

Committee Name:	Finance Committee		
Committee Chair:	Guy Davis		
Minutes recorded by:	Guy Davis	Date/time of	meeting: 5/10/22 8:00PM ET

Actions Taken:

- The FC approved an Over Budget request of \$80k to cover additional compensation costs in 2022 arising from the transition to a new Controller and to add staff resources for club development and volunteer services.**

# of committee members present: 12	Absent: 1	Guests: 1
Committee members present: Guy Davis - Chair, Homer Lane - Vice Chair, Ashley Braniecki, Ralph Davis, Teddy Decker - Treasurer-Ex-officio, Elyce Dilworth, Phil Dodson, Jeanne Ensign, Brandon Franklin, Dawson Hughes - Ex-officio, Jill Gellatly, Susan Kuhlman Parker - CFO-Ex-officio,		
Committee members not present: Laura Winslow.		
Guests: Peter Guadagni, President		

Minutes

The meeting was called to order at 8:01 PM EST.

- Welcome
- Roll Call and Conflicts - no conflicts of interest were reported.
- The minutes of the last FC meeting on 2.22.2022 were approved.
- Q1 results and 2022 forecast.** In preparation for the meeting, Dawson and Susan had circulated the Q1 results and 2022 forecast with CFO commentary, a memo on the USMS strategic priorities with a preliminary assessment of and forecast of their budgetary implications, and an over-budget request to address the expense impact of the transition to our incoming Controller who will succeed Susan as senior finance officer upon her retirement, together with the recruitment of additional staff going forward to provide resource for the implementation of strategic priorities and to relieve the excessive pressure that staff are currently working under. Susan commented on the principal items affecting the Q1 results and forecast vs budget, including the following items. Membership trends have been positive and are now forecast at 56k for 2022 vs a budget of 53.5, with a consequent increase in revenues. The more rapid recovery of College Club activity has prompted the need to restart the CCS summit in 2022 to support events and strategies for this member segment. The recent Volunteer Relay was less expensive than budgeted due to a somewhat lower attendance level than budgeted. Coach certification programs are going well, and higher participation has led to higher revenues in this area. Certain budgeted expenses have been reclassified as capital items. Susan will be retiring from USMS effective end of June, and a new Controller has been recruited as her successor. She has agreed to work part time for a few months thereafter to onboard her successor and ensure a smooth transition in the senior finance officer role. The FC looks forward to officially thanking Susan for her extraordinary contribution to USMS during her tenure and to welcoming her successor. The implementation of the strategic priorities is underway with initial work having been done starting November 2021. This includes identification of 11 club development projects which are in early stages. With the need to support this club development effort, to support local efforts to implement strategic priorities, and some reorganization of existing administrative and business operations roles and responsibilities with the CFO transition, Dawson is proposing to add two additional FTE staff to the national office during the second half of 2022. Taking these items together, revenues are forecast to exceed budget by \$88k and operating expenses to exceed budget by \$53k. Regarding non-operating items, unrealized investment returns have recently been very volatile in line with stock market volatility.
- Strategic priorities and outlook. Dawson presented and discussed a preliminary projection of USMS financials for 2023-2025. The FC discussed key issues that will need to be balanced over the medium term to achieve broad budgetary balance, including the impact of increased inflation on expenses and the post-pandemic recovery trend in membership. Given this background the FC and the Board note that a membership fee increase may need to be considered based on further budget analysis and longer term projections. Also noted is the trend line of payroll costs as a percentage of revenues consistently above 50% which historically was viewed as the maximum acceptable. Given changes in USMS operations and strategy, Dawson agreed to review and discuss with the FC and Board an updated “acceptable” payroll percentage of revenues going forward.

- 7) **Over Budget request.** Dawson further discussed the rationale underlying the personnel and payroll adjustments described above. Given the likely timing of bringing on new staff Dawson felt confident that he would be able to accommodate the necessary changes with an additional compensation expense of \$80k in 2022. **MSA the FC approved an Over Budget request of \$80k to cover additional compensation costs in 2022 arising from the transition to a new Controller and to add staff resources for club development and volunteer services** to support the implementation of USMS's strategic priorities. Motion passed unanimously.
- 8) **FOG update.** The annual FOG review is underway. The "Financial Policies" and the IRS 990 Filing Policy will be incorporated into FOG in accordance with an ongoing effort throughout the organization to simplify policies and procedures.
- 9) No new business was brought forth.
- 10) **The next FC meeting** has been provisionally scheduled for July 26th.

Respectfully Submitted,

Guy Davis, Chair