

Arizona Swimming



© 2008 Arizona Swimming, Inc.

2009 Annual Report to the Membership

Including...

State of the Sport,
Management Discussion
and Analysis
&
Financial Statements for
the year ending
August 31, 2009

Arizona Swimming Contact Information Sheet

Office of Arizona Swimming and Executive Director

<u>Name</u>	<u>E-Mail</u>
Carla Morelli, Executive Director Office of AzSI	c.morelli@azswimming.org office@azswimming.org

2009 / 2010 Officers & Directors

<u>Name</u>	<u>E-Mail</u>
John Degnan, General Chair	generalchair@azswimming.org
Greg Dozer, Admin Chair	adminvicechair@azswimming.org
Mike Chasson, Corporate Secretary	secretary@azswimming.org
Sharon Campbell, Treasurer	treasurer@azswimming.org
Starre Haney, Safety Chair	safety@azswimming.org
Matt Rankin, Coaches Rep.	coachesrep@azswimming.org
Lisa Walls, Coaches Rep.	coachrep2@azswimming.org
Joe Zemaitis, Age Group Chair	agegroup@azswimming.org
Roric Fink, Senior Chair	senior@azswimming.org
Julia Craddock, Athlete Rep.	athleterep@azswimming.org
Lindsey LaPorte, Athlete Rep.	athleterep2@azswimming.org

2009 / 2010 Committee Chairs & Coordinators

<u>Name</u>	<u>E-Mail</u>
Carla Morelli, Sanctions	sanctions@azswimming.org
Carla Morelli, Athlete Registration	registration@azswimming.org
Carla Morelli, Non Athlete, Club	membership@azswimming.org
Kevin Russell, Officials	officials@azswimming.org
Steve Palbykin, Equipment rentals	equipment@azswimming.org
Brad Grant, Technical	technical@azswimming.org
Mary Kramer, Adaptive	adaptive@azswimming.org
Bob Platt, Records	records@azswimming.org
Jennifer Gibson, Camps	camps@azswimming.org



Arizona Swimming, Inc.

2009 Annual Report to the Membership Index

	Page
Arizona Swimming Contact List	2
Index	3
State of the Sport	
Mrs. Carla Morelli, Executive Director	4
Mr. John Degnan, General Chair	5
Mr. Joe Zemaitis, Age Group Chair	6
Mr. Roric Fink, Senior Chair	7
Mr. Matt Rankin, Senior Coach Representative	8
Management Discussion & Analysis	9
Financial Statements for the year ended August 31, 2009	12

REPORT OF THE EXECUTIVE DIRECTOR TO THE MEMBERSHIP

State of the Sport

There is always much anticipation in an Olympic year as to whether or not there will be an Olympic membership bump or whether we can sustain the positive affects of an Olympic year. USA Swimming announced in September a record growth year of 11%. Arizona Swimming is proud to be a big part of that 11% growth with USA Swimming. Arizona Swimming 2009 year-round athlete registration was up over 2008 by 19.7%, Non-athlete registration increased by 7.6% and the number of sanctions granted surpassed the 100 mark for the first time ever. Over 40 new coaches were registered. Although only one new year round club was formed our existing clubs showed growth rates they had not seen in years.

The Catch the Spirit Athlete Camps were initiated under the direction of Camp Coordinator Jennifer Gibson. The first of these series of camps was held in April 2009 at the Moon Valley Country Club for 8-10 year old athletes with the emphasis on fun and retention of athletes. The response was overwhelmingly positive resulting in the planning of at least two more camps in fiscal 2010. At the recommendation of the Age Group Committee and the result of electronic coach surveys these camps will be expanded to include 11-12 and 13-14 year old athletes in 2010.

Arizona Swimming continued to participate at the national level. Arizona Swimming was represented at the 2008 USA Swimming Convention by John Degan, General Chair, Joe Zemaitis, Age Group Chair and Carla Morelli, Executive Director, held in Atlanta Georgia in September 2008. Kevin Russell represented Arizona Swimming at the National Officials Chair meeting on May 2009 in Minneapolis, MN.

The USA Swimming Sport Development Consultant for the Western Zone, Bill Krumm, held the Club Leadership and Business Management Class in Prescott in November of 2008. The class was attended by ten Arizona Swimming clubs. This class satisfies the first year requirement for club membership renewal in USA Swimming and is required for Clubs to attain USA Swimming Gold Medal Status.

