

MIDWESTERN
SWIMMING, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021

CONTENTS

	<u>Page</u>
Independent Accountants' Review Report	1
Financial Statements:	
Statements of Financial Position – Modified Cash Basis	2
Statements of Activities and Changes in Net Assets – Modified Cash Basis	3
Statements of Cash Flows – Modified Cash Basis	4
Notes to Financial Statements	5 - 11

Massman Nelson Reinig PC

Certified Public Accountants

13310 I Street | Omaha, Nebraska 68137

402 330 7099 Fax 402 330 0809

Michael L Massman CPA
George E Nelson CPA

James A Reinig CPA
Keli D Palfini CPA

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Midwestern Swimming, Inc.

We have reviewed the accompanying financial statements of Midwestern Swimming, Inc. (a Nonprofit Organization), which comprise the statements of financial position – modified cash basis as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets and cash flows – modified cash basis for the years 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 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 Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible 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.

Accountants' 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 the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

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

Accountants' 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 the modified cash basis of accounting.

To the Board of Directors of
Midwestern Swimming, Inc.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Massman Nelson Rey PC
Certified Public Accountants

Omaha, Nebraska
March 16, 2022

MIDWESTERN SWIMMING, INC.
STATEMENTS OF FINANCIAL POSITION –
MODIFIED CASH BASIS
DECEMBER 31, 2021 AND 2020
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

ASSETS

	<u>2021</u>	<u>2020</u>
Current assets:		
Cash – operating	\$ 116,035	\$ 83,698
Cash – savings	<u>65,110</u>	<u>65,103</u>
Total cash	181,145	148,801
Investments	<u>114,072</u>	<u>111,941</u>
Total current assets	<u>295,217</u>	<u>260,742</u>
 Total assets	 <u>\$ 295,217</u>	 <u>\$ 260,742</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Prepaid USS registrations	\$ 14,295	\$ 16,360
Withheld and accrued payroll taxes	<u>2,788</u>	<u>2,076</u>
Total current liabilities	<u>17,083</u>	<u>18,436</u>
 Total liabilities	 <u>17,083</u>	 <u>18,436</u>
 Net assets:		
Net assets without donor restrictions	<u>278,134</u>	<u>242,306</u>
Total net assets	<u>278,134</u>	<u>242,306</u>
 Total liabilities and net assets	 <u>\$ 295,217</u>	 <u>\$ 260,742</u>

See accompanying notes to the financial statements.

MIDWESTERN SWIMMING, INC.
STATEMENTS OF ACTIVITIES AND
CHANGES IN NET ASSETS - MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	<u>2021</u>	<u>2020</u>
Revenue:		
All-star meet	\$ -	\$ 10,563
Zone meet	7,115	-
MWS sanction fee	7,346	1,075
MWS splash fee	68,247	44,270
MWS fines	210	-
USS athlete membership	161,091	136,280
USS non-athlete members	23,836	21,690
USS club memberships	5,860	11,380
MWS LSC long course	25,131	-
MWS LSC short course	18,838	-
Officials income	1,537	-
Miscellaneous income	-	360
	<u>319,211</u>	<u>225,618</u>
Expenditures:		
All-star meet	43	16,795
Zone meet	12,857	700
Diversity support	2,842	1,541
Safe Sport	1,048	154
MWS LSC long course	24,440	-
MWS LSC short course	19,657	3,253
Athlete reimbursement	17,189	9,125
USS athlete registration	134,343	131,799
USS non-athlete registration	20,970	23,934
USS club registrations	1,960	2,240
Club rebates	1,875	13,950
Insurance	306	306
Service charge	30	179
Administration	13,370	12,559
Office supplies	320	720
Website	1,200	390
Admin phone	-	224
Admin postage	99	812

Board of Directors meeting	175	-
Admin travel/clinics	442	-
Officials	2,677	1,489
Swim conference	-	316
Exec secretary – wage	23,075	21,388
Payroll taxes	1,765	1,636
LSC Champ award	<u>1,690</u>	<u>1,160</u>
Total expenditures	<u>282,373</u>	<u>244,670</u>
Increase (decrease) in net assets before other revenue and expenditures	36,838	(19,052)
Interest received	2,147	2,123
Miscellaneous expense	<u>(3,157)</u>	<u>(90)</u>
Increase (decrease) in net assets	35,828	(17,019)
Net assets without donor restrictions, at beginning of year	<u>242,306</u>	<u>259,325</u>
Net assets without donor restrictions, at end of year	<u>\$ 278,134</u>	<u>\$ 242,306</u>

See accompanying notes to the financial statements.

