

OHIO SWIMMING, INC.
FINANCIAL STATEMENTS - CASH BASIS
FOR THE YEARS ENDED
AUGUST 31, 2009 AND 2008

OHIO SWIMMING, INC.

TABLE OF CONTENTS

Review Engagement Report	1
Statements of Cash Receipts and Disbursements	2
Notes to Financial Statements	3



5020-A College Corner Pike
Oxford, Ohio 45056
(513) 523-1100

925 Deis Drive Suite A
Fairfield, Ohio 45014
(513) 858-6040

9100 Centre Pointe Drive
West Chester, Ohio 45069
Fax: (513) 523-2600

December 3, 2009

To the Board of Directors
Ohio Swimming, Inc.

We have reviewed the accompanying statement of cash receipts and disbursements of Ohio Swimming, Inc. (a nonprofit organization) as of August 31, 2009 and for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Ohio Swimming, Inc.

A review consists principally of inquiries of the organization's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2009 statement of cash receipts and disbursements in order for it to be in conformity with the basis of accounting described in Note B.

The statement of cash receipts and disbursements for the year ended August 31, 2008, was audited by us and we expressed an unqualified opinion on it in our report dated January 19, 2009, but we have not performed any auditing procedures since that date.

KIRSCH CPA GROUP, LLC

Ohio Swimming, Inc.
 Statements of Cash Receipts and Disbursements
 For the Years Ended August 31, 2009 and August 31, 2008

	2009-unaudited			2008-audited		
	Cash & Cash Equivalents	Certificates of Deposit	Total	Cash & Cash Equivalents	Certificates of Deposit	Total
CASH RECEIPTS						
Membership Dues	\$ 377,600	\$ 0	\$ 377,600	\$ 332,700	\$ 0	\$ 332,700
Other Income	7,853	0	7,853	1,649	0	1,649
Zone Team	23,484	0	23,484	51,123	0	51,123
Interest Income	1,518	3,522	5,040	1,684	4,106	5,790
Sanctions & Meet Revenue	92,374	0	92,374	81,173	0	81,173
Restitution received (Note D)	1,000	0	1,000	8,500	0	8,500
TOTAL CASH RECEIPTS	503,829	3,522	507,351	476,828	4,106	480,934
CASH DISBURSEMENTS						
Membership Fees - USA Swimming	303,055	0	303,055	266,513	0	266,513
Accounting fees	6,330	0	6,330	7,375	0	7,375
Supplies	17,394	0	17,394	10,987	0	10,987
Conventions and clinics	9,967	0	9,967	10,539	0	10,539
Website	3,750	0	3,750	7,500	0	7,500
Awards	12,438	0	12,438	12,587	0	12,587
Travel	65,254	0	65,254	91,680	0	91,680
Facilities fees	27,900	0	27,900	25,000	0	25,000
Contract Labor	12,400	0	12,400	12,841	0	12,841
Outreach	4,168	0	4,168	625	0	625
Miscellaneous	664	0	664	124	0	124
TOTAL CASH DISBURSEMENTS	463,320	0	463,320	445,772	0	445,772
INTERFUND TRANSFERS						
Purchase of Certificates of Deposit	(45,000)	45,000	0	(10,000)	10,000	0
TOTAL INTERFUND TRANSFERS	(45,000)	45,000	0	(10,000)	10,000	0
TOTAL INCREASE OR DECREASE FOR THE YEAR	(4,491)	48,522	44,031	21,056	14,106	35,162
BALANCE, BEGINNING OF YEAR - UNRESTRICTED	50,110	126,176	176,286	29,054	112,070	141,124
BALANCE, END OF YEAR - UNRESTRICTED	\$ 45,619	\$ 174,698	\$ 220,317	\$ 50,110	\$ 126,176	\$ 176,286

See accompanying notes and accountant's report.

Ohio Swimming, Inc.
Notes to Financial Statements
August 31, 2009 and 2008

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 cash basis of accounting. 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.

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.

Fair Value of Financial Instruments

The carrying value of cash and cash equivalents and certificates of deposit approximates fair value.

Cash and Cash Equivalents

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

Ohio Swimming, Inc.
Notes to Financial Statements
August 31, 2009 and 2008

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).

Net Assets

The Organization follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-For-Profit Organizations pertaining to the classification of net assets. Under SFAS No. 117, 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 cash receipts and disbursements 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, 2009, unrestricted net assets were \$220,317 (August 31, 2008 - \$176,286). There were no temporarily or permanently restricted net assets as of August 31, 2009 or at August 31, 2008.

Ohio Swimming, Inc.
Notes to Financial Statements
August 31, 2009 and 2008

Advertising Costs

Advertising costs are expensed as incurred.

NOTE C – CERTIFICATES OF DEPOSIT

The certificates of deposit balance at August 31, 2009 and August 31, 2008 consists of certificates of deposit with original maturities of greater than three months. At August 31, 2009, the certificates of deposit mature between September 1, 2009, and February 6, 2011, and bear interest at rates ranging from 0.987% to 4.75% (2008 – 3.6% to 5%).

NOTE D – PROMISSORY NOTE

The Organization's former treasurer embezzled in excess of \$225,000 during his term beginning in 1985 and ending in 2005. In fiscal 2006, the Organization received \$100,000 from an insurance company for a claim related to this embezzlement case.

