
Meets and programs	894,541	731,690
Officials	59,729	54,223
Membership registration	21,261	36,514
	<u>975,531</u>	<u>822,427</u>
Operations	140,723	120,182
Total expenses	<u>1,116,254</u>	<u>942,609</u>
Change in net assets		
Net assets, beginning of year	36,342	195,288
Net assets, end of year	<u>1,316,390</u>	<u>1,121,102</u>
	<u>\$ 1,352,732</u>	<u>\$ 1,316,390</u>

The accompanying independent accountant's review report and notes are an integral part of the financial statements.

Potomac Valley Swimming, Inc.

Statement of Functional Expenses for the year ended August 31, 2025 (Reviewed)

	Meets and programs	Officials	Membership registration	Total programs	Operations	Total
Expenses						
Advertising	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 500
Apparel and supplies	-	7,639	-	7,639	-	7,639
Background checks	-	2,057	-	2,057	-	2,057
Bank charges	-	-	-	-	3,209	3,209
Computer expenses	-	-	-	-	6,553	6,553
Equipment rental and repairs	15,886	-	-	15,886	-	15,886
Grants and scholarships	43,120	-	-	43,120	-	43,120
Meet management fees	158,457	-	-	158,457	-	158,457
Meetings and conferences	-	-	-	-	15,612	15,612
Office expenses	-	-	-	-	3,524	3,524
Payroll taxes	-	-	1,511	1,511	6,923	8,434
Pool and other meet expenses	486,731	-	-	486,731	-	486,731
Professional fees	27,587	-	-	27,587	13,900	41,487
Salaries	-	-	19,750	19,750	90,502	110,252
Travel stipends	47,800	50,033	-	97,833	-	97,833
Zone expenses	114,960	-	-	114,960	-	114,960
Total functional expenses	\$ 894,541	\$ 59,729	\$ 21,261	\$ 975,531	\$ 140,723	\$ 1,116,254

The accompanying independent accountant's review report and notes are an integral part of the financial statements.

Potomac Valley Swimming, Inc.

Statement of Functional Expenses for the year ended August 31, 2024 (Audited)

	Meets and programs	Officials	Membership registration	Total programs	Operations	Total
Expenses						
Activities and hospitality	\$ 53,089	\$ -	\$ -	\$ 53,089	\$ -	\$ 53,089
Advertising	-	-	-	-	575	575
Apparel and supplies	-	5,617	-	5,617	-	5,617
Background checks	-	1,995	-	1,995	-	1,995
Bank charges	-	-	-	-	1,790	1,790
Computer expenses	-	-	-	-	5,173	5,173
Equipment rental and repairs	25,275	-	-	25,275	-	25,275
Fundraising	1,200	-	-	1,200	-	1,200
Meet management fees	101,678	-	-	101,678	-	101,678
Meetings and conferences	-	-	-	-	765	765
Office expenses	-	-	-	-	3,326	3,326
Payroll taxes	-	-	2,595	2,595	7,153	9,748
Pool and other rentals	448,910	-	-	448,910	-	448,910
Professional fees	48,638	-	-	48,638	7,900	56,538
Salaries	-	-	33,919	33,919	93,500	127,419
Travel stipends	52,900	46,611	-	99,511	-	99,511
Total functional expenses	\$ 731,690	\$ 54,223	\$ 36,514	\$ 822,427	\$ 120,182	\$ 942,609

The accompanying independent accountant's review report and notes are an integral part of the financial statements.

Potomac Valley Swimming, Inc.

