

## 2020 Finance Committee Budget Meetings

<b>Committee Name:</b>	Finance	<b>Session #:</b>	1
<b>Committee Chair:</b>	Jeanne Ensign	<b>Vice Chair:</b>	Guy Davis
<b>Minutes recorded by:</b>	Teddy Decker	<b>Date/time of meeting:</b>	11/05/20 8:00PM EST

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### Motions Passed: None

<b>Number of committee members present: 14</b>	<b>Absent: 0</b>	<b>Number of other delegates present: 9</b>
<b>Committee members present:</b> Jeanne Ensign (Chair), Guy Davis (vice chair), Tom Boak, Ashley Braniecki, Ralph Davis, Elyce Dilworth, Phil Dodson, Brandon Franklin, Jill Gellatly, Homer Lane, Laura Winslow, Teddy Decker (Treasurer, Ex-Officio), Susan Kuhlman Parker (CFO, Ex-Officio), Dawson (CEO, Ex-Officio)		
<b>Guests Present:</b> Paige Buehler, Ed Coates, Nadine Day, Peter Guadagni, Britta O’Leary, Donn Livoni, Jeff Strahota Carrie Stolar, Chris Campbell		
<b>Committee Members Absent:</b> None		

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### Minutes

The Zoom meeting was called to order at 8:02pm EST.

1. Jeanne welcomed the committee members and asked if there were any conflict of interest declarations. There were none. Members of the Board of Directors were invited to participate in the Zoom call as attendees.
2. Approval of Finance 2 minutes from the annual meeting aren’t ready yet so will be tabled to a later meeting.
3. Budget Discussion:
  - a. The National Office has prepared two budgets for 2021, with 40k members and 50k members, due to the uncertainty of the times. Susan also provided a document showing the differences between the two.
  - b. Why are the final budget amounts different than what was previously presented? Susan sent a detailed explanation of the major changes between the preliminary budget and the current one. Major assumptions have not changed, but a few smaller items changed mostly having to do with SSL.
  - c. Susan indicated that there could be more savings realized on the 40k budget amount if needed. We anticipate really not having a final budget until possibly January, so we are still looking at two separate budget amounts based on 40k members vs 50k members. We expect to have 70% of our membership revenue in by the end of January so we are asking for approval in late January when we have a better idea of what it will actually look like.
  - d. Question about the PPP Loan forgiveness – forgiveness should take place in 2021 and should not significantly affect cash flow in 2021.
  - e. Clarification was given on the source of the interest and dividend income. We will ask the investment committee to “bless” the amount included in the final budget.
  - f. Why the increase in consultants for 2021? Some programs were accelerated to 2020, but that will pull the timeline for other projects forward and technology is likely to be very important for 2021. The hard servers that previously housed the legacy system are being taken out of operation and the legacy system is already all in the cloud, but planning to move things over soon. Once the IT transformation Phase III is complete contractor costs will reduce, but will not go down to zero. Current timeline is to roll Phase III out in 2022 and will consider implementation complete for all intents and purposes.
  - g. COVID Grant question – this will only impact 2020.
  - h. Overall philosophy – Is budget prepared top down or bottom up? Susan sent out explanation to FC members discussing that it is actually a combination of both based on requests as well as looking to see what is reasonable and realistic to keep losses minimized while keeping benefits and member services as intact as possible.
  - i. 40k vs 50k differences – we seem to be spending an extra \$70k on marketing in the 50k scenario, but only budgeting a \$70k increase in revenue – is that a good ROI? Revenue in the marketing income is our partnerships. Marketing expense is related to the Olympics, Try Masters Swimming, membership and event campaigns. The income and expense don’t actually correlate – true ROI on the marketing expense is additional membership that is not included in marketing revenue.
  - j. 40k budget includes primarily a virtual annual meeting again, as in 2020.
  - k. Is any of the modified year-plus revenue from 2020 attributed to 2021? No, because of the discounted year-plus program in 2020. For 2021 the year-plus should be \$99, with \$39 going toward 2021 and \$60 going to 2022.

- l. Peter and Chris Campbell will reach out to Chris Rieder, Chair of Sports Medicine Committee, to revisit the committee budget submitted for a possible reduction.
  - m. Notwithstanding the discussion early in the meeting about not adopting a budget until January when we have a better idea of membership numbers, the committee discussed adhering to 506.3.6 “To prepare or cause to be prepared and approve the USMS budget for the next fiscal year” with the consideration of two budgets. Since we will be unsure of membership numbers until January, one thought is to approve the budget for higher membership (50K) and adjust down in 2021 as necessary. (Reducing expenses does not require overbudget approvals which would come into play if we approved the 40K membership budget then were able to support more programs, events, an in person annual meeting, etc. resulting in additional costs). There are additional considerations around budget approval that still need to be considered before we can make this decision. This will be discussed further at our next session.
  - n. Should FC be looking at a cash flow budget vs accrual budget? There is a large difference between operating vs cash flow budgeted numbers for this year due to primarily capitalizing software development costs. Capital budget and operating budget together provide this information. FC will be sure to clarify this for the BOD for the final budget. Susan will add the necessary lines to current budgeted P&L to arrive at the actual cash number.
4. The second budget meeting will be on Zoom Tuesday, November 10, 2020.

The meeting was recessed at 9:13 pm EST.

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