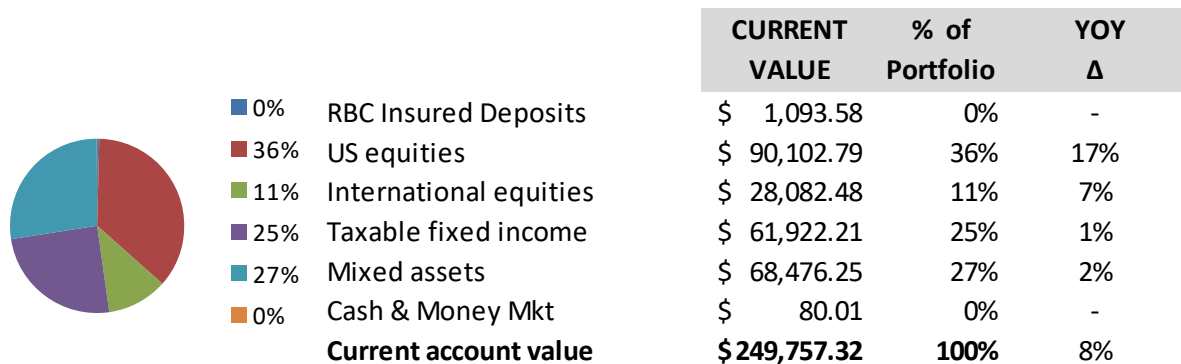


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Financial Performance

Our investment portfolio with RBC Wealth Management is managed in accordance with our balanced growth objective coupled with a low risk profile. The following provides a summary level view of the allocation and performance of our assets. Our investment strategy continues to ensure overall steady growth.

ASSET ALLOCATION SUMMARY



Investment Objective - **Balanced Growth**

Risk Tolerance - **Low Risk**

Our General Operating Account (GOA), Restricted Operating Account (ROA) and Special Account continue to reside in the Wells Fargo Bank. We periodically review features and benefits provided to ensure we have the optimum arrangement with Wells Fargo. We converted our PayPal Account during this past season to receive a designation as non-profit (501 (c) (3) organization) resulting in reduced transaction fees from 2.9% to 2.2%. We continue to evaluate further cost-effective uses of PayPal to expedite processing of our various transactions.

Budget Performance and Projection

Our 2017-2018 budget is projected to end the fiscal year in August with a surplus of \$24k vs. an original budget deficit of \$16.6k. The delta is due in large part to a decrease in salaries and overhead resulting from the transition of a full time controller to a bookkeeper. Additionally, the Swimposium and PVS camps will not take place and we had fewer equipment purchases than planned. This results in a projected reserve ratio of 77%. For further explanation and details, please refer to the budget package posted to 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 76%.

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The 2019 reserve rate is budgeted at 70% which will be a 7% decline from the projected rate for the current year. 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 in-depth review of Potomac Valley Swimming, Inc.'s financial statements during the last quarter of 2017. The review involved an analytical assessment of PVS' financial data and procedural inquiries with the PVS General Chair, Controller and Treasurer. The result of this review was that our information was fairly stated in all material respects to the financial statements as a whole. We have included the cost of a full audit in the 2018 - 2019 budget and will prepare for the requirements similar to what was needed for the last full audit performed in December, 2015.

PVS' Form 990 was filed with the IRS in December 2017 and a copy of the Maryland Personal Property tax return for PVS was filed in April 2018 and considered the final tax return of the year. Additionally, Form 990 and the accounting review documents (produced by Sarfino and Rhoades, LLP) for PVS were provided to USA Swimming in December 2017 per USAs requirements.

Organization & Procedures

A personnel change was made in January 2018 transitioning the Controller position to a Bookkeeping position and relocating this role to the DMV area. Following this change, we fully migrated to a single system for invoicing and financial reporting which offers a more in depth set of tools and functionality.

Earlier this year, PVS launched the ACH (automated clearing house – e.g., electronic fund transfers) payment feature as an option in lieu of issuing checks. Invoices are sent electronically via QuickBooks and the recipients have the option to **View & Pay Invoice**. Many clubs have quickly adopted this feature and provided positive feedback. Another benefit of implementing ACH, is that the number of aging receivables has been significantly reduced with a minimal number exceeding the net 30 day payment timeframe.

The changes we have and continue to implement are intended to allow for:

- simpler and faster processing,
- more secure handling of funds,
- more convenient and efficient means for handling Accounts Receivable and Payables and
- a smaller carbon footprint

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We are looking at other opportunities to streamline and create efficiencies, specifically with respect to the timing of receivables and payables. Other areas we are reviewing include policy compliance and succession planning.

Respectfully submitted,



Ellen Colket
Treasurer
Potomac Valley Swimming
1-May-2018