



USA Shooting Board of Directors Finance Committee Meeting Minutes

July 21, 2022

Zoom Video Conference Meeting

Committee members present: Ana English, Amanda Banta, Gregory Shaner, Rick Marsh, Alexis Lagan, Randal Garrett, Eric Uptagrafft

Committee members absent: none

USAS Staff/Others present: Reya Kempley (secretary), Buddy Duvall, Jim Mitchell, Traci Carson (Altruic Advisors), Sarah Taylor (Altruic Advisors), Bret Wichert (BiggsKofford)

A. Draft Audit Report 2020-2021: Bret Wichert

1. Inventory adjustment for ammo—was stated as for sale, changed to not for sale for 2021
2. Large cash held in investments, such as Bunker Club, with restrictions
3. Some cash cushion, but not much
4. Ana pointed out that after all liabilities there will be a net of \$19k. Numbers are pending PPP loan forgiveness.
5. Income Statement
 - a. \$6.6 million in income made for a significant year. In-kind contributions are mostly USOPC renting of facility, which is recorded as revenue.
 - b. \$707k in investment income due to a strong year in the market. \$200k for 2022 so far. Change in net assets \$687k. But this will fluctuate every year, so without the investment income, we would have only been even.
 - c. For all of 2021, net operating cash flow was -\$127 due to market fluctuation.
6. Ana pointed out that 2021 was a big year in expenditures due to the Olympics.
7. Jim Mitchell asked why the PPP loan is still not forgiven. Bret answered that as of Dec 31, 2021 USAS had not applied for forgiveness. There is full anticipation the loan will be forgiven. When forgiven, that money will go to income statement.

B. Audit Management Letter: Bret Wichert

1. Internal controls had material weaknesses.
 - a. Inventory: BiggsKofford adjusted the inventory accounts by \$104k and \$112k. Recommended monthly review, or at least quarterly.
 - b. Investments: Similar recommendations to review monthly or quarterly.
 - c. Discussion of quid pro quo contributions that were not managed according to IRS rules.
2. Other matters
 - a. Cash receipts area—incoming checks should be restrictively endorsed as “for deposit only.”
 - b. Misclassification of some items

- c. Journal adjustments, some significant. These should be done by management. Ana commented that they are accounting and have no difference on financial statements. But Bret emphasized that management, not auditors, should be doing them. Ana said that a discussion will be had with Altruc to have clear audit requirements to improve this going forward.

C. Greg made a motion to move the audit report to the full Board. Amanda seconded. Passed unanimously.

D. June Financials

1. Traci stated she preferred Ana present the financials since she was in a hospital waiting room. Ana continued with the presentation.
2. Balance Sheet
 - a. Q2 USOPC deposit just received. Unrestricted funds at about \$1 million. AP consists mostly of payroll and USOPC debt. Long-term liability is PTO liability.
3. P&L
 - a. YTD behind budget for revenue, but ahead on grants for pending/unknown expected revenue. The decision was made to book 100% of USOPC grant in January at the beginning of year rather than spreading it out monthly. We have only received half of the cash for the year at this point. Membership is underperforming. Ana expressed her intention to avoid self-pay travel for competitions when possible for the National Team. Merchandise expected to continue below budget.
 - b. Expenses are under budget so far; assuming CEO in October but will likely be November/December. Direct mail net return estimated at \$400k; at break-even right now due to acquisition costs. Resource One optimistically estimating more revenue. Effort to avoid mishap that happened prior to WC Changwon. Net operating ahead of plan but only because 100% of USOPC grant recorded in January. Should be \$445k net operating income. Emphasis on ending the year cash positive.
 - c. YTD \$440k net but anticipating \$250k positive by the end of the year.
4. Ana said there have been many meetings with Alex (USAS High Performance Director) and coaches, and confusing messaging regarding funding. Ana's stance is USAS owns up to and pays for mistakes, so the decision was made to pay for all registrations for national teams in the new ranking matches in July/August. Going forward, no communication from coaches to athletes regarding athlete funding. Brent will be the POC for funding questions. Discussion followed on specifics for the upcoming matches and related communication.
5. Ana said we will see losses on a month-to-month basis due to the USOPC revenue being reflected entirely in January.
6. Ana called for motion to approve May/June financials. Lexi made the motion, Randal seconded. Passed unanimously.

E. Funding Opportunities

1. Buddy provided an overview of the list with probabilities of each coming to pass with their expected revenue. No new secured opportunities since last month, though we did receive the first check from the NRA ammunition grant.
 - a. Jim said it's important to keep Buddy and himself in the loop when donations come in so they can follow up with donors. Jim described the organization as "people who do a lot with a little." USAS has a very tight financial operating picture. Goal of the Foundation is to resolve the struggle to raise money every year. COVID/elections created competition for fundraising. He is trying to tap into other foundations who need to donate. He expressed optimism in closing one opportunity by the end of the summer. Foundation can set up endowment for USAS with donated cash or sellable items to create continuous income.
 - b. Jim discussed recruiting a new CEO. He stated that the committee has received some "incredible" resumes so far. Expected review in early August. Committee is Jim, Dan Genter (Chair), Sarah Scherer, Vincent Hancock, Chad Whittenburg (non-voting). Fundraising will be a major focus for the job description.
 - c. Jim further commented that we must message that USAS is not funded by the government. He mentioned the International Order of Theodore Roosevelt Foundation video as an example of a well-done message. Jim emphasized we are all working for the athletes.
 - d. Ana thanked Jim for working with Buddy. Jim thanked Buddy and Matt Suggs for their work in closing the NRA grant, which covers ammo for 2022. We can reapply for next year.

F. Ana called for adjournment at 4:21 pm MT.