



Annual Report

year ending August 31, 2020

CONTACT INFORMATION

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>
Kelly Logan, General Chair	generalchair@azswimming.org
Joe Zemaitis, Admin Vice Chair	adminvicechair@azswimming.org
Greg Dozer, Admin Finance Vice Chair	treasurer@azswimming.org
Helen Casseday, Secretary	secretary@azswimming.org
Connie Hargreaves, Treasurer	connie@bottomlinebiz.net
Meg Zajdzinski, Coach Rep.	coachrep2@azswimming.org
Tim Manley, Coach Rep	coachrep@azswimming.org
Alex Farlow, Age Group Chair	agegroup@azswimming.org
Bob Chen, Senior Chair	senior@azswimming.org
David Brooks, Safe Sport Chair	safesport@azswimming.org
Kendall Carlson, Athlete Rep.	athleterep3@azswimming.org
Mackenzie Kester, Athlete Rep.	athleterep@azswimming.org
Henry Palmer, 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
Tom Oliver, 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
Courtney Werner, Diversity Chair	diversity@azswimming.org
Courtney Werner, Adaptive Chair	adaptive@azswimming.org

State of the Sport

This past year has been full of changes with exciting new challenges that have tested our patience and our determination. 2020, Covid-19..... Enough said! As events throughout our communities and State have impacted us all, the Arizona Swimming Community continues to be strong, adjusting and adapting to this constantly changing environment. Teams and athletes have been diligent in finding new ways to continue training and run meets even with all the various restrictions and long hours to adhere to capacity requirements. This again is a testament to the tenacity and dedication of our coaches, athletes and the entire swim community.

The officers to the Board of Directors has remained committed to assisting all members of our swimming community. We will continue with providing direction and policies to allow for teams to be as flexible as permissible with their operations and running of meets. We encourage our members to reach out and provide your ideas and we will do what we can to make them work.

Over the past few years, USA Swimming presented a new 'By-Laws' template for all LSC's and had instructed that each LSC complete their new By-Laws by end of 2019. We have completed the new By-Laws and have approved them by the LSC House of Delegates. These new By-Laws will make our operations more efficient and provide structure for succession planning.

We are continuing to evaluate the needs, direction and paths of implementation for certain requested changes ie...social media involvement and calendar changes. We are evaluating ways to make changes on how to process payments for registrations and surcharges. We have completed our external and internal financial audits with no issues of concern.

The Board of Directors, office staff, committee chairs and other volunteer are open to new ideas and to your concerns that involve this LSC and its 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

TREASURER REPORT FOR YEAR ENDING AUGUST 31, 2020

As of August 31, 2020 Arizona Swimming, Inc. ("AZSI") had total assets of \$658,287. The net assets of AZSI consisted of \$474,313 for the General Fund and \$183,974 for the Athlete Travel and Endowment.

Membership

USA Swimming Board of Directors made a one time change in the registration year ending 2020 Registration on May 31, 2020 and starting 2021 membership registration on June 1, 2020. Due to this change the membership numbers are not directly comparable to the previous year. It is anticipated that this is a one time registration cycle change and that the traditional cycle of September 1 through August 31 of each year will resume on September 1, 2021.

As of May 31, 2020 AZSI had 5090 registered athletes of which 510 were Flex Members, 27 Athlete Season 1, 7 Athlete Season 2, and 38 Athlete Outreach ending the 2020 registration period.

As of May 31, 2020 AZSI had 519 registered non-athletes of which 14 were Life Members.

For the fiscal year ending August 31, 2020 AZSI recorded 1092 transfers by registered year round athletes from one USA Club to another. Of these transfers 748 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 fiscal year just ended, AZSI collected a total of \$438,968 in total membership fees of which it passed \$355,214 through to USA Swimming.

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 76 sanctions and / or approvals, collecting revenue from those sanctions and approvals \$3800 in revenue from those sanctions and approvals. This is a reduction from \$6,350 in 2018 due to Covid -19. AZSI collects the sanction or approval fees 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 to AZSI subsequent to the conclusion of the meet. A portion of the athlete surcharge collected goes directly to the Athlete Travel & Endowment Fund. During the fiscal year just ended AZSI collected, in total, \$131,886 for meet surcharges through March 2020.

During the period of time between April and August 2020 no surcharges were collected due to the Covid-19 Pandemic. No meets were held during April, May and June. Starting July 1 although sanctions were permitted AZSI waived surcharge fees to host clubs in an effort to assist the clubs during their struggle to sustain membership, facilities and overall function of the clubs. The calculated benefit to clubs due to this program was \$6,546.00 of income that was not received by AZSI. Based

on historical data from previous years, the total loss of normal revenue during this period is estimated at approximately \$61, 289.00.

