

# 2015 Annual Report to the Membership

Including...

State of the Sport,  
Management Discussion  
and Analysis  
&  
Financial Statements  
for the year ending  
August 31, 2015

**Arizona Swimming, Inc.**

# 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, Registrar	h.zick@azswimming.org
Office of AzSI	office@azswimming.org

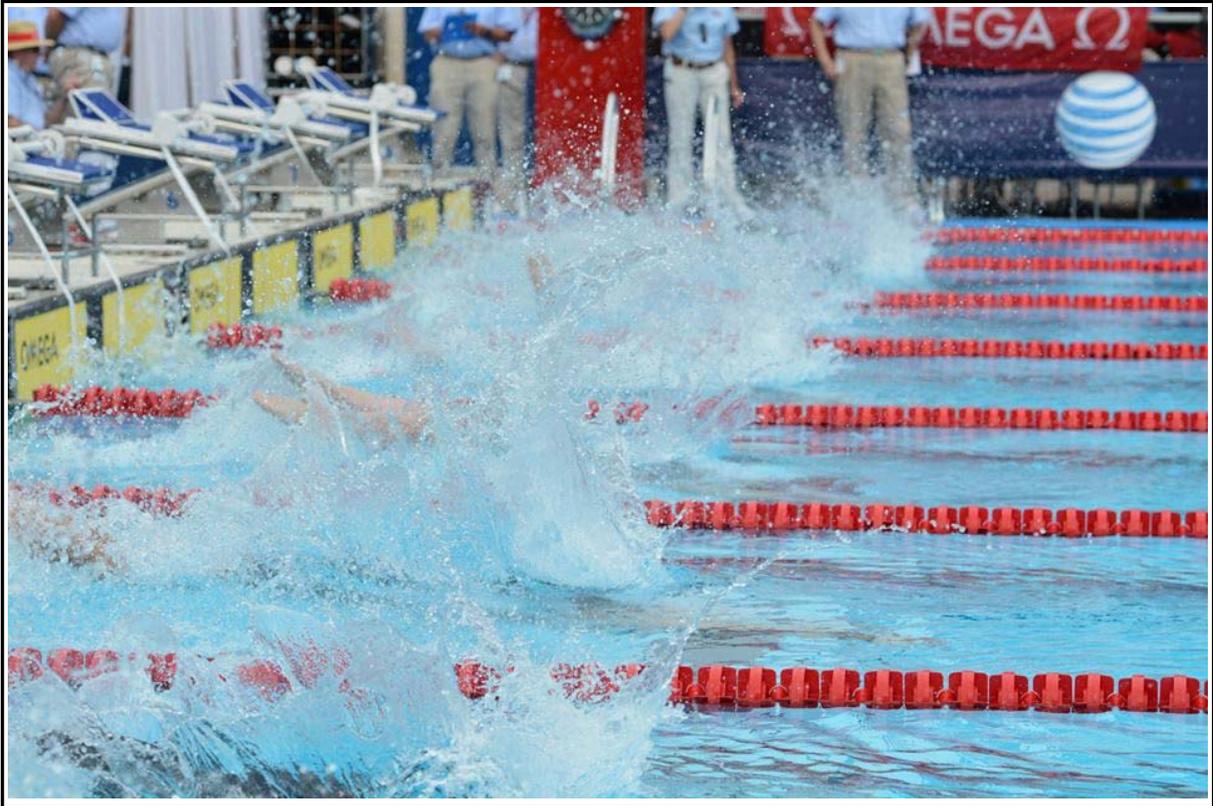
## 2015 / 2016 Officers & Directors

<u>Name</u>	<u>E-Mail</u>
Mary Kramer, General Chair	generalchair@azswimming.org
Ron Corbin, Admin Chair	adminvicechair@azswimming.org
Kelly Logan, Corporate Secretary	secretary@azswimming.org
John Degnan, Treasurer	treasurer@azswimming.org
Sherry Gage, Safety Chair	safety@azswimming.org
Kevin Zacher, Coaches Rep.	coachrep2@azswimming.org
Tim Manley, Coaches Rep.	coachrep@azswimming.org
Maureen Rankin, Age Group Chair	agegroup@azswimming.org
Scott Goodrich, Senior Chair	senior@azswimming.org
Grant Sugaski, Athlete Rep.	athleterep@azswimming.org
Katie Higgins, Athlete Rep.	athleterep2@azswimming.org
JP Greener , Athlete Rep.	athleterep3@azswimming.org

