

Arizona Swimming



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2008 Annual Report to the Membership

Including...

State of the Sport,
Management Discussion
and Analysis
&
Financial Statements for
the year ending
August 31, 2008

Arizona Swimming Contact Information Sheet

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Arizona Swimming, Inc.

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REPORT OF THE INCOMING GENERAL CHAIR TO THE MEMBERSHIP

State of the Sport

For the past quadrennium AzSI focused on 3 basic goals– Membership, Volunteerism and Education. During each of those years we have reported to you slow but steady progress toward achieving these goals. In 2008, once again, we are please to report we have made at least gradual progress in every area. AzSI is solvent, its membership has grown, if ever so slightly, and we have more volunteers than when we started.

I, however, come here tonight to speak to you about the future, not the past. I come to ask for your help to set achievable, measureable goals for our sport for the next quadrennium; goals for membership, for performance, for accountability.

Membership

Athlete

I am pleased to report that so far this registration year AzSI has experienced, for AzSI at least, substantial growth in both athlete and non athlete membership. While these numbers are heartening, they also raise questions. Questions like why not more athletes? And the questions no one wants to ask, Do clubs think so little of our sport that they don't bother to register all their athletes? Does our sport offer that little to the youth of Arizona?

An unscientific, statistically invalid survey indicated that some clubs register athletes only when the athlete wishes to attend a meet; that same survey indicated that there could be as many as 1,000 unregistered athletes participating in programs at USA/AzSI clubs. More athletes means better competition, more interesting meets, more opportunity for all our athletes and more money to fund programs. Another question, do we strive to run a great competitive swim programs or do we wish to let our sport degrade into a glorified recreational league? I don't know the answer to any of these questions.

Non Athlete

Coaches - Even in these times when AzSI's non-athletes registration is skyrocketing, compliance with rules regarding coach membership / certification is still lacking. I have stood before you in a number of capacities over the years and told you its not for US but for YOU, your club, and the volunteers that help you that you keep you coaches certifications current. Letting them lapse clearly puts everyone at risk if there is, god forbid, an accident.

Volunteers - Volunteers are just that - Volunteers. Our own demographics and psychographic study showed that the trend is generally away from volunteerism. Throughout swimming, not just in Arizona, our answer has been to expect more of those that do volunteer and do less to make them feel appreciated. Since taking office in September I have had two teams call me and give me the dates of their meet and tell me... tell me.. to arrange officials for their meet. Let's be honest the use of volunteers greatly enhances a clubs ability to make money on a particular meet. But lets also be honest and recognize that volunteers don't have to volunteer! By training our volunteers and making them feel appreciated on all levels of our organization we can continue a legacy of decades of volunteerism in Arizona Swimming.

Where do we go...

I have asked some hard questions.. I understand that.. I wish I could stand here among you and tell you I know the answers but I do not.. What I can tell you is that I am here to ask your help it finding the answers and implementing programs to make AzSi better. To do that I will..

State of the Sport - General Chair (continued)

Communicate - I am asking for help - and I am coming to get it! During the course of the next year I will attempt to talk one-on-one with every head coach in the LSC. Not 10 minutes on deck at a meet but one-on-one wherever you may be in the state. I have already started this and I am pleased to report that even already we have had some small successes. As the result of one such meeting, additional information was added to the AzSI home page within hours of meeting to help parents of new athletes understand the sport. This does not mean that you cannot contact me...you're always welcome. It means I will seek to contact you.

Programs - I have asked and have gotten from committee chairs, both elected and appointed, that their committees be comprised of "working" members. Committees that will act; committees that will inquire as to the desire of the membership. I have been around for a number of years, both at club and LSC level. We have talked and talked about making our meets more interesting, more fun. The LSC has tried, with little effect, providing funds for championship level meets to improve the enjoyment of athlete and fans, but to little effect. I seek ideas and real budgetary proposals. And not just give me money.. That is not an idea.

Participation – I wish to find answers to why some parents and grandparents' don't come to swim meets. They go to soccer games and lacrosse games. I wish to find answers as to why athletes friends never come to watch them swim. Not even state championships. They go to footballs, basketball, soccer, lacrosse. I wish to ask the questions we have not been able to easily find answers to and to ask all the questions we may be afraid to ask.

