

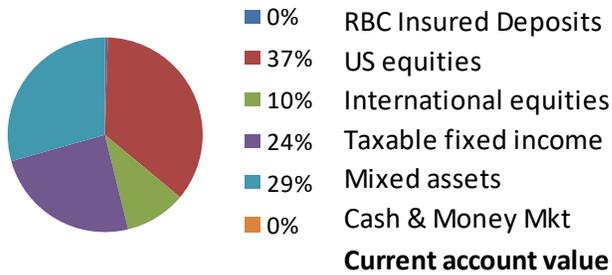
Potomac Valley Swimming Treasurer's Report HOD Meeting 2019

Financial Performance

Our investment portfolio with RBC Wealth Management is managed in accordance with our balanced growth objective coupled with a low risk profile. Four meetings have been held with our investment advisor since the beginning of this season, two of which have been with the PVS investment committee. The investment committee recently aligned on a revised growth benchmark for PVS, removing the inflation aspect and transitioning to a pure growth target. Our investment strategy continues to ensure overall steady growth. The following provides a summary level view of the allocation and performance of our assets as well as YOY comparative results vs this time 2018.

As of 30 Apr 2019

ASSET ALLOCATION SUMMARY



CURRENT VALUE	% of Portfolio	YOY Δ
\$1,163	0%	
\$92,798	37%	
\$26,462	10%	
\$63,758	24%	
\$76,448	29%	
\$90	0%	
\$ 260,719	100%	4.2%

Investment Objective - **Balanced Growth**
Risk Tolerance - **Low Risk**

Our General Operating Account (GOA), Restricted Operating Account (ROA) and Special Accounts remain within the Wells Fargo Banking Institution. Wells Fargo continues to provide first class customer service and our Regional Business Manager has accommodated various requests. We have scheduled a mid-year review with our Wells Fargo Business Manager to assess other features that may be of benefit to Potomac Valley Swimming.

Budget Performance and Projection

Our 2018-2019 budget is projected to end the fiscal year in August with a deficit of \$14.6k vs. a budgeted deficit of \$41.5k. The revised deficit is the result of changes in both expenses as well as revenue, primarily due to an expectation that fewer athletes will participate in the summer zone meet. Other changes in revenue are attributed to fewer club meet splashes, an offset increase in meet entries by 5.9% due to larger participation in the Open meets, and unplanned income resulting from USA and Eastern Zone subsidies to PVS for hosting the Diversity Select camp. Expenses are expected to be reduced slightly due to a reduction in meet management fees, a reduction in planned equipment purchases and equipment grants, offset by an increase

Potomac Valley Swimming

Treasurer's Report

HOD Meeting 2019

in Diversity and Inclusion expenses as a result of the late award/addition of the Diversity Select camp. These changes result in a projected reserve ratio of 73%.

Our 2019-2020 budget is submitted for HOD approval with a net income deficit of \$29.6k and a reserve ratio of 68%. For further explanation and details, please refer to the budget package posted on the PVS website.

Reserve Rate Trend

Our reserve rate over the last several years has continued to remain within the guidelines updated during the HOD meeting in May 2017 with an average reserve of approximately 77%. The 2019 reserve rate is forecasted to be 73% which will be 4% below the running average. The 2020 budget is proposed to have a reserve rate of 68%. We continue to review the budget details and recommend ways to thoughtfully manage our reserves which are in place to sustain financial operations in the unanticipated event of significant unbudgeted increases in operating expenses or a reduction in operating revenues. The reserves also serve to support Potomac Valley Swimming's ability to enhance and expand current programs and further promote our Mission and Vision.

Audits and Taxes

Independent accounting firm, Sarfino and Rhoades, LLP, conducted an audit of Potomac Valley Swimming, Inc.'s financial position as of 31-Aug-2018. The audit involved an analytical assessment of PVS' financial statements, related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. The result of this review was that our financial statements were fairly presented in all material respects and the changes in net assets and cash flows for the year then ended are in accordance with accounting principles generally accepted in the United States of America. PVS' Form 990 was filed with the IRS and a copy of the Maryland Personal Property tax return for PVS was also filed and considered the final tax return for the year. Additionally, Form 990 and the audit documents (produced by Sarfino and Rhoades, LLP) for PVS were provided to USA Swimming in April 2019, per USAs' requirements. We have included the cost of an accounting review in the 2019 - 2020 budget.

Organization & Procedures

During this season, we have implemented a number of systems and procedural efforts to further our objectives to have:

- simpler and faster bill processing and reimbursements,
- more efficient invoice approval and payment,
- more secure handling of all accounts,
- reduced number of steps to move money between banks and minimize check writing,
- programs that improve organizational efficiency, internal controls and segregation of duties, and

Potomac Valley Swimming

Treasurer's Report

HOD Meeting 2019

- improved transparency into as well as understanding and ownership of all PVS financials by the board.

Specific accomplishments this season include:

1. Set up invoicing and ACH payments in QuickBooks which enables invoices and payments to automatically integrate with our financial reporting.
2. Set up "Classes" in QuickBooks which provides for P&L reporting of each PVS meet and provides detail behind all G&A income and expenses.
3. Improved timing of club billings such that greater than 95% occur in the same month as the meets.
4. Reduced monthly Accounts Receivable balances by more than 50% compared to prior year.
5. Created an improved procedure for communicating A/P approval of invoices and payment requests. Additionally, supported an improved notification process to accounting of equipment rentals so that invoices are created in a timelier manner.
6. Issued guidelines for Meet Directors to assist each host organization in organizing, managing and submitting their financials, tracking and retaining incoming cash, assembling entry reports, and other supporting documents to ensure timely club billings and host reimbursements.
7. Created awareness of the new FLEX membership program by assisting in the creation of an FAQ document, assembled task force of coaches and athlete representative to develop a survey to gauge PVS/club receptivity, developed an estimated impact to PVS and USA Swimming's net income, and continued to be a point of contact for clubs' questions and clarifications on FLEX.
8. Managed investment portfolio to ensure we continue to meet / exceed our growth target.
9. Provided monthly summaries of our P&L including comparisons to last season, and reviews of balance sheet and investment performance.
10. Established processes and procedures to support succession planning.

Planned efforts looking forward include:

1. Secure a Sales Tax Exemption with State.
2. Work with Meet Directors to improve on-time submissions of meet reports.
3. Create a monthly reconciliation process to be used by the registrar for membership registrations, e.g., club invoices occur in the same month as submissions to USA Swimming.
4. Publish annual financial calendar to include board meetings, monthly Treasurer reports & financial statement publish dates, investment committee meetings, audit committee meetings, audit/accounting reviews, Form 990 and MD tax preparation and submission,

**Potomac Valley Swimming
Treasurer's Report
HOD Meeting 2019**

issuance of W-2's and 1099's, annual budget preparations process, pool rental payments, and other content that is essential to PVS' operations and governance.

We continue to evaluate other opportunities and procedures to further streamline and create efficiencies.

Respectfully submitted,



Ellen Colket
Vice Chair Finance/Treasurer
Potomac Valley Swimming
10-May-2018