



USATT Board Teleconference Minutes July 13, 2020

Board Chair **Richard Char** called the Board Teleconference to order at **6:06 pm** US Mountain time.

Board Members in attendance: **Kelly Watson, Niraj Oak, Tara Profitt,** and **Richard Char** (Chair);

Board Member not in attendance: **Sergio Garcia** (notified the Board that he was unavailable due to family matters);

USATT Outside Counsel: **Brian Moran, Stephen Hess**

USATT Outside Auditor: **Lane McMillen**

USOPC Representatives: **David Patterson**

USATT Staff Present: **Virginia Sung** (CEO), **Mark Thompson** (COO, General Secretary); **Josh Dyke** (SafeSport Specialist), **Chad Knasinski** (Director of Marketing and Communications); **Sean O'Neill** (High Performance Director); **Doru Gheorghe** (High Performance Assistant Director), and **Jasna Rather** (Para High Performance Director)

USATT Committee Members: **Stephanie Cheng, Bill Draper, Frank Roth, Vinod Kambrath, Flint Lane, Bill Engelbreth, Randall Medcalf,** and **Rene Nielson**

Other Persons Attending: **Willy Leparulo** (NCTTA), **Brandon Lawrence** (NCTTA), **Kagin Lee,** and **Larry Hodges,**

Board Chair Call for Conflicts

None Noted

Approval of Minutes from Board Meeting Held on June 1, 2020

Upon Motion properly presented and seconded, the following unanimous Resolution was approved:

RESOLVED: That the Minutes from the Board Meeting held on June 1, 2020 are formally entered into the record.

Chief Executive Officer's Report

Board Chair Char requested a status report from USATT's Chief Executive Officer, Virginia Sung, who provided a detailed comparative financial analysis of the first and second quarters of 2020 as set against those numbers for the first two quarters of 2019, as well as the current projections for 2020 as set against the 2020 Budget.



Although the income figures in both of these analyses are significantly lower when compared to 2019 and the 2020 budget, the expense side of the analysis is also considerably lower. This is principally due to the economic impact on businesses world-wide, including table tennis, due to the COVID-19 pandemic.

Ms. Sung noted that two very important factors will impact the financial analysis for USATT. The first is the ITTF's decision with respect to the 2021 Table Tennis World Championships, which were scheduled for Houston, Texas in June of 2021. USATT is awaiting the official decision of the ITTF as to how the international governing body for table tennis would like to proceed.

Ms. Sung stated that she has spoken with the ITTF's Chief Executive Officer Steve Dainton. Further details will be forthcoming.

The other variable that could significantly impact USATT's 2020 financials is the prospect of hosting the 2020 US Nationals in Las Vegas in December. Ms. Sung stated that a straight break-even proposition for the Nationals would require a playing field of 829 paid participants; however, because of a \$71,250 sponsorship that USATT would receive if the organization is able to run the Nationals, the number of participants required actually drops to 539 participants in order for the event to break even.

Ms. Sung noted that it is virtually impossible to predict what is going to happen over the next five months, which makes it extremely challenging to plan for the future. Therefore, Ms. Sung stated that USATT will postpone the release of the prospectus for the US Nationals until it is more clear as to whether the event has a real chance to be held. She noted that USATT is planning for the best – expecting to have the Nationals – but preparing for the worst.

What happens with the ITTF grant for World Championships and the US Nationals Tournament are two very important factors for USATT's financial outlook. These factors will also significantly impact USATT's cash flow position.

Ms. Sung then presented a SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis of USATT.

She indicated that the organization's strengths include its skill-based volunteers, the diverse background and experiences among the organization's leaders, the capacity to serve in a regulatory and sanctioning capacity, the ability to influence the sport at all levels, and the prospect of making a positive social impact.

Ms. Sung stated that some of the weaknesses of USATT include: a weak athletic pipeline and development program, the lack of a sound internet technology infrastructure, the lack of corporate sponsorships, the inability to retain and attract new members and clubs, and generally a weak organizational capacity.