Searching for that Answer

Prior to the last two long course state championship meets, AzSI hosted luncheons for the coaches which were designed to foster ideas and cooperation. Your Coach representatives, Matt Rankin and Lisa Walls, are in the process of formulating suggested programs and plans from some of the ideas that came from those meetings. They will report that progress to you.

Last year AzSI modified its athlete participation to comply with the Amateur Sports Act. As a result we now have a committee of 18 athlete members elected from the ranks of athlete representatives of the various clubs. This committee will have its first annual meeting this spring, lead by the elected representatives of that committee to the Board of Directors, Julia Craddock and Lindsey Laporte. I would charge their committee with some of the same questions: Why don't their friends show up to watch them swim? What can we make swimming competitions more "fan friendly"?

In the next few months the various committees will be making presentation to the board regarding programs and budget proposals for the next year. I encourage you to communicate with the members of the committees and attend the presentation at the Board of Directors meetings. In the beginning of my report I spoke of the last quadrennium, tonight we must address the new quadrennium. To do that we must plan for the future in increments larger than one season at a time. So as we approach the new plan I ask for not only a plan for next year but one for the next four years.

We are not going to answer the question quickly, but we need to start somewhere... I will do my best to get some of these answers and I and your committee chairs will report back to you the House of Delegates in the spring on our progress.

John Degnan
General Chair

AGE GROUP SWIMMING - ANNUAL REPORT TO THE MEMBERSHIP

Age Group Swimming

In 2008 the world turned their attention to the pool to watch history being made in the Water Cube. The excitement rippled around the globe and found its way into pools throughout Arizona. We need to welcome the growth that 2008 has provided to Arizona Swimming and expand what we have to offer to meet the demands of a new influx of swimmers.

Goals for 2009:

Help Clubs Retain New Swimmers

Arizona Swimming is experiencing an impressive surge in membership, in part due to the excitement that the Olympic Games generated for the sport. As many member clubs grow in size we will work with clubs to organize meets that will retain these new athletes in the sport. I have appropriated \$5,000 from the Age Group budget to be used to enhance the swim meet experience to draw these new swimmers further into the sport of swimming. I encourage anyone with ideas on how this money can best be spent to forward his ideas to the age group committee.

Provide meets that serve the membership

Much ground was covered and ideas generated at a coaches meeting before the Long Course Age Group State Championship. In this meeting coaches discussed what was important at a swim meet and tried to find common ground on what types of meets should be offered. Though it was generally agreed that there are sufficient in state meets for Q level swimmers there was a consensus that more needs to be done to develop meet formats that meet the needs of all of the membership, including novice swimmers. Much work has been done to examine ways to keep the timelines shorter on the State Championship level meets to keep the session length to a reasonable time while maximizing the opportunity for the kids to compete at the highest level our state has to offer.

Standardize LSC Sponsored Meets

Though much of the meet schedule is left up to the teams hosting meets Arizona Swimming sponsors the Short Course Regional meets and the Short Course and Long Course State Championship meets. We are in the process of finalizing standardization procedures for these meets so that the quality of the experience will be the same from site to site and year to year.

A number of different formats have been developed over the past two years for Fall League. We hope to move forward, together as an LSC, with a format that can best meet the needs of the swimmers.

Joe Zemaitis
Age Group Chair

SENIOR SWIMMING - ANNUAL REPORT TO THE MEMBERSHIP

Senior Swimming in Arizona

It is hard to believe that the year 2008 is almost behind us. As I reflect upon the year, I often wonder if we are headed in the right direction or doing all we can to make senior swimming in Arizona the very best it can be.

Thoughts such as these must be acknowledged in the light that the Local Swim Committee can only do so much as a volunteer organization. Sometimes we want ideas and programs to progress faster than is possible. While we could list many positive and negative things about Arizona senior swimming, allow me to highlight just a few of each.

No one can argue that we have seen some incredible swims this year. Our athletes have once again represented our state well and our coaches continue to produce great results with sometimes small resources yet big ambition.

I applaud our coaches and volunteers for their hard work and dedication to our sport. However, I understand now more than ever that it will take a combined effort from all senior coaches in this state to cooperate together to make a real difference. We have potential but I truly don't believe we will reach that potential unless we are more proactive, through candid communication, in bringing ideas to the table - with an attitude of support - for the greater good of Arizona swimming.