In September 2006, the former treasurer entered into a settlement agreement with the Organization and its insurance company. In that agreement, the former treasurer agreed to pay \$74,828 to the Organization as restitution, which he paid during fiscal 2007.

In addition, the former treasurer entered into a promissory note for \$115,000 to be split between the Organization and the insurance company as to be mutually agreed upon. The note bears interest at 6% per annum and is payable in monthly payments of principal and interest of \$2,000 commencing on October 15, 2006 through February 15, 2012 at which time any remaining principal and interest is due. Each payment is divided equally with \$1,000 paid to the Organization and \$1,000 paid to the insurance company. The note cannot be discharged in the event of any bankruptcy filed whether voluntarily or involuntarily. During 2009, the former treasurer paid approximately \$1,000 to the Organization although he was scheduled to pay \$12,000. The Organization is uncertain as to whether it will receive additional amounts in the future.

NOTE E – 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 \$303,055 to USA Swimming for USA Swimming's portion of membership revenue collected for the year ended August 31, 2009, all of which related to fiscal 2009 (August 31, 2008 - \$266,513).

Ohio Swimming, Inc.
Notes to Financial Statements
August 31, 2009 and 2008

NOTE F – CONCENTRATIONS

The Organization maintains cash balances and certificates of deposit at one financial institution. However, the Organization's cash and certificates of deposit are not considered to be subject to credit risk as the account balances are generally within the increased Federal Deposit Insurance Corporation insurance limits for 2009.

NOTE G – FUNCTIONAL EXPENSES

Cash disbursements are shown on the statement of cash receipts and cash disbursements based on their natural expense classification. With indirect expenses allocated to the Organization's functions (based on management's estimates of efforts devoted to these activities), cash disbursements are as follows:

	<u>2009</u>	<u>2008</u>
Program Services (Awards, Travel, Meet Facilities)	\$ 116,559	\$ 141,224
Membership Services	303,055	266,513
General Management	43,706	38,035
	<u>\$ 463,320</u>	<u>445,772</u>

General Management consists of the following:

	<u>2009</u>	<u>2008</u>
Legal Fees	\$ -	\$ -
Accounting Fees	6,330	7,375
Contract Labor		
Bookkeeping Services	4,800	4,800
Registration Services	5,800	6,000
Webmaster	1,800	2,041
Website	3,750	7,500
Supplies	16,394	9,570
Outreach	4,168	625
Miscellaneous	664	124
	<u>\$ 43,706</u>	<u>\$ 38,035</u>

Website expenses are comprised of Swim Connection fees.

Ohio Swimming, Inc.
Notes to Financial Statements
August 31, 2009 and 2008

NOTE H – FAIR VALUE MEASUREMENTS

Effective September 1, 2008, the Organization has adopted the provisions of Statement of Financial Accounting Standards No. 157 “Fair Value Measurements” (SFAS No. 157). SFAS No. 157 provides a framework for measuring fair value under accounting principles generally accepted in the United States of America. SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS No. 157 also establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). A financial instrument’s categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the instrument’s fair value measurement. The three levels of the fair value hierarchy under SFAS No. 157 are:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access at the measurement date.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified contractual term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Ohio Swimming, Inc.
Notes to Financial Statements
August 31, 2009 and 2008

Assets Measured on a Recurring Basis

The following table summarizes assets measured at fair value on a recurring basis at August 31, 2009 segregated by the level of the valuation inputs within the fair value hierarchy:

Fair Value Measurements Using			
Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value

Assets:

Certificates of Deposit	\$174,698	-	-	\$174,698
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The valuation methodologies have not changed from prior periods.

NOTE I – NEW ACCOUNTING PRONOUNCEMENTS

In September 2006, the FASB issued SFAS No. 157 “Fair Value Measurements” in order to establish a single definition of fair value and a framework for measuring fair value in generally accepted accounting principles (GAAP) that is intended to result in increased consistency and comparability in fair value measurements. SFAS No. 157 also expands disclosures about fair value measurements. SFAS No. 157 applies whenever other authoritative literature requires (or permits) certain assets or liabilities to be measured at fair value, but does not expand the use of fair value. SFAS No. 157 was originally effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those years with early adoption permitted.

The Organization adopted SFAS No. 157 for the year beginning September 1, 2008.

In May 2009, the FASB issued SFAS No. 165 “Subsequent Events” (SFAS No. 165). SFAS No. 165 provides guidance on the Organization’s assessment of subsequent events. It also requires the disclosure of the date through which subsequent events have been evaluated. SFAS No. 165 is effective for annual and interim periods ending after June 15, 2009. The adoption of SFAS No. 165 did not have a material impact on the Organization’s financial statements. See Note J for additional information.

Ohio Swimming, Inc.
Notes to Financial Statements
August 31, 2009 and 2008

In June 2009, the FASB issued SFAS No. 168 "The FASB Accounting Standards Codification™ and the Hierarchy of Generally Accepted Accounting Principles - a replacement of FASB No. 162" (SFAS No. 168). On the effective date of this standard, FASB Accounting Standards Codification™ (Codification) will become the source of authoritative U.S. accounting and reporting standards for nongovernmental entities. This statement is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The Organization will adopt SFAS No. 168 for its year ending August 31, 2010 and will update all disclosures to reference the Codification.

NOTE J – SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 3, 2009, the date of the financial statement were available to be issued. The Organization has determined that there were no subsequent events that would require disclosure or adjustments to the accompanying financial statements.