Five Arizona Swimming Clubs were recognized in the voluntary USA Swimming Club Excellence Program. Tucson Ford Aquatics and BEST Swim Club were both Gold Medal recipients, Sun Devil Aquatics received the Silver Medal and El Dorado Aquatics Club and Scottsdale Aquatic Club both achieved the Bronze Medal status.

The Arizona Swimming Mission Statement states in part “We will continually strive to excel in providing our members with the opportunity to reach their full potential, whether it being the pool, on the deck, or in the rest of their lives”. The annual Arizona Swimming College Scholarship competition was held in the spring of 2009 resulting in two scholarships being awarded to Nikki Zilliox and Katy Hodson.

Our infrastructure remains strong with a growing team of volunteers. The Arizona Swimming Board of Directors, Committee Chairs and Committee members have all worked hard to bring about some of the programming advances that you will be considering at this House of Delegate Meeting. The volunteer base of officials continues to grow however it is important that we remain diligent about recruiting new officials and encouraging our current officials to become Starters and Referees.

The continued expansion of Arizona Swimming depends on programs designed to attract and retain athletes and continue growth in our volunteer base.

Carla Morelli
Executive Director

REPORT OF THE GENERAL CHAIR TO THE MEMBERSHIP

State of the Sport

Arizona Swimming has had its best fiscal year in its history. Our athlete and non-athlete membership is at its highest level – ever. Last year I asked all of our committees to outline their goals for the year. The new programs we are developing and implementing now are a result of these actions by the various committees.

During the last fiscal year our athlete growth was almost 20%. The biggest growth came in athletes aged 8 and under. As of our last fiscal year end these athletes composed 21.9% of our total athlete base. Historically, this group of athletes is the least likely to be remain in our sport. Only a small increase in the retention of these young athletes would, over the long term, have a tremendous impact.

Programs

In attempt to increase the retention of these young athletes we have adopted a program to inform both the young athletes and their parents about competitive swimming. Beginning with the 2010 registration year, all new 8 and under athletes receive a small mesh Arizona Swimming backpack, an activity book and their laminated membership card. The goal of this program is welcome the athlete to our community and inform them and their parents what to expect at their first swim meet.

Additionally, we are proposing the re-establishment of an 8 and under Short Course Championship meet. That meet, run as timed final with no team or high point awards, is an attempt to provide a season ending event for these athletes. This first year, is a test of the concept and as such, we will ask one of our teams to turn their existing meet into this championship meet. The results of this first test meet will be evaluated after the meet and reported to the Board of Directors.

Also in an attempt to increase the retention of our older swimmers who are not yet swimming at the sectional level, we are proposing that AzSI underwrite the participation of approximately 100 athletes at the Four Corner Short Course Championship meet to be held in Farmington, NM. Athletes will represent AzSI as part of ‘co-op’ teams. The intent is to keep the cost to the athlete as reasonable as possible.

During the last year we took a survey of the coaches and found a great desire for additional camps, covering all age groups. The consensus was that these camps should concentrate on the fun and camaraderie of the sport and not on a specific stroke or technical goal.

To sustain this growth and these new programs, AzSI needs more coaches, more officials and more volunteers to administer this larger more vibrant LSC. Subsequent to year end AzSI sent two referees, Pam Birnbrich and Rob Corbin to the National official training. This training is invaluable in helping them assist in the management of these larger more complex meets. The LSC will, during the course of this next fiscal year, attempt to increase the training available to coaches, officials and volunteers.

Last year I requested that the LSC committees present their goals and objectives to the Board. This has led to the development of new programs and the reintroduction of others. This year I will again ask the LSC Committees to present their goals and objectives to the Board and hopefully the end result will be the continued positive growth of our sport and our programs.

John Degnan
General Chair

REPORT OF THE AGE GROUP CHAIR TO THE MEMBERSHIP

Age Group Swimming in Arizona

The Age Group Committee currently consists of Erin Estes (SST), Jennifer Gibson (BEST), Laura Logan (AZSL), and Joe Zemaitis (NEP). The committee presented our plan for Age Group Swimming at the Board Meeting in February with a budget and program ideas going forward. Two proposals at this House of Delegates from the Age Group Committee are extremely important for the development of the Age Group program for Arizona Swimming.