Moving Forward by Working Together

The first step in accomplishing just that was our head coaches meeting held back in July. It was great to have seen many of you at that meeting. Many great ideas came to the surface and we are now in the process of selecting a pro-active senior committee that will help develop some of those ideas and foster an even better atmosphere of team work on and off the pool deck.

I would ask that if you are solicited for ideas that you would put your best foot forward to help us make decisions that can bring back tradition and real progress to swimming in Arizona. We must all have the common goal of helping Arizona regain its reputation as an exciting place for great swimmers to truly showcase their talent. I urge you to help us as we try to find the best ways to accomplish this for each level of athlete living inside our great state.

Yours in Swimming,

David Tait
Senior Vice-Chair
Arizona Swimming Inc.

COACHES REPRESENTATIVE - ANNUAL REPORT TO THE MEMBERSHIP

Coaches Representative

Taking a look back and assessing the year for Arizona Swimming from the Coaches Representative position is a rewarding responsibility. An Olympic year highlights the elite swimmers for a one-week stint in August and becomes the catalyst for encouraging, motivating and drawing new interest in our sport and allows our teams, LSC and volunteer base to increase in numbers. In doing so, the responsibility to our membership, coaches, officials, volunteers and athletes, increases dramatically. Are we getting the job done? My perspective of the year in Arizona Swimming says we are headed in the right direction.

The year 2008 was a challenging year that was met head-on by our membership.

1. Fall League was brought back for a second successful year and realized a great showing, effort and commitment by most teams in the state. There is a need to reinforce this great idea and structure and to develop an even more attractive and productive part of our meet scheduling for the fall.
2. Coach's certifications and training was a huge emphasis throughout the year in hopes that we diminish any real liability during our structured events, workouts and hosted meets. Although, very tedious and demanding, the general population of coaches have embraced the need to keep our staff(s) up to date and current.
3. Communication and socialization amongst coaches in this state was encouraged and reinforced by way of meetings held prior to state meets. (this shall be continued in 2009) The Head Age Group Coaches and Head Coaches meeting(s) proved to be very positive and informative in realizing the wants/needs, philosophies and expectations of all parties concerned. Coaches were given the opportunity to voice their opinions in scheduling issues, LSC policy, meet formats, timelines and future adjustments to the "big picture."

Age Group Coaches:

1. Focused on a tiered cycle of meet formatting for the season in hopes of catering to all athletes fairly.
2. Possible camp opportunities to further progression of athlete and coach.
3. Realization that our 8 and under age bracket is the largest group of athletes in the LSC and how/what to do in order to foster direction and retention for this group.
4. Implemented change in state meet format to have relays swum in the morning, except top-seeded heat swims in finals. Considering additional alternative methods to promote better swim experience for the athletes involved in state meet.

Head Coaches:

1. Focus on possible Senior Circuit meet scheduling throughout the year.
2. Methods of bridging the gap between year-round swimmer and seasonal high school swimmer. Possible meet, camp, clinic and most desirable....actively recruiting this athlete to your program.
3. Questioning the current long-course season design for Arizona Swimming vs. the USA Swimming philosophy that "short course is done in December and long-course season begins in January."
4. Travel fund re-implementation to Arizona Swimming. A fund created to off-set costs of travel to athletes competing in Junior Nationals/US Open/Olympic Trials. How is it funded and by whom?

The advantage of these meetings then and in the future is the direction needed to bring together the coaching population of Arizona in order to address some of the many needs and wants of all. We all have our different philosophies that guide our programs to their successes, but if we can adhere to the voices of others and some how implement changes or slight adjustments in our OWN views to better serve the membership as a whole....then and only then, can we really make a difference. We all share in the responsibility of promoting this sport at every level within the LSC and it should be our mission to continue strengthening the bonds between coaches, teams and governing bodies. We, as coaches, are the LSC.

It is now time for the age group and senior which were formed at our meeting in July to move forward with the information that has been recorded. This year should mark the beginning of a collective community taking care of each other as one big family. Heck, we are ALL, swimmers, parents of swimmers, supporters of swimmers and coaches of swimmers and coaches of swimmer and the way we ALL want the best for the young athletes.

The year produced better relations amongst coaches than ever before, new swim teams in Arizona have been formed, we will most likely realize an increase in membership with the post-Olympic influx, we made some mistakes as coaches and are willing to make changes, BUT, and most important we will continue to have a front seat in the growth and development and advancement of children by way of our sport... a little thing they call swimming. I CANNOT IMAGINE DOING ANYTHING ELSE. CAN YOU??

