

Committee Name:	Finance Committee ("FC")		
Committee Chair:	Guy Davis	Vice Chair:	Brandon Franklin
Minutes recorded by:	Guy Davis	Date/time of meeting:	8:00 pm ET 11/12/2024

Motions Passed:

1. The FC recommends that the BOD approve the 2025 USMS budget proposal with a net operating income before depreciation of \$389.8k and capital expenditures of \$335k.
2. The FC recommends that the BOD approve the 2025 GUS budget proposal with a net operating deficit of \$94.7k.

Number of committee members present: 11	Absent: 2	Number of guests: 2
Committee members present: Guy Davis - Chair, Brandon Franklin - Vice Chair, Ralph Davis, Arlene Delmage, Elyce Dilworth, Phil Dodson, Jill Gellatly - Treasurer, Ex-officio, Peter Guadagni, Dawson Hughes - CEO Ex-officio, Gary Keehner - Controller Ex-officio, Samantha Kraft,		
Guests: Ed Coates, President, Brian Robbins - GUS		
Committee Members Absent: Charles Cockrell, Gregory Weber		

Minutes

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

1. No conflicts were declared.
2. Brian Robbins of Grown-Up Swimming ("GUS") was welcomed to the meeting.
3. The FC approved the 11.05.2024 meeting minutes.
4. The principal business of the meeting was to review the 2025 budget proposals for USMS and for Grown-Up Swimming ("GUS") and to consider recommending their approval to the USMS Board of Directors ("BOD"). Prior to the meeting the CEO and Controller had circulated a detailed memo on the budget proposals and supporting spreadsheets to the FC for their review, including the 2024 forecast updated for USMS's third quarter results. In the first budget review meeting (11.05.2024) the FC reviewed and approved the 2025 compensation proposals and budget for total compensation budget (including taxes, benefits and incentive compensation) of \$2.221m.
5. In the additional time available in the 11.05.24 meeting the FC had also discussed the recent increases in insurance rates and considered the alternative levels of coverage available and their respective costs.
6. On 11.07.24 the GUS oversight group met to review the GUS financials results and budget for 2025. Brian and Dawson summarized the performance of GUS in 2024 and the proposed budget for 2025. GUS has 17 active leagues in 2024 and is targeting 29 leagues in 2025. Most of the league directors of 2024 will be continuing in 2025 and strong progress has already been made in recruiting league directors for the new markets to be launched in 2025. The budget for 2025 fully reflects the experience learned in 2024 in launching new leagues and growing existing leagues. Brian noted the proportion of USMS members participating in leagues in 2024 was lower than initially expected and that the 2025 budget reflects this experience to date. He is confident that there is potential to increase this in 2025 working with local LMSC and club contacts but the budget conservatively assumes no increase. Experience of second year growth has been strong in recently created leagues and Brian is working with returning league directors to repeat or improve on these experiences in newer leagues. The proposed budgeted net deficit for GUS in 2025 is \$94.7k. GUS is projected to reach break even in 2026. The committee thanked Brian for his updates and commentary on the progress and budgets for GUS.
7. The budget memorandum noted key elements of the 2024 forecast for USMS, which provides the baseline for the 2025 budget. The forecast is for a net operating income before depreciation of \$227k vs. a budgeted deficit before depreciation of \$52k. The improvement in performance vs budget reflects lower than planned expenses across several departments, but was also affected by an accounting reclassification of expenses to capital expenditure. Without the accounting reclassification, 2024 forecast income is a \$82k improvement vs budget.
8. Detailed commentary on the budget proposal was provided in the budget memorandum. The budget reflects ongoing strategic priorities with the addition of selected new initiatives. 2025 will be the first full year of the Lane Mate and Video

Stroke Analysis, which will be launched in December 2024. Given the absence of historical experience for these initiatives they have been budgeted conservatively. It is also worth noting that the hybrid format which will be used for the 2025 annual meeting will result in a \$130k higher expense than 2024.

9. During the review process the FC members raised some questions on which Dawson and Gary provided additional commentary. The committee asked that it would be helpful to continue to provide periodic cash flow forecasts as had been done in 2024 to guide the management of liquidity in the investment portfolio to determine if any further utilization of reserves might be required in 2025. A few points on detailed line items in the budget were reviewed and Gary will determine appropriate revisions in the final budget to be submitted to the BOD for approval. The committee also requested a further commentary on the IT budget and its management. Dawson noted that this primarily represents payments to outsourced contractors and services directed to both maintenance and updating of the existing IT infrastructure as well as planned projects to implement new capabilities (eg integration of College Club swimming's website and registration tools, implementation of Salesforce capabilities to improve the efficiency of email communications, addition of capability to enhance membership management options for individual members and clubs) as well as in due course completing work transitioning all legacy data and systems to new platforms so that the legacy systems can be finally phased out. He will provide further updates on the budgeting and tracking of these projects in future meetings.
 10. The budget proposal is based on USMS membership of 59,200 and the HOD approved 2025 membership fee of \$75 with a \$63/\$12 split between the national organization and the LMSCs. It reflects inflationary cost increases and 15.75 full time equivalent (FTE) staff in 2025. The proposed budget is for a net operating surplus of \$389.8k before depreciation and capital expenditure of \$335k.
 11. Following the budget review and discussion the FC approved a motion that **the FC recommends that the BOD approve the 2025 USMS budget proposal with a net operating income before depreciation of \$389.8k and capital expenditures of \$335k.**
 12. The FC approved a motion that **the FC recommends that the BOD approve the 2025 GUS budget proposal with a net operating deficit of \$94.7k.**
 13. The application process for possible tax credits under the pandemic related Employee Retention Tax Credit program is ongoing. USMS continues its best efforts acting through its HR services provider 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.
 14. The FC plans to meet next early in 2025.
 15. Guy thanked the members of the FC for their service throughout the year.
 16. No other business was brought forth.
 17. The meeting was adjourned at 9:18 pm ET
 18. The next meeting of the FC will be scheduled by email in the early part of 2025.
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