

The cover features a collage of three images. The top image shows a sunset over a swimming pool with a bright light pole. The middle image shows a large crowd of spectators gathered around a pool deck. The bottom image shows swimmers in blue suits and caps at the starting blocks of a pool, with lane numbers and sponsor names visible on the blocks.

ARIZONA SWIMMING

Annual Reports
year ending August 31, 2018

ARIZONA SWIMMING INC

CONTACT INFORMATION

Office of Arizona Swimming and Executive Director

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Officers & Directors

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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
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Sandy Lee, Board of Review Chair	boardofreview@azswimming.org
Diversity Chair	diversity@azswimming.org
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ARIZONA SWIMMING INC

2017 Annual Report to the Membership

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REPORT OF THE GENERAL CHAIR TO THE MEMBERSHIP

State of the Sport

The new officers to the Board of Directors have started in their official capacity this September 2018. The new officers have been involved and working vigilantly towards the items of concern brought forward by this body in the recent past. They have begun to evaluate the needs, direction and paths of implementation for certain requested changes ie...website and social media involvement. As always your input is greatly appreciated.

After twelve years at our location on Osborn Rd., we have moved to new offices on Bethany Home Rd. The new offices give us a conference room/training area as well as much needed work space. AZSI is excited for the opportunities this new space will provide to our staff and members.

The United States Aquatic Sports and USA Swimming convention was held in Jacksonville Florida at the end of September. We had (6) LSC sponsored attendees, which included one athlete. The USA Swimming HOD approved the "tec-suit" ban for swimmers 12 & Under with some exceptions. There was information presented regarding the upcoming ways to register athletes from each team's club portal to minimize errors in the database and speed up the registration process. We will be updating you on this information as more details are released. USA Swimming has presented a new 'By-Laws' template for the LSC's and has instructed that each LSC has 2 years to implement the new changes to their existing By-Laws.

This Board of Directors will be looking at ways to implement the Governance Model to our organization to allow for proper day to day operations of AZSI with less demand upon the volunteer base. It is our goal to ensure that AZSI will continue to be of service to all the athletes, coaches and members within our LSC. The past Board of Directors and other countless volunteers have done an outstanding job setting AZSI as an exemplary LSC in USA Swimming. We strive to continue their great work.

The Board of Directors, office staff, committee chairs and other volunteer are asked to be open to new ideas and to your concerns that involve this LSC and it's many members. Your input is greatly encouraged and appreciated.

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

Kelly Logan
General Chair

REPORT OF THE EXECUTIVE DIRECTOR TO THE MEMBERSHIP

State of the Sport

Athlete membership decreased by 3% in 2018 ending the year with 5793 athletes. Non-athlete membership had a slight decrease as well with a decrease from 238 Non-Athlete Officials in 2017 to 226 Non-Athlete Officials in 2018 and from 332 Coaches in 2017 to 328 coaches in 2018.

Arizona Swimming volunteers participated in workshops and conferences in 2018 including Mary Kramer, Kent Nichols, Lisa Fail, Joal Miller and Jeremy Pickles.

Arizona Swimming was well represented at the September 2018 USA Swimming Convention in Dallas, Texas, by Kelly Logan (General Chair), Joe Zemaitis (Admin Vice Chair), Tom Oliver (Officials Chair), JP Greener (Athlete National Committee Member), Grant Sugaski (Athlete National Committee Member), Lucy Matson (Athlete Representative), Alex Farlow (Age Group Chair), and Jeff Leid (Senior Chair).

Congratulations to the recipients of the 2018 Arizona Swimming College Scholarship competition. The recipients, Kristen Alicea-Jorgensen (FORD) and Harrison Rooney (PSC) were represented their scholarship awards at the Spring House of Delegates meeting.

Congratulations to Arizona Swimming clubs who have achieved Club Excellence Medals in 2018: Scottsdale Aquatic Club - Gold; Pitchfork Aquatics –Silver; Tucson Ford Dealers-Silver; and Phoenix Swim Club-Bronze.

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 David Brooks (MAC) and Tom Oliver (UN) Arizona Swimming Volunteers of the Year at the spring AzSI House of Delegates meeting.

Paul Stafford (FORD) was voted as Senior Coach of the Year and Ryan Kent (YWSF) 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 consistently contribute to the success of Arizona Swimming athletes.

