

Committee Name:	Finance Committee (“FC”)		
Committee Chair:	Guy Davis	Vice Chair:	Homer Lane
Minutes recorded by:	Guy Davis	Date/time of meeting:	8:00pm ET 11/15/2002

Motions Passed:

1. **The FC recommends that the BOD approve the 2023 USMS budget proposal with a net operating deficit before depreciation of \$290k (assuming that the BOD decides to conduct the 2023 Annual Meeting and Volunteer Relay as separate meetings).**

Number of committee members present: 8	Absent: 4	Number of guests: 1
Committee members present: Guy Davis - Chair, Ralph Davis, Teddy Decker - Treasurer Ex-officio, Jeanne Ensign, Brandon Franklin, Jill Gellatly, Dawson Hughes - CEO Ex-officio, Gary Keehner - Controller Ex-officio,		
Guests: Peter Guadagni - President		
Committee Members Absent: Ashley Braniecki, Phil Dodson, Homer Lane - Vice Chair, Laura Winslow.		

Minutes

The meeting (conducted by Zoom call) was called to order at 8:01 pm ET

1. No conflicts were declared.
2. The FC approved the 11.8.2022 meeting minutes.
3. The principal business of the meeting was to review the USMS 2023 budget proposal and to consider recommending its approval to the USMS Board of Directors (“BOD”). Prior to the meeting the CEO and Controller had circulated a detailed memo on the budget proposal and supporting information to the FC for their review, including the 2022 forecast updated for USMS’s third quarter results. In the first budget review meeting (11.8.2022) the FC reviewed and approved the 2023 compensation proposals and budget for total compensation budget (including taxes, benefits and incentive compensation) for 2023 of \$2.054m.
4. Prior to the meeting some discussion had already been conducted in the Finance Committee Forum on the USMS website in which Dawson had responded to a number of member questions and comments on various items.
5. Gary briefed the FC on the key changes in the update of the 2022 forecast from the end of the second quarter. He noted that the updates were a series of small changes, but with the net effect of reducing the forecast operating deficit before depreciation by around \$34k. The third quarter forecast is now for a net operating deficit before depreciation of \$286.7k vs. a budgeted deficit of \$373.3k.
6. Dawson updated the FC that the EC and BOD are currently considering revised plans to hold the 2023 annual meeting and volunteer relay as separate rather than contiguous meetings. The impact would be to add approximately \$35k to volunteer admin expense and the FC reviewed the budget based on the assumption of separate meetings and thus including this additional expense.
7. The FC reviewed the budget proposal memorandum and Dawson provided additional commentary and detail on a number of areas including membership, insurance, partnership revenues, updated national championship contracts, completion of the digital transformation project (particularly the Salesforce implementation in February 2023), and future IT plans and projects. The budget proposal is based on USMS membership of 59,250 and reflects inflationary cost increases and the increase in staff levels from 14.75 full time equivalent (FTE) staff in 2022 to 16.25 FTE staff in 2023 to support USMS’s strategic initiatives. Going forward the organization will be well positioned with these staff levels and modern IT capability to support increased membership with less than proportionate increases in costs. The proposed budgeted net operating deficit before depreciation is \$290k.
8. Following the discussion the FC unanimously approved a motion that **the FC recommends that the BOD approve the 2023 USMS budget proposal with a net operating deficit before depreciation of \$290k (assuming that the BOD decides to conduct the 2023 Annual Meeting and Volunteer Relay as separate meetings).**

9. Gary briefed the FC on the ongoing application process for possible tax credits under the pandemic related Employee Retention Tax Credit program. USMS is making best efforts to access this potential tax credit, but given the uncertainties associated with eligibility, timing, amounts and potential payment mechanisms this item is not included in the budget and will be recorded as revenue if and when it is received.
 10. The FC plans to meet next in early 2023. The agenda will include establishing the FC program for 2023 and conducting a more detailed review of the multi year digital transformation project which will be completed in 2023.
 11. Gary is currently reviewing the formats used for regular financial reporting to the BOD and FC and in consultation with Dawson, Teddy and Guy will recommend an updated format to the FC at a future meeting.
 12. Peter thanked the members of the FC for their service. He noted that Jeanne (among others) would be stepping down from the FC and he thanked her for her many years of outstanding service leadership roles in the financial management and oversight of USMS.
 13. No other business was brought forth.
 14. The meeting was adjourned at 8:15pm ET
 15. The next meeting of the FC will be scheduled by email in the early part of 2023.
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