SCRA

Annual Meeting
February 24, 2015
AGENDA

1. Introduction
   – Current Board
   – DAPER

2. Reports
   – Membership
   – Activities
   – Survey
   – Treasurers
   – Tennis
   – Swim

3. Tax Issue

4. Special Member Issue
   – Case to follow 15% Rule
   – Case for Special Members

5. Questions/Comments

6. Election of Directors
   – Nom. Com. Slate
   – Vote
Board of Directors

President            Jan Rossi**
Secretary            Julie Wilcox**
Membership Chair     Janet Gibson*
Vice President       Catherine Wilson
Treasurer            Obal Kambham*
Tennis Chair         Justin Annes
Swim Chair           Scott Fendorf

**Term expires 2015
*Resigned February 13, 2015;  ** January 27, 2015
Stanford DAPER Staff
Department of Athletics Physical Education and Recreation

Ray Purpur  Deputy Director of Athletics
Steve Robe  SCRA General Manager
Andrea Barnes*  Tennis Director
Laura Mitchell  Aquatics Director
     Head Age Group Coach
Joey Semmentelli  Head Swim Coach

* Resigned as of March 16, 2015
MEMBERSHIP

Who can be a Member?

SCRA Bylaws 4.3

“The persons who are eligible for Stanford Faculty Staff Housing Programs as defined by the Stanford Housing Programs Eligibility Criteria....”
Stanford Housing Programs Eligibility Criteria

- Faculty members of Academic Council
- Senior Fellow members of Academic Council
- Medical Center Line Professors
- University N11 Staff
- University 1M5 Staff
- Hoover Senior Fellows
- Emeritus
- Retired Staff
MEMBERSHIP DATA

- 2008: 400  Renovation year, 2007-2008
- 2009: 415
- 2010: 435
- 2011: 450
- 2012: 465
- 2013: 475
- 2014: 494
- On average ~ 15 new memberships/year
# Membership

<table>
<thead>
<tr>
<th>Club Members</th>
<th>Emeritus</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td>Regular Member Families</td>
<td>367</td>
<td>80</td>
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<tr>
<td>Extended Family</td>
<td>21</td>
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<tr>
<td>DAPER</td>
<td>18</td>
<td></td>
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<tr>
<td>Special</td>
<td>8</td>
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<tr>
<td>Swim Only</td>
<td>10</td>
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<tr>
<td><strong>VOTING</strong></td>
<td>367</td>
<td>½ (80)= 40 votes</td>
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<tr>
<td><strong>NON-VOTING</strong></td>
<td>47</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td>494</td>
<td>80</td>
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</table>
Special Membership

- **Resident Fellow** Special membership, for duration of fellowship provided not otherwise SCRA eligible

- **Divorced Spouse/Domestic Partner** Evidence this has been offered since 1997

- **Extended Family** Provided only if primary member remains a member

- **DAPER** awarded as a result of the Loan and Management Agreement with Stanford
THE TAX ISSUE

Some Background:

• SCRA registered as 501(c)(7) Social Club non-profit tax exempt organization

• 15% Rule of a 501(c)(7): Non-member income cannot exceed 15% of gross annual income
2006-2013 TAXES NOT FILED

- DAPER contacted by Franchise Tax Board for SCRA failure to file Tax Returns 2006 through 2013

- SCRA advised to be silent on this issue until initiating filing with the IRS through Stanford and PWC

- DAPER initiates filing but discovers we are in non compliance with IRS 15% Rule for 501(c)(7) Tax Exempt Social Club
501(c)(7) NON COMPLIANCE

- PWC retained by SCRA through Stanford to rectify by filing State and Federal Income tax for 2006-2013

- Potential penalties, back taxes, fees, owed

- No information yet as to settlement with IRS
WHY IS SCRA IN EXCESS OF 15% NON MEMBER REVENUE?

