



# Potomac Valley Swimming

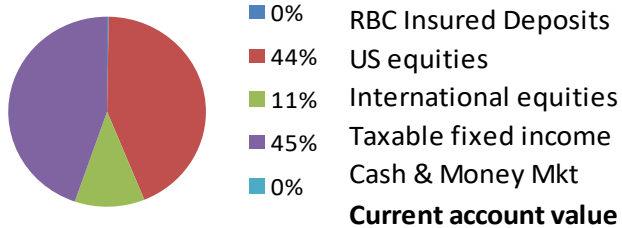
## Finance Report as of 30-Jun-2021

### Financial Performance

Our investment portfolio continues to outperform our goal as has been the case since portfolio inception in 1998, with the largest return occurring over this past year at 7 times our target. Overall performance is expected to continue on a positive trajectory at least for the next few months given strong economic and corporate earnings, the decrease in Covid-19 cases and related economic re-openings, and the fiscal and monetary stimulus. The following provides a summary view of the allocation and performance of our assets.

### As of 30 Jun 2021

#### ASSET ALLOCATION SUMMARY



CURRENT VALUE	% of Portfolio
\$ 1,141	0%
\$ 188,325	44%
\$ 49,453	11%
\$ 193,041	45%
\$ 80	0%
<b>\$ 432,040</b>	<b>100%</b>

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.

### Budget Performance

We are 10 months through the 2020-2021 season and net income has shifted back into a surplus position due in large part to an increase in unrealized gains. The end of year projection has been discussed with the PVS board and we expect to end the season with a deficit of approximately \$114,000. Several items have impacted our current season's budget, including the following:

- Premium memberships are down 34% with the most severe decline in the 8 & under through 13 year-old age groups, specifically, the drops ranged from 67% in the youngest to a 33% drop in the older age group YOY – see chart below:

Description	08 & Under	09 Year Olds	10 Year Olds	11 Year Olds	12 Year Olds	13 Year Olds
Prem Δ from 2020 to 2021	-67%	-58%	-43%	-43%	-37%	-33%



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- Flex memberships are up 32% - YOY and this occurred in triple digit %'s in the 13 - 19 year-old groups; the 8 & under and 9 year-olds continued to experience a drop even in Flex memberships – see chart below:

Description	08 & Under	09 Year Olds	13 Year Olds	17 Year Olds	18 Year Olds	19 and Over
Flex Δ from 2020 to 2021	-4%	-1%	116%	111%	74%	1300%

- PVS' 2<sup>nd</sup> PPP loan was received and expected to be forgiven in 2022;
- A second round of relief was provided by PVS to our clubs earlier this year totaling \$125,310;
- New accounting pronouncement and industry guidance regarding revenue recognition – FASB ASU 2014-09 – has been implemented, introducing deferred revenue into the PVS financials;
- PVS meets were removed or formats changed; Summer Zones were recast as a smaller meet with a different format; Club meets were impacted due to reductions in quantity, size, and scope of these meets; 88% of PVS clubs re-registered; and other financial and operational impacts as a result of Covid and its new variants'. All budget categories continue to be monitored and managed with a focus on mitigating variable expenses assessing income opportunities.

### Budget Projection for 2021 – 2022 Season

The 2021-2022 budget was approved by the PVS Board in June and is submitted for HOD approval on 11-Jul-2021 with a net income deficit of \$25,580 and a reserve ratio of 89%. 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, excluding the recent pandemic-impacted seasons, has continued to remain within the guidelines outlined in P&P and has been averaging reserves of approximately 80%. The 2020 and 2021 reserve rates are anomalies, 162% and 157%, respectively, exceeding the max of our target reserve range as a result of the pandemic's disruption to both planned revenue and meet related expenses. The 2022 budget is proposed to have a reserve rate of 89%. 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 and/or reductions in operating revenues, such as what we experienced recently. The reserves also serve to support Potomac Valley Swimming's ability to enhance and expand current programs to support our athletes, coaches, clubs, officials, and our community. A recent example of reserve usage is the PVS relief program that supported our clubs these last two seasons with registration reimbursements as well as grants.



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### COVID related efforts

- **Second round of Relief** – submitted proposal to the PVS Board for approval of a second round of relief to PVS clubs in the form of registration relief as well as grants. This approval resulted in additional club relief totaling more than \$125,000 this season.
- **PPP 2<sup>nd</sup> PVS Loan** – submitted application to our banking institution (Wells Fargo) for a second PPP loan in early February 2021 and received approval and funds one week later.
- **Forgiveness Application submitted** – submitted forgiveness application for first PVS PPP loan in mid-March 2021 and loan was forgiven one week later.
- **PPP Loan #2 Forgiveness Application** – Awaiting posting of the Loan Forgiveness Application by Wells Fargo for the second PPP loan PVS received in February 2021. Once the second forgiveness application is available, PVS will complete the form and expect this loan to be forgiven, similar to our first PPP loan.
- **Intuit ACH Fee Increase** – Intuit has responded stating that PVS should be exempt from the ACH processing charge increase since we are a non-profit 501c3 firm. Final confirmation of this is needed from the Merchant Processing Center. We continue to target resolution by early August.