MIDWESTERN SWIMMING, INC.
STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 35,828	\$ (17,019)
Adjustments to reconcile decrease in net assets to cash provided by operating activities:		
Increase (decrease) in prepaid USS registrations	(1,353)	915
Increase (decrease) in accrued payroll taxes	<u>712</u>	<u>72</u>
Total adjustments	<u>(1,353)</u>	<u>987</u>
Net cash provided (used) by operating activities	<u>34,475</u>	<u>(16,032)</u>
Cash flows from investing activities:		
(Increase) in investments	<u>(2,131)</u>	<u>(2,097)</u>
Net cash used in investing activities	<u>(2,131)</u>	<u>(2,097)</u>
Net increase (decrease) in cash	32,344	(18,129)
Cash, cash equivalents and restricted cash - beginning of year	<u>148,801</u>	<u>166,930</u>
Cash, cash equivalents and restricted cash - end of year	<u>\$ 181,145</u>	<u>\$ 148,801</u>

See accompanying notes to the financial statements.

MIDWESTERN SWIMMING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

1. Summary of Significant Accounting Policies

A. Nature of Operations:

Midwestern Swimming, Inc. is a non-profit organization which is the sanctioning body for local and regional swimming competitions. The Organization provides the structure and parameters for local swim clubs and provides monitoring for swim events under rules created by USA Swimming, the governing body. The events are targeted for athletes from 5 to 20 years of age. The Organization monitors these events in Nebraska and a part of Western Iowa.

B. Use of Estimates:

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and expenses during the reporting period. Actual results could differ from those estimates.

C. Investments:

Investments with readily determinable fair values are reported at their fair values in the statement of financial position.

D. Cash, Cash Equivalents and Restricted Cash:

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Organization maintains cash balances at various banks. During the year, the cash balances did not exceed the FDIC insurance coverage. There were no restricted cash balances at December 31, 2021 and 2020.

E. Revenue Recognition:

Dues and fees are recognized as revenue on a cash basis with the exception of prepaid fees for USS registrations, which are classified as a liability in the financial statements.

F. Income Taxes:

The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code.

Newly effective accounting standards prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. These standards also provide guidance on derecognition of tax benefits, classification on the balance sheet, interest and penalties, accounting in interim periods, disclosure and transition.

MIDWESTERN SWIMMING, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

1. Summary of Significant Accounting Policies - Continued

F. Income Taxes - Continued:

The Organization has evaluated its uncertain positions and related income tax contingencies and feels it is not material to the financial statements. Penalties and interest assessed by income taxing authorities are included in operating expense, if incurred. The federal income tax returns of the Organization for the years ended December 31, 2021, 2020 and 2019 are subject to examination by the Internal Revenue Service (IRS), generally for three years after they were filed.

G. Concentration of Credit Risk:

Midwestern Swimming, Inc. maintains cash and certificates of deposit at several banks in the Omaha area, with F.D.I.C. insurance. During the year the cash balance did not exceed F.D.I.C. insurance coverage.

H. Basis of Accounting:

The Organization's policy is to prepare its financial statements on the modified cash basis of accounting; consequently, revenues are recognized when received rather than when earned, and expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

I. Other:

Management has evaluated subsequent events through March 16, 2022, the date the financial statements were available to be issued.

2. Investments

Investments at December 31, 2021 consist of the following:

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>	
			<u>Cost</u>	<u>Market</u>
Certificate of Deposit	3/6/24	1.86%	<u>\$ 114,072</u>	<u>\$ 114,072</u>

Investments at December 31, 2020 consist of the following:

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>	
			<u>Cost</u>	<u>Market</u>
Certificate of Deposit	3/6/24	1.86%	<u>\$ 111,941</u>	<u>\$ 111,941</u>

On March 6, 2019, the certificate was renewed to a 5-year term with interest rate of 1.86%

Income from investments consisted of interest income of \$2,131 and \$2,096 in 2021 and 2020, respectively.

MIDWESTERN SWIMMING, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

3. Fair Value Measurement

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- 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 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

The following tables present the fair value hierarchy of Midwestern Swimming, Inc. for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2021 and 2020.

