

2021 Finance Committee Budget Meetings

Committee Name:	Finance Committee	Session#1
Committee Chair:	Guy Davis	Vice Chair: Jill Gellatley
Minutes recorded by:	Guy Davis	Meeting date: November 2, 2021

Motions Passed:

1. None

Number of Committee Members Present: 14	Absent: 0	Number of Others Present: 1
Committee Members Present: Guy Davis (Chair), Jill Gellatly (Vice Chair), Tom Boak, Ashley Braniecki, Ralph Davis, Elyce Dilworth, Phil Dodson, Jeanne Ensign, Brandon Franklin, Homer Lane, Laura Winslow, Teddy Decker (Treasurer, Ex-Officio), Susan Kuhlman (CFO, Ex-Officio), Dawson Hughes (CEO, Ex-Officio)		
Committee Members Absent: None		
Others Present: Peter Guadagni (President)		

Minutes

The Zoom meeting was called to order at 8:00 pm ET.

No conflicts of interest were declared.

Background: The meeting was the first of two FC meetings scheduled (11.2 and 11.9) to review the draft USMS budget for 2022. Prior to the meeting, Susan had circulated an updated memorandum on the draft budget, the third quarter USMS financial report with an updated forecast of the full year results for 2021, and the master spreadsheets of the draft budget (with line item detail).

FC members had submitted questions on the details of the budget in advance of the meeting. The questions included requests for explanations or commentary on specific line items in the budget, which Susan largely covered in email responses, and requests to discuss the cost estimates and alternatives for the annual meeting (on the agenda) and to review compensation and benefit costs and trend analysis (which will be discussed at the next meeting).

The FC began by asking for clarification on the revenue assumptions for the new USMS+ membership option, including the regular membership portion and pass-throughs. Susan will present additional details at the next meeting.

The general discussion began with a review of a “bridge analysis” of the changes in the draft budget from the budget assumptions presented to the 2021 Annual Meeting. The budgeted net operating loss has increased by \$303k since the budget assumptions. The principal change is the inclusion of the costs - initial estimate \$228k (\$203k direct plus \$25k additional administration) - of holding a hybrid Annual Meeting (with in person attendance and virtual attendance options) in 2022 instead of a virtual annual meeting. Recommended changes to compensation and benefits added \$35k to costs, inclusion of insurance costs based on actual renewal rates added \$25k to costs, and \$20k was added for the Coaches Committee budget to resume pre-pandemic programs. The net effect of all other adjustments is a \$5k reduction to budgeted net operating loss.

Dawson discussed the key assumptions and the updates.

The budget membership assumption is 53,500. The assumption is seen as conservative with some upside, but given continuing pandemic related uncertainties it is considered appropriate to remain cautious about membership renewals from 2021 and new and returning member sign ups in 2022.

Dawson and Susan indicated that the medium term budgetary goal remains to return to an approximately zero deficit budget in 2023. The FC discussed a preliminary analysis of the approximate membership required to return to an approximately zero deficit (net income).

The FC discussed the budget for the hybrid Annual Meeting in 2022, as per the HOD advisory vote which the USMS Board will honor. Historic direct costs of annual meetings were lower than the initial estimate of \$203k for the 2022 meeting, for example the costs were \$104k in 2019, but it was noted that past meetings were held as part of the USAS Convention while this and future USMS annual meetings will be held independently of other USAS federations. Dawson and Susan outlined the basis for the initial estimate which assumes in person delegate attendance of around 250. This is similar to attendance at historic annual meetings at the recent virtual annual meetings in 2020 and 2021. It also assumes that, as for the Volunteer Relay, USMS will cover delegate hotel costs. This accords with commitments made to LMSCs in conjunction with the transition to the Unified Fee. These assumptions are seen as conservative because the meeting will include a virtual attendance option, reflecting the request of many delegates and LMSCs to have a virtual attendance option again in 2022. Consequently the actual in person attendance and thus hotel costs are likely to be lower.

The FC discussed a number of possible approaches to the financial management of the 2022 Annual Meeting. An analysis of these options and an update of the cost estimate is being prepared for discussion at the next FC meeting.

Dawson commented that holding a hybrid Annual Meeting will entail significant diversion of national office staff time away from other activities over and above those required for a virtual meeting. A part-time employee is included to assist in its administration to minimize necessary diversion of other staff resources.

FC members discussed the financial responsibility of holding two in person national meetings in a single year and that it should not become a precedent for future years. Given that the costs of a second in person national meeting will be unique to 2022, it was discussed whether they should be managed outside the “core” budget and potentially treated separately for reporting and management bonus incentive purposes. The FC will determine any recommendations to the Board on this at the next meeting.

The FC noted that the budget includes a \$10k contribution to ISHOF - the same amount as in 2021 but lower than in pre-pandemic period - which was considered appropriate again in 2022.

At the next meeting (11.9) there will be a review of the Compensation and Benefits Committee 2022 staffing and payroll assumptions and recommendations, and further discussion of the Annual Meeting costs with updated estimates.

The next Zoom meeting is scheduled for November 9th at 8pm ET.

The meeting was adjourned at 9:34 pm ET.