Largely due to Swim Team Non-Member Revenue
2014 Swim Team Demographics

- **SPRING**
  - Non-Members: 223
  - Members: 29

- **SUMMER**
  - Non-Members: 12
  - Members: 70

- **FALL**
  - Non-Members: 161
  - Members: 115

Legend:
- Red: Non-Members
- Blue: Members
FALL SWIM TEAM USE*

SCRA FAMILIES
USING SWIM TEAM
14%

SCRA FAMILIES
NOT PARTICIPATING
86%

* BASED ON FALL 2014 – HIGHEST NUMBER OF SCRA MEMBER SWIMMERS
SUMMER SWIM TEAM USE*

- SCRA FAMILIES USING SWIM TEAM: 9%
- SCRA FAMILIES NOT PARTICIPATING: 91%

* BASED ON SUMMER 2014 – MEDIUM NUMBER OF SCRA MEMBER SWIMMERS
THE SPECIAL MEMBER ISSUE

SCRA must comply with 15% Rule.

How?
One view:

Swim Team footprint too large, SCRA should follow the 15% Rule.

Interests of SCRA membership participating in the Swim Team are not in balance with interests of rest of SCRA membership.
Other view:

In order for Swim Team to be competitive, attract the best coaches, provide a good experience for the swimmers, Swim Team must maintain a critical size.

SCRA should award Special Team Only Memberships to non-members. This will categorize NON-member income as member income.
To Achieve 15% 501(c)(7)
Compliance

SCRA Board granted 75 Team Only Special Memberships in order to categorize non-member income as member income.
2014 Fall Team
276 Swimmers (115 Members)

SCRA Members: 41%
Non-members: 59%

69 SCRA Families Participating = 14% of Member Families
Fall 2014 by Group

After tax constraints in effect:
Compliant given 74 provisional memberships

![Bar chart showing members and non-members by group for Fall 2014.](chart.png)
2014 Fall Team
276 Swimmers (115 Members)

- SCRA Members: 41%
- Non-members: 30%
- Provisional Special Members: 29%

69 SCRA FAMILIES PARTICIPATING = 14% OF MEMBER FAMILIES
WHY DISCUSS THIS NOW?

• Board solution is unstable, Board divided

• Too high a number of Special Memberships for Board to act alone

• Board should act according to the interests of all members

• Discuss and Vote
QUESTION

Should SCRA award Special Memberships as a workaround the IRS 15% rule for Social Clubs? or

Should SCRA adhere to the IRS 15% rule set by the IRS for Social Club organizations?
What Kind of Swim Program does SCRA Want?

• SCRA Summer Team has always had a large majority of SCRA member kids.

• Does a majority non-member swim team serve the interests of our membership as a whole?

• How much non-member participation is the right balance?
SCRA Should Follow IRS 15% Rule for Social Clubs
4 Main Reasons

1. The size and footprint of the swim team is out of balance with the interests of a majority of members.

2. To grow the swim team, we should grow the membership. But growth should be balanced with the interests of ALL members.

3. The need for revenue is not a legitimate reason to grant special memberships. Nor is the need anticipated.

1. May be legal for tax compliance reasons, but are these memberships legal given our obligation with Stanford University to serve the Stanford Community and its families?
Nominating Committee

Justin Annes
Janice Rossi
Corinne Thomas, Chair
2015-17
Nominating Committee Candidates

Kim Butts Pauley
Richard Sousa
Ann Studdert
Catherine Wilson
Social Events
Summer 2014

• SCRA Member Casual Summer Nights

  – Series of 3 events
    • Lit grill for potluck BBQ
    • Lifeguard on duty
    • SCRA provided sides, drinks, desserts
    • Movie on the grass
Friends of SCRA Committee

• Recruited from membership in December
• First meeting in January
• 8-10 members with different interests
• Organizing a variety of events with (hopefully) something for everyone
Events in the Works

- Great Decisions (January-April)
- Parents Night Out (April-July)
- Earthquakes Tailgate and Game (June 27)
- Memorial Day BBQ
- Summer Friday evenings “Braii” (lit grill)
- Social tennis events (April-August)
- Holiday Cookie Exchange
- Wellness, fitness, and aging seminars (Spring)
SCRA Survey
Survey Design

• Questionnaire revised by BOD
• Programmed in Qualtrics
• Fielded in February 2014
• Response rate = 31% of membership
• Representative sample
  – 15% emeritus
  – 95% married
  – 72% kids under 21 years
  – 31% swim program kids
  – 17% tennis program kids
What do you do at SCRA?

