**SOUTHEASTERN SWIMMING LSC**

**BUDGET NOTES OF SIGNIFICANCE**

**INCOME**

**Investment Returns:** The investment account at Morgan-Stanley had a steady growth using a conservative investment strategy. Beginning with $100,000 at its inception, the account has grown to $103080 as of August 31, 2019 (3.0% return). I suggest keeping the funds in this account until they are needed for programming or operational expenses. If we do pull the funds out in the fourth quarter of the 2019-2020 FY, we should still realize an increase of an additional $1000 in this account.

**Registrations**

**Clubs:** We had 79 year-round clubs registered in both 2018 and 2019. However, 2019 saw a 50% increase in “small” clubs and a decrease by the same number in “large” clubs. Assuming same numbers as last year. (58 large, 21 small, 4 seasonal)
**Non-Athlete:** Membership has been fairly steady the past 3 years (1071 in 2019, 1009 in 2018, 1062 in 2017). Using the average of those 3 years (1047).
**Athlete:** This is where things get a bit hairy. We have one year of Flex membership under our belt, but are trying to project forward with very little historical data.
Here is what we do know:
 Overall number of athletes (Premium, Flex, and Seasonal) were up over 2018 figures (8825 vs. 8684). However, there was a decrease in both Premium/Annual and Seasonal registrations. This was offset by the Flex registration numbers (see chart).

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Year** | **Premium** | **Flex** | **Seasonal** | **Total** |
| 2019 | 6426 | 1949 | 451 | 8826 |
| 2018 | 7727 | 0 | 657 | 8384 |
| 2017 | 8100 | 0 | 425 | 8525 |
| 2016 | 7525 | 0 | 417 | 7942 |
|  |  |  |  |  |

Of the 1949 Flex registrations, 277 upgraded to Premium in 2019.
As you can see, the number of Premium + Upgrades (6426+277) was about 13% less than the 2018 Annual registration number (7727).
Seasonal registrations decreased by 32%. 152 swimmers from 2018 reregistered as Flex or Premium, leaving 54 new seasonal swimmers.
About 14% of Flex upgraded to Premium. That seems to be a good number to stay with for now. If more swimmers elect to just go ahead and register as Premium right away, it really does not affect our bottom line, as we get $12 for a Premium membership, $10 for a Flex, and $2 for an Upgrade.
In both previous Olympic years, we saw a decrease in annual swimmer registrations (-.2% in 2012; -2.5% in 2016). Of course the next year, we experienced an “Olympic bump” in membership.
Bottom line:
Assume relatively flat Seasonal registration (430) Note that we will receive $5 more per athlete this year, per the 2018 BOD meeting.
Project a 1% decrease in Premium memberships (6362) for $76344
Project a 1% decrease in Flex memberships(1930) for $19300
Project a 14% Upgrade rate for Flex to Premium memberships (270) for $540

**Transfers:** The transfer amounts for the past 4 years have been very consistent. In fact, the average for the past 4 years is what we realized as income in 2019. Use $2388

**Rewards Points Cash Redemptions:** This income is derived from our use of the SES credit card for mostly Zone Meet and USAS Convention expenses. An average of $500 is realized annually. **Sanction/Observed Fees:** Sanction fees were less than budgeted; Observed meet fees were more than budgeted for 2019. We did benefit from the increase in Observed fees to $125 per meet. The net effect was that we broke even on the total in this category. Adjustments should probably be made to the sanction fees ($8000) and the observed fees will be kept consistent ($4500).

**Surcharges:** Both in-SES and outside-SES surcharge income was less than projected for 2019. The total amount was under budget by ($6444). Using the average of the past 3 years will project Surcharge income more in line with the 2016-17 season. Use $37000 for out of-LSC surcharge income and $88000 for in-LSC surcharge income.

**EXPENSES**

**National Meet Support:** As of August 31, we were under budget for both Athlete and Coach National Meet Support. Average over the past 4 years is $63213 and $13925, respectively. Assuming some more interest in an Olympic year, recommend we budget $68000 and $15000, respectively.

**Olympic Trials Support:** Recommend we allot $1500 per eligible athlete, $500 per eligible head coach, and $500 per eligible assistant coach. In 2016, we spent $57000 for 38 athletes and $6500 for 13 coaches to attend and participate in the Trials. According to USAS, SES currently has 58 swimmers with OT cuts. Some of these are college swimmers who will not be eligible for support funds.
If we assume 45 athletes at $1500 per athlete and 15 coaches at $500 per coach, that would yield expenses of $67500 and $7500, respectively.

**Officials Committee:**  The Officials Committee did not spend anything from their line items for FY 2018-19. (Monies were spent on officials training and education, but that came out of the USAS Clinics accounts.) The budget for last FY totaled $5000. There is a proposal to add an additional $6000 to that sum to cover stipends for officials who may be selected to work at the Olympic Trials.

**Zone Meets:** The Age Group Chair was very frugal in her spending for the 2019 Zone meets. She has requested $25000 and $9000 LSC support for the 2020 Age Group and Open Water Zone Meets, respectively. Though above actual spent for 2019, these amounts are reasonable.

**USAS Clinics:** Best guesses based on information received from USA Swimming. These clinics typically pay for room and meals, with the LSC picking up transportation costs.

**Office and Administrative Expenses / Payroll and Benefits**Tom Healey has informed us of his intent to retire after the 2019-2020 FY. Therefore , there will be some additional expenses involved with hiring a new DOO and bringing that person up to speed.
 Increase transportation costs were already on the radar, but these were increased slightly to cover any travel associated with the transition.
 Some office costs may need to be duplicated. Two extra months of internet costs and one extra month of office rent were budgeted.
 An increase in supplies was budgeted in anticipation of transition needs.
 $1000 was budgeted to be used for the job search (interviewing, advertising, job applicant visits, etc). It is list as “Other” in the budget.
 The **Gross Salaries** section includes one additional month of salary expense plus required taxes. It is assumed that there will be a need to bring the new DOO on board in August so he/she may work alongside Tom to learn the operation. In addition $6000 was budgeted for the Treasurer/Bookkeeper position. This was approved in FY 2018-19 but not spent due to USAS regulations.

Other expense categories are in line with FY 2019 expenses with some minor adjustments to take into consideration price increases.

**BOTTOM LINE:**

The proposed FY 2019-2020 budget shows a net loss of ($94,929).
 $75,000 is directly related to the Olympic Trials Meet Support for athletes, coaches, and officials.
 $7,338 is related to finding and subsequent setting up and training a new DOO (supplies, search expenses, duplicate salary payments)

With our current bank balances plus the amount in our investment account, we can weather this shortfall and still maintain the financial integrity of the LSC.