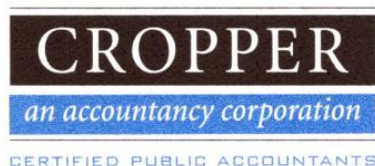


**REQUIRED COMMUNICATIONS**

**To the Board of Directors of**

**PACIFIC SWIMMING, INC.**

**January 2, 2026**



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Board of Directors  
Pacific Swimming, Inc.

This report summarizes certain matters required by professional auditing standards to be communicated to you in your oversight responsibility Pacific Swimming's financial reporting process. We are pleased to present this report related to our audit of the financial statements for the year ended August 31, 2025.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties.

It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to be of service to Pacific Swimming.

*Cropper Accountancy Corporation*

Cropper Accountancy Corporation  
January 2, 2026

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## Required Communications

Statement on Auditing Standard No. 114 requires the auditor to communicate certain matters to keep those charged with governance adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. The following summarizes these communications.

Area	Comments
<b>Auditors' Responsibility Under Professional Standards</b>	<p>Our responsibility has been described to you in our engagement letter. That responsibility, as described by professional standards, is to express an opinion about whether the financial statements, prepared by management with your oversight, are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.</p>
<b>Accounting Practices</b>	<p><b>Adoption of, or Change in, Accounting Policies</b></p> <p>Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies set forth by Pacific Swimming are described in Note 1 to the financial statements.</p> <p>There were no changes in any accounting policies (or the application of existing policies) during the year ended August 31, 2025.</p> <p><b>Significant or Unusual Transactions</b></p> <p>We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.</p>

## **Alternative Treatments Discussed with Management**

We did not discuss with management any alternative treatments within generally accepted accounting principles for accounting policies and practices related to material items during the current audit period other than the practice with regard to expenses incurred in satisfaction of donor restrictions as detailed above.

## **Recently Issued Accounting Pronouncements and Developments**

In July 2025, the FASB issued ASC 2025-05 (Topic 326), *Measurement of Credit Losses for Accounts Receivable and Contract Assets*, setting forth: (1) a practical expedient in developing reasonable and supportable forecasts as part of estimating credit losses that assumes that current conditions as of the balance sheet do not change for the remaining life of the asset, and (2) All nonpublic entities can elect the practical expedient permitted to make an accounting election to consider activity after the balance sheet date when estimating expected credit losses. The new standard is required for implementation for annual reporting periods beginning after December 15, 2025, though earlier implementation is permitted. In addition to make the accounting policy election, a preferability assessment in accordance with paragraph 250-10-45-2 is set forth.

## **Management's Judgments and Accounting Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles generally 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Summary information about the process used by management in formulating particularly sensitive accounting estimates is in the attached "Summary of Accounting Estimates".

**Financial Statement Disclosures**

We have no significant observations regarding the neutrality, consistency, and clarity of the disclosures in the financial statements.

**Audit Adjustments**

The audit adjustments recorded by Pacific Swimming are shown on the attached “Summary of Recorded Audit Adjustments”.

**Uncorrected Misstatements**

Audit adjustments passed by Pacific Swimming are shown on the attached “Summary of Uncorrected Misstatements”.

**Disagreements with Management**

We encountered no disagreements with management over the application of significant accounting principles, the basis for management’s judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

**Consultations with Other Accountants**

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

**Significant Issues Discussed with Management**

There were no significant issues discussed with management during the current year.

**Difficulties Encountered in Performing the Audit**

We did not encounter any difficulties in dealing with management during the audit.

**Certain Written Communications Between Management and Our Firm**

Management has provided an audit representation letter dated January 2, 2026.

**Financial Statement Disclosures**

The disclosures in the financial statements are neutral, consistent, and transparent. Certain financial statement disclosures are particularly sensitive to financial statement users.

Management determines Pacific Swimming’s exposure for commitments or contingent liabilities based upon their knowledge of the issues and consultation with outside attorneys and other professionals. Pacific Swimming then determines if any such items meet the requirements if any such items meet the requirements of ASC Topic, *Contingencies*.

# Pacific Swimming

## Summary of Significant Accounting Estimates

### Year Ended August 31, 2025

Area	Accounting Policy	Estimation Process
<b>Investments</b>	Investments (marketable securities) are recorded according to the fair value hierarchy at estimated fair value.	<p>Pacific Swimming agrees estimated fair value of marketable securities recorded in the books and records to third party statements, reviewing the categorization of investments according to the fair value hierarchy.</p> <p>Additionally Pacific Swimming assesses investment fair values provided by the third-party custodian and whether the method used, based on the fair value hierarchy, is appropriate in the circumstances, based on investment type.</p>
<b>Accounts Receivable</b>	Receivables are recorded at estimated net realizable value.	Pacific Swimming reviews subsequent collections and develops reasonable and supportable forecasts of potential credit losses, based on macroeconomic data, as well as discussions with delinquent members.
<b>Inventory</b>	Inventory is valued at the lower of cost, or estimated market value, on a first-in, first-out basis (FIFO).	Pacific Swimming assesses whether the estimated market value of inventory is below cost and whether a write-down of inventory is deemed necessary.
<b>Accrued Vacation</b>	An accrual is made to estimate vacation time earned by employees but still not taken or compensated at fiscal year end based on management policy and employee time records and as calculated by the payroll processor.	We haphazardly test the calculation of accrued vacation for select employees by agreeing pay rates to payroll and personnel records, vacation hours earned to management's policy and the payroll processor report. We recalculate the extrapolated balances by employee and agree the total calculation to the general ledger.
<b>Revenue Recognition</b>	Management estimates that the value of membership benefits provided equal or	We have examined the estimated fair value of benefits provided and when the performance obligations are satisfied, noting management's estimate appears reasonable.

exceed the value of dues paid and are, therefore, an exchange transaction.

In addition, management estimates when performance obligations inherent in the contracts with customers are provided and recognizes revenue accordingly by allocating revenues to each performance obligation.

Management estimates the fair value of in-kind goods and services provided.

In addition, we test management's calculation of revenue by haphazardly selecting memberships and meet and other fees for testing. We agree membership period and dues rates and fee schedules to supporting documentation and recalculate accordingly.

## **Depreciation**

The current policy is to capitalize all fixed assets greater than \$4,000 and that assets by depreciated on a straight-line basis (generally 5 years).

Management calculates depreciation in an Excel spreadsheet on a straight-line basis with estimated useful lives per policy.

We recalculate the depreciation calculation and mechanical accuracy of the Excel spreadsheet on a test basis, in addition to ensuring that the estimated useful lives used are consistent per policy.

## **Cost Allocations to Functional Categories**

Pacific Swimming allocates costs that support more than one function (by natural class) between functional categories based on a proportionate share of time and effort reporting and management estimates.

We recalculate functional expenses according to policy. In addition, we review with management the estimated time spent by employee based on job description to each functional category and extrapolate payroll costs by function accordingly. Total estimated payroll cost in total by functional is then used to allocate other natural expense categories (employee benefits, payroll taxes, supplies, etc.).



**Pacific Swimming  
Summary of Recorded Audit Adjustments  
August 31, 2025**

There were no significant adjustments greater than \$1,000 recorded.

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**Pacific Swimming  
Summary of Uncorrected Misstatements  
Year Ended August 31, 2025**

**Passed Adjusting Journal Entry #1**

To correct for overstated expenses received for a meet subsidy; reimbursement received after year end

Prepaid expenses

DR. \$3,860

Subscription expense

CR. \$ 3,860

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