In 2019 we have the introduction of the Flex membership which is designed to bring in new athletes at a lower membership cost to introduce them to the sport or to supplement other activities and/or sports. Early in the membership year numbers reflect excitement with this new membership opportunity to expand the sport.

Carla Morelli
Executive Director

REPORT OF THE AGE GROUP CHAIR TO THE MEMBERSHIP

State of the Sport

We are halfway through the quad plan. For Junior Olympics, the new format with prelims/finals for 13&overs and timed finals session for 12&unders has received positive feedback. Sessions for the swimmers and their families all stayed within the 4 hour timelines. Other recommendations for this upcoming year are for relays in the prelim sessions.

Both 2018 Age Group State meets were held in Oro Valley. The meets had 721 athletes in short course and 588 athletes in long course. Long Course had a 15% decrease in athletes for 2018 State meet participation. In 2017 the Long Course Age Group State meet had been held in Phoenix.

Our participation in the 8&under championships was down with 216 athletes over 2017's 234 athletes; a greater than 5% decrease. There are many non-USA Sanctioned leagues in our state that offer shorter meets. The new flex membership category may capture more of these athletes. Flex athletes are not able, however, to enter LSC championship meets.

Age Group Committee approved LSC stickers for Long Course JO and Age Group State meets. Several of the meet hosts made t-shirts. We also funded trips for Age Group Coaches to attend the USA Swimming Regional Coaches Clinic in Scottsdale in August.

As we continue to look for more exciting opportunities for our swimmers of all levels, Age Group Committee would like swimmers to be able to enter the Western Zones meet again. The Western Zone meet is going to be held from August 7-10 in Mount Hood, Oregon. The Western Zone meet will be in Oregon again in 2020, jointly hosted by Snake River and Inland Empire.

Additionally, we've approved for the LSC stickers at the upcoming short course and long course Championships. We will also be promoting LSC parent education at the Age Group State meet and 8 & Under Championships. We will be using and modifying the current parent education booklet that is currently sent to new 10 & Unders swimmers.

Alex Farlow
Age Group Chair

TREASURER REPORT FOR YEAR ENDING AUGUST 31, 2018

As of August 31, 2018 Arizona Swimming, Inc. ("AzSI") had total assets of 655,870. The net assets of AzSI consisted of \$503,380 for the General Fund and \$156,483 for the Athlete Travel and Endowment.

Membership:

During the fiscal year just ended athlete membership decreased approximately 3% over the prior year and during the same period, non-athlete membership also decreased slightly.

As of August 31, 2018 AzSI had 5,793 total athlete members, as compared to 5,801 in 2017. Athlete members include all classes of athlete membership.

As of August 31, 2018 AzSI had 582 non-athlete members as compared to 601 in 2017. Non-athlete members include all coaches, officials and certain other volunteers.

As of August 31, 2018 AzSI had 45 year-round clubs unchanged from 2017.

For the fiscal year ending August 31, 2018 AzSI recorded 1,259 transfers by registered year round athletes from one USA Club to another. Of these transfers 820 were between Arizona clubs.

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 \$445,394 in total membership fees of which it passed \$356,589 through to USA Swimming.

During fiscal year just ended, the expenses associated with membership income were \$71,124.

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 as adding Flex membership and Jr Coach Membership. These changes do affect AZSI income.

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 fiscal year just ended, AZSI issued approximately 108 sanctions and / or approvals, collecting revenue from those sanctions and approvals \$5800 in revenue from those sanctions and approvals. AZSI collects the sanction or approval fees after the conclusion of the meet.

Treasurer Report, 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, \$161,511 for meet surcharges.

General

Under the standardization policy, AZSI provides all awards for State Championships, Junior Olympics and the 8 & Under Championship. In doing so AZSI is able to achieve substantial savings over the normal process of ordering medals and other awards for championship meets. During the year just ended, AZSI expended \$14,505.87 for such awards.

During the year just ended, AZSI's revenue exceeded expenditures resulting in a net increase in Net Assets by approximately total of \$26,050. All of the increase is attributed to the Athlete Endowment and Athlete Travel Funds making a General Fund loss of \$5, 844 over fiscal year 2017-2018.

