

# **Annual Report to the Membership**

State of the Sport,  
Management Discussion  
and Analysis &  
Financial Statements  
for the year ending  
August 31, 2017



# **Arizona Swimming**

# Arizona Swimming Contact Information Sheet

---

## Office of Arizona Swimming and Executive Director

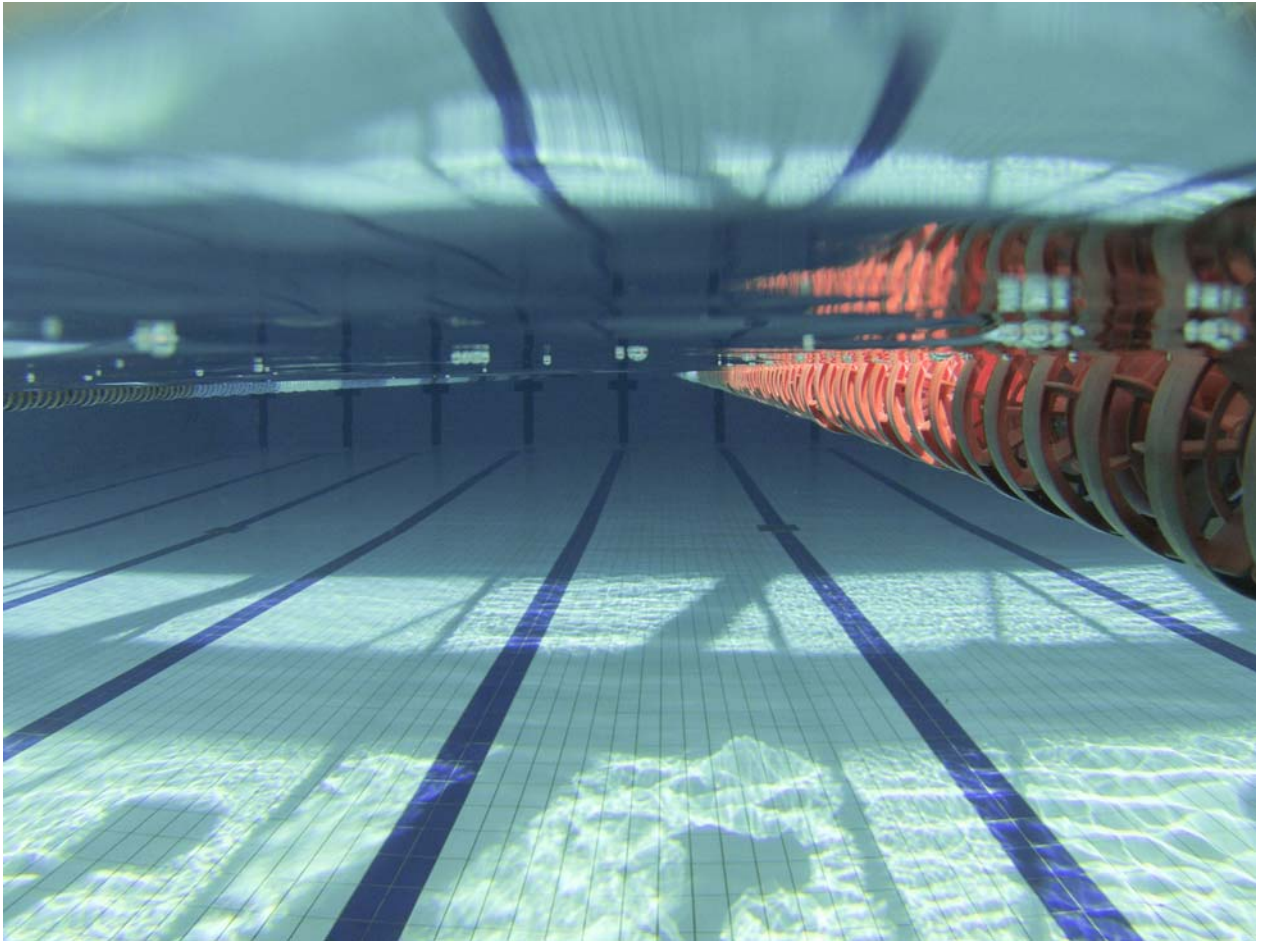
<u>Name</u>	<u>E-Mail</u>
Carla Morelli, Executive Director	c.morelli@azswimming.org
Heather Zick, Registration/Membership Office of AzSI	h.zick@azswimming.org office@azswimming.org