- Adult lap swimming – 67%
- Playing, splashing, or diving (with kids) – 42%
- Kids swim team or swim lessons – 31%
- Friendly tennis game or rally – 29%
- Kids tennis team or lessons – 17%
- Adult tennis team or lessons – 15%
- Exercise classes - %
Open Text Comments about Programming and Facilities

- 6 Positive swim team / programming
- 18 Anti swim team / programming
- 6 Suggested problems with swim programming quality
- 12 Wanting more ability to play/splash in pool (including both crowding and structure)
- 16 Critiques of workout room quality
- 6 Requesting more social / tennis programming
Can't say enough great things about the swim team. Our kids swim at multiple levels and all of them are improving and loving the program. You have built a wonderful sense of community around swim team.
My biggest issue is that swim team dominates SCRA, both in terms of space (lanes, parking, seating, locker rooms) and busyness/noise. It would be nice to have more time for members to enjoy some peace and quiet there in the evenings and afternoons. I schedule my visits to AVOID practices, but they are getting more and more numerous, consequently I feel squeezed out. Used to be able to meet friends for dinner there. Now it is unpleasant because the coaches are shouting til after 8 p.m.
• The workout room needs significant improvement. Right now it just seems like the sad dumping ground for old athletic department equipment. Complete set of free weights, medicine balls, some stability balls, kettlebells, resistance bands and perhaps even a power rack. And can we buy a stereo that was made in this century?
Financials
## Financial Summary

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>FY14 Financial Summary</strong></td>
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<tr>
<td>Revenue</td>
<td>$1,504,475</td>
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<tr>
<td>Expenses</td>
<td>$1,433,200</td>
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<td>Income</td>
<td>$71,275</td>
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<td><strong>Total Cash Reserves as of FY14</strong></td>
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<td>Income</td>
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<td>Total Expenses</td>
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<td>Net Operating Income</td>
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<td>Cumulative SCRA Cash Reserves</td>
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Revenue

- Facility Rental: $630,216.69
- Membership Fees: $620,297.60
- Swim Program: $183,173.00
- Tennis Program: $13,055.00
- Other: $13,055.00
- Initiation Fees: $45,500.00
Expenses

- Compensation: $669,515.00
- Non-Compensation: $763,685.00
## Budget Variance Report

### Revenues

<table>
<thead>
<tr>
<th>Revenue Group</th>
<th>Revenue Bucket</th>
<th>FY14 Budget</th>
<th>General</th>
<th>USA Swim</th>
<th>Swim Programs</th>
<th>Tennis Programs</th>
<th>Other Activities</th>
<th>One-Off Facility</th>
<th>Total</th>
<th>% of Budget</th>
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<tr>
<td>Revenue</td>
<td>Facility Rental</td>
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<td>Swim Program Fees</td>
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<td><strong>Total Revenues</strong></td>
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<td><strong>$1,524,000</strong></td>
<td><strong>$608,198</strong></td>
<td><strong>$460,840</strong></td>
<td><strong>$169,377</strong></td>
<td><strong>$183,173</strong></td>
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<td><strong>$0</strong></td>
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<td><strong>94%</strong></td>
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### Expenses