Statements of Cash Flows for the years ended August 31,

(Reviewed)
2025

(Audited)
2024

Cash flows from operating activities

Change in net assets	\$ 36,342	\$ 195,288
Adjustments to reconcile change in net assets to net cash from operating activities		
Realized and unrealized gain on investments	(34,339)	(45,420)
(Increase) decrease in operating assets		
Accounts receivable	12,930	(3,721)
Prepaid expenses	(6,190)	35
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	(47,620)	30,620
Deferred registration revenue	(5,750)	7,106
Net cash (used in) provided by operating activities	<u>(44,627)</u>	<u>183,908</u>

Cash flows from investing activities

Purchase of investments and reinvestments	<u>(271,444)</u>	<u>(509,967)</u>
Net cash used in investing activities	<u>(271,444)</u>	<u>(509,967)</u>

Net change in cash and cash equivalents

Cash and cash equivalents, beginning of year

(316,071) (326,059)

Cash and cash equivalents, end of year

501,658 827,717

\$ 185,587 \$ 501,658

Supplemental disclosure of cash flow information

Cash paid for interest	\$ -	\$ -
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying independent accountant's review report and notes are an integral part of the financial statements.

Potomac Valley Swimming, Inc.

Notes to Financial Statements

August 31, 2025 (Reviewed) and 2024 (Audited)

1. Organization

Potomac Valley Swimming, Inc. (PVS) is a not-for-profit corporation organized to provide education, instruction and training of individuals to develop and improve their capabilities in the sport of competitive swimming. PVS's geographic area of operation includes parts of Maryland, Virginia, and the District of Columbia.

PVS programs include conducting meets and other swim activities, as well as training officials, coaches and other volunteers on the rules and regulations of USA Swimming (USAS). Revenue is generated from membership registrations, meets and other swimming activities.

2. Significant accounting policies

Basis of accounting

The accompanying financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Net assets, revenues, gains, and losses are classified based on the existence or absence of restrictions imposed by donors or grantors. Accordingly, net assets and changes therein are classified and reported in two categories as described below.

Net assets without donor restrictions are net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions are net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without restrictions. At August 31, 2025 and 2024, PVS had no net assets with donor restrictions.

Cash and cash equivalents

For purposes of the statements of cash flows, PVS considers all cash and unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Federal Deposit Insurance Corporation (FDIC) insurance is \$250,000 per depositor, per insured bank. At August 31, 2025 and 2024, cash exceeded the FDIC limit by \$205,058 and \$299,465, respectively.

Accounts receivable and allowance for credit losses

PVS operates in the nonprofit industry and its accounts receivable are primarily derived from customer contracts related to membership registrations and swim meets and activities. Accounts receivable are recorded when the appropriate revenue recognition criteria are met. At the statement of financial position date, PVS recognizes an expected allowance for credit losses. As a non-public entity, PVS elected the accounting policy to consider subsequent collections of receivables occurring after the statement of financial position date but before January 7, 2026, the date financial statements were available to be issued. Receivables that were collected in full during this period were not subject to a credit loss allowance.

For receivables not collected by the issuance date, PVS applied the practical expedient, assuming current conditions as of the reporting date would persist through the reasonable and supportable forecast period. Historical loss experience was adjusted to reflect current conditions.

See independent accountant's review report.

Potomac Valley Swimming, Inc.

Notes to Financial Statements

August 31, 2025 (Reviewed) and 2024 (Audited)

This policy election and practical expedient were applied consistently to all eligible receivables. PVS believes this approach provides a reasonable estimate of expected credit losses while simplifying the application of the current expected credit losses model.

Based on PVS's experience with its customers and management's assessment of current conditions and reasonable and supportable forecasts regarding future events, no allowance for credit losses was considered necessary for accounts receivable as of August 31, 2025 and 2024.

Investments

Investments are composed of a money market fund, mutual funds, and equities and are stated at fair value at the statement of financial position date and are subject to change thereafter due to market conditions. Investment expenses, as well as realized and unrealized gains and losses, are included with investment income in the statement of activities.

In general, investments are exposed to various risk, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect amounts reported in future statements of activities. Management believes that PVS's investments do not represent significant concentrations of market risk, as PVS's investment portfolio is adequately diversified among issuers.