In February at a presentation to the Board of Directors and again at the House of Delegates meeting in April the Age Group Committee outlined four key points to be addressed as goals for the calendar year 2009. As 2009 draws to a close we want to provide an update of where we are with each of these goals and what has to happen in order to move forward in developing a comprehensive age group program in Arizona Swimming that will serve the needs of all members.

Recap/update for the goals for 2009:

Develop an Age Group Travel Meet Program

We currently have the opportunity to develop the first age group travel meet team in many years. The proposal to attend the Four Corners Age Group Championship Meet in Farmington, should it move forward at the House of Delegates meeting, will give many age group swimmers their first travel experience and hopefully find a suitable substitute for Zones.

Enhance Competition in All Areas of Arizona

Calendar 2009 saw the greatest number of sanctions ever outside of the Phoenix Metro area. In order to continue to support growth throughout Arizona we would like to see this trend of successful meets continue.

Help Clubs to Retain New Swimmers

It's too early to see how successful we were in retaining the 2008 Olympic bounce. Future State of the Sport updates will address this further. AZSI brought the Catch the Spirit athlete camps back in a big way. With the help of Jennifer Gibson, the AzSI Camp Coordinator, Catch the Spirit Camps were held for swimmers age 8-10 in Phoenix, Tucson, and Flagstaff. Over 100 swimmers participated in these camps and over 20 teams were represented. While a great success, this was just the first step in bringing back a wide range of camps to the AZSI calendar.

Improve the Meet Schedule and Calendar

The Regional meet has been a huge success. In order to keep the interest of entry level swimmers the Age Group Committee unanimously supports adopting three regional meets per year and has sent this proposal to the House of Delegates. These meets occurring in the summer, fall, and spring will allow entry level swimmers their first chance to swim at a meet they had to earn. Age Group Committee will also develop recommendations to the Board to facilitate the flow of meet information in hopes of improving the bid and sanctions process so it is more transparent for all involved.

Joe Zemaitis
Age Group Chair

REPORT OF THE SENIOR CHAIR TO THE MEMBERSHIP

Senior Swimming in Arizona

Another year has passed in Arizona and Arizona Swimming has experienced a growth that has taken us to all time membership highs in spite of being located in one of the hardest hit areas economically. The biggest questions still linger in our state and our sport. How do we keep swimming economically viable in the wake of high school and collegiate budget difficulties? How do we compete with other sports to get the best athletes? How do we keep our athletes once they have become swimmers? What kind of programming is necessary to do that? We keep plowing forward with our version of what will be the answer to these issues. Some of them work, some don't. We need to continue to try to come up with answers to these questions and keep putting our best foot forward. We need to keep offering meets that will excite our athletes, give them the opportunity to race against good competition that will allow them to dream about bigger and better things in the future.

What have we accomplished in the past year with our senior swimmers? The biggest change on the senior end of swimming in Arizona involved changes to the format of our Senior State Championships. We now have a different format that removes a lot of the impossible doubles that swimmers faced under the old format. We have qualifying times again, and have hopefully created a meet that will be exciting for our senior athletes that are trying to make the first steps at getting to a new level in the sport.

Following are what I view as the key issues that we need to continue to work on in the coming years for our senior athletes in Arizona Swimming:

The Economy, budget cuts, and the potential loss of high school and collegiate programs: The future of our sport really comes down to helping our athletes have meaningful long term goals. Most of their long term goals include improving times at next years high school state meet, making junior nationals, swimming in college, making a national team, or winning an Olympic gold medal. Each time we lose a high school or collegiate team to budget cuts we lose opportunities for our athletes. With these lost opportunities come lost goals. Athletes without goals lose motivation and eventually drop out of the sport.

Developmental Swimming: How do we get more high school swimmers to join Arizona Swimming after the high school season? As club coaches our relationship with the high school programs can be a vital link between our programs and potential future athletes. Working to keep these relationships on the positive side can be mutually beneficial. Is there a way the LSC can help?

Sectionals, Rising Travel Costs, and Senior State: With the rising cost of travel what can we do to boost our Senior State Championships to a level that will bring in better athletes from other LSC's? Providing better competition in our own backyard can be huge in our families travel bottom line.