## 2015 / 2016 Committee Chairs & Coordinators

<u>Name</u>	<u>E-Mail</u>
Carla Morelli, Sanctions	sanctions@azswimming.org
Heather Zick, Athlete Registration	registration@azswimming.org
Heather Zick, Non-Athlete, Club	membership@azswimming.org
Jane Stump, Officials	officials@azswimming.org
Rob Clark, Equipment	equipment@azswimming.org
Johnathan Fergusson, Technical	technical@azswimming.org
Kevin Russell, Rules	rules@azswimming.org
Kevin Russell, Board of Review	boardofreview@azswimming.org
Tom Oliver, Safe Sport	safesport@azswimming.org
John Degnan/Mozette Humphreys	diversity@azswimming.org
Terry Shamley	adaptive@azswimming.org

Save Directory - Cut Here



# Arizona Swimming, Inc.

## 2015 Annual Report to the Membership Index

—

	Page
Arizona Swimming Contact List	2
Index	3
State of the Sport	
Mrs. Mary Kramer, General Chair	4
Mrs. Carla Morelli, Executive Director	5
Mrs. Maureen Rankin, Age Group Chair	6
Mr. Thomas Oliver, Safe Sport Coordinator	7
Mrs. Jane Stump, Officials Chair	8
Management Discussion & Analysis	9
Financial Statements for the year ended August 31, 2015	12

# REPORT OF THE GENERAL CHAIR TO THE MEMBERSHIP

---

## State of the Sport

It has been a very busy year for Arizona Swimming. Many changes have been implemented. We have continued to listen to you, our athletes and coaches, for what you feel is needed.

We have moved forward with A-B-C time standards for our Age Group swimmers and the awarding of certificates for their achievements. Pictures of some of these athletes with their proud smiles and certificates provide incentive to continue with this type of programming. In the future, we hope that meets will be structured to accommodate various classes of athletes while providing for optimal competition.

The expansion of our Regional meets to include 15 and overs is beginning to gain ground. With the advent of the single time standards for senior state, it is hoped that participation by this class of athlete will continue to grow.

For the first time in many years, our Senior State Championships will be open to out of LSC athletes. Their qualifying time standards will be the Four Corners sectional time standards. Up to 150 out of LSC athletes will be able to participate. And, for our in state athletes, we will have one set of qualifying times. It's time to let the fastest swim with the fastest regardless of age.

Convention took us to Kansas City this year. Our athlete reps made us all proud with their involvement and discussions centered around upcoming activities/rule changes/cultural changes. Others found out that Arizona Swimming continues to be well ahead of the pack in our progressive thinking and attitudes, our program implementation, our involvement with our athletes and officials.

Much work has been done behind the scenes to update our Policies and Procedures, update our documents and streamline our processes. We renewed our LEAP 1 certification in August. (LEAP 1 is mandatory for all LSCs.) In the meantime, we had begun to work on the LEAP 2 requirements. (LEAP 2 is voluntary for individual LSCs.) We submitted the last of our requirements in early September. At convention, we received a check for \$2500 for the completion of LEAP 2. It was a surprise to those of us in attendance. We joined the ranks of 7 other LSCs with the LEAP 2 designation. And, now it's time to begin work on LEAP 3.

There is still much more to be done. Our athletes deserve the best competitions we can provide, no matter what their level. Our coaches deserve our support in assisting them to be the best they can be for their athletes.

We endeavor to reach out to untapped populations via Diversity and Inclusion. We need to continue to grow and thrive for the sake of all athletes. Please know the door is always open (or the phone will always be answered) for your suggestions. We are here to help.

