

Committee Name:	Finance Committee (“FC”)		
Committee Chair:	Guy Davis	Vice Chair:	temporarily vacant
Minutes recorded by:	Guy Davis	Date/time of meeting:	8:00pm ET 11/07/2023

Motions Passed:

1. **The FC recommends that the BOD approve the 2024 USMS budget proposal with a net operating deficit before depreciation of \$52k and capital expenditures of \$175k.**

Number of committee members present: 12	Absent: 1	Number of guests: 1
Committee members present: Guy Davis - Chair, Ralph Davis, Arlene Delmage, Phil Dodson, Susan Ehringer, Brandon Franklin, Jill Gellatly - Treasurer Ex-officio, Dawson Hughes - CEO Ex-officio, Gary Keehner - Controller Ex-officio, Susan Nolte, Maddie Sibia, Chris Wagner.		
Guests: Ed Coates - President		
Committee Members Absent: Teddy Decker		

Minutes

The meeting (conducted by Zoom call) was called to order at 8:02 pm ET

1. No conflicts were declared.
2. The FC approved the 10.30.2023 meeting minutes.
3. The principal business of the meeting was to review the USMS 2024 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 2023 forecast updated for USMS’s third quarter results. In the first budget review meeting (10.30.2023) the FC reviewed and approved the 2024 compensation proposals and budget for total compensation budget (including taxes, benefits and incentive compensation) for 2024 of \$2.098m.
4. In the additional time available at the 10.30 meeting Dawson had provided a detailed update on the proposed budgeted technology spend of \$450k for 2024. The reduction in budgeted costs of insurance in 2024 vs 2023 due to some restructuring of the coverage arrangements had also been noted and discussed. Prior to the meeting some discussion had also been conducted in the Finance Committee Forum in which Dawson had provided details on the hosting and risk management of our technology infrastructure and earlier in the year had provided details concerning the benefits in 2024 and 2025 of the termination of the Sarasota office lease as well as some other specific budget items.
5. Gary noted key elements of the 2023 forecast. The third quarter forecast is now for a net operating deficit before depreciation of \$31.6k vs. a budgeted deficit before depreciation of \$290k. Two key drivers of the significant improvement in forecast deficit vs. budget were the \$61k lower than budget volunteer expense due to highly competitive rates negotiated for volunteer meetings and the \$131k lower than budget compensation costs due to the decision not to add 1 FTE budgeted employee.
6. Dawson provided additional commentary on the budget proposal. He noted that the existing strategic initiatives in club and event development would continue with new momentum provided by the sharing of best practices among the LMSCs during the 2023 Volunteer Relay. New initiatives to reach independent swimmers and to offer video stroke analysis services will be developed for launch in mid-2024. These will leverage existing resources and capacity and are budgeted to break even in the first year and require only modest additional development expenses, some of which (e.g. recurring billing capacity) is already being developed for general use.
7. The budget proposal is based on USMS membership of 58,250 and the HOD approved 2024 membership fee of \$56 and reflects inflationary cost increases and maintaining 15.25 full time equivalent (FTE) staff in 2024. The proposed budget is for a net operating deficit of \$52k before depreciation and capital expenditure of \$175k.
8. The budget discussions this year excluded consideration of GUS for which a separate 2024 budget has already been agreed in the context of approval of its acquisition.

9. As per the FOG the CEO is required to submit a no-deficit net ordinary income budget unless a different goal is pre-authorized by the BOD. The Board had pre-approved a budget with a net deficit before depreciation of up to \$150k. Following the budget review and discussion the FC approved a motion that **the FC recommends that the BOD approve the 2024 USMS budget proposal with a net operating deficit before depreciation of \$52k and capital expenditures of \$175k.**
 10. The FC noted the ongoing application process for possible tax credits under the pandemic related Employee Retention Tax Credit program. USMS continues its 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.
 11. The FC plans to meet early next year to agree its program for 2024.
 12. Guy thanked the members of the FC for their service throughout the year.
 13. No other business was brought forth.
 14. The meeting was adjourned at 8:49 pm ET
 15. The next meeting of the FC will be scheduled by email in the early part of 2024.
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