

# 2022 U.S. Masters Swimming Annual Meeting — Hybrid

<b>Committee Name:</b>	Finance Committee (“FC”)	<b>Session #:</b>	1
<b>Committee Chair:</b>	Guy Davis	<b>Vice Chair:</b>	Homer Lane
<b>Minutes recorded by:</b>	Guy Davis	<b>Date/time of meeting:</b>	8:00pm ET 8/23/2022

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## Actions Requiring Approval by the HOD:

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## Motions Passed:

1. The minutes of the FC’s 7.26.2022 meeting were approved.
2. The Finance Committee accepts the Board’s recommended 2023 fee changes as follows:
  - To increase the annual unified fee from \$60 to \$70
  - To give a \$5 early registration discount through 1/2/23
  - To set the year plus fee at \$115
  - To set the LMSC fee share at \$14 for standard fee, \$13 for early discounted fee and \$23 for Year plus fee.

<b>Number of committee members present: 12</b>	<b>Absent: 0</b>	<b>Number of other delegates present: 4</b>
<b>Committee members present:</b> Guy Davis - Chair, Homer Lane - Vice Chair, Ashley Braniecki, Ralph Davis, Teddy Decker - Treasurer-Ex-officio, Phil Dodson, Jeanne Ensign, Brandon Franklin, Jill Gellatly, Dawson Hughes - Ex-officio, Gary Keehner - Controller -Ex- officio, Laura Winslow.		
<b>Committee Members Absent:</b>		

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## Minutes

The meeting (conducted by Zoom call) was called to order at 8:00pm ET

1. No conflicts were declared. Delegate guests were welcomed to the meeting.
2. The FC expressed its great thanks and appreciation to Susan Kuhlman Parker for her service since 2010 as USMS’s CFO. Susan served through a period of significant growth and development of USMS, and in recent years made an enormous contribution to USMS successfully navigating the financial challenges of the pandemic period. We are very pleased to welcome Gary Keehner as Controller succeeding Susan upon her retirement.
3. **The minutes of the FC’s 7.26.2022 meeting were approved.**
4. Dawson provided a financial update to the FC by memorandum in advance of the meeting. Key points: a. Gary’s onboarding as Controller is largely complete and Susan will officially retire at the end of August. b. The 2nd quarter forecast will be completed this week and circulated to the FC. Gary will then turn his attention to completing the 2023 budget recommendation for review and approval by the Board and FC in October and November. c. Staffing adjustments to fill the Club Development role have been made, but the addition of the other staff position approved in the overbudget request approved earlier in the year will not be made until financial plans for 2023 (fees, meetings, etc.) have been approved by the HOD and the Board. d. Compensation costs projections for 2023 have been updated to reflect staff changes and expected salary and benefit changes in line with employment market conditions and will be further refined in line with Compensation and Benefits Committee recommendations as the 2023 budget is compiled. e. Assuming that the HOD endorses the Board’s proposed fee changes (see discussion below) and approach to national meetings (among other economic and business plan assumptions), the current projections show a reduction in USMS’s deficit in 2023, further reducing in 2024 towards breakeven in 2025. (The deficits in these future periods could be prudently funded from USMS’s investment reserves, representing less than 10% of the current investment reserve.) f. Dawson verbally updated the meeting on the USMS+ all-inclusive membership product which was offered for the first time in 2022. Approximately 600 members signed up for this option, and was welcomed by those members who took advantage of it, representing net revenue of approximately \$40k. While the numbers signing up did not meet the program target of 1,000 members, the offering was successful enough to warrant offering it again in 2023 with some updates and adjustments before relaunch.

5. Dawson and Peter provided a paper to the FC prior to the meeting detailing the fee changes that the Board will be recommending to the HOD for approval. The paper summarized the context and rationale for the proposals against the background of the Board's proposed approach to national volunteer meetings and annual meetings in the 2023-25 period. Put simply, a volunteer relay would be held in person annually, while the annual meetings would alternate between a "hybrid" (i.e. an in person meeting with a virtual attendance option) in 2022 and 2024, and a virtual annual meeting in 2023 and 2025. The rationale for this approach is to design the national meeting program to best serve the education, community, and governance needs of USMS while maintaining cost efficiency and maximizing inclusivity of volunteer attendance. It builds on the experience gained of virtual meetings and community engagement during the pandemic period and on the experience of the 2022 volunteer relay. It also takes advantage of the additional discretion that USMS now has to set its national meeting program according to its own priorities and outside the constraints of the old USAS Convention format. The Board plans to continue to evaluate the new meeting strategy going forward in the light of experiences and to evolve as needed to best meet USMS needs.

In summary, the Board is recommending the following fee changes for 2023 to the HOD:

To increase the annual unified fee from \$60 to \$70

To give a \$5 early registration discount through 1/2/23

To set the year plus fee at \$115

To set the LMSC fee share at \$14 for standard fee, \$13 for early discounted fee and \$23 for Year plus fee."

In discussion, the FC noted that the proposed fee increases would not immediately return USMS to fiscal breakeven and asked about the rationale for not proposing an increase to a higher level, say \$75, to more quickly achieve breakeven. Dawson and Peter commented that the recommendation was carefully considered and that the lower fee increase was settled upon balancing a number of factors for the membership and the organization. The more modest fee increase (which essentially represents an inflation catch up since the fees were last changed in 2019) reduces any sticker shock that some members may feel, is sufficient to support USMS's organizational plans and strategies which will promote continued recovery and growth in USMS membership in the post pandemic period, and deficits can be prudently financed with modest additional calls on the investment reserve. It is envisaged that the Board will revisit fees in 2024 for potential 2025 fee changes which can then take account of membership trends and economic conditions in the 2022-24 period.

Following discussion, the FC approved the following motion.

**The Finance Committee accepts the Board's recommended 2023 fee changes as follows:**

**To increase the annual unified fee from \$60 to \$70**

**To give a \$5 early registration discount through 1/2/23**

**To set the year plus fee at \$115**

**To set the LMSC fee share at \$14 for standard fee, \$13 for early discounted fee and \$23 for Year plus fee.**

6. Homer noted (as discussed in the minutes of the 7.26.2022 FC meeting) that USMS proposes to do some short-term borrowing late in the 3rd quarter and early in the 4th quarter to meet its operational cash needs before revenues pick up seasonally with membership renewals at the end of the year. He felt that it would be appropriate to further elaborate on the rationale and background to this, noting that it is a fairly new aspect of USMS financial management. Ralph and Teddy commented that while historically USMS would simply have used excess cash balances to fund seasonal variations in cash flow, much of USMS's "excess cash" is now managed for growth and return in the investment fund. As part of the management of this investment fund, rather than liquidate investment funds for very short-term cash needs, it is more effective for the management of the investments to leave the investment funds in place and to use USMS's credit line and other borrowing sources to meet the relatively modest cash flow needs over a relatively short periods (c. 6 weeks).
  7. Frank Thompson (delegate guest) shared with the FC and attending delegates the sad news of the recent passing of Dave Burgio. Long serving FC members noted with great appreciation the many years Dave served in volunteer leadership as a member of the Finance and Investment Committees and the FC expressed its sincere condolences to his family and friends on their loss.
  8. No other business was brought forth.
  9. The meeting was adjourned at 8:50pm ET
  10. The next meetings of the FC are scheduled for 8pm ET 11.8.2022 and 11.15.2022 to review the 2023 budget.
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