Elite Swimming in Arizona: What kind of programming can we provide to help grow our level of elite swimmers in Arizona? There has been a lot of talk about using LSC funding to help our athletes that represent Arizona at USA Junior Nationals, Senior Nationals, US Open, or Olympic Trials. Lets quit talking and come up with a program that will work and help those athletes out.

In conclusion, I think we are doing a pretty good job on the club level with motivating our athletes. We are finding ways to get them to buy into the type of training necessary to improve their swimming and their lives in and out of the pool. We need to keep thinking of ways our LSC can better offer competitions, programs and services that will allow more athletes the opportunities to enjoy competitive swimming and allow them to dream about what comes next.

Roric Fink
Senior Chair

REPORT OF THE COACHES REPRESENTATIVES TO THE MEMBERSHIP

State of the Sport

As expected, Arizona Swimming realized tremendous post-Olympic growth for 2009. Membership is rapidly approaching 5,000 athletes; new teams have been formed and the quality of swim has never been better, as records and times continue to fall.

The past year included triumphant successes in coach camaraderie and advancement in providing positive solutions for areas targeted or identified as below standard.

- A golf tournament was held for coaches late-summer.
- Luncheon meetings took place prior to our state championships to help further our vision in Arizona Swimming for optimal scheduling, meet management/structuring and developmental clinics. The goal of the coach driven meetings is to pilot the future direction of Arizona Swimming as a unit.
- Meets have been created and will occur in 2010 that address the two areas of the membership (8 & under and high school athletes not qualifying for Sectional Meet) that have been identified by the coaching body as “untapped resources.”

-The Four Corners Meet scheduled in March 2010 in New Mexico and a Championship Meet for 8 & under in April, have been added to the calendar in hopes of providing a venue that is motivating to those prospective target areas.

- Two clinics were conducted in outlying areas of the state.

A great year for Arizona Swimming and as we look into the future we should reflect on the good, the bad and the ugly. We, as a state, have been recognized as the “transfer capitol of the world.” In 2009, Arizona Swimming has realized over 1,263 transfers by athletes from team to team? Is this a problem? What is causing this movement? What can be done to address this phenomenon? Do we need to address this situation?

It is the Coaches' of Arizona that must take responsibility and ownership of our current and future standing. What are *you* willing to do this coming year to make this sport and our state a better place to swim?

Matt Rankin
Coach Representative

MANAGEMENT'S DISCUSSION & ANALYSIS FOR YEAR ENDING AUGUST 31, 2009

As of August 31, 2009 AzSI had total assets of \$433,947 of which \$413,286 is held in the form of cash or near cash investments. Of those assets, none were Temporarily Restricted as part of the Officials Fund. Also as of August 31, 2009 AzSI General Fund had \$1,455 of recorded liabilities and \$432,492 in Net Assets of the General Fund.

Membership:

During the fiscal year just ended membership increased significantly.

As of August 31, 2009 AzSI had 4,575 total athlete members, as compared to 3,743 and 3,670 at the end of fiscal 2008 and 2007 respectfully. This represents a 19.74% increase from 2008 to 2009.

As of August 31, 2009 AzSI had 495 non-athlete members as compared to 462 and 389 at the end of fiscal 2008 and 2007 respectfully. Non-athlete members include all coaches, officials and certain other volunteers. This represents a 7.6% increase from 2008 to 2009.

As of August 31, 2009 AzSI had 38 year round clubs, two seasonal clubs and one organization member. During fiscal 2008 and 2007 respectfully, there were 40 year round clubs, two seasonal clubs and one organizations and 37 clubs, six seasonal clubs and one organizations.

For the fiscal year ending August 31, 2009 AzSI recorded 1,548 transfers by registered year round athletes from one USA Club to another. Of these transfers 1,263 were within Arizona. Through October of 2009 582 year round athletes have transferred clubs. Of those 497 were within Arizona, a 20% increase over the rate in the last fiscal year.

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 \$286,793 in total membership fees of which it passed \$222,798 through to USA Swimming.

During fiscal 2009, the expenses attributable to the production of the membership income were \$57,027 including depreciation.

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

Administration

Operations

AzSI has been granted permission by USA Swimming to grant sanctions and approvals of certain swimming competitions. AzSI charges a fee for such sanctions or approvals. During the year just ended, AzSI issued approximately 104 sanctions and / or approvals, collecting \$9,065 in revenue from those sanctions.