Let's keep this movement going. Tell us again what you need and we will continue to listen and respond.

Mary Kramer  
General Chair

# REPORT OF THE EXECUTIVE DIRECTOR TO THE MEMBERSHIP

---

## State of the Sport

Athlete membership decreased in 2015 by 40 athletes resulting in a total of 5,402 athlete members in 2015. Non-athlete membership decreased from 594 in 2014 to 592 for the 2015 registration year. 2015 ended with 46 Year Round Clubs and two Seasonal Clubs.

Arizona Swimming was represented at the September 2015 USA Swimming Convention in Kansas City, MO, by Mary Kramer (General Chair), Jane Stump (Officials Chair), John Degnan (Treasurer), Maureen Rankin (Age Group Chair), Duncan Scott (USA Swimming Committee Member) Grant Sugaski (Athlete Representative), JP Greener (Athlete Representative) and Carla Morelli (Executive Director). The most exciting moment was the announcement of the LEAP II achievement completed by Arizona Swimming, one of only seven LSC's in the country to obtain LEAP II status.

USA Swimming held the Officials Chair Clinic in May 2015 in Minneapolis. Arizona Swimming was represented by Jane Stump, Officials Chair.

Bill Krumm, USA Swimming Sport Development Consultant, for the Western Zone held the Club Leadership and Business Management Class in Mesa in April, 2015. The following clubs participated in the class: Verde Valley High Performance, Pitchfork Aquatics, Prescott Swim Team, Maricopa Marlins, and Aqua Force. This class 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.

Congratulations to the recipients of the 2015 Arizona Swimming College Scholarship competition. The recipients, Alex Rotert (RIO) and Brianna Alford (MAC) 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 2015 Club Excellence Program. Arizona Gold Swimming, Scottsdale Aquatic Club are Silver Medal Club Excellence Achievers 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 Maureen Rankin (UN) and Bryan Lynch (NEP) Arizona Swimming Volunteers of the Year at the spring AzSI House of Delegates meeting.

Sarah Byers (VSC) was voted as Age Group Coach of the Year and Michael Polak (TJCC) was voted the Senior Coach of the Year. These awards were presented at their respective spring championship meets. Congratulations to these two outstanding coaches.

As we begin the 2016 registration year, we are excited to be moving into an Olympic year. We are hopeful that the level of excitement will bring growth and opportunity for all our athletes in and out of the pool.

Carla Morelli  
Executive Director

# REPORT OF THE AGE GROUP CHAIR TO THE MEMBERSHIP

---

## State of the Sport

Age group swimming in Arizona is still on the rise. This was evident when making the new changes to the AZ Swimming Age Group State “Q” times for the 2016 AGS meets, close to 90% of the events the qualifying times were increased from the previous year. The events where we made a large increase in the qualifying times last year were not only met but surpassed and the entry time was increased again this year.

The AGC (Age Group Committee) moved forward on deciding the new qualifying times as was voted on last year by the HOD, using the entries from the previous seasons 24<sup>th</sup> place in the 200 + events and 32<sup>nd</sup> place in the 100 – events, truncating the time and adding .09. This was brought before the AZSI BOD and passed at the October 2015 BOD meeting. With this current change in the qualifying times it was estimated that the preliminary timeline at the Age Group State Championship would be shortened by a half hour. We decided to stick with our current way of establishing the “Q” time vs. using the new proposed “A” time that were submitted by Technical - 77 of the qualifying times increased with our current method. If we went with the Technical “A” standard it would add to the current preliminary timeline and would not be as competitive. The “A” times are based of AZ Swimming splashes from the SWIMS database and not the AG State meet.

The events where the “Q” times stayed the same or did not increase are the same events where AZ Swimming tends to be slower than the national average or NMTS. These events are more of the distance events 400/500 free and longer distance freestyle events as well as some 200’s of stroke in our older age groups. The AGC noted that often these events are not offered enough throughout the season for our swimmers at our LSC meets and may not be an event that the swimmer chooses to swim at the State Championship or Regional Championship meets. Our hope is that in the next few years there will be more opportunities for our swimmers to swim these events at our local meets and to see an increase in the qualifying times in these events in the future.

