BUDGETS ♦ FORECASTS ♦ ACCOUNTING METHODS ♦ OPERATING RESERVES
Potomac Valley Swimming

- Eastern Zone
- DC/MD/VA
- 50 Clubs
- 4th largest

Athletes: 12,900
- Premium
- Flex
- Outreach
- Seasonal

Non-Athletes: 1,265
- Coaches
- Officials

Board & Staff
- 15 Board members
- 3 Staff
- 9 Committees
Keys to an LSC’s financial health

Board accountability for the health and long-term sustainability of your LSC

Plan Income Sources

Understand Expenses: Fixed & Variable

Budget ✓
Forecast ✓
Account ✓
Reserves ✓
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Discuss with LSC Board year over year trends, anticipated income, known fixed and variable expenses, and financial position of the LSC.</td>
</tr>
<tr>
<td>2</td>
<td>Evaluate existing as well as potential programs and related expenses</td>
</tr>
<tr>
<td>3</td>
<td>Establish accountability by each Board member for a) generating sources of income and b) developing, monitoring, and managing their respective budget account(s).</td>
</tr>
</tbody>
</table>
Understanding Revenue Profile

Income Sources

- Registration/membership fees
- PVS and Club Splash Fees & Fines
- Endowments & Grants
- Advertising, LEAP, & Rewards
- Investment income
- Other
- Camps, Zones, & Equipment rentals

Understanding Revenue Profile
Understanding Expenses

**FIXED**
- Staff PR & Taxes
- Rental Lease Payments
- Insurance, Depreciation, & Property Taxes
- Audit & Advisory Fees

**VARIABLE**
- PVS Meets
- Equipment & Miscellaneous
- Programs & Development
- Athletes & Officials’ Travel Stipends
**Revenue**
- Income — detail sources (membership fees, advertising, donations, endowments, interest income, rental fees, corporate giving, fines, etc.)

**Expenses**
- Fixed Expenses (i.e., salaries, insurance, property taxes, depreciation, rental lease payments, advisory fees, etc.)
- Variable Expenses (i.e., meet related fees, officials support, athlete travel, other programs such as DEI, SafeSport, Governance, etc.)
- **Identify links between Income & Expense Categories**

**Net Income**
- **Determine NI: Surplus/Deficit/Neutral**
Estimate of revenue and expenses for the LSC over a specific period of time based on the organization’s goals & objectives.

Projection of trends and outcomes based on historical data and illustrates where you are headed.
RECORDING TRANSACTIONS

Cash vs. Accrual Accounting

VS
## RECORDING TRANSACTIONS

<table>
<thead>
<tr>
<th>Cash Basis</th>
<th>Accrual Basis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues are recognized when cash is <strong>received</strong> and expenses are recorded when cash is <strong>paid</strong>.</td>
<td>Revenues are recognized when <strong>earned</strong> and expenses are recognized when <strong>incurred</strong>.</td>
</tr>
</tbody>
</table>
OPERATING RESERVES

Cash Operating Reserves
(Months)

2½ months
# PVS BUDGET (example)

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Memberships Registration</td>
<td>1,146,756</td>
<td>950,221</td>
<td>889,080</td>
</tr>
<tr>
<td>Registrations - USA Swimming</td>
<td>(803,506)</td>
<td>(777,825)</td>
<td>(602,410)</td>
</tr>
<tr>
<td>&gt; Net PVS Registrations</td>
<td>343,250</td>
<td>172,396</td>
<td>286,670</td>
</tr>
<tr>
<td>&gt; Total PVS Meets</td>
<td>499,490</td>
<td>295,310</td>
<td>277,870</td>
</tr>
<tr>
<td>&gt; Total Other Meets</td>
<td>122,700</td>
<td>89,290</td>
<td>62,080</td>
</tr>
<tr>
<td>&gt; Total Zones Teams Fees</td>
<td>141,025</td>
<td>-</td>
<td>91,370</td>
</tr>
<tr>
<td>&gt; Total Equipment Rentals</td>
<td>9,000</td>
<td>6,830</td>
<td>7,650</td>
</tr>
<tr>
<td>&gt; Financial &amp; Other Income</td>
<td>12,900</td>
<td>28,825</td>
<td>13,700</td>
</tr>
<tr>
<td>&gt; Paycheck Protection Program (PPP)</td>
<td>-</td>
<td>21,305</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>1,128,365</td>
<td>613,956</td>
<td>739,340</td>
</tr>
<tr>
<td><strong>Expense</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt; Total PVS Meets Expenses</td>
<td>556,465</td>
<td>261,296</td>
<td>396,520</td>
</tr>
<tr>
<td>&gt; Total Officials' Support</td>
<td>79,780</td>
<td>43,603</td>
<td>78,920</td>
</tr>
<tr>
<td>&gt; Total Equipment Operations</td>
<td>23,630</td>
<td>22,065</td>
<td>21,000</td>
</tr>
<tr>
<td>&gt; Total Zone Teams</td>
<td>157,375</td>
<td>-</td>
<td>111,540</td>
</tr>
<tr>
<td>&gt; Athlete Travel Assistance</td>
<td>100,600</td>
<td>31,500</td>
<td>109,600</td>
</tr>
<tr>
<td>&gt; Meetings/Conf/Seminars</td>
<td>42,100</td>
<td>24,405</td>
<td>4,000</td>
</tr>
<tr>
<td>&gt; Total Other PVS Programs</td>
<td>22,500</td>
<td>4,614</td>
<td>16,300</td>
</tr>
<tr>
<td>&gt; General Administration + Relief</td>
<td>175,535</td>
<td>192,973</td>
<td>176,995</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>1,157,985</td>
<td>580,456</td>
<td>914,875</td>
</tr>
</tbody>
</table>

**Operating Surplus (Deficit)**

|                                |                  |                          | (175,535)                  |
| Reserve Ratio                  | 68%              | 159%                     | 81%                        |
Financial Sustainability is critical to an LSC’s stability and long-term viability.
THANK YOU