



FINANCIAL STATEMENTS - MODIFIED CASH BASIS
For the Years Ended
August 31, 2017 and 2016

Ohio Swimming, Inc.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Ohio Swimming, Inc.
Oxford, Ohio

We have reviewed the accompanying financial statement of Ohio Swimming, Inc. (a nonprofit organization) which includes the statement of revenues, disbursements, and changes in net assets - modified cash basis and the related notes to the financial statement for the year ended August 31, 2017. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statement as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying August 31, 2017 financial statement in order for it to be in accordance with the modified cash basis of accounting, as described in Note B.

Basis of Accounting

We draw attention to Note B of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to that matter.

Report on August 31, 2016 Financial Statements

The statement of revenues, disbursements, and changes in net assets - modified cash basis for the year ended August 31, 2016 was audited by us, and we expressed an unmodified opinion on it in our report dated December 7, 2016. We have not performed any auditing procedures since that date.

Kirsch CPA Group, LLC
October 25, 2017

Ohio Swimming, Inc.
Statements of Revenues, Disbursements, and Changes in Net Assets - Modified Cash Basis
For the Years Ended August 31, 2017 and 2016

	2017 - unaudited			2016 - audited		
	Cash & Cash Equivalents	Investments	Total Net Assets	Cash & Cash Equivalents	Investments	Total Net Assets
CASH RECEIPTS						
Membership Dues	\$ 66,741	\$ 0	\$ 66,741	\$ 102,162	\$ 0	\$ 102,162
Donations	1,059	0	1,059	0	0	0
Camp and Clinic Income	13,296	0	13,296	0	0	0
Other Income	16,239	0	16,239	10,729	0	10,729
Zone Team Income	64,250	0	64,250	71,680	0	71,680
Interest and Dividend Income	156	11,223	11,379	61	12,679	12,740
Sanctions & Meet Revenue	179,190	0	179,190	181,338	0	181,338
TOTAL CASH RECEIPTS	340,931	11,223	352,154	365,970	12,679	378,649
CASH DISBURSEMENTS						
Accounting fees	9,290	0	9,290	7,490	0	7,490
Legal fees	5,604	0	5,604	0	0	0
Supplies & Chair Exp. Reimbursements	22,574	0	22,574	31,273	0	31,273
Senior Circuit	9,000	0	9,000	9,000	0	9,000
Conventions and Clinics	63,696	0	63,696	44,166	0	44,166
Awards	16,986	0	16,986	14,503	0	14,503
Background Checks	1,997	0	1,997	1,310	0	1,310
Travel	11,770	0	11,770	26,100	0	26,100
Zone Team Expenses	80,585	0	80,585	82,371	0	82,371
Facilities Fees	62,000	0	62,000	47,026	0	47,026
Payroll Expenses	76,024	0	76,024	75,851	0	75,851
Outreach	21,159	0	21,159	11,977	0	11,977
Miscellaneous	12,108	0	12,108	6,569	0	6,569
TOTAL CASH DISBURSEMENTS	392,793	0	392,793	357,636	0	357,636
INTER FUND TRANSFERS						
Purchase/(Redemption) of Investments, Net	30,301	(30,301)	0	(89,686)	89,686	0
TOTAL INTER FUND TRANSFERS	30,301	(30,301)	0	(89,686)	89,686	0
TOTAL INCR. OR DECR. FOR THE YEAR	(21,561)	(19,078)	(40,639)	(81,352)	102,365	21,013
BALANCE, BEGINNING OF YEAR - UNRESTRICTED	(12,308)	408,412	396,104	69,044	306,047	375,091
BALANCE, END OF YEAR - UNRESTRICTED	\$ (33,869)	\$ 389,334	\$ 355,465	\$ (12,308)	\$ 408,412	\$ 396,104

(Fair Value: \$412,981)

(Fair Value: \$410,681)

See accompanying notes and independent accountants' review report.

Ohio Swimming, Inc.
Notes to Financial Statements
August 31, 2017 and 2016

NOTE A - GENERAL INFORMATION

Ohio Swimming, Inc. (the Organization) is a not-for-profit organization formed for the education, instruction, and training of all individuals. Its purpose is to develop and improve individual capabilities in the sport of swimming for swimmers of all ages and abilities in accordance with the standards and the rules prescribed by the Federation Internationale de Natation Amateur, USA Swimming, and Ohio Swimming, Inc. It services primarily Northern Kentucky and Ohio.

The Organization receives its revenue primarily from membership dues charged to its members as well as monies received from participation fees charged at various swim meets.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Such basis differs from the accrual basis of accounting in that it provides for the recognition of revenues and other receipts when received rather than when earned and the recognition of expenses and other outlays when disbursed rather than when incurred. Modifications to the cash basis of accounting result from management's decision to record investments as assets in these financial statements instead of cash expenditures. In addition, cash received by the Organization for membership dues that are payable to USA Swimming are treated as an agency transaction, and this activity does not flow through the statements of revenues, disbursements, and changes in net assets – modified cash basis.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all short-term investments with original maturities of three months or less to be cash equivalents.

Cash balance of (\$33,869) at August 31, 2017 represents outstanding checks in excess of the bank balance of \$9,870 (2016 cash balance of (\$12,308) represents outstanding checks in excess of the bank balance of \$35,068).