Fair Value Measurement on a Recurring Basis
As of December 31, 2021

	Level 1	Level 2	Level 3	Total
Assets:				
Certificates of Deposit	\$ -	\$ 114,072	\$ -	\$ 114,072
	\$ -	\$ 114,072	\$ -	\$ 114,072

Fair Value Measurement on a Recurring Basis
As of December 31, 2020

	Level 1	Level 2	Level 3	Total
Assets:				
Certificates of Deposit	\$ -	\$ 111,941	\$ -	\$ 111,941
	\$ -	\$ 111,941	\$ -	\$ 111,941

MIDWESTERN SWIMMING, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

4. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the balance sheet date, available for general use within one year of the balance sheet date.

	<u>2021</u>	<u>2020</u>
Financial assets at year-end	\$ <u>295,217</u>	\$ <u>260,742</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>295,217</u>	\$ <u>260,742</u>

For the years ended December 31, 2021 and 2020, the Organization had no net assets with donor restrictions.

For the years ended December 31, 2021 and 2020, the Board of Directors has not designated any amounts from net assets without donor restrictions.

MIDWESTERN SWIMMING, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

5. Allocation of Expenses

For the year ended December 31, 2021, joint cost of program service and management and general activities are as follows:

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
All-star meet	\$ 43	\$ -	\$ 43
Zone meet	12,857	-	12,857
Diversity support	2,842	-	2,842
Safe Sport	1,048	-	1,048
MWS LSC long course	24,440	-	24,440
MWS LSC short course	19,657	-	19,657
Athlete reimbursement	17,189	-	17,189
USS athlete registration	134,343	-	134,343
USS non-athlete registration	20,970	-	20,970
USS club registrations	1,960	-	1,960
Club rebates	-	1,875	1,875
Insurance	-	306	306
Service charge	-	30	30
Administration	-	13,370	13,370
Office supplies	-	320	320
Website	-	1,200	1,200
Admin phone	-	-	-
Admin postage	-	99	99
Board of directors meeting	-	175	175
Admin travel/clinics	-	442	442
Officials	2,677	-	2,677
Swim conference	-	-	-
Exec secretary – wage	-	23,075	23,075
Payroll taxes	-	1,765	1,765
LSC Champ award	1,690	-	1,690
Miscellaneous expense	-	3,157	3,157
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 239,716</u>	<u>\$ 45,814</u>	<u>\$ 285,530</u>

MIDWESTERN SWIMMING, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

5. Allocation of Expenses - Continued

For the year ended December 31, 2020, joint cost of program service and management and general activities are as follows:

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
All-star meet	\$ 16,795	\$ -	\$ 16,795
Zone meet	700	-	700
Diversity support	1,541	-	1,541
Safe Sport	154	-	154
MWS LSC long course	-	-	-
MWS LSC short course	3,253	-	3,253
Athlete reimbursement	9,125	-	9,125
USS athlete registration	131,799	-	131,799
USS non-athlete registration	23,934	-	23,934
USS club registrations	2,240	-	2,240
Club rebates	13,950	-	13,950
Insurance	-	306	306
Service charge	-	179	179
Administration	-	12,559	12,559
Office supplies	-	720	720
Website	-	390	390
Admin phone	-	224	224
Admin postage	-	812	812
Board of directors meeting	-	-	-
Admin travel/clinics	-	-	-
Officials	1,489	-	1,489
Swim conference	316	-	316
Exec secretary – wage	-	21,388	21,388
Payroll taxes	-	1,636	1,636
LSC Champ award	1,160	-	1,160
Miscellaneous expense	-	90	90
	<u>206,456</u>	<u>38,304</u>	<u>244,760</u>
Total expenditures	<u>\$ 206,456</u>	<u>\$ 38,304</u>	<u>\$ 244,760</u>

The financial statements report various categories of expense which are classified as program services as these are considered directly incurred or specifically identified for a program. All other expenses are considered management and general expenses. No expenses were allocate between program services and management and general for the years ended December 31, 2021 and 2020.

MIDWESTERN SWIMMING, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

6. Subsequent Event

On March 10, 2020, the World Health Organization declared the coronavirus, also known as COVID-19, a pandemic. The impact of COVID-19 could negatively impact the Organization's operations and impair the ability of its customers to fulfill their financial obligations to the Organization. The extent to which COVID-19 impacts the Organization's results will depend on future developments, which are highly uncertain and cannot be predicted.