## Officers & Directors

<u>Name</u>	<u>E-Mail</u>
Mary Kramer, General Chair	generalchair@azswimming.org
Kelly Logan, Admin Vice Chair	adminvicechair@azswimming.org
Sara Holguin, Secretary	secretary@azswimming.org
Greg Dozer, Treasurer	treasurer@azswimming.org
Alex Farlow, Operational Risk/Safety Chair	safety@azswimming.org
Scott Newell, Coaches Rep.	coachrep2@azswimming.org
Zach Hojnacki, Coaches Rep.	coachrep@azswimming.org
Alex Farlow, Age Group Chair	agegroup@azswimming.org
Jeff Leid, Senior Chair	senior@azswimming.org
Tom Oliver, Safe Sport Chair	safesport@azswimming.org
JP Greener, Athlete Rep.	athleterep3@azswimming.org
Lucy Matson, Athlete Rep.	athleterep@azswimming.org
Emma McGill, Athlete Rep.	athleterep2@azswimming.org

## Committee Chairs & Coordinators

<u>Name</u>	<u>E-Mail</u>
Carla Morelli, Sanctions Chair	sanctions@azswimming.org
Heather Zick, Registration Chair	registration@azswimming.org
Heather Zick, Membership Chair	membership@azswimming.org
Jane Stump, Officials Chair	officials@azswimming.org
Bret Kawasaki, Equipment Chair	equipment@azswimming.org
Joey Morgan, Technical Chair	technical@azswimming.org
Kevin Russell, Rules Chair	rules@azswimming.org
Sandy Lee, Board of Review Chair	boardofreview@azswimming.org
Mozette Humphreys, Diversity Chair	diversity@azswimming.org
Terry Shamley, Adaptive Chair	adaptive@azswimming.org



## Arizona Swimming, Inc. 2017 Annual Report to the Membership Index

	Page
Arizona Swimming Contact List	2
State of the Sport	
Mrs. Mary Kramer, General Chair	4
Mrs. Carla Morelli, Executive Director	5
Alex Farlow, Safety /Age Group	6
Management Discussion & Analysis	7
Cash Basis Financial Statements	11

## REPORT OF THE GENERAL CHAIR TO THE MEMBERSHIP

---

### State of the Sport

The Board and its committees took the goals we posted and prioritized last year at the House of Delegates meeting and began work on what you asked us to do.

We established quadrennial time standards for all classes of swimmers. We continue to hope that clubs will begin to use these times as ways of controlling the size and length of their meets by doing combinations of A/B/C times and working with other clubs to make our swim meet weekends more enjoyable for parents, athletes, officials, and swimmers alike.

We have changed the name and structure of our “old” regional concept. It is now the Junior Olympic series and includes prelims/finals for 13 and over athletes, while 12 and under athletes continue to be timed finals. We have also changed the format for this upcoming year – prelims/finals in the morning and evening; timed finals in between.

We had ten (10) attendees, three (3) of whom were athletes, at the annual United States Aquatic Sports/USA Swimming convention held in Dallas, Texas. The House passed the new “flex” program membership. This program allows for swimmers to register with AZSI/USA Swimming at a significantly reduced rate but only allows for participation in two meets. (No one is quite sure how this will be tracked as USA Swimming has a bit of confusion between entering a meet and actually competing in a meet.) This new program could have a serious impact on our budget. Hence the request for the increase in meet LSC surcharges for Arizona Swimming.