Property and equipment

Equipment which costs in excess of \$2,500 is capitalized at cost. Depreciation is computed using the straight-line method over an estimated useful life of three years. When equipment is retired or otherwise disposed, the cost and related accumulated depreciation are removed from the accounts with any resulting gain or loss reflected in income. Maintenance and repairs are expensed in the period incurred. All assets were fully depreciated for the years ended August 31, 2025 and 2024, and there was no depreciation expense for the years then ended.

Leases

In the ordinary course of business, PVS may enter into a variety of lease arrangements. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date and represent PVS's right to use an underlying asset and the related lease obligations for the lease term. ROU assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. ROU assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method.

PVS has elected the short-term lease exemption to not recognize assets and liabilities for leases with terms of 12 months or less. PVS was not subject to any long-term leases during the years ended August 31, 2025 and 2024.

Revenue recognition

Membership registrations are typically received at the beginning of the fiscal year and allow members to actively participate in meets and receive insurance coverage from September 1 through December 31 of the following fiscal year. Due to the ongoing benefits received over time, the revenue is recognized ratably over the membership period; membership dues are held in deferred revenue until recognized. The membership registrations are not prorated for partial periods; the full registration amount is paid and allows access for the remainder of the sixteen-month period. USAS collects the membership dues and disburses the full amount, less a technology fee of four percent of the dues, to PVS.

See independent accountant's review report.

Potomac Valley Swimming, Inc.

Notes to Financial Statements

August 31, 2025 (Reviewed) and 2024 (Audited)

Meet fees are recognized at a point in time when the meet takes place.

In-kind contributions

PVS receives a significant amount of donated services from unpaid volunteers. These services are not recognized as revenue in the statements of activities because they do not meet the criteria for recognition under U.S. GAAP. Over 700 individuals volunteered their time during the years ended August 31, 2025 and 2024.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities and the reported amounts of revenues and expenses. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Functional classification of expenses

The costs of program services and operations have been summarized on a functional basis in the statements of activities. The statement of functional expenses present the natural classification detail of expenses by function. Expenses are charged to program services and operations based on a combination of specific identification and allocation by management. Certain categories of expenses are attributed to more than one function and have been allocated on a reasonable basis that is consistently applied. Expenses that are allocated on a time-and-effort basis include salaries and payroll taxes.

Income tax status

PVS is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Income from certain activities not directly related to the Organization's exempt purpose is subject to taxation as unrelated business income. PVS had no unrelated business income for the years ended August 31, 2025 and 2024.

The material jurisdictions subject to potential examination by taxing authorities are the United States, Maryland, and Virginia. The Board does not believe that the ultimate outcome of any future examinations of open tax years will have a material impact on the PVS's results of operations. Tax years that remain subject to examination by the IRS are fiscal years 2022 through 2025.

Other financial assets and liabilities

Financial assets with carrying values approximating fair value include cash and cash equivalents, accounts receivable, and prepaid expenses. Financial liabilities with carrying values approximating fair value include accounts payable and accrued expenses and deferred registration revenue. The carrying values of these financial assets and liabilities approximate fair value due to their short maturities.

Recently adopted accounting pronouncements

PVS early adopted Accounting Standards Update (ASU) 2025-05, *Financial Instruments—Credit Losses (Topic 326): Simplifying the Measurement of Current Expected Credit Losses for Short-Term Receivables*. This update permits a practical expedient for estimating current expected credit losses on current trade receivables and contract assets arising under Accounting Standards Codification 606. PVS elected to apply the practical expedient, assuming current conditions as of the reporting date will persist through the forecast period. Additionally, as a non-public entity, PVS elected the accounting policy to consider subsequent collections of receivables through the date the financial statements were available to be issued. The remaining uncollected balances were evaluated using historical loss experience adjusted for current conditions. These elections were applied consistently across all eligible assets.

Potomac Valley Swimming, Inc.