MANAGEMENT'S DISCUSSION & ANALYSIS FOR YEAR ENDING AUGUST 31, 2008

As of August 31, 2008 AzSI had total assets of \$365,722 of which \$355,051 is held in the form of cash or near cash investments. Of those assets, none were Temporarily Restricted as part of the Officials Fund. Also as of August 31, 2008 AzSI General Fund had no recorded liabilities and \$365,722 in Net Assets of the General Fund.

Membership:

During the fiscal year just ended membership increased marginally.

As of August 31, 2008 AzSI had 3743 total athlete members, as compared to 3,670 and 3,776 at the end of fiscal 2007 and 2006 respectfully.

As of August 31, 2008 AzSI had 462 non athlete members as compared to 389 and 385 at the end of fiscal 2007 and 2006 respectfully. Non-athlete members include all coaches, officials and certain other volunteers.

As of August 31, 2008 AzSI had 40 year round clubs, 2 seasonal clubs and one organization member. During fiscal 2007 and 2006 respectfully, there were 37 year round clubs, 6 seasonal clubs and 1 organizations and 37 clubs, 2 seasonal clubs and 2 organizations.

While athlete membership is up this year athlete membership is still not at the 2000 Year levels for athlete membership. 2000 continues to be the peak of membership when Arizona had a total of 3,826 athletes, 398 non-athletes and 40 clubs. In the year ending August 31, 2008, non-athlete membership has surpassed the 2000 Year level with 462 non-athletes as compared to 398 non-athletes in 2000. While this growth is encouraging, the population of the state of Arizona continues to show significant growth while AZSI membership comparatively has not kept up.

AzSI collects on behalf of USA Swimming certain membership fees from athletes, non athletes and clubs / organizations. AzSI also assesses a membership fee that is collected contemporaneously with the USA membership fees. During the year just ended, AzSI collected a total of \$232,763 in total membership fees of which it passed \$180,740 through to USA Swimming.

During fiscal 2008 the expenses attributable to the production of the membership income were \$52,810 including depreciation.

By action of the House of Delegates of USA Swimming the registration fees will continue to increase over a ten year period ending 2011. This increased revenue will be passed directly to USA Swimming and will not effect revenue available for programs at AzSI. Revenue will continue to fluctuate with memberships levels.

Administration

Operations

AzSI has been granted permission by USA Swimming to grant sanctions and approvals of certain swimming competitions. AzSI charges a fee for such sanctions or approvals. During the year just ended, AzSI issued approximately 82 sanctions and / or approvals, collecting \$4,000 in revenue from those sanctions.

Administration, continued

AzSI charges all registered athletes a surcharge when they participate in either a sanctioned or approved meet. Host Clubs collect the surcharge on behalf of AzSI and remit it subsequent to the conclusion of the meet. During the year just ended AzSI collected \$91,465 for such surcharges.

While it is anticipated that income from sanctions, approvals, and surcharges will remain constant, it is dependent on the numbers of meets and splashes.

General

During the fiscal year just ended AzSI, its Officers and Directors have continued the drive to reduce general administrative expenses and allocate those funds to age group and senior swimming program operations. AzSI did spend substantially more during the fiscal year for registration related expense such as postage and related expenses.

AzSI expects its level of expenditures for administration to level off at approximately the current levels with the exception of those expenses related to redesign of the web page and other communication mediums.

During the year just ended, AzSI's revenue exceeded expenditures resulting in a net increase in Net Assets by \$57,422. This substantial increase in revenue was attributed to higher than expected income from interest on investments, certain surcharge income being received and recognized in this year rather than last fiscal year, excess revenue over budget from equipment rental and the underfunding of Age group and Senior programs. Combined they produced unexpected net increases in revenue, or decrease in expense, of \$52,500. Had these items of revenue or expense come in as budgeted, the excess revenue for the period would have been approximately \$5,000. The approved budget for the year ending August 31, 2009 shows a deficit.