We have asked that you do it in increments so that if the second increase is not needed, we can amend and cancel.

The Western Zone amended its Bylaws and Policies/Procedures to allow the meet to begin as early as the last Wednesday before the last Saturday in July. There was no report on the suggestions offered last year with regard to team sizes, etc. Since, no decision was made on any of these suggestions, Arizona Swimming will not be participating in the WZ Age Group meet in the near future.

We held a second Diversity Camp in June. Mozette Humphreys once again spearheaded this event and did her usual fabulous job. I’m sure she would welcome input and assistance from any who are interested. She is to be commended for her hard work. Paul Smith and Mesa Aquatics Club provided a pool for our use. We will continue to host this type of event and look to continue to expand the program.

JP Greener was part of the athlete presentation on how to best maximize the involvement of athletes within the LSC. He is a member of the LSC Development Committee and did a fabulous job.

And, yes, the 4 Corners Sectional will be hosted by PSC at PCDS in March. (One of your requests)

As always, if you have any questions and/or concerns, please feel free to contact me.

Mary C. Kramer  
General Chair

# REPORT OF THE EXECUTIVE DIRECTOR TO THE MEMBERSHIP

---

## State of the Sport

Athlete membership increased in 2017 by 308 athletes resulting in a total of 5801 athlete members in 2017. Non-athlete membership decreased from 606 in 2016 to 592 for the 2017 registration year. 2017 ended with 45 Year Round Clubs.

Arizona Swimming volunteers participated in numerous workshops and conferences in 2017 not only in Phoenix but various other locations throughout the country.

Tom Oliver represented Arizona Swimming at the Safe Sport Leadership Conference held in January 2017.

Arizona Swimming welcomed the Western Zone Workshops to Scottsdale in April, 2017. Attendance to these workshops included Grant Sugaski(Athlete), JP Greener(Athlete), Tom Oliver(Safe Sport Chair), Jane Stump(Officials Chair), Mary Kramer(General Chair) and Carla Morelli(Executive Director).

Alex Farlow(Safety Chair) represented AZSI at the Safety Workshop held in Denver in June.

Mary Kramer represented AZSI at the Officials Chair workshop held in Houston in June. Robert Harris(SAQ) attended the Officials Workshop in September in Denver, CO. Mary Kramer and Kaz Emoto represented Arizona Swimming officiating at the Age Group and Senior Zones meets.

Arizona Swimming was represented at the September 2017 USA Swimming Convention in Dallas, Texas, by Mary Kramer (General Chair), Kelly Logan(Admin Vice Chair), Jane Stump (Officials Chair), Kelly Logan(Admin Vice Chair), Tom Oliver (Safe Sport Chair), JP Greener (Athlete Representative), Emma McGill(Athlete Representative), Lucy Matson(Athlete Representative), Joey Morgan(Technical Chair), Alex Farlow(Safety & Risk Management Chair), and Carla Morelli(Executive Director). Due to legislation proposed and passed by the USA Swimming House of Delegates two new memberships will be offered in the fall of 2018, one called a Flex Athlete Membership and a Jr Coach Membership. Also passing was the proposal to change the structure of the USA Swimming Board of Directors.

Tom Avischious held the, USA Swimming Sport Development Consultant, for the Western Zone held the Club Leadership and Business Management Class in Scottsdale in May, 2017. The following clubs participated in the class: Aqua Fit Tucson, J Swim Club and Sahuarita Stingrays. CLBMS satisfies the first year requirement for club membership in USA Swimming and also serves as a learning program for existing programs wanting to learn more about club leadership and managing their clubs.

Arizona Swimming hosted the spring Diversity and Inclusion Camp on May 13, 2017 at Kino Pool. Jack Giles, Olympic Trial Qualifier and American record holder was the featured Guest Speaker. The camp provided a swim session, team building activities, leadership development and LOTS of other fun stuff. The camp continues to grow under the leadership of Mozette Humphreys, Diversity and Inclusion Chair.