The current Regional Championship time standards are the NMTS “B” , these times are based age group swimming for the entire USA. It was decided that as of the 2016 LCM Regional meet we would switch the Regional Championship entry time to the “B” time standard submitted by the Technical Committee. The “B” standard is based off of the splashes in AZ Swimming and would not have any major effect on the Regional meet size or timeline and would be less confusing for all having one “B” time standard established for our LSC. It has been noted that USA Swimming does not recognize times for 50’s of stroke for 13 & O swimmers, nor do we have 50’s of stroke times for those age groups with the new “B” time standards submitted by Technical. It was decided, with a do pass recommendation from the BOD to the HOD, that we will no longer have 50’s of stroke for 13 & O’s at the Regional Championships as of the spring 2016 SCY Regional meet. This will be voted on at the November 2015 HOD meeting. We will continue to have the 200 free & 200 medley relays for the 13 & O age groups at Regionals (currently there is no entry time for relays, all relay swimmers must be entered in the meet).

AZ Swimming will have established “A-B-C” time standards as well as the “Q” time standard now listed on the website, the “B” time standard will be the qualifying standard for Regionals as of 2016 LCM (15 & O swimmers will use the 15-16 “B” qualifying time).

The AGC will be looking into having a swim clinic/swim camp in the near future for our age group swimmers here in Arizona. We hope to have something scheduled by this spring or fall, more information to come out at a later date.

# REPORT OF THE SAFE SPORT COORDINATOR TO THE MEMBERSHIP

---

## State of the Sport

The purpose of the Arizona Swimming SAFE SPORT Program is for all of our members and their families to be able to enjoy the sport of swimming in a fun, healthy, and safe environment.

The Safe Sport Initiative continues to be a high priority item for USA Swimming. USA Swimming has requested significant support from the LSCs in implementing best practices. All clubs should have policies in place addressing Bullying, Electronic Communication, and Team Travel as required by USA Swimming. The AZSI SAFE SPORT program will offer an additional level of support to AZSI clubs providing information on best practices and pointing out other USA Swimming Safe Sport resources.

AZ Swimming is committed to raising awareness about prevention of abuse in our sport. The first step to creating an empowered team environment is education. USA Swimming has partnered with Praesidium, an industry expert in abuse prevention, to bring the swimming community customized and comprehensive training tools for coaches, athletes, volunteers, and parents. Training is found on the USA Swimming website and this year the AZSI SAFE SPORT Committee will offer assistance to clubs in conducting training for their athletes.

As a reminder, Clubs are responsible for hiring and supervising their own coaches and staff, and managing their own volunteers. In 2011, USA Swimming required that clubs implement a pre-employment screening program and to certify to USA Swimming that they have conducted certain pre-employment screenings for covered individuals. It should be noted that USA Swimming's Background Check Program is a criminal record search and is not a substitute for a club conducting appropriate pre-employment inquiries. Clubs should carefully check references and previous employers and verify information provided by the applicant using available screening resources.

If You See Something; Say Something

Tom Oliver  
Safe Sport Coordinator

# REPORT OF THE OFFICIALS CHAIR TO THE MEMBERSHIP

---

## State of the Sport

Arizona Swimming currently has 269 certified USA Swimming Swim Officials.

Official's Committee: Ray Eynon, Gerardo Huerta, Bill Kellam, Tim Krapp, John Rajadas, Greg Temple, Tom Oliver, Olivia McNally (Athlete Rep), and Mark Jurek (Athlete Rep). Ex Officio: Mary Kramer

The Officials Committee proposed several recommendations to the BOD which were accepted such as: Revisions to AZ Certification Requirements for Officials, Meet Marshals to include facility life guards, 201 K Policy updates, revised required meet documents and reciprocity of transferring officials. Other items being discussed: AO approved for Prelim/Finals Meets (exception: OQM and AZ Championship Meets), Chief Judge recognized as certified position in AZ, Swimposium alternating years, Opening meets for possible reimbursement to include: Sectional, Futures, and Arena Pro Series

AZ Instructors: David Brooks, Ray Eynon, Rich Joos, Mary Kramer, Tim Krapp, Kelly Logan, Bryan Lynch Kevin Russell and Jane Stump.