Administration, continued

AzSI charges all registered athletes a surcharge when they participate in either a sanctioned or approved meet. Host Clubs collect the surcharge on behalf of AzSI and remit it subsequent to the conclusion of the meet. During the year just ended AzSI collected \$106,026 for such surcharges.

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

General

During the fiscal year just ended AzSI undertook to implement the meet standardization policy including standardization of awards. Under the standardization policy, AzSI ordered medals for a two year cycle of state championships and regional meets. In doing so AzSI was able to achieve substantial savings over the normal process of ordering medals for individual meets. Teams hosting the AzSI meets covered by the standardization policy reimburse AzSI at cost for these medals plus freight.

During the year just ended, AzSI's revenue exceeded expenditures resulting in a net increase in Net Assets by \$66,770. This increase in revenue was attributed to higher than expected income from interest on investments, certain surcharge income being received and recognized in this year rather than last fiscal year, substantial contributions from unrelated third parties and excess revenue over budget from equipment rental and the underfunding of Age group and Senior programs. Combined they produced unexpected net increases in revenue, or decrease in expense, of \$66,770. Had these items of revenue or expense come in as budgeted, the excess revenue for the period would have been approximately \$5,000. The approved budget for the year ending August 31, 2010 shows a small deficit.

Athlete Programs

Age Group Swimming

This year Age Group Swimming continued the program of providing reimbursements to clubs for actual costs of enhancing certain meets. Certain Regional, State Championship and Fall League meets hosted by various Clubs are entitled to reimbursement of up to, in the case of State Championship meets, \$2,500 and regional and fall league championship meets \$500 each for extra costs incurred to enhance these meets. Reimbursement requires submission of receipts for actual expenditures.

For fiscal 2009 total income, including interdepartmental allocations, for Age Group Swimming was \$30,630, an increase of \$4,530 over last fiscal year.

For fiscal 2009 actual expenditures on behalf of Age Group Swimming were \$21,977 in meet enhancements and other program costs.. As of year end a balance of \$8,653 was available but unspent. Available and unspent do not carry over to subsequent years.

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

Athlete Programs, continued

Senior Swimming

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

For fiscal 2009 senior programs had budgeted at \$27,630 and increase of \$5,630 over last fiscal year. Actual expenses totaled \$13,383. At year end, \$14,247 remained unspent. Funds available and unspent do not carry over to subsequent years.

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

Operations

Equipment

Arizona Swimming owns and maintains two complete sets of Colorado Electronic Timing equipment for rental to member Teams and others. AzSI rents this equipment to its members for an amount substantially under the fair value rental rates for that equipment. When AzSI rents equipment to organizations who are not members of AzSI, it negotiates rates on a case-by-case basis. Those negotiated rates are substantially higher than those charged members and approximate the fair value rental of that equipment. Approximately 70% of the \$20,004 of revenue from equipment rental came from rentals to non-members. During the year just ended equipment expenses after depreciation, were \$11,846 and acquisitions were \$4,313. Revenue exceeded expenditures by \$3,845. 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.

Subsequent to year end the primary source of rental revenue from non-members notified AzSI of its intention not to renew its rental agreement. This will decrease equipment rental by approximately \$14,000 for next fiscal year.

Officials' Fund

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

All officials volunteer their time to work sanctioned meets and certain other meets such as High School State Championships. The Fund received revenue from the AzSI general fund, certain non-member organizations which hire the officials, time trials and certain contributions. During this fiscal year, in excess of 62% or \$20,005 of the \$32,213 of total revenue came from revenue from non-member organizations. During this year the general fund allocated \$12,208 to the Fund from the General Fund.

Subsequent to year end the primary source of revenue from non-members notified AzSI of its intention not to renew its agreement with the AzSI. This will decrease revenue by approximately \$20,000 for next fiscal year and decrease expenditures by a like amount.

Arizona Swimming, Inc.