Congratulations to the recipients of the 2017 Arizona Swimming College Scholarship competition. The recipients, Adrian Medrano (YWSF) and Elise Peters (FORD) were announced at the spring House of Delegates meeting.

Congratulations to Arizona Swimming clubs who have achieved a high level of athlete performance as well as organizational success which have been recognized by USA Swimming's 2017 Club Excellence Program. Scottsdale Aquatic Club was a Gold Medal Club Excellence Achiever and Phoenix Swim Club achieved Bronze Medal Club Excellence status.

The Arizona Swimming Board of Directors, Committee Chairs and Committee members along with scores of volunteers continue to bring about programming advances in addition to continuing to build on already established Arizona Swimming policies and traditions. Congratulations to Gini Herbst (Unattached) and Gerardo Huerta (RIO) Arizona Swimming Volunteers of the Year at the spring AzSI House of Delegates meeting.

Mike Maczuga (PSC) was voted as Senior Coach of the Year and Ken Maczuga (PSC) was voted the Age Group Coach of the Year. These awards were presented at their respective spring championship meets. Congratulations to these two outstanding coaches each who have contributed to the success of Arizona Swimming athletes for many years.

As we reflect on 2017 and look forward to 2018 we are reminded of our vision statement: *We will continually strive to excel in providing our members with the opportunity to reach their full potential, whether it be in the pool, or on the deck, or in the rest of their lives.*

Carla Morelli  
Executive Director

## **REPORT OF THE SAFETY AND RISK MANAGEMENT CHAIR TO THE MEMBERSHIP**

---

### **State of the Sport**

In early 2017, we released the Arizona Swimming Risk Management Handbook. Inside it is a collection of information vital to minimizing operational risks on the pool deck as well as sample emergency plans. The Meet Marshal program and test have been updated recently.

In May, the board of directors passed a motion concerning 3 Point Entry. Based on this motion and to further educate others about 3 Point Entry, the Seville Sharks put together an instructional video. The video was procured by USA Swimming and the Operational Risk Chair presented the video at this year's national convention. The video is also on the USA Swimming website under Safety/Operational risk.

The USA Swimming Operational Risk committee will be adding new backstroke ledges to the racing start safety checklist. Consequently, it is recommended that athletes not use them until they have had time to practice with the new ledges. In addition, clubs should be current and audit their racing start certifications for block starts.

Due to the Lystedt Act, there will be an additional section on concussions in the Coaches Safety Training course. We advise clubs use the USA Swimming on-line Report of Occurrence form for documenting accidents.

Alex Farlow  
Safety Chair

## **REPORT OF THE AGE GROUP CHAIR TO THE MEMBERSHIP**

---

### **State of the Sport**

We are one year into the quad. Our time standards were set as 2017-2020. Our Age Group State meet had roughly 739 athletes in short course and 680 athletes in long course. This is approximately a 10% increase in participation over 2016. Even with the increase in athletes, running 2 pools short course the timelines were short. The Age Group Committee proposed to have a later warm up start time at the upcoming state meet.

Junior Olympic Championships are now offered in SCY & LCM in 3 locations and expanded to a prelim/final format for the 13 & overs. There are close to 1500 swimmers who participate in Junior Olympic swim meets. The JO prelim timelines were long, so the Age Group Committee proposed to split it out into a the 13 & over prelim session and a 12 & under timed final for Saturday and Sunday.

Our participation in the 8 & under championships were up with 234 athletes over 2016's 204 athletes. There are many non USA Sanctioned leagues in our state that offer shorter meets. Many families find the shorter meets appealing, since swimmers can swim several events in under an hour. In 2018, a new flex membership category may capture more of these athletes.