Athlete Programs

Age Group Swimming

This year Age Group Swimming continued the program of providing reimbursements to clubs for actual costs of enhancing certain meets. Certain Regional and State Championship meets hosted by various Clubs are entitled to reimbursement of up to, in the case of State Championship meets, \$2,500 and regional meets \$500 each for extra costs incurred to enhance these meets. Reimbursement requires submission of receipts for actual expenditures. No club spent over the amount for which they could claim reimbursement; some clubs spent substantially less than what they could claim for reimbursement.

For fiscal 2008 total income, including interdepartmental allocations, for Age Group Swimming was \$26,100.

For fiscal 2008 actual expenditures on behalf of Age Group Swimming were \$12,054 in meet enhancements and other program costs.. As of year end a balance of \$12,054 was available but unspent. Available and unspent do not carry over to subsequent years.

Funding for the Age Group program in 2008-09 has been decreased slightly. It is hoped that new programs will be developed to expend the funds budgeted for Age Group Swimming.

Athlete Programs, continued

Senior Swimming

During the year just ended the Senior Swimming continued its program of meet enhancements for certain meets as well as the funding of a college scholarship plan for AzSI athletes. Certain State Championship meets hosted by various Clubs are entitled to reimbursement of up to \$2,500 each for extra costs incurred to enhance these meets. The scholarship program provided a \$1,000 college scholarship to an AzSI athlete who was a graduating senior, met certain requirements and is not swimming in a Division I or II NCAA program in college.

For fiscal 2008 senior programs had budgeted at \$22,000 for expenditures. Actual expenses totaled \$6,573. At year end, \$15,427 remained unspent. Funds available and unspent do not carry over to subsequent years.

Funding for the Senior program in 2007-08 has been decreased slightly. It is hoped that new programs will be developed to expend the funds budgeted for Senior Swimming.

Operations

Equipment

Arizona Swimming owns and maintains two complete sets of Colorado Electronic Timing equipment for rental to member Teams and others. AzSI rents this equipment to its members for an amount substantially under the fair value rental rates for that equipment. When AzSI rents equipment to organizations who are not members of AzSI, it negotiates rates on a case-by-case basis. Those negotiated rates are substantially higher than those charged members and approximate the fair value rental of that equipment. Approximately 64% of the \$21,795 of revenue from equipment rental came from rentals to non-members. During the year just ended equipment expenses after depreciation, were \$9,462 or \$12,233 less than rental revenue collected. Because of the sensitive nature of this equipment it is impossible to project in which period major expenditures for replacements or upgrades of such electronic equipment will be necessary.

Officials' Fund

The Officials' Committee administers a Temporarily Restricted Fund (the "Fund") that can only be spent on Officials operations and training.

All officials volunteer their time to work sanctioned meets and certain other meets such as High School State Championships. The Fund received revenue from the AzSI general fund, certain non-member organizations which hire the officials, time trials and certain contributions. During this fiscal year, in excess of 92% or \$17,718 of the \$19,141 of total revenue came from revenue from non-member organizations. During this year the general fund allocated \$12,369 to the Fund from the General Fund.

Funding for the Officials program in 2008-09 has been decreased.

Arizona Swimming, Inc.

(an Arizona Not-for-Profit Corporation)

Cash Basis Financial Statements

For the Year Ended

August 31, 2008

Arizona Swimming, Inc
(an Arizona Not-for-Profit Corporation)
Statements of Assets, Liabilities & Net Assets - Cash Basis
August 31, 2008

Assets	<u>General Assets</u>	<u>Officials Fund</u>	<u>Total</u>
Cash (Notes 1,2,5 & 7)	\$ 55,050	\$ -	\$ 55,050
Investments (Notes 2 & 7)	300,001		300,001
Equipment, net of depreciation (Notes 1,3,8)	10,671		10,671
Other assets	<u>0</u>	<u>-</u>	<u>0</u>
Total Assets	<u>\$ 365,722</u>	<u>\$ -</u>	<u>\$ 365,722</u>
Liabilities & Net Assets			
Liabilities			
Liabilities (Note 1 & 2)	\$ -	\$ -	\$ -
Deferred revenue (Note 3)	-		-
Scholarship awards payable (Note 10)	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	-	-	-
Unearned revenue (Note 3)	-	-	-
Net Assets			
Unrestricted	365,722	-	365,722
Temporarily restricted (Note 1 & 4)	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets	<u>365,722</u>	<u>-</u>	<u>365,722</u>
Total Liabilities and Net Assets	<u>\$ 365,722</u>	<u>\$ -</u>	<u>\$ 365,722</u>

Internally prepared without audit. See notes to financial statements.

