

**Report from the PVS Treasurer
House of Delegates Meeting
May 23, 2007**

I am presenting to you the fourth and final budget that I will be submitting to you as your Treasurer. It has been a pleasure to serve you and PVS in this capacity.

I am also pleased to report that PVS's financial results for last fiscal year were again successfully audited and a favorable audit report issued. A copy of the [independent auditor's report](#) addressed to the PVS House is included in the material being made available to the House.

Your Board of Directors at their meeting on April 25, 2007 carefully reviewed the attached [budget](#). It is the budget they are recommending you adopt at the House of Delegates meeting on May 23, 2007.

The budget being presented to you reflects \$542,342 in expected net income and \$586,979 in projected expenses. This will result in a projected deficit of \$44,637.

The budget being presented to you for approval contains no changes in the rates being charged for PVS's share of any registration fee, nor are meet entry fees to PVS sponsored meets or sanction fees for club sponsored meets being changed.

The Board gave consideration to whether it was appropriate to recommend to the House a budget with this large a deficit. A majority of the Board agreed to do so in recognition of the reserves that PVS currently has, the fact PVS expects to report a surplus for the current fiscal year, and that historically PVS has not always spent all the funds it budgeted for some of its activities.

The Board also supported submitting a budget with this large a deficit, even though in contrast to the first three budgets that I presented as your Treasurer, this budget also assumes that next year PVS will have 200 additional registered athletes, 5000 more swims in PVS sponsored meets and 10,000 more swims in club sponsored meets than are expected to occur this year. It also assumes that PVS will have 75 more registered athletes this year than it did as of April 30 and next year's growth of 200 is measured from this point. If these assumptions had not been made, the projected deficit next year would have been about \$19,000 more for a total projected deficit for next year of about \$64,000.

The budget contains several new initiatives, which are summarized on the first page of the budget package. – The most significant is to provide \$50,000 more (for a total of \$140,000) for Contractor/Employee Services. The purpose of the additional money is to fund the Executive Director position as well as allow for adjustments in the payments PVS makes to its contractors. More information on the proposed Executive Director position is discussed in two separate papers (see [Strategic Planning Report](#) and [Overview of Executive Director Position](#)) that are part of the package being provided to all House of Delegate members in advance of the meeting.

The proposed budget also contains funds for several other new initiatives. This includes funds to allow PVS to have another Swimposium in October 2007 --- following the first

successful one we had in 2005. There are also funds to allow a Membership Communications program to be initiated, reinstate the PVS camps program after a several year hiatus and building upon the successful camp held at the end of April. Funds are also added to support a Diversity program and provide for two PVS athlete's New Year's Eve parties – one on each side of the Potomac River.

Support for PVS Long Course Zone team in 2008 has been reduced by \$12,500 to \$20,000 in recognition of the fact that the meet will be held at GMU/Fairfax and the Freedom Center in Manassas,

The support for PVS athlete travel assistance has been adjusted to reflect changes in USA Swimming championship program and the number of athletes PVS expects to attend various meets. No change in the amount to be paid per athlete is being proposed.

Other adjustments that were made are also listed.

The size of PVS's reserves has been of regular interest to the House. PVS has continually stated that its objective and policy is to have reserves equal to one year's worth of expenses.

When I became Treasurer in September 2003, PVS's current assets were \$382,000; they were \$617,000 as of the end of last year and are expected to be \$666,000 at end of this fiscal year.

PVS's assets have continued to grow primarily due to three reasons. First, growth in the number of registered PVS athletes as well as increased participation in both PVS sponsored and club sponsored meets. Until this year, PVS did not have enough historical perspective to feel comfortable projecting likely continued growth when presenting a proposed budget. As noted above, we now do and this budget reflects assumed continued growth in these numbers.

Second, we have learned that not all program initiatives that the Board and House provide for in the budget get fully implemented and thus some budgeted funds go unexpended each year.

Third, we have substantially improved our collection procedures to assure all amounts owed to PVS are in fact collected.

Because of the planned deficit for next year, if these projections prove accurate, PVS at the end of fiscal 2008 to expected to have on hand about \$630,000 in current assets. This will be only about \$43,000 greater than projected FY08 annual expenses of \$587,000. This means PVS will not be able to continue to support program of this dimension without being prepared to adjust its revenues – most likely in FY 2009 or at the absolute latest in FY 2010.

Thus, the House in approving the new program initiatives included in this budget should be mindful that PVS will not be able to continue these newly proposed activities without future adjustments in its income stream. To give, you some appreciation of the type of adjustment that might be needed, the following information (which was also included in the [report from Strategic Planning](#) to the House) is provided.

An increase in any of the following will result in about \$10,000 of additional revenue:

- *\$1.25 increase in membership fee.*
- *\$.20 increase in meet entry fee (for a PVS sponsored meet).*
- *\$.10 increase in club meet sanction fee.*

Two other significant activities were undertaken by the Finance Division this year and approved by the PVS Board in March. One was adopting a formal [PVS Investment policy](#). The other was adopting a [Statement of Principles of Ethical Behavior and Conflict of Interest](#). The Board of Directors, Board of Review members, contractors and other key individuals are now expected to sign this document and be in compliance.