

Treasurer Report 2014

Submitted by Charlie Cockrell, 10/23/14

Overview

In preparation for our annual meeting, attached is a preliminary financial assessment for 2014 and projections for 2015 which will serve as a proposed budget. In the spreadsheet, you will see 2012 and 2013 actuals for historical comparisons, our approved 2014 budget, a year-to-date number for 2014, and projection for the end of the year in each income and expense category.

- Our membership fees, which is the largest source of income, are slightly down. However, after reviewing the September registration numbers, many people are taking advantage of the 16-month membership option, which may change the picture a bit. Part of our membership fee income comes from one-event registrations and since we did not sponsor the Jack King One-Mile Ocean Swim this year, that portion of membership fees is down (We received \$480 in OEV registrations from Jack King in 2013). The revised EOY projection of \$12,500 in membership fees may be somewhat conservative, but I used last year's October and November registration numbers to make a projection. October through December are typically the months with the highest membership fee income because everyone is renewing their USMS membership for next year. Small percentage changes in membership renewals at the end of the year can change the overall picture.
- Meet profit and sanction fees are also down. The Jack King Swim was typically a profitable race, so the elimination of this event had an impact on meet profit. Overall, most meets are not as profitable as they used to be due to increases in facility rental fees and other expenses.
- The print newsletter increased from last year.
- Our other expenses are running about what we projected. We do not spend as much on office supplies as we did in previous years due to more online/electronic processing of registrations and financial reports.
- We received \$523.00 in donations from members so far this year! This is somewhat of a bonus since we did not include this income source in our budget projections.

Based on these projections, we will run a surplus at the end of the year, but that projection is heavily dependent on assumptions regarding end-of-year membership renewals. Note that we have a sizable cash reserve. Our EOY checking account balance is greater than \$7,000 and we have a money market account with greater than \$11,000. We have no liabilities for which we need to budget. Thus, our overall financial assessment is very good.

Proposed 2015 Budget

- Membership fees are fixed for 2015 since the time has passed to make changes and I do not believe that we need to consider a dues increase. I propose that we budget conservatively for next year at \$12,500 in membership fees, which assumes that membership stays at roughly the same level. We have been consistent on the club membership fee income, so I propose that we budget at \$800 which is a conservative estimate.
- I increased the convention and travel expenses to cover the USMS leadership summit in 2015.
- We have not consistently budgeted funding for clinics and coaches. I think we need a strategic plan around these items, but propose that we budget \$500 for 2015 with details to be considered by appropriate committee chairs.
- Other income and expense categories are roughly the same as 2014.

This model would result in a budget deficit of between \$1,500 and \$2,000 for 2015. Since this is a conservative projection and we have a large cash reserve, this is a reasonable financial model which does not necessitate any increase in membership fees.

I recommend that our 2015 budget be accompanied by two focused strategic planning efforts for long-term planning:

- Outreach and other steps for membership growth. The single biggest factor that drives our financial situation is membership fees. The trends suggest membership growth may have leveled off and perhaps we should take a closer look at how we are attracting new members. Consider outreach to market the resources available for club development and membership growth, such as the Swimming Save Lives Foundation, Club Development, ASCA certification, and clinics. After many years, it may be time to revisit our club structure.
- Structure for meets, open water races, and other events. After many years, the percentage of members who participate in meets has declined. Our longest running meets are dependent on a few volunteers. Facility rental fees and other expenses are increasing. A new structure - and a different financial model - could result in new events and increased participation. The 20% meet profit is not a trivial source of income, but is not critical to our financial well-being. Eliminating this requirement, perhaps using some of our cash reserve, and structuring entry fees differently could create new financial incentives and allow us to access the best facilities and work with partner organizations. The sanction fee is a trivial source of income.
- Additionally, during this time, we could collect data from other LMSCs so we can determine if our fees are commensurate with LMSCs of equivalent size.

- I recommend that we revisit the question of the right mix of print and electronic newsletters.

I recommend a mid-year meeting to consider these items for 2016 and beyond to adjust our financial projections and set membership fees for the next few years. Thanks to everyone for your support of masters swimming in Virginia. Look forward to our meeting.