Arizona Swimming, Inc.

(an Arizona Not-for-Profit Corporation)

Statement of Revenue, Expenses & Other Changes in Net Assets - Cash Basis

For the Year Ending August 31, 2008

	<u>General</u> <u>Assets</u>	<u>Officials</u> <u>Fund</u> <u>Temporarily</u> <u>Restricted</u>	<u>Total</u>
Net Assets	<u>Unrestricted</u>	<u>Restricted</u>	
<u>Revenue</u>			
Registration dues (Note 1 & 3)	\$ 232,673		\$ 232,763
Officials fund revenue (Note 4)	0	19,141	19,141
Sanction fees & meet surcharges (Note 3)	95,430		95,430
Swimposium, training and camp revenue	0		0
Equipment rental (Note 8)	21,795		21,795
Interest and other income (Note 11)	21,528		21,528
Contributions (Note 6)	5,057		5,057
Interdepartmental allocation	<u>0</u>	<u>12,369</u>	<u>12,369</u>
Total Revenue	376,483	31,510	407,993
 <u>Required payments to affiliates</u>			
Membership payments to USA Swimming	<u>180,740</u>	<u>0</u>	<u>180,740</u>
Revenue after required payments	195,743	31,510	227,253
 <u>Expenses</u>			
Office and administrative expenses	31,030	2,928	33,958
Web page design and maintenance	4,422		4,422
Office rent (Note 9)	9,216		9,216
Training, convention and travel	15,489	10,454	25,943
Athlete banquets, swimposium and camps	0		0
Wages, salaries and related taxes	34,600	3,186	37,786
Scholarships (Note 10)	1,000		1,000
Equipment repairs and storage (Note 8 & 9)	12,268		12,268
Program expenses including enhancements	9,693	14,942	24,635
Depreciation and interest (Note 1)	8,233		8,233
Interdepartmental allocation	<u>12,369</u>	<u>-</u>	<u>12,369</u>
Total expenditures	138,320	31,510	169,830
Increase (Decrease) in Net Assets	<u>57,423</u>	<u>-</u>	<u>57,423</u>
Net Assets at Beginning of Year	<u>308,299</u>	<u>-</u>	<u>308,299</u>
Net Assets at End of Year	<u>\$ 365,722</u>	<u>\$ 0</u>	<u>\$ 365,722</u>

Internally prepared without of audit. See notes to financial statements.

Arizona Swimming, Inc.

(an Arizona Not-for-Profit Corporation)

Footnotes to Financial Statements

August 31, 2008

Note 1. Significant Accounting Policies

Nature of Activities

Arizona Swimming, Inc. (the "Organization") is an Arizona Not-for-Profit Corporation. The Organization is a member of USA Swimming, Inc. ("USAS") and as such, holds a designation as a Local Swimming Committee ("LSC"). In 1981 the Internal Revenue Service granted the Organization tax-exempt status under Section 501(c)(3) of the Internal Revenue Code.

USAS is the national governing body for competitive swimming in the United States. USAS was formed in 1978 with the passage of the Amateur Sports Act that specified that all Olympic Sports would be individually administered. In addition to the formulation and implementation of rules, policies and procedures, USAS, through a wholly owned subsidiary, provides general liability and excess liability insurance for its member clubs and member athletes. USAS also provides its members with certain excess accident medical insurance through a third party insurer.

Currently, 59 Local Swimming Committees administer USAS activities within defined geographic areas. The Organization's defined geographic area is Arizona. As a result of its membership, the Organization is entitled to participate in the annual USAS House of Delegates meeting that decides on matters of rules, policies and procedures for the sport of amateur swimming in the United States.

As of the fiscal year-end, the Organization had 40 clubs, 2 seasonal clubs and one organization member. Additionally, the Organization had 4205 individual members, of whom 3743 were athlete members and 462 were non-athlete members such as coaches, officials, and volunteers. This represents an increase in athlete members of 73 and a increase of 77 non-athlete members over last fiscal year. All athletes training or competing in competitive swimming must be a currently registered member of Arizona Swimming / USA Swimming. Additionally, certain non-athletes who are either officials, coaches or hold other administrative positions within the various clubs or the Organization are required to be members of Arizona Swimming / USA Swimming.