Arizona Swimming continues to seek out new and exciting opportunities for our swimmers of all levels.

Alex Farlow  
Age Group Chair

## MANAGEMENT'S DISCUSSION & ANALYSIS FOR YEAR ENDING AUGUST 31, 2017

As of August 31, 2017 Arizona Swimming, Inc. ("AzSI") had total assets of \$635,448, of which \$633,215 is held in the form of cash or near-cash investments. The net assets of AzSI consisted of \$507,507 for the General Fund and \$125,708 for the Athlete Travel and Endowment.

### Membership<sup>1</sup>:

During the fiscal year just ended athlete membership increased approximately 5% over the prior year and during the same period, non-athlete membership remained approximately the same.

As of August 31, 2017 AzSI had 5,793 total athlete members, as compared to 5,519 and 5,442 at the end of fiscal 2016 and 2015 respectfully. Athlete members include all classes of athlete membership.

As of August 31, 2017 AzSI had 601 non-athlete members as compared to 608 and 592 at the end of fiscal 2016 and 2015 respectfully. Non-athlete members include all coaches, officials and certain other volunteers.

As of August 31, 2017 AzSI had 45 year-round clubs, no seasonal clubs or organizational member representing a decrease of two year round clubs.

For the fiscal year ending August 31, 2017 AzSI recorded 1,681 transfers by registered year round athletes from one USA Club to another. Of these transfers 1,208 were within Arizona.

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 \$433,451 in total membership fees of which it passed \$355,148 through to USA Swimming. In the last fiscal year AzSI collected \$403,847 in membership fees and passed \$327,768 through to USA Swimming.

During fiscal year just ended, the expenses attributable to the production of the membership income were \$59,922 including depreciation.

While it is anticipated this revenue source will continue, revenue will continue to fluctuate with memberships levels. Additionally, USA Swimming has added additional registrations levels; such changes to be effective in the next fiscal year. These changes would have a detrimental affect upon AzSI income. As of this writing, it can not be estimated when or if these changes will be made.

### 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 124 sanctions and / or approvals, collecting revenue from those sanctions and approvals. \$6,430 in revenue from those sanctions and approvals. This represents an increase of 10 meets over the last fiscal year.

---

<sup>1</sup>. Membership information based on registration information, not year end database information. Such information maybe slightly different.

## **Management's Discussion & Analysis, continued**

AzSI collects the sanction or approval fee after the conclusion of the meet.

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. A portion of the athlete surcharge collected goes directly to the Athlete Travel & Endowment Fund. During the year just ended AzSI collected, in total, \$163,639 for such surcharges and sanction fees as compared to 2016 when we collected \$164,797 in such charges. See Athlete Travel Endowment discussion regarding athlete surcharge fee.

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

Under the standardization policy, AzSI generally orders medals for of state championships, regional and other AzSI meets including 8 & Under Championships. In doing so AzSI is able to achieve substantial savings over the normal process of ordering medals and other awards for individual meets. During the year just ended, AzSI expended \$16,928 for such awards.

During the year just ended, AzSI's revenue exceeded expenditures resulting in a net increase decrease in Net Assets by approximately total of \$ 44,029. A substantial portion of the increase, \$28,512 is attributed to the Athlete Endowment and Athletes Travel Funds.

### **Programs**

#### Age Group Swimming

For the fiscal year just ended total income, including interdepartmental allocations, for Age Group Swimming was \$52,104. Actual expenditures including program costs were \$31,024. Budget for next fiscal year shows an increase in funds allocated through the interdepartmental allocation. Excess interdepartmental allocation do not carry over from year to year.

It is anticipated that funding for Age Group Swimming continue to increase if programing warrants.

#### Senior Swimming

During the year just ended the Senior Swimming continued its program of granting two \$2000 scholarships to Arizona graduating high school seniors who are continuing their education. During the year just ended, both scholarships were awarded.

It is anticipated that this scholarship program will continue.