Notes to Financial Statements

August 31, 2025 (Reviewed) and 2024 (Audited)

3. Liquidity and availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, include the following assets at August 31:

	2025	2024
Cash and cash equivalents	\$ 185,587	\$ 501,658
Investments	1,253,926	948,143
Accounts receivable	2,086	15,016
	<u>\$ 1,441,599</u>	<u>\$ 1,464,817</u>

4. Investments and fair value measurements

PVS reports investments at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the liability, including assumptions about risk. Inputs are classified into a three-tier hierarchy as follows: Level 1, which refers to securities valued using quoted prices from active markets for identical assets; Level 2, which refers to securities not traded on an active market but for which observable market inputs are readily available; and Level 3, which refers to securities valued based on significant unobservable inputs. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

PVS's investment assets are classified within Level 1 because they are comprised of equities and open-end mutual funds with readily determinable fair values based on daily redemption values.

Level 1 investments, at fair value, consisted of the following at August 31:

	2025	2024
Money market funds	\$ 151,686	\$ 43,667
Mutual funds		
US equity	269,117	194,177
International equity	59,828	46,137
Real estate	26,750	21,880
Fixed income	746,545	642,282
	<u>\$ 1,253,926</u>	<u>\$ 948,143</u>

See independent accountant's review report.

Potomac Valley Swimming, Inc.

Notes to Financial Statements

August 31, 2025 (Reviewed) and 2024 (Audited)

5. Revenue recognition

PVS recognizes membership revenue over the life of the membership, with dues collected but not yet recognized being held in deferred revenue. Deferred revenue activity for the years ended August 31 is as follows:

	2025	2024
Deferred revenue, beginning of year	\$ 101,707	\$ 94,601
Revenue recognized that was included in deferred revenue at the beginning of the year	(101,707)	(94,601)
Increase in deferred revenue due to cash received during the year	95,957	101,707
Deferred revenue, end of year	<u>\$ 95,957</u>	<u>\$ 101,707</u>

PVS's revenue disaggregated by the timing of satisfaction of performance obligations for the years ended August 31 is as follows:

	2025	2024
Performance obligations satisfied at a point in time Meet fees	\$ 773,967	\$ 753,747
Performance obligations satisfied over time Membership registration, net	320,311	324,196
	<u>\$ 1,094,278</u>	<u>\$ 1,077,943</u>

Accounts receivable totaled \$2,087, \$15,016, and \$11,295 as of August 31, 2025, 2024, and 2023, respectively.

6. Related party transactions

PVS pays member clubs' meet management fees for hosting PVS sponsored meets. In many cases, member clubs' management may also occupy positions on PVS's Board of Directors or serve in leadership positions on PVS Committees. PVS's method of awarding meets to clubs requires a majority vote by PVS's full Board of Directors. PVS also awards member clubs travel assistance for athlete travel to meets where the athlete represents PVS. No single individual or club has the ability to unilaterally award a meet or approve travel assistance. For the years ended August 31, 2025 and 2024, fees paid to related clubs totaled \$208,673 and \$147,303, respectively.

7. Commitments

On June 1, 2020, PVS entered into a one-year agreement to lease space to store documents, records and equipment used in swim meets. The lease dictated payments of \$1,000 per month, required a \$1,000 security deposit and could be terminated with a written notice of termination 180 days prior. The lease has been extended multiple times, most recently on June 1, 2025, at a rate of \$1,184 per month for 12 months. Total storage rental expenses were \$13,902 and \$13,800 for the years ended August 31, 2025 and 2024, respectively, and are included in equipment rental and repairs expense on the statement of functional expenses. Future minimum lease payments for the year ending August 31, 2026 total \$10,656.

See independent accountant's review report.

Potomac Valley Swimming, Inc.

Notes to Financial Statements

August 31, 2025 (Reviewed) and 2024 (Audited)

8. Subsequent events

Potomac Valley Swimming, Inc., assessed events occurring subsequent to August 31, 2025, through January 7, 2026, the date the financial statements were available to be issued, for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to or disclosure in the financial statements.

See independent accountant's review report.