AZ Instructors provide required Training Clinics and Deck Checks for our LSC officials. They are mentors with a heart to educate and train outstanding officials. This past year, AZ Instructors have provided AZ officials with 41 clinics.

This year's AZSI Swimposium was conducted at the Phoenix Hilton. The purpose is to provide training to update certifications for our official in a setting in which they can also enjoy each others company and share ideas. John Gagliardo was the guest speaker who traveled from Washington to speak to our officials this year at the Swimposium.

In 2015, The official's chair has attended the Official's Chair Convention in Minneapolis, MN and the USA Convention in Kansas City, KS. In addition Gerardo Huerta recently represented AZ at the Officials Workshop in Dallas, TX.

Jane Stump  
Officials Chair

## **MANAGEMENT’S DISCUSSION & ANALYSIS FOR YEAR ENDING AUGUST 31, 2015**

As of August 31, 2015 Arizona Swimming, Inc. (“AzSI”) had total assets of \$568,102 of which \$563,106 is held in the form of cash or near-cash investments. The net assets of AzSI consisted of \$505,668 for the General Fund, \$62,434 for the Athlete Travel and Endowment.

### **Membership:**

During the fiscal year just ended athlete membership decreased by approximately 0.7% over the prior year and during the same period, non-athlete membership decreased by approximately 0.6%.

As of August 31, 2015 AzSI had 5,502 total athlete members, as compared to 5,542 and 5,444 at the end of fiscal 2014 and 2013 respectfully. Athlete members include all classes of athlete membership.

As of August 31, 2015 AzSI had 592 non-athlete members as compared to 596 and 579 at the end of fiscal 2014 and 2013 respectfully. Non-athlete members include all coaches, officials and certain other volunteers.

As of August 31, 2015 AzSI had 46 year-round clubs, two seasonal clubs and no organization member representing an increase of one year round clubs and a decrease one seasonal clubs.

For the fiscal year ending August 31, 2015 AzSI recorded 1,380 transfers by registered year round athletes from one USA Club to another. Of these transfers 1,015 were within Arizona. In the fiscal year ended August 31, 2014 AzSI recorded 1,748 transfers of which 1,386 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 \$391,858 in total membership fees of which it passed \$315,092 through to USA Swimming. In the last fiscal year AzSI collected \$375,486 in membership fees and passed \$299,670 through to USA Swimming.

During fiscal year just ended, the expenses attributable to the production of the membership income were \$61,787 including depreciation.

By action of the House of Delegates of USA Swimming the registration fees will increase by \$2 per year for a period of ten years beginning with the 2015 membership year. This increased revenue will be passed directly to USA Swimming and will not effect revenue available for programs at AzSI. While it is anticipated this revenue source will continue, revenue will continue to fluctuate with memberships levels.

### **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 112 sanctions and / or approvals, collecting revenue from those sanctions and approvals. \$6,457 in revenue from those sanctions and approvals. This represents an decrease of 2 meets over the last fiscal year.

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

## **Management's Discussion & Analysis, 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. A portion of the athlete surcharge collected goes directly to the Athlete Travel & Endowment Fund. During the year just ended AzSI collected, in total, \$171,522 for such surcharges as compared to 2013 when we collected \$156,795 in surcharges. 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 a two year cycle of state championships, regional and other AzSI meets including Fall League and 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. In some cases the savings are greater than 50%. Teams hosting meets bear none of the cost of such awards; all cost is born by AzSI. See Programs below.