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<tr>
<th>Expense Group</th>
<th>Expense Bucket</th>
<th>FY14 Budget</th>
<th>General</th>
<th>USA Swim</th>
<th>Swim Programs</th>
<th>Tennis Programs</th>
<th>Other Activities</th>
<th>One-Off Facility</th>
<th>Total</th>
<th>% of Budget</th>
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<td>Compensation</td>
<td>Coach/Staff Salary</td>
<td>$348,474</td>
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<td>$125,305</td>
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<td>Benefits</td>
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<td>$42,227</td>
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<td>Contingent Salary</td>
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<td>$39,516</td>
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<td>Student Salary</td>
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<td>Net Vacation</td>
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<td><strong>Compensation Total</strong></td>
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<td>General Supplies/Materials</td>
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<td>IT/Telecommunications</td>
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<td>Printing/Publications</td>
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<td>$36,801</td>
<td>$71,326</td>
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<td>$195,219</td>
<td>93%</td>
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<td>Repair/Maintenance</td>
<td>$75,000</td>
<td>$34,524</td>
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<td></td>
<td>$36,801</td>
<td>$71,326</td>
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<td>$195,219</td>
<td>93%</td>
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<tr>
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<td>Utilities - Misc.</td>
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<td>$89,714</td>
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<td><strong>$817,000</strong></td>
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<td><strong>$71,326</strong></td>
<td><strong>$195,219</strong></td>
<td><strong>$763,685</strong></td>
<td><strong>93%</strong></td>
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<tr>
<td><strong>Grand Total</strong></td>
<td></td>
<td><strong>$1,471,902</strong></td>
<td><strong>$629,367</strong></td>
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<td><strong>$195,219</strong></td>
<td><strong>$1,433,200</strong></td>
<td><strong>97%</strong></td>
</tr>
</tbody>
</table>
Tennis Update
Justin Annes, Tennis Committee
SCRA Junior Tennis

On-Site Weekday Programs
Kinder Tennis
Development (1/2)
Team (1/2/3)

*200 plus Juniors in 2014

Leagues and Activities
Mid-peninsula league teams
(Orange, Green, yellow)

Regional Future Champs team (host)
- Red/Orange/Green

Sectional Future Champs team
- Red/Orange/Green

Hosted 2 USTA Development camps

Tennis Earnings:
FY13 ............... $38,327
FY14 ............... $62,462
(Revenues: $183,173; Expenses: $120,311)

Participants (Fall 2015): n=109
Member: n=38 (35%)
Non-member: n=71 (65%)
   Special : n=39
   Regular: n=32

Revenue (Fall 2015): $43,612
Member: .................$12,982 (30%)
Non-Member .............$30,630 (70%)
   Special .............$19,805
   Non-member: ....$10,825
SCRA Adult Tennis

Adult Play

70+ regular league and social players
  * And many more who play on their own.

Member-organized Thursday night Women’s tennis

EPATT women’s doubles league participating club

Hosted 9 adult teams in USTA league play.
Notable Events of 2014

1.  May 3, 2014, an adult tennis-based social event occurred. ~25 families participated. It was fun. Also the annual Holiday Gift-Grab.

2.  All courts were resurfaced and relined!

3.  Ball machine is available to club members
   - yellow balls and green dot balls for juniors

4.  Ball Mower acquired to accelerate ball pick-up

5.  Court dividers and regular court “blowing” schedule

*Numerous false starts on creating an electronic system to track court use/ availability. HIGH PRIORITY for 2015!!
SCRA TENNIS: The Future

SCRA Tennis Director Andrea Barnes is leaving...

Search Committee:
Marvina White (Chair) ............ Tennis Committee Member (Women’s tennis)
Justin Annes ............................ Tennis Committee Member (Junior Tennis)
Allyn Taylor ............................ Ad hoc (Women’s Tennis)
Catherine Wilson ........................ Ad hoc (Women’s Tennis)
Joe Lipsick ............................. Ad hoc (Men’s Tennis)
Claire Bloom .......................... Ad hoc (Junior Tennis)

*Obul Kambham, tennis committee member (men’s tennis), declined participation

GOAL
To identify an experienced Tennis Professional who is committed to establishing a vibrant tennis community at SCRA by enhancing the adult tennis life with formal programming (cardio-tennis, team practices, social events, etc.) and overseeing the development of a quality over quantity Junior tennis program that fosters enjoyment, team building, sportsmanship and player development.

