



FINANCIAL STATEMENTS – MODIFIED CASH BASIS
For the Years Ended
August 31, 2019 and 2018

Ohio Swimming, Inc.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Ohio Swimming, Inc. (a nonprofit organization), which comprise the statement of revenues, disbursements, and changes in net assets – modified cash basis and the statement of functional expenses – modified cash basis for the year ending August 31, 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note B; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash receipts, disbursements, and changes in net assets of Ohio Swimming, Inc. for the year ended August 31, 2019 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 opinion is not modified with respect to that matter.



Prior Period Financial Statements

The August 31, 2018 financial statements were reviewed by us, and our report thereon, dated October 18, 2018, stated we were not aware of any material modification that should be made to the statement for it to be in conformity with the modified cash basis of accounting as described in Note B. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole.

Kirsch CPA Group, LLC
Hamilton, Ohio
November 5, 2019

Ohio Swimming, Inc.
Statements of Revenues, Disbursements, and Changes in Net Assets - Modified Cash Basis
For the Years Ended August 31, 2019 and 2018

	2019 - Audited			2018 - Unaudited		
	Cash & Cash Equivalents	Investments	Total Net Assets Without Donor Restrictions	Cash & Cash Equivalents	Investments	Total Net Assets Without Donor Restrictions
Cash Receipts						
Membership Dues	\$ 118,914	\$ -	\$ 118,914	\$ 127,018	\$ -	\$ 127,018
Camp and Clinic Income	264	-	264	19,755	-	19,755
Other Income	14,460	-	14,460	9,392	-	9,392
Zone Team Income	50,888	-	50,888	61,566	-	61,566
Interest and Dividend Income	-	19,259	19,259	578	14,494	15,072
Sanctions & Meet Revenue	198,666	-	198,666	167,474	-	167,474
Total Cash Receipts	383,193	19,259	402,452	385,783	14,494	400,277
Cash Disbursements						
Program Services	274,554	-	274,554	285,998	-	285,998
Member Services	74,831	-	74,831	61,952	-	61,952
General Management	54,548	-	54,548	51,234	-	51,234
Total Cash Disbursements	403,933	-	403,933	399,184	-	399,184
Inter Fund Transfers						
Purchase/(Redemption) of Investments, Net	21,140	(21,140)	-	45,845	(45,845)	-
Total Inter Fund Transfers	21,140	(21,140)	-	45,845	(45,845)	-
Total Increase or Decrease for the Year	399	(1,881)	(1,481)	32,444	(31,351)	1,093
Balance, Beginning of Year	(1,425)	357,983	356,558	(33,869)	389,334	355,465
Balance, End of Year	\$ (1,026)	\$ 356,102	\$ 355,077	\$ (1,425)	\$ 357,983	\$ 356,558
			(Fair Value \$385,719)			(Fair Value \$391,743)

The accompanying notes are an integral part of these financial statements.

Ohio Swimming, Inc.
Statements of Functional Expenses - Modified Cash Basis
For the Years Ended August 31, 2019 and 2018

	2019 - Audited			2018 - Unaudited			
	Program Services	Member Services	General Management	Program Services	Member Services	General Management	Total
Accounting fees	\$ -	\$ -	\$ 8,415	\$ -	\$ -	\$ 9,360	\$ 9,360
Supplies & Chair Exp. Reimb.	13,094	-	22,958	12,802	-	19,615	32,417
Open Water Programs	3,027	-	3,027	1,705	-	-	1,705
Conventions, Clinics and Banquets	46,778	-	46,778	36,041	-	-	36,041
Awards	18,703	-	18,703	16,245	-	-	16,245
Background Checks	2,551	-	2,551	1,676	-	-	1,676
Travel	42,451	-	42,451	36,958	-	-	36,958
Zone Team Expenses	56,503	-	56,503	67,521	-	-	67,521
Facilities Fees	73,669	-	73,669	82,005	-	-	82,005
Payroll and Contract Labor Expenses	-	74,831	18,300	3,150	61,952	18,902	84,004
Outreach	17,778	-	17,778	27,895	-	-	27,895
Interest Expense	-	-	1,202	-	-	-	-
Miscellaneous	-	-	3,674	-	-	3,357	3,357
Total Cash Disbursements	\$ 274,554	\$ 74,831	\$ 54,548	\$ 285,998	\$ 61,952	\$ 51,234	\$ 399,184

The accompanying notes are an integral part of these financial statements.