During the year just ended, AzSI's revenues exceeded expenditures resulting in a net increase in Net Assets by a total of \$7,737 in total for all Funds. The budgeted change in assets called for a decrease in total Net Assets of \$36,770. The difference between actual increase and a budgeted decrease was the result of unspent budgeted expenditure by many of the committees of Arizona Swimming.

### **Programs**

#### Age Group Swimming

During this fiscal year AzSI eliminated meet enhancement funds directed to clubs that hosted AzSI Championship series meets. This was replaced by having AzSI provide for and bear total cost of awards for such Championship meets.

For the fiscal year just ended total income, including interdepartmental allocations, for Age Group Swimming was, \$30,992. Actual expenditures including meet enhancements and other program costs were \$28,242.

It is anticipated that funding for Age Group Swimming will remain relatively constant for the next year.

#### Senior Swimming

During this fiscal year AzSI eliminated meet enhancement funds directed to clubs that hosted AzSI Championship series meets. This was replaced by having AzSI provide for and bear total cost of awards for such Championship meets. The scholarship program provides a up to two \$2,000 college scholarships to AzSI athletes who are graduating seniors, met certain requirements and are not swimming in a Division I or II NCAA college program. During the fiscal year, both scholarship were awarded.

For fiscal year just ended, senior programs had total income, including interdepartmental allocation was \$30,600. Actual expenses including meet enhancements and other program expenses totaled \$11,600.

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

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

### Athlete Travel Endowment

AzSI Travel Fund and Endowment funds are funded by one dollar surcharge on each athlete participating in a sanctioned AzSI event. That surcharge is split evenly between the endowment fund and a fund that may be used to reimburse 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. 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 \$32,948 from meet surcharges; of which \$16,474 was allocated to the fund available for athlete reimbursement and \$16,474 to the Endowment portion of the Travel Fund. During the same period the administrative costs associated with the fund were \$103. As a result the Fund ended the year with net assets of \$62,331, of which \$36,575 is allocated to the Endowment and \$25,756 is in the portion of the fund that is available for reimbursement of qualified expenses to qualified athletes. Both portions of the Fund are Temporarily Restricted.

During the fiscal year just ended, AzSI Travel fund reimbursed its first athletes for costs associated with travel to qualifying meets. Their reimbursement was limited to amounts dictated by policy.

It is anticipated that funding from the increased surcharges will continue and athletes will continue to request reimbursement.

### Officials Committee Funding

The Officials Committee is provides funding from the General Fund, Time Trials Revenue and other contributions. The Officials Fund, a temporarily restricted fund was insolvent and was combined back into the General Fund of AzSI during the fiscal year just ended.

During the fiscal year just ended, Officials Committee funding from the General Fund was \$24,200 with time trial revenue of \$2,488 and contributions from affiliates of \$402, including a budget override from the General Fund of \$5,000 to cover deficit spending. Total expenditures for the Officials Committee were \$25,185.

It is anticipated that the level of support from the General Fund will continue at the level.

### Equipment

Arizona Swimming owns and maintains various complete sets of Colorado Electronic Timing equipment for rental to member Teams and others; such rental is at a substantially reduced amount.

During the fiscal year just ended equipment expenses after depreciation, were \$15,372. Revenue for period was \$7,550 for equipment rental and an allocation from the General Fund of \$8,952.

It is anticipated that the level of support from the General Fund will continue at the level.

# **Arizona Swimming, Inc.**

(an Arizona Not-for-Profit Corporation)