JUNIOR TENNIS OUTLOOK
1. Independent of current non-member revenue conversation, Junior tennis needs restructuring.
   - Student : Instructor ratios should be 5:1 or less.
   - Current ratios are (estimated) 8:1 or more...
   - Instructor quality standards must be improved
Aquatics Program Update

SCRA Annual Meeting, 2015
Participation in Programs

- 128 Member families currently participate in the aquatics program.
- 141 Member families have previously participated in the aquatics program.

- 74 Member families currently participate in the tennis program.
- 156 Member families have previously participated in tennis program.

* 75% of member families have participated in the aquatics or tennis programs.
  - The programs are made viable by inclusion of non-member participation.
<table>
<thead>
<tr>
<th>Age</th>
<th>Competitive</th>
<th>Semi-Competitive</th>
<th>Non-Competitive</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 6</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>7-8</td>
<td>✔</td>
<td>✔</td>
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<tr>
<td>9-10</td>
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<td>13-14</td>
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<tr>
<td>15-18</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
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</table>
The aquatics program depends on the integration of all four facets
Recent History
Net SCRA Income

Program Generated Revenue

- Unmet Escrow Obligation

2009: $50,000.00
2010: $50,000.00
2011: $50,000.00
2012: $300,000.00
2013: $275,000.00
2014: $50,000.00

Net revenue
Infrastructure funded with increase revenue largely via the aquatics/tennis programs
Aquatics Program Size and Revenue

Aquatics Program Size

2009: 220-240
2010: 220-240
2011: 220-240
2012: 370
2013: 370
2014: 370
2015: 260

Revenue:

$100,000.00
$200,000.00
$300,000.00
$400,000.00
$500,000.00
$600,000.00
$700,000.00
$800,000.00
What is Changing?

Non-member and Special team member definition and roles

Special team members participate ONLY in aquatics or tennis team activities but allow SCRA to comply with IRS rules.

Non-member participations has been essential for maintaining aquatic and tennis programs for the past 25+ years.
2015-16?
Cutting non-member participation

IMPACTS

For Aquatics: Summer team, year-around team, swim schools, and lessons would decrease in offerings.

- Loss of 80 participants in aquatics program
- Loss of 1 coach

* Non-members have participated in both Aquatic and Tennis Programs for more 25+ years
Aquatics Program Size and Revenue

85 participants in aquatics program would have to leave
Impact on Aquatics and Tennis Program

Decreased Programming Impact on Coaching
## Potential 2015/16 Variance Report

<table>
<thead>
<tr>
<th>Revenue Group</th>
<th>Revenue Bucket</th>
<th>FY14 Budget</th>
<th>FY14 Budget Reduced Swim</th>
<th>255 Swimmers, 2 coaches</th>
<th>160 Swimmers, 1 coach</th>
<th>35 Member loss, 1 coach, Tennis Team Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facility Rental</td>
<td>$10,000</td>
<td>$10,000</td>
<td>10,000</td>
<td>40,000</td>
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<tr>
<td>Initiation Fees</td>
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<td>$40,000</td>
<td>620,000</td>
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<td>Membership Fees</td>
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<td>$640,000</td>
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<tr>
<td>Swim Program Fees</td>
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<td>$60,000</td>
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<td>Tennis Program Fees</td>
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<td>USA Swim</td>
<td>$500,000</td>
<td>$210,000</td>
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<td>Other</td>
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<td>Designated Transfer</td>
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<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>$1,524,000</strong></td>
<td><strong>$1,114,000</strong></td>
<td><strong>984,000</strong></td>
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</table>

**Compensation Total**  
$654,902  
$372,038  
372,038

**Non-Compensation Total**  
$817,000  
$710,000  
710,000

**Overall Net Income**  
$52,098  
$31,962  
($98,038)
Potential Impacts on Net SCRA Income
Question For SCRA Members

What programs (aquatics and tennis) should we have at SCRA?
What quality of programs do we want?
How will SCRA's finances be impacted? Do we need to consider alternate revenue sources?
Will it make SCRA less/more attractive for families to join? Will current members leave?

*Do we, the SCRA Community, know enough to start voting in one-week on an issue that will so dramatically change SCRA?