For the fiscal year just ended total income, including interdepartmental allocations, for Senior programs was \$18,348 including scholarships discussed above. Expenditures for the period were \$15,808, Excess interdepartmental allocation do not carry over from year to year.

It is anticipated that funding for Senior Swimming continue to increase if programing warrants



## **Management's Discussion & Analysis, continued**

### Athlete Travel and Endowment

One dollar of each meet surcharge fee is to be split between the endowment fund and a fund that may be used to reimburse certain qualified athletes for expenses incidental to their competition at certain predetermined national level swimming meets. The equal split of the funds will continue until the Endowment meets a certain threshold, and subsequently, with the permission of the Travel Committee and the concurrence of the AzSI Board of Directors, the funds may be all allocated to the travel portion of the Fund. The adopted policy also specified that the travel fund bear all the cost associated with the administration of the Athlete Travel/Endowment Fund.

During the fiscal year just ended, the Travel Fund received \$29,734 from meet surcharges. During the same period the administrative costs associated with the fund were \$1,222. As of year end the Travel and Endowment fund had assets of \$125,728. No travel reimbursements were for or awarded to athletes during the fiscal year just ended.

It is anticipated that funding from the surcharges will continue.

### Equipment

Arizona Swimming owns and maintains various 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.

During the fiscal year just ended equipment expenses after depreciation, were \$8,308. Revenue for period including interdepartmental allocation was \$8,000.

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. It is anticipated that funding for equipment will remain relatively constant for the next year.

### Officials

All officials volunteer their time to work sanctioned and approved meets and certain other meets. Historically, the fund received revenue from the General Fund, Time Trials and certain contributions. During the fiscal year just ended, Officials Committee funding from the General Fund was \$25,956 with time trial revenue of \$3,570.

During the fiscal year just ended, the Officials Fund was closed with accumulated deficits being rolled into the General Fund

It is anticipated that funding of Officials will continue.

### Legal Matters - Contingencies

Management of AzSI is not aware of any other action pending or threatened against AzSI.



# **Arizona Swimming, Inc.**

---

Cash Basis Financial Statements for the twelve  
months ending August 31, 2017

November 13, 2017

## Arizona Swimming, Inc.

### Statement of Assets, Liabilities & Net Assets - Cash Basis

August 31, 2017

<b>Assets</b>	<b>General Fund</b>	<b>Athletes' Travel Funds</b>	<b>Total</b>
Cash (Notes 12,2,6 & 8)	\$ 6,693	\$ 125,728	\$ 132,421
Investments (Notes 2 & 8)	500,794		500,794
Equipment net of depreciation (Notes 1,3 & 9)	2,233		2,233
Other assets and other prepaid (Note 14)	0		0
<b>Total Assets</b>	<b>\$ 509,720</b>	<b>\$ 125,728</b>	<b>\$ 635,448</b>
<b>Liabilities and Net Assets</b>			
Liabilities (Note 1 & 2)	\$ 4,306	\$	\$ 4,306
Unsecured line of credit	0		0
<b>Total Liabilities</b>	4,306	0	4,306
Unearned revenue (Note 3, 10 & 14)	0		0
<b>Total Liabilities and Unearned Revenue</b>	4,306	0	4,306
<b>Net Assets</b>			
Unrestricted	505,414		505,414
Temporarily / permanently restricted (Notes 1,4 & 5)		125,728	125,728
<b>Total Net Assets</b>	505,414	125,728	631,142
<b>Total Liabilities &amp; Net Assets</b>	<b>\$ 509,720</b>	<b>\$ 125,728</b>	<b>\$ 635,448</b>

## Arizona Swimming, Inc.

Statement of Revenue, Expenditures and Other Changes in Net Assets - Cash Basis  
for the Twelve Months Ending August 31, 2017