---

## **Cash Basis Financial Statements**

---

August 31, 2015

November 10, 2015  
Phoenix Az

## Arizona Swimming, Inc.

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

August 31, 2015

Assets	Other Funds				Total
	General Fund	Officials Fund	Athletes' Travel Fund	Athletes' Endowment	
	Unrestricted	Temporarily Restricted	Temporarily Restricted	Temporarily Restricted	
Cash (Notes 12,2,6 & 8)	\$ 12,035	\$	\$ 25,859	\$ 36,575	\$ 74,469
Investments (Notes 2 & 8)	488,360				488,360
Equipment net of depreciation (Notes 1,3 & 9)	4,996				4,996
Other assets and other prepaid (Note 14)	277				277
<b>Total Assets</b>	\$ 505,668	\$	\$ 25,859	\$ 36,575	\$ 568,102
<b>Liabilities and Net Assets</b>					
Liabilities (Note 1 & 2)	\$ 867	\$	\$	\$ 103	\$ 970
Deferred revenue (Note 3 & 10)	-				
<b>Total Liabilities</b>	867	0	103		970
Unearned revenue (Note 3 & 14)					
<b>Total Liabilities and Unearned Revenue</b>	867		103		970
<b>Net Assets</b>					
Unrestricted	502,896	1,905			504,801
Temporarily restricted (Notes 1, 4 & 5)		0	25,756	36,575	62,331
<b>Total Net Assets</b>	502,896		25,756	36,575	567,132
<b>Total Liabilities &amp; Net Assets</b>	\$ 503,763	\$ 0	\$ 25,859	\$ 36,575	\$ 568,102

Internally prepared without audit. See notes to financial statements.

## Arizona Swimming, Inc.

### Statement of Revenue, Expenditures and Other Changes in Net Assets - Cash Basis for the Twelve Months Ending August 31, 2015

Net Assets	Other Funds				Total
	General Fund	Officials Fund	Athletes' Travel Fund	Athletes' Endowment	
	Unrestricted	Temporarily Restricted	Temporarily Restricted	Temporarily Restricted	
<b>Revenue</b>					
Registration fees (Notes 1 & 3)	\$ 391,858	\$	\$	\$	\$ 391,858
Officials fund Revenue (Note 4)		2,890			2,890
Athlete Travel & Endowment (Note 5)			16,474	16,474	32,948
Sanction & Meet surcharges (Note 3)	171,522				171,522
Equipment rental (Note 9)	7,550				7,550
Interest & other income (Note 12)	12,956				12,956
Interdepartmental allocation		19,200			19,200
Budget override (Note 04)		5,000			5,000
<b>Total Revenue</b>	<u>583,886</u>	<u>27,090</u>	<u>16,474</u>	<u>16,474</u>	<u>643,924</u>
<b>Required payments to affiliates</b>					
Membership payments made to USA Swimming (Note 3)	<u>315,092</u>				<u>315,092</u>
<b>Revenue after required payments</b>	268,794	27,090	16,474	16,474	328,832
<b>Expenditures</b>					
Office & administrative	38,642	1,454			40,096
Swimming awards	13,472				13,472
Wages, salaries, benefits & related	107,910	8,498			116,408
Training, convention, travel	21,866	10,560			32,426
Program expenses	9,256	3,709			12,965
Scholarships	4,000				4,000
Office rent and related expenses	13,333	964			14,297
Web site, hosting & other	12,137				12,137
Depreciation & interest	9,759				9,759
Repairs and maintenance	7,827				7,827
Transfer to Athlete Travel	32,948		560		33,508
Interdepartmental allocation	22,295	1,905			24,200
<b>Total Expenditures</b>	<u>293,445</u>	<u>27,090</u>	<u>560</u>	<u>0</u>	<u>321,095</u>
<b>Increase (decrease) in Net Assets</b>	<u>(24,651)</u>	<u>0</u>	<u>15,914</u>	<u>16,474</u>	<u>7,737</u>
<b>Net Assets at beginning of year</b>	<u>529,349</u>		<u>9,945</u>	<u>20,101</u>	<u>559,395</u>
<b>Net Assets end of year</b>	<u>\$ 504,698</u>	<u>\$</u>	<u>\$ 25,859</u>	<u>\$ 36,575</u>	<u>\$ 567,132</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, 2015

---

### 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 46 year-round clubs and two seasonal clubs. Additionally, the Organization had 6,094 individual members, of whom 5,402 were athlete members and 592 were non-athlete members such as coaches, officials, and volunteers. This represents an decrease in athlete members of 40 or 0.7%, and a decrease in non-athlete members of four, or 0.6% decrease over the last fiscal year.