Investments

Investments are reported at cost basis, and are comprised of mutual funds and common stock. Interest, dividends and capital gain distributions are reported on the statements of revenues, disbursements, and changes in net assets – modified cash basis. Unrealized gains and losses are not included in the financial statements. The fair market value of the investments is \$412,981 at August 31, 2017 (August 31, 2016 - \$410,681). If the investments were reported at fair value, the investment balance at August 31, 2017 would increase by \$23,647 (2016 – increase by \$2,269).

Ohio Swimming, Inc.
Notes to Financial Statements
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Income Taxes

The Organization is exempt from federal income tax under the provisions of Internal Revenue Code Section 501(c)(3) and does not currently conduct any activities that would result in the imposition of the unrelated business income tax. The Internal Revenue Service has determined that the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Uncertain Tax Positions

Accounting standards require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would fail to be sustained upon examination by the Internal Revenue Service. As discussed above, the Organization is exempt from federal income taxes and management believes the Organization has not engaged in any activities that would disqualify it from tax-exempt status or incur a tax obligation for the years ended August 31, 2017 and 2016. The Organization believes their estimates are appropriate based on current facts and circumstances. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years ended prior to August 31, 2013. The Organization's policy with regard to interest and penalty, if incurred, is to recognize interest through interest expense and penalties through miscellaneous expenses.

Net Assets

The Organization is required to report net assets according to three classes: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets are not subject to donor-imposed stipulations and are available for general operations of the organization.

Contributions of cash are temporarily restricted support if they are received with donor stipulations that limit the use of the donated asset to a specific time period or purpose. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the contribution is received.

All other donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of revenues, disbursements, and changes in net assets – modified cash basis as net assets released from restrictions.

Permanently restricted net assets would result from donor-imposed restrictions that limit the use of net assets in perpetuity.

At August 31, 2017, unrestricted net assets were \$355,465 (August 31, 2016 - \$396,104). The Board has designated \$28,000 for 2020 Olympic funds at August 31, 2017 and 2016. There were no temporarily or permanently restricted net assets as of August 31, 2017 and 2016.

Ohio Swimming, Inc.
Notes to Financial Statements
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Advertising Costs

Advertising costs are expensed as incurred.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 25, 2017, the date the financial statements were available to be issued. The Organization has determined that there were no subsequent events that would require disclosure or adjustment to the accompanying financial statements.

NOTE C - INVESTMENTS

The cost basis of investments as of August 31, 2017 and 2016 are as follows:

	2017	2016
Balance Fund	\$ 60,465	\$ 58,309
Growth and Income Fund	118,186	113,273
Capital Income Builder Fund	70,381	68,071
Income Fund of America	70,918	68,749
Money Market Mutual Fund	68,325	100,010
Common Stock	1,059	-
Total Cost Basis	<u>\$ 389,334</u>	<u>\$ 408,412</u>

The Organization has the ability to borrow money from its investment accounts. At August 31, 2017, the Organization had an approved credit balance of approximately \$171,000 (August 31, 2016 - approximately \$155,500), but the actual amount the Organization is eligible to borrow could differ from the approved credit balance based on changes to the investment account balance. The interest rate on any borrowing is 5.50% (August 31, 2016 - 5.25%). At August 31, 2017 and 2016, there were no amounts drawn on this loan account.

NOTE D - RELATED PARTY TRANSACTIONS

The Organization collects membership dues from individuals and families who wish to become members of Ohio Swimming and its national affiliate USA Swimming. Ohio Swimming paid \$453,999 to USA Swimming for USA Swimming's portion of membership revenue collected for the year ended August 31, 2017 (August 31, 2016 - \$420,255). These amounts are treated as agency transactions and, therefore, are not included in cash receipts or cash disbursements on the statement of revenues, disbursements, and changes in net assets – modified cash basis. There are no amounts owing to USA Swimming at August 31, 2017 or 2016.

NOTE E - CONCENTRATIONS, RISKS AND UNCERTAINTIES

The Organization maintains cash balances at one financial institution. The cash balances in a financial institution during the year may exceed the \$250,000 amount insured by the Federal Deposit Insurance Corporation (FDIC). At August 31, 2017 and 2016, the Organization's cash was below the threshold of the FDIC insurance limits.

Ohio Swimming, Inc.
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The Organization invests in various mutual funds and common stock. Mutual funds and common stock are exposed to various risks such as interest rate, market, and credit risks.

NOTE F - FUNCTIONAL EXPENSES

Cash disbursements are shown on the statements of revenues, disbursements, and changes in net assets – modified cash basis based on their natural expense classification. Where identifiable, costs are charged directly to the program for which they are incurred. Costs that benefit more than one program are allocated among those programs by management based upon estimated program usage or consumption. Cash disbursements are as follows:

	2017	2016
Program Services (Awards, Travel, Meet Facilities)	\$ 276,768	\$ 236,452
Member Services	55,727	55,604
General Management	60,298	65,580
	<u>\$ 392,793</u>	<u>\$ 357,636</u>

General Management consists of the following:

	2017	2016
Accounting Fees	\$ 9,290	\$ 7,490
Legal Fees	5,604	-
Payroll Expenses	20,297	20,248
Supplies	12,999	31,273
Miscellaneous	12,108	6,569
	<u>\$ 60,298</u>	<u>\$ 65,580</u>