<b>Net Assets</b>	<u>General Fund</u>	<u>Athletes' Travel Funds</u>	<u>Total</u>
<b>Revenue</b>			
Registration fees (Notes 1 & 3)	\$ 433,451	\$	\$ 433,451
Officials fund Revenue (Note 4)	6,005		6,005
Athlete Travel & Endowment (Note 5)		29,734	29,734
Sanction & Meet surcharges (Note 3)	170,071		170,071
Equipment rental (Note 9)	3,100		3,100
Interest & other income (Note 12)	23,038		23,038
<b>Total Revenue</b>	<u>635,665</u>	<u>29,734</u>	<u>665,399</u>
<b>Required payments to affiliates</b>			
Membership payments made to USA Swimming (Note 3)	<u>355,148</u>		<u>355,148</u>
<b>Revenue after required payments</b>	280,517	29,734	310,251
<b>Expenditures</b>			
Office & administrative	43,986	542	44,528
Swimming & other awards	19,406		19,406
Wages, salaries, benefits & related	117,627	680	118,307
Training, convention, travel	30,576		30,576
Program expenses	23,005		23,005
Scholarships	4,000		4,000
Office rent and related expenses	13,553		13,553
Web site, hosting & other	8,179		8,179
Depreciation & interest	2,300		2,300
Repairs and maintenance	2,368		2,368
<b>Total Expenditures</b>	<u>265,000</u>	<u>1,222</u>	<u>266,222</u>
<b>Increase (decrease) in Net Assets</b>	15,517	28,512	44,029
<b>Net Assets at beginning of year</b>	<u>494,223</u>	<u>97,196</u>	<u>591,419</u>
<b>Net Assets end of year</b>	<u>\$ 509,740</u>	<u>\$ 125,708</u>	<u>\$ 635,448</u>

Internally prepared without audit. See notes to financial statements.

# Arizona Swimming, Inc.

(an Arizona Not-for-Profit Corporation)

## Footnotes to Financial Statements

August 31, 2017

---

### 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, member athletes and certain member non-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.

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 and to complete certain safety, first-aid, athlete protection training and background screenings along with other training.

As of the fiscal year-end, the Organization had 45 year-round clubs. Additionally, the Organization had 6,394 individual members, of whom 5,793 were athlete members and 601 were non-athlete members such as coaches, officials, and volunteers. This represents an increase in athlete members approximately 5%, with non-athlete members remaining relatively constant.

#### 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, 2017

---

### 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 \$2,500 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. As of the end of the fiscal year, all assets were fully depreciated.

### 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. As of year end the Company has no 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 8).

The Organization has an unsecured credit card line with a maximum credit line of \$27,500 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 15.5% 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 no material outstanding balance. Subsequent to year-end, that entire balance was paid within the grace period. Subsequent to year end, the Organization renewed this line of credit.

The Organization has entered into an agreement with a Phoenix based financial institution for a \$25,000 unsecured 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 5.25%. As of year end there was no material outstanding balance against the line. Subsequent to year end, the Organization renewed its line of credit; the current line of credit will expire on September 11, 2018.

### 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 the fall in the form of athlete, club and non-athlete membership dues. Annual memberships purchased after September 1 of each year also provides membership for the next calendar year. During the year just ended, annual athlete memberships are \$68 of which the Organization retains \$12. Athlete and Club seasonal memberships are available for a period of not more than 150 days.

# Arizona Swimming, Inc.

(an Arizona Not-for-Profit Corporation)

## Footnotes to Financial Statements

August 31, 2017

---

### Note 3. Membership Dues, & Various Other Revenue (continued)

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

A substantial portion of all membership fees collected by the Organization are payable to USA Swimming (“USAS”) 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.