AZSI applied for and received loan funding through the US Paycheck Protection Program of a total of \$27,000 to assist in covering payroll and normal office and business expenses. AZSI anticipates that 100% of this amount will be forgiven through the program.

General

During the year just ended, AZSI's expenses exceeded revenue resulting in a net decrease in Net Assets by approximately total of \$35, 776

Programs

Age Group Swimming

Expenditures for program costs were \$37,703. These expenses included 10 and Under promotional programming, awards and the 2020 All Star Meet held in January 2020.

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. Expenditures for program costs including awards were \$13, 932

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 \$116,101 from meet surcharges. As of fiscal year end, the Travel and Endowment fund had assets of \$183,974. Funds for the Athlete Travel Fund were not collected during the period of time starting April 2020 through August 2020 due to no surcharge collection or a waiver of surcharge collection due to the pandemic.

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 \$5309. Rental income was \$450.

Equipment Rental charges were waived from April 2020 through August 2020.

Officials

All officials volunteer their time to work sanctioned and approved meets and certain other meets. Officials generated time trial revenue of \$1,045 for the period from August 2019 through March 2020. Contributions, cash in-kind were \$774.

Covid-19 Effect

Due to Covid-19 revenue streams to AZSI and to all AZSI member clubs was dramatically affected.

From April through August 2020 AZSI did not collect meet fees causing a reduction in revenue. In addition to this loss AZSI additionally waived or reduced fees as outlined below in order to assist clubs.

With recommendation from the AZSI Covid-19 Task Force the AZSI Board of Directors waived or reduced fees in an effort to assist member clubs allowing them to focus on maintaining their clubs.

Meet Surcharge Fees waived \$6,296
Meet Sanction fees reduction \$250

AZSI Board of Directors provided other opportunities to assist clubs:

Safe Sport Recognition Program-providing \$250 with a total distribution of \$1750.
Coordinated Virtual Competition-providing \$250 with a total distribution of \$2000.
No Charge for Equipment Rental-providing \$400 in uncollected rental fees.

Additionally, no penalties or fees such as Failure to Host were assessed during this time in an effort to do all possible to promote clubs.

It is anticipated the waiver of Meet Surcharges and reduction of Sanction Fees will continue for the remainder of the calendar year. Overall the anticipated direct benefit to clubs from waiving fees, safe sport, virtual competition incentives and equipment rental fees is \$10,696.00 through August 2020.

Legal Matters

AZSI has no legal matters pending.

Arizona Swimming, Inc.
Abstract of Financial Data
For the twelve Month Ending August 31, 2020

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	\$25,340	\$590,084	\$0	\$590,084
Total payments to affiliates	a 35,772	355,214	0	355,214
Revenue after payments to affiliates	(10,432)	234,870	0	234,870
Total expenses	b 19,670	270,646	0	270,646
Net increase (decrease) in Net Assets	(\$30,102)	(\$35,776)	\$0	(\$35,776)

Additional data

a. Amount expensed for June, July, and August to clear in October \$35,772

Abstract of Balance Sheet Data, Cash Basis

Description	(1)	(2)	(1) - (2)
<u>Assets</u>	Total Balance	Travel Fund &	AzSI
		Endowment	Current
Cash & other current assets	\$654,294	\$183,974	\$470,320
Net fixed assets	3,993		3,993
Other assets	0		0
Total Assets	\$658,287	\$183,974	\$474,313
<u>Liabilities & Net Assets</u>			
Liabilities, PPP Loan Note	\$27,417		\$27,417
Total net assets	630,870	183,974	446,896
Total Liabilities & Net Assets	\$658,287	\$183,974	\$474,313

Unaudited - for Management Purposes Only - Not for Distribution.

U:\clientfiles_B\Arizona Swimming Inc\2019 -2020 Financials\August 2020\08-2020 Financials for BOD

Arizona Swimming Inc

Notes to Financial Statement

August 31, 2020

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.

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.

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.

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 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 \$76 of which the Organization retains \$12. Flex memberships are \$20 of which the Organization retains \$10. Seasonal memberships are \$42 of which the Organization retains \$12.

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.

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, 2020, the Organization generally charged \$50 for a sanction or approval and \$8 for each athlete registered in a competition. Use of \$1 of the surcharge is for use in the Athletes Travel Fund. During 2020 these fees were reduced and/or waived starting in June 2020 through the remainder of the fiscal year due to the Covid-19 Pandemic.

As of year-end, no receivables which would have a material effect upon these financial statements existed.

Note 4. 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. During the fiscal year just ended, both \$2,000 scholarships were awarded.

Note 5. Interest Income

During the past fiscal year the Organization earned \$2,668 in interest on bank accounts.

Note 10. Legal Matters

Management of AZSI has no pending Legal Matters