Basis of Accounting

The accompanying financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. This method differs from generally accepted accounting principles primarily because the Organization has not recognized any memberships or fees receivable, accounts payable to vendors and their related effects on the change in net assets.

Basis of Presentation

Financial statement presentation follows recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements for Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required

Arizona Swimming, Inc.

(an Arizona Not-for-Profit Corporation)

Footnotes to Financial Statements

August 31, 2008

Note 1. Significant Accounting Policies (continued)

to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. As of year-end, the Organization has no permanently restricted net assets.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Equipment and Property and Depreciation

It is the Organization's policy to capitalize equipment and property in excess of \$1,500 and depreciate it over its useful life. Equipment and property are stated at cost. The equipment is depreciated over its useful life using a declining balance method with an average asset life of five years. This method is similar to that used for income tax reporting purposes. Current tax law provides for immediate write off of certain capital equipment. The Organization has adopted that methodology for book and tax.

Note 2. Cash & Cash Equivalents, Investments & Banking Relationships

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Company has two Certificates of Deposit which mature within the current fiscal year. The Company has no other investments other than money market accounts.

Currently, all funds are in financial institutions located in greater Phoenix area. All institutions at which funds are deposited are insured by the Federal Deposit Insurance Corporation. See Concentration of Risk. (Note 7).

The Organization has an unsecured credit card line with a maximum credit line of \$32,500 with a financial institution in Phoenix, Arizona. The line of credit is renewable annually and calls for certain minimum monthly payments and provides for interest to accrue on the outstanding balance at a rate of 9.5% if funds have been drawn against the line of credit and are outstanding for more than 25 days. As of the end of the fiscal year there was a balance outstanding of \$6,419. Subsequent to year-end, that entire balance was paid within the grace period. Subsequent to year end, the Organization renewed and reallocated certain portions of this line of credit.

The Organization has entered into a Agreement with a Phoenix based financial institution for a \$25,000 line of credit. Terms of the agreement provide for advances at the discretion of the Organization. Interest is payable on a monthly basis. Outstanding advances against the line of credit bear interest rate of 6.0%. As of year end there were no outstanding balances against the line. The line of credit expired on August 31, 2008. Subsequent to year end, the Organization renewed its line of credit.

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Footnotes to Financial Statements

August 31, 2008

Note 3. Membership Dues, & Various Other Revenue

Membership Dues

The Organization collects annual memberships throughout the year, although the majority of the membership dues are received in November & December in the form of athlete, club and non-athlete membership dues. Annual memberships purchased after September 30 of each year also provides membership for the next calendar year. Annual athlete memberships are \$57 of which the Organization retains \$12. Athlete and Club seasonal memberships are available for a period of not more than 150 days. All memberships expire on December 31.

Because the Organization prepares its financial statements on a cash basis, the Organization does not defer income from membership fees and recognize it over the period to which the dues and fees apply.

A substantial portion of all membership fees collected by the Organization are payable to USA Swimming for membership by clubs, athletes and non-athletes in the national association.

Membership dues are payable by the Organization to USAS on behalf its members only upon receipt of membership registrations payments from the clubs, athletes or non-athletes. No liability for dues to USAS exists prior to the receipt of membership dues from members. As of year-end, the Organization had no material memberships due to USAS.

It is anticipated that this source of income will continue in the future.

Sanction and Surcharge Revenue

The Organization, in its capacity as the LSC, is responsible for sanctioning swimming competitions. Generally, clubs registered with the Organization pay a fee for the issuance of the sanction and each athlete participant will pay the Organization a surcharge to be entered in the competition. During the fiscal year ended August 31, 2008, the Organization generally charged \$50 for a sanction and \$5 for each athlete registered in a competition.

Subsequent to the conclusion of sanctioned events, the Clubs have 21 days to remit funds due to the Organization. As of year-end, no receivables which would have a material effect upon these financial statements existed.

This source of income is anticipated to continue.

Note 4. Temporarily Restricted Assets

Officials' Fund

The Organization's Officials' Fund receives revenue from its participation in certain non-sanctioned competitions, such as High School State Championship. The Officials Fund receives one half of funds collected for time trials at sanctioned competitions. This revenue is restricted to use in the Officials' Fund. The Organization received \$17,000 revenue from High School State Championships; the Organization paid out the majority of this revenue as reimbursements for expenses to certain officials working the High School State Championship meets. It is uncertain whether that income will continue past the current year.