While it is anticipated that this source of income will continue in the future, USAS is considering changes to certain classes of membership that, if adopted, could materially affect the Organizations income

#### Sanction and Surcharge Revenue

The Organization, in its capacity as the LSC, is responsible for sanctioning or approving swimming competitions. Generally, clubs registered with the Organization pay a fee for the issuance of the sanction or approval and each athlete participant will pay the Organization a surcharge to be entered in the competition. During the fiscal year ended August 31, 2011, the Organization generally charged \$50 for a sanction or approval and \$6 for each athlete registered in a competition. Use of \$1 of the surcharge is restricted for use in the Athletes Travel Fund (see Note 4).

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 Funds - Officials

#### Officials' Fund

The Officials Fund was closed at the beginning of the fiscal year with the deficits from prior operations being absorbed by the General Fund.

### Note 5. Temporarily & Permanently Restricted Funds - Athlete Travel

#### Athlete Travel & Endowment Fund:

The Organization adopted a program and policy to partially reimburse certain qualifying athletes travel to certain national level meets. The program is funded by a one dollar from the Meet Surcharge. The one dollar increase is by policy divided equally between the Permanently Restricted Endowment fund and the Temporality Restricted Athlete Travel Fund. The adopted policy also specified that the travel fund bear all the cost associated with the administration of the Athlete Travel/Endowment Fund.

During the fiscal year just ended, the Travel Fund as a whole received \$31,502 from meet surcharges.

Subsequent to year end the Board of Directors will review the stats of the Funds.



**Arizona Swimming, Inc.**  
(an Arizona Not-for-Profit Corporation)  
**Footnotes to Financial Statements**  
August 31, 2017

---

**Note 5. Temporarily & Permanently Restricted Funds - Athlete Travel**

The Travel Committee established under the policy met and determined maximum level of reimbursement for such meets as well as the meets that will qualify for such expense reimbursement for the next quadrium. As a result, no athlete reimbursements were distributed during the fiscal year just ended.

It is anticipated that funding from the surcharges will continue.

**Note 6. Income Taxes**

As a result of the determination by the Internal Revenue Service that the Organization is tax exempt within the meaning of § 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 §107(b)(1)(A) and has been classified as an organization other than a private foundation under § 509(a)(2).

**Note 7. 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 \$3,500.

**Note 8. Concentration of Credit Risk**

The Organization maintains its cash balances in two financial institution located in Phoenix, Arizona. The balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 at each financial institution. At year-end the Organization effectively had no balances which were not covered by FDIC insurance.

**Note 9. 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 AzSI team for use in competitions hosted by that club. This equipment is also used at certain competitions run by the Organization. Major purchase of such equipment are capitalized while certain expendables such as cables etc. are expensed as a period expense.

It is anticipated that this program will continue.

**Note 10. 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 one year. Current annual rental expenses for that lease was \$2,098.

It is expected this expense will continue.

# Arizona Swimming, Inc.

(an Arizona Not-for-Profit Corporation)

## Footnotes to Financial Statements

August 31, 2017

---

### **Note 10. Operating Leases, (continued)**

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 two year with an expiration date of August 2016. Subsequent to expiration it became a month to month lease. For the year just ending rental expenses on this lease was \$12,348.

The landlord has listed the building for sale. It is unknown what, if any, affect this will have on this lease.

It is expected this expense will continue.

### **Note 11. Scholarships**

The Organization has a college scholarship fund whereby it may two unrestricted \$2,000 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 General Chair based upon applications for such scholarships as made by the athletes and reviewed by a committee. During the fiscal year just ended, both \$2,000 scholarships was awarded.

While this program is expected to continue.

### **Note 12. Interest Income**

During the past fiscal year the Organization earned \$2,812 in interest on its investments.

It is anticipated that this income will continue. See Note 8 regarding Concentration of Credit Risk

### **Note 13. Meet Standardization**

During the current year, the Organization acquired certain medals and other awards for the State Championship, Regional and certain other AzSI meets. During the year just ended the Organization spent \$17,928 on such awards.

It is anticipated that such program will continue.

### **Note 14. Legal Matters**

Management of AzSI is not aware of any other action pending or threatened.