### Audit and Taxes

The external audit of PVS' 2019-2020 PVS season was completed by independent accounting firm, Kositzka & Wicks Company, KWC in December 2020. A final audit report was provided to Potomac Valley Swimming with no findings and a statement that the financial statements, in all material respects, were in accordance with accounting principles generally accepted in the United States of America. The AUC 260 letter was also provided which addresses communication regarding the governance of the audit.

PVS' Form 990 was filed with the IRS and a copy of the Maryland Personal Property tax and Fairfax County Property tax returns for PVS were also filed and considered the final tax return for the year. The audit and 990 were provided to USA Swimming in January per our LSC Affiliate agreement. The cost of an accounting review is included in the 2021 - 2022 budget.

### Organization & Procedures

During this season, we continued to implement/expand a number of systems and procedural efforts to build on our financial efficiency and efficacy:

- simpler and faster bill processing and reimbursements,
- more efficient invoice approvals and payments,
- more secure handling of all accounts,



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- maximized interest income and dividends by maintaining a process of routine checking and investment account reviews and transfers allowing for increased interest and dividends while maintaining compliance with Finance P&P and by-laws,
- continued improving the level of transparency into as well as understanding and ownership of all PVS financials by the board and new members.

### **Additional accomplishments this season include:**

1. Submitted **PVS Relief Program** proposal (round II) to PVS BOD on Jan 18<sup>th</sup> and it was approved.
  - a. PVS Refund Relief checks were issued beginning mid-February thru mid-April to approximately 80% of our registered clubs. Total dollar value of the refunds processed has been ~\$107,310.
  - b. The PVS Grant Relief team (Trish Buswell, Erik Collins, Sophia Heilen, Karyn McCannon, Evan Stiles, Kurt Thiel, and Ellen Colket) completed its efforts of creating an application, guidelines, requirements, and the process for clubs to apply for the PVS Grant. 18 teams submitted applications which were reviewed and all were awarded \$1,000 each in grant money.
2. **Payroll Protection Program (PPP)** - application for a second SBA PPP was submitted through Wells Fargo Bank on Feb 2<sup>nd</sup>, 2021 and funds of \$27,050 were received and classified as a loan on Feb 10<sup>th</sup>, 2021. Once the loan forgiveness application is made available by Wells Fargo, it will be completed and submitted via the Wells Fargo site within 72 hours of posting.
3. Treasurer, Kim Bullers, advanced the **monthly reconciliation process** used by the registrar and services manager for membership registrations, e.g., to have club invoices occur in the same month as submissions to USA Swimming.
4. Treasurer upgraded QuickBooks software from the 2018 version to the 2020 version of QuickBooks Premier Non-Profit Edition. Intuit no longer supports the 2018 version of its products. This upgrade was necessary in order to continue to use the Assisted Payroll and Merchant Center modules.
5. As a result of FASB's ASU 2014-09 regarding annual revenue recognition and deferral of unearned revenue, PVS Finance designed and implemented a process to remain compliant. The portion of registration revenue that covers the months beyond the end of the PVS fiscal year (i.e., 31-August) will be deferred to the following fiscal year and accurately reflected in PVS' Financial Statements.



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6. 99% of billings for PVS and club meets occurred in the same month meets took place.
7. Reduction in monthly Accounts Receivable balances by more than 52% compared to prior year. A significant decline in receivables occurred between March and May when clubs were applying for relief grants which required clubs to be in good standing as part of the application criteria.
8. Transmitted guidelines to each PVS Meet Director to remind each host organization about the requirements for 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.
9. Ongoing management of PVS' investment portfolio to ensure we continue to meet / exceed our growth target.
10. Finance Committee, comprised of 6 members, 2 of which are athletes and new to the committee this season continued to meet with our Investment advisor to review, discuss, and make changes to our portfolio consistent with the governance of our P&P and Bylaws.
11. Continued to provide routine summaries of:
  - a. our P&L including comparisons to last season by account,
  - b. investment performance summary along with a YOY comparative results, and
  - c. streamlined views of our financial assets' position.

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

Respectfully submitted,

Ellen Colket  
Vice Chair Finance  
Potomac Valley Swimming  
11-Jul-2021