Subsequent to year end, the Organization negotiated an agreement to staff the High School State Championship meets at higher fees.

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The Officials' Fund supports training of local officials as well as certain travel expenses of Officials to various national conferences, workshops and other special swimming events. The Officials' Committee of the Organization is responsible for selecting the conferences, workshops or event and the participants. During the past year, the Officials' Committee undertook a series of symposiums to improve technical competence as well as communications between the various officials. During this past year the Officials' Fund relied on allocation of funds from the Organization general fund for much of its operations. It is anticipated that this level of support from the Organizations general fund will continue.

Note 5. Income Taxes

As a result of the determination by the Internal Revenue Service that the Organization is tax exempt within the meaning of Section 501(c)(3) of the Internal Revenue Code, no provision for income taxes has been provided. In addition, the Organization qualifies for charitable contributions deduction under Section 107(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Note 6. Donated Services

Generally, under the terms of SFAS No. 116, *Accounting for Contributions and Contributions Made*, an organization would record the value of specialized services performed by its volunteers that would otherwise be purchased. Because of the use of the cash basis of accounting, no amounts have been reflected in the financial statements for donated general services. Many individuals volunteer their time and perform a variety of tasks for the Organization including various committee assignments, administrative duties and officiating at meets of various levels.

Additionally, certain professionals donate legal, accounting and tax services to the Organization. These professionals receive no compensation for their services other than reimbursement of certain out of pocket expenses. The value of these services for this year is estimated at \$5,000. This is reflected in the financial statements and such support is expected to continue.

Note 7. Concentration of Credit Risk

The Organization maintains its cash balances in a financial institution located in Phoenix, Arizona. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. At year-end the Organization's effectively had no uninsured cash balances. The Organization has no other significant concentrations of credit risk.

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Note 8. Equipment and Equipment Rental

The Organization owns and maintains an extensive array of electronic timing equipment. The sole use of such equipment is the administration of swim meets. For a nominal fee, this equipment is available to any team for use in competitions hosted by that club. This equipment is also used at certain competitions run by the Organization. Because of the very nature of this sensitive electronic equipment, the Organization invests considerable amount of money and time in its maintenance.

Because of this and the unpredictable useful life of certain equipment, the Organization has recorded certain ancillary equipment such as prime cords, cables, microphones, and buttons etc. as permanent assets and has not recorded depreciation on these assets. While the cost of some of these cables etc. is in excess of the Organizations threshold for capitalization, new purchases and maintenance of these cables is expensed as a period expense.

Note 9. Operating Leases

The Organization leases storage facilities in Tempe, Arizona from an unrelated third party for storage of the electronic timing equipment and other supplies. The lease for this facility is an operating lease. The lease is for a period of 1 year. For the year ended August 31, 2008 rental expenses for that lease were \$1,869.

The Organization leased office space in Phoenix, Arizona from an unrelated third party. The lease for the property is an operating lease with a term of one year with an expiration date of December 2008. For the year ending August 31, 2008 rental expenses on this lease were \$9,216.

Subsequent to year end additional total remaining obligations under this lease are \$2,304. All remaining obligations under this lease are due within the next fiscal year.

Note 10. Scholarships

The Organization, has a college scholarship fund whereby it may award four unrestricted \$4,000 college scholarships to athletes who have participated in competitive swimming for two years and are not going to continue their swimming at the NCAA Division I or II level. The scholarships are awarded to graduating High School Seniors by a committee appointed by the Board of Directors based upon applications for such scholarships as made by the athletes and reviewed by a committee.

During the fiscal year just ended, \$1,000 in scholarships were awarded. It is expected that this program will be continued.

Note 11. Interest Income

During the past fiscal year the Organization earned significant interest on its investments. During such time all funds were FDIC insured. This level of investment income is not expected to continue.



2008/2009 Fiscal Year Directors

John Degan

Sharon Campbell

Joe Zemaitis

Barbara Herriot

Starre Haney

Greg Dozer

David Tait

Matt Rankin

Lisa Walls

Julia Craddock

Lindsey Laporte

Outgoing Directors from 2007/2008

Kathy Choitz

Joe Fanthorp

Katie Herriot

Joy Russell