

## Expense Breakout:

Within the 'Financial Statement Analysis' below, variance explanations are detailed by business unit and division (e.g. National Team, Commercial, etc.). Given organizational restructure and expense allocation methodologies, the following two expense areas can be misinterpreted when analyzed by division. As such, please see below:

- Total Payroll and Benefits of \$11,366,088 were over budget by (\$99,788) or (0.89%) (page 4). Organizational restructuring resulted in severance costs and wide variances in the separate business units and divisions.
- Administration & Operational Support programs were over budget (pages 7-15 by division). The main factor was allocating in-house travel agency costs to these budgets rather than to the individual programs as budgeted.

## FINANCIAL STATEMENT ANALYSIS

Accompanying this written summary are the final, unaudited USA Swimming financial statements for 2018. The following are key items and variances as highlighted in the statements:

**2020 Quad Update (page 1)** – The 2020 Business Plan has been updated with the 2018 results. Using the approved 2019 budget and 2020 projection, we currently show a (\$955,596) deficit for the quad or (0.6%) of total quad revenue. We will provide an amended 2019 budget along with the final 2020 budget with the goal of a breakeven quad.

**Balance Sheet (page 2)** – Our cash position decreased year over year by (\$1,082,340) to \$7,217,977 as reflected in the decrease of accrued expenses and other liabilities which included paying out forfeited FINA prize money that was collected in 2017 as well as fulfilling contractual obligations to the previous CEO.

Long-term investments decreased by (\$4,972,093) to \$32,023,658 as explained in the 'Investment Balance and Revenue' section above.

Total net assets decreased by (\$5,267,824) to \$31,041,563 due to the operating loss (\$1,453,784), reserve spending (\$1,333,874), and aforementioned "below the line" investment loss of (\$2,480,166).

**Income Statements (pages 3 - 4)** – Operating deficit of (\$1,453,784) missed the budget by (\$955,683). Total operating revenue of \$36,099,844 fell short of the budget by (\$1,787,956) or (4.72%). Total operating expenses of \$37,553,627 beat the budget by \$832,273 or 2.17%. National Team and Commercial divisions produced the largest budget savings.

Excluded from the operating budget are items approved by the Board to be funded by reserves totaling (\$1,333,874) including Safe Sport contingency, CRM project, Athlete Leadership Summit, and disaster relief grants.

As explained in the 'Investment Balance and Revenue' section above, the "below the line" investment loss of (\$2,480,166) equals the actual loss of (\$1,489,666) plus the (\$990,500) transfer.