Programs

Age Group Swimming

For the fiscal year just ended total income, including interdepartmental allocations, for Age Group Swimming was \$63,030. Actual expenditures including program costs were \$33,268. Budget for next fiscal year shows an decrease in funds allocated through the interdepartmental allocation per quadrennial budget. Excess interdepartmental allocation do not carry over from year to year.

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.

For the fiscal year just ended, total income, including interdepartmental allocations, for Senior programs was \$17,160 including scholarships discussed above. Expenditures for the period were \$11,410. Excess interdepartmental allocation do not carry over from year to year.

Treasurer Report, 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 \$31,894 from meet surcharges. During the same period the administrative costs associated with the fund were \$148. As of fiscal year end, the Travel and Endowment fund had assets of \$156,483. Athlete travel reimbursement was awarded to one athlete in the amount of \$250 during the fiscal year just ended.

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 @, or substantially under, the fair value rental rates for that equipment.

During the fiscal year just ended equipment expenses were \$4,601. Revenue for period including interdepartmental allocation was \$9,620. Rental income was \$4,450.

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 \$24,553 with time trial revenue of \$3,340. Contributions, cash in-kind were \$3,783.

Legal Matters - Contingencies

Management of AZSI is aware of certain actions pending or threatened against AZSI by the IRS for late filing of 990 -Tax Forms. This liability is to be determined upon response from the IRS but is not anticipated to be in excess of \$30,000.

Arizona Swimming, Inc.
Abstract of Financial Data
For the One Month Ending August 31, 2018

Abstract of Revenue, Expense, & Other Changes in Net Assets - Casis Basis

		(1)	(2)	(1) - (2)
	Combined Current	Combined	Travel Fund &	AzSI
	Month	Year to Date	Endowment	Current
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Year</u>
				<u>Actual</u>
Total revenues	\$33,638	\$838,601	\$32,042	\$806,559
Total payments to affiliates	a 2,058	356,589	0	356,589
Revenue after payments to affiliates	31,580	482,012	32,042	449,970
Total expenses	b 51,718	455,962	148	455,814
Net increase (decrease) in Net Assets	(\$20,138)	\$26,050	\$31,894	(\$5,844)

Additional data

a. Amount due to USA Swimming paid in subsequent month				\$0
b. Amount of other expenses for August payable in September			\$10,797	\$10,797

Abstract of Balance Sheet Data, Cash Basis

		(1)	(2)	(1) - (2)
	Total Balance	Travel Fund &	AzSI	Current
		Endowment	Current	
<u>Assets</u>				
Cash & other current assets	\$655,870	\$145,686	\$510,184	
Net fixed assets	3,993		3,993	
Other assets	0	10,797	(10,797)	
Total Assets	\$659,863	\$156,483	\$503,380	
<u>Liabilities & Net Assets</u>				
Liabilities	1. \$141		\$141	
Total net assets	659,722	156,483	503,239	
Total Liabilities & Net Assets	\$659,863	\$156,483	\$503,380	

Unaudited - for Management Purposes Only - Not for Distribution.
O:\AzSI\BOD Reports (1st of Month)\8-2018 Financials for BOD.xlsx

DRAFT SUBJECT TO AUDIT

Arizona Swimming, Inc.

(an Arizona Not-for-Profit Corporation)

Notes to Financial Statement

August 31, 2018

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 6,385 individual members, of whom 5,793 were athlete members and 582 were non-athlete members such as coaches, officials, and volunteers.

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 generally 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 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.

Arizona Swimming, Inc.

(an Arizona Not-for-Profit Corporation)

Notes to Financial Statement

August 31, 2018

Note 1 continued:

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. 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 \$70 of which the Organization retains \$12. Athlete and Club seasonal memberships are available for a period of not more than 150 days.

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 fiscal year-end, the Organization had no material memberships due to USAS.

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, 2018, 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 for use in the Athletes Travel Fund.

After 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.

Arizona Swimming, Inc.

(an Arizona Not-for-Profit Corporation)

Footnotes to Financial Statement

August 31, 2018

Note 4. 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.

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 quadrennium.

Note 6. 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.

Note 7. 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 were awarded.

Note 8. Interest Income

During the past fiscal year the Organization earned minimal interest on its savings accounts.

Note 9. Legal Matters

Management of AZSI is aware of certain actions pending or threatened against AZSI by the IRS for late filing of 990 Tax Forms. This liability is to determined upon response from the IRS but is not anticipated to be in excess of \$30,000.