(an Arizona Not-for-Profit Corporation)

Cash Basis Financial Statements

For the Year Ended

August 31, 2009

Arizona Swimming, Inc

(an Arizona Not-for-Profit Corporation)

Statements of Assets, Liabilities & Net Assets - Cash Basis

August 31, 2009

Assets	General Assets	Officials Fund	Total
Cash (Notes 1,2,5 & 7)	\$ 185,739	\$ -	\$ 185,739
Investments (Notes 2 & 7)	227,547		227,547
Equipment, net of depreciation (Notes 1,3,8)	14,161		14,161
Other assets, (Note 12)	<u>6,500</u>	<u>-</u>	<u>6,500</u>
Total Assets	<u>\$ 433,947</u>	<u>\$ -</u>	<u>\$ 433,947</u>
 Liabilities & Net Assets			
Liabilities			
Liabilities (Note 1 & 2)	\$ 1,455	\$ -	\$ 1,455
Deferred revenue (Note 3)	-		-
Scholarship awards payable (Note 10)	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	1,455	-	-
Unearned revenue (Note 3)	-	-	-
 Net Assets			
Unrestricted	432,492	-	432,492
Temporarily restricted (Note 1 & 4)	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets	<u>432,492</u>	<u>-</u>	<u>432,492</u>
 Total Liabilities and Net Assets	 <u>\$ 433,947</u>	 <u>\$ -</u>	 <u>\$ 433,947</u>

Internally prepared without audit. See notes to financial statements.

Arizona Swimming, Inc.

(an Arizona Not-for-Profit Corporation)

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

For the Year Ending August 31, 2009

	<u>General Assets</u>	<u>Officials Fund</u>	<u>Total</u>
Net Assets	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	
<u>Revenue</u>			
Registration dues (Note 1 & 3)	\$ 286,793		\$ 286,793
Officials fund revenue (Note 4)	0	20,005	20,005
Sanction fees & meet surcharges (Note 3)	115,089		115,089
Swimposium, training and camp revenue	710		710
Equipment rental (Note 8)	20,004		20,004
Interest and other income (Note 11)	9,649		9,649
Contributions (Note 6)	13,277		13,277
Interdepartmental allocation	<u>0</u>	<u>12,208</u>	<u>12,208</u>
Total Revenue	445,522	32,213	477,735
 <u>Required payments to affiliates</u>			
Membership payments to USA Swimming	<u>222,798</u>	<u>0</u>	<u>222,798</u>
Revenue after required payments	222,724	32,213	254,937
 <u>Expenses</u>			
Office and administrative expenses	26,199	4,857	31,056
Web page design and maintenance	5,784		5,784
Office rent (Note 9)	8,909	307	9,216
Training, convention and travel	12,651	6,242	18,893
Athlete banquets, swimposium and camps	1,743	191	1,934
Wages, salaries and related taxes	43,141	2,292	45,433
Scholarships (Note 10)	2,000		2,000
Equipment repairs and storage (Note 8 & 9)	14,551		14,551
Program expenses including enhancements	16,580	18,324	34,904
Depreciation and interest (Note 1)	12,188		12,188
Interdepartmental allocation	<u>12,208</u>	<u>-</u>	<u>12,208</u>
Total expenditures	155,954	32,213	188,167
Increase (Decrease) in Net Assets	<u>66,770</u>	<u>-</u>	<u>66,770</u>
Net Assets at Beginning of Year	<u>365,722</u>	<u>-</u>	<u>365,722</u>
Net Assets at End of Year	<u>\$ 432,492</u>	<u>\$ 0</u>	<u>\$ 432,492</u>

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

Arizona Swimming, Inc.

(an Arizona Not-for-Profit Corporation)

Footnotes to Financial Statements

August 31, 2009

Note 1. Significant Accounting Policies

Nature of Activities

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

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

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

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.

As of the fiscal year-end, the Organization had 38 clubs, two seasonal clubs and one organization member. Additionally, the Organization had 5,070 individual members, of whom 4,575 were athlete members and 495 were non-athlete members such as coaches, officials, and volunteers. This represents an increase in athlete members of 832, or 19.7%, and a increase in non-athlete members of 33, or 7.6% 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, 2009

Note 1. Significant Accounting Policies (continued)

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

Use of Estimates

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

Equipment and Property and Depreciation

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

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

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

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

The Organization has an unsecured credit card line with a maximum credit line of \$25,000 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 12.5% if funds have been drawn against the line of credit and are outstanding for more than 25 days. As of the end of the fiscal year there was a balance outstanding of \$145. Subsequent to year-end, that entire balance was paid within the grace period. Subsequent to year end, the Organization renewed and reallocated certain portions of this line of credit.