Ohio Swimming, Inc.
Notes to Financial Statements
August 31, 2019 and 2018

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. The Organization 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.

The Organization adopted Accounting Standards Update (ASU) 2016-14 "Not-For-Profit Entities" in these financial statements, which changes presentation and disclosure requirements for nonprofit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: net asset classes and liquidity. The ASU has been applied retrospectively to all periods presented, which resulted in no change to the total previously reported net assets, with the exception of Note F which has only been presented for the year ended August 31, 2019.

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.

Functional Expenses

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.

Ohio Swimming, Inc.
Notes to Financial Statements
August 31, 2019 and 2018

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 (\$1,026) at August 31, 2019 represents outstanding checks in excess of the bank balance of \$37,047 (2018 cash balance of (\$1,425) represents outstanding checks in excess of the bank balance of \$28,850).

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 \$385,719 at August 31, 2019 (August 31, 2018 - \$391,743). If the investments were reported at fair value, the investment balance at August 31, 2019 would increase by \$29,617 (2018 – increase by \$33,760).

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, 2019 and 2018. 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, 2015. 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

Net assets are classified as without donor restrictions and with donor restrictions.

Net assets without donor restrictions include the general and board designated net assets of the Organization and are available for general operations of the organization.

Ohio Swimming, Inc.
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Contributions of cash are included in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated asset to a specific time period or purpose or in perpetuity. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is received.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of revenues, disbursements, and changes in net assets – modified cash basis as net assets released from restrictions.

At August 31, 2019, net assets without donor restrictions were \$355,077 (August 31, 2018 - \$356,558). The Board has designated \$28,000 for 2020 Olympic funds at August 31, 2019 and 2018. There are no net assets with donor restrictions for the years ended August 31, 2019 and 2018.

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 November 5, 2019, 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, 2019 and 2018 are as follows:

	2019	2018
Capital Income Builder	\$ 76,492	\$ 73,849
Growth and Income Fund	130,608	122,887
Income Fund of America	80,363	74,806
Moderate Growth Income Fund	65,921	62,901
Money Market Mutual Fund	1,659	22,481
Common Stock	1,059	1,059
Total Cost Basis	<u>\$ 356,102</u>	<u>\$ 357,983</u>

The Organization has the ability to borrow money from its investment accounts. At August 31, 2019, the Organization had an approved credit balance of approximately \$191,000 (August 31, 2018 - approximately \$186,000), 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 6.50% (August 31, 2017 – 6.25%). At August 31, 2019 and 2018, there were no amounts drawn on this loan account.

Ohio Swimming, Inc.
Notes to Financial Statements
August 31, 2019 and 2018

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 \$467,460 to USA Swimming for USA Swimming's portion of membership revenue collected for the year ended August 31, 2019 (August 31, 2018 - \$451,168). 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, 2019 or 2018.

The Organization reimburses a company that is partially owned by the assistant treasurer for various expenses paid on the Organization's behalf. The total amount paid to this company for the year ended August 31, 2019 was \$63,570 (2018- \$51,799).

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, 2019 and 2018, the Organization's cash was below the threshold of the FDIC insurance limits.

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 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of August 31, 2019 comprise the following:

Cash & cash equivalents	\$ (1,026)
Investments (Fair Value \$385,719)	<u>356,102</u>
	<u><u>\$ 355,076</u></u>

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maintain approximately one year of cash disbursements in its investment account. As described in Note C, the Organization also has the ability to draw on a line of credit associated with its investment accounts.

NOTE G – COMPARABLE AMOUNTS

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation. These reclassifications had no effect on change in net assets for that year.