#### 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, 2015

---

### **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.

### **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 17.5% if funds have been drawn against the line of credit and are outstanding for more than 25 days. There was no outstanding balance as of the end of the fiscal year. 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 were no outstanding balances against the line. The line of credit will expire on September 11, 2015. Subsequent to year end, the Organization renewed its line of credit.

### **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.

# Arizona Swimming, Inc.

(an Arizona Not-for-Profit Corporation)

## Footnotes to Financial Statements

August 31, 2015

---

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

During the year just ended, annual athlete memberships are \$64 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 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 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 payment for membership dues from members. As of year-end, the Organization had no material memberships fees 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 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, 2015, the Organization generally charged \$50 for a sanction or approval and a \$6 surcharge for each athlete registered in a competition. One dollar of the surcharge is earmarked by policy for use in athlete travel reimbursement.

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 receives one half of funds collected for time trials at sanctioned competitions. This revenue is restricted to use in the Officials' Fund. During the year just ended such time trials provided \$2,488 in income for the Officials' Fund. The company's general fund provided \$29,200 of additional funding for the Officials Fund. Also during the year, to avoid a deficit, the Officials Fund requested and was granted a budget override of \$5,000 from the General Fund of which \$1,905 was unused and returned to the General Fund.

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 this past year the Officials' Fund relied on allocation of funds from the Organization general fund for much of its operations. Expenditures by the Officials Fund in the fiscal year just ended were \$27,090. It is anticipated that this level of support from the Organizations General Fund will continue but with out the Special Allocation for Pilot program or the Budget Override.

#### Due to Other Funds

The Organization's Officials Fund has incurred a substantial deficits in the past few years. For the fiscal year just ended, the Official's Fund owes the General Fund \$21,128 for funds advanced over and above budgeted amounts. Those balances are eliminated for financial statement purposes.

# Arizona Swimming, Inc.

(an Arizona Not-for-Profit Corporation)

## Footnotes to Financial Statements

August 31, 2015

---

### **Note 5. Temporarily Restricted Funds - Athlete Travel**

#### Athlete Travel & Endowment Fund:

The Organization has adopted a program to reimburse athletes for expenses incidental to their competition at certain predetermined national level swimming meets. To fund this policy, the AzSI Meet Surcharge was increased by one dollar to six dollars for all sanctioned meets. The one dollar increase is to be split between the endowment fund and a travel fund. Only funds in the travel fund may be expended. 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 \$32,948 from meet surcharges; of which \$16,474 was allocated the portion of the fund available for athlete reimbursement and \$16,474 to the Endowment portion of the Travel Fund. During the same period the administrative costs associated with the fund were \$103.

The first season for which reimbursements are available is the long course season 2014. The Organization has now funded its first travel reimbursements.

It is anticipated that funding from the increased 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 \$3,000.

### **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 up to \$250,000 at each financial institution. At year-end the Organization effectively had certain balances which exceeded the FDIC insurance limits. Subsequent to year end, such funds were transferred to another insured financial institution. The Organization has no other significant concentrations of credit risk.

### **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

# Arizona Swimming, Inc.

(an Arizona Not-for-Profit Corporation)

## Footnotes to Financial Statements

August 31, 2015

---

to any 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.

### **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 rental expenses for that lease were \$1,316 It is expected this expense will continue.

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 August 2016. For the year ending August 31, 2015 rental expenses on this lease was \$12,889. Subsequent to year end additional total remaining obligations under this lease are \$12,312 which all is due within the next fiscal year. It is expected this expense will continue.

### **Note 11. Scholarships**

The Organization has a college scholarship fund whereby it may award two unrestricted \$2,000 college scholarships to athletes who have participated in competitive swimming in Arizona for a specific amount of time 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, two \$2,000 scholarships was awarded.

This program is expected to continue.

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

During the past fiscal year the Organization earned \$1,600 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 medals, ribbons and all other awards for the State Championship, Regional and other AzSI championship series meets. During the fiscal year just ended the Organization spent \$13,472 on such awards

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

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