The Organization has entered into a Agreement with a Phoenix based financial institution for a \$25,000 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 6.5%. As of year end there were no outstanding balances against the line. The line of credit expired on August 31, 2009. Subsequent to year end, the Organization renewed its line of credit on more favorable terms.

Arizona Swimming, Inc.

(an Arizona Not-for-Profit Corporation)

Footnotes to Financial Statements

August 31, 2009

Note 3. Membership Dues, & Various Other Revenue

Membership Dues

The Organization collects annual memberships throughout the year, although the majority of the membership dues are received in November & December in the form of athlete, club and non-athlete membership dues. Annual memberships purchased after September 1 of each year also provides membership for the next calendar year. During the year just ended, annual athlete memberships are \$57 of which the Organization retains \$12. Athlete and Club seasonal memberships are available for a period of not more than 150 days. All memberships expire on December 31.

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

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

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

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

Sanction and Surcharge Revenue

The Organization, in its capacity as the LSC, is responsible for sanctioning swimming competitions. Generally, clubs registered with the Organization pay a fee for the issuance of the sanction and each athlete participant will pay the Organization a surcharge to be entered in the competition. During the fiscal year ended August 31, 2009, the Organization generally charged \$50 for a sanction and \$5 for each athlete registered in a competition.

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

This source of income is anticipated to continue.

Note 4. Temporarily Restricted Assets

Officials' Fund

The Organization's Officials' Fund receives revenue from its participation in certain non-sanctioned competitions, such as High School State Championship. The Officials Fund also receives one half of funds collected for time trials at sanctioned competitions. This revenue is restricted to use in the Officials' Fund. The Organization received \$20,005 in revenue from High School State Championships; the Organization paid out the majority of this revenue as reimbursements for expenses to certain officials working the High School State Championship meets. Subsequent to year end, the Organization ended its relationship with the High School organizations to provide officials for their championship meets. As a result, this income will not continue. Because the majority of the income received was immediately paid out, the net effect on the revenue of the Officials' Fund will be immaterial.

Arizona Swimming, Inc.

(an Arizona Not-for-Profit Corporation)

Footnotes to Financial Statements

August 31, 2009

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

Note 5. Income Taxes

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

Note 6. Donated Services

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

Additionally, certain professionals donate legal, accounting and tax services to the Organization. These professionals receive no compensation for their services other than reimbursement of certain out of pocket expenses. The value of these services for this year is estimated at \$3,000. This is reflected in the financial statements and such support is expected to continue.

Note 7. Concentration of Credit Risk

The Organization maintains its cash balances in 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's effectively had no uninsured cash balances. The Organization has no other significant concentrations of credit risk.

Note 8. Equipment and Equipment Rental

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

Arizona Swimming, Inc.

(an Arizona Not-for-Profit Corporation)

Footnotes to Financial Statements

August 31, 2009

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

Note 9. Operating Leases

The Organization leases storage facilities in Tempe, Arizona from an unrelated third party for storage of the electronic timing equipment and other supplies. The lease for this facility is an operating lease. The lease is for a period of 1 year. For the year ended August 31, 2009 rental expenses for that lease were \$2,033.

The Organization leased office space in Phoenix, Arizona from an unrelated third party. The lease for the property is an operating lease with a term of one year with an expiration date of December 2010. For the year ending August 31, 2009 rental expenses on this lease was \$9,216.

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

Note 10. Scholarships

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

During the fiscal year just ended, \$2,000 in scholarships were awarded. It is expected that this program will be continued.

Note 11. Interest Income

During the past fiscal year the Organization earned \$5,375 in interest on its investments. During such time all funds were FDIC insured. It is unlikely that this level of return on investment will be maintained.

Note 12. Meet Standardization

During the current year, the Organization acquired medals for the State Championship and Regional meets. These medals were purchased for a two year cycle. Host Clubs are required to purchase the medals for these meets from the Organization at cost plus freight. As of year just ended, the Organization has \$6,500 in medals for next season.



2009/2010 Fiscal Year Directors

John Degnan

Sharon Campbell

Joe Zemaitis

Mike Chasson

Starre Haney

Greg Dozer

Roric Fink

Matt Rankin

Lisa Walls

Julia Craddock

Lindsey LaPorte

Outgoing Directors from 2008/2009

David Tait

Barb Herriot