She noted that the opportunities available to USATT include: internet technology integration, design a clear path for the development of athletes, remodel the membership and tournament structure, grow the organization's commercial capability (including merchandise), create new programs for members, and rebrand the organization.

Ms. Sung stated that the threats currently posed to USATT include: potential legal claims, COVID-19, the challenges of compliance – particularly with SafeSport – and the possibility that there are competitors who interested in coming into the United States and seeking to dislodge USATT from its current position.



High Performance Director Sean O’Neill – Thursday Night Live

USATT’s High Performance Director Sean O’Neill described a new competitive event that USATT is seeking to host in the near future for the top members of the US National Team, who would be playing one another in a unique tournament environment that would be broadcast live over the internet.

With respect to the benefits for USATT, Mr. O’Neill noted that the goals of this program would be to: increase brand exposure and awareness, increase traffic to the USATT website, promote and support USATT clubs, promote current National Sponsors, and attract additional Sponsors.

With respect to the benefits for US National Team Members, this program would also help National Team members to get back into challenging competition; provide some individual and team support with prize money; and increase the exposure of the National Team members.

The program has a unique format that will include two teams comprised of eleven players each. There will be eleven matches – and the first team to six wins would capture the event. The teams are chosen in a unique manner, as well, as the loser of each match will then get to select their teammate from the pool of still-available players, which should make for very competitive teams – and matches week-to-week, including matches between males and females. The event will be broadcast on Thursday nights at 9:00 pm Eastern, and the hope is that the first matches could be played as early as July 23.

Prior to returning the meeting to Board Chair Char, Ms. Sung noted several important numbers for USATT: Facebook followers is now closing in on 100,000; the website traffic for USATT is at all time high; the cash reserves for the organization are at their highest point since May of 2019, when Ms. Sung was hired as CEO.

Audit Committee Report

Board Member Kelly Watson began the Audit Committee Report by explaining the AC responsibilities: to oversee the quality and integrity of financial statements, to look at management system of internal controls, to oversee the relationship between USATT and the organization’s external auditor, and to evaluate possible changes in the auditing process.

Ms. Watson then introduced the outside auditor, Lane McMillen, who acknowledged the organizational support in this year’s audit process. He cited a number of insightful conversations with Kelly Watson and Virginia Sung on auditing principals and financial treatments. Overall, the financial statements that will be presented will disclose a qualified opinion because of the fact that the USATT Foundation Financials are not consolidated with the organization itself, which has been an on-going issue with USATT for several years.

In the independent Auditor’s Report for 2019 Financials, there are a couple of Emphasis of Matter paragraphs, which are standard in the not-for-profit community in today’s environment. Mr. McMillen noted that the Auditor implemented several new general accounting principles and standards updates.

In closing, Mr. McMillen noted that, due to the implementation of ASU standards and positive conversations with USATT management, the Auditors were encouraged with the process this year and thankful for the support.



Kelly Watson noted one final element that will impact the final version of the audited financial statements, specifically related to “in-kind” donations that were received by USATT, which had been listed as inventory but they did not meet the GAP definition of inventory, so those items had to be expensed. Ms. Watson stated that she will help the organization address the Comments Letters in the Audit, and Ms. Watson stated that she will be working with the USATT management to make sure that those comments are addressed.

USATT Foundation – Membership of Board of Directors

Board Chair Char noted that at the June 1 USATT Board Meeting, the USATT Board of Directors nominated five new members to the Board of Directors for the USATT Foundation, which is a separate legal entity. The Board of the Foundation has nine members and several persons on that Board have served as many as six consecutive terms – or for some twenty-years.

Board Chair Char said that after discussions with the USOPC, the USATT Board believes that the Foundation should be held to the same standard of governance that is required of the USATT Board. There were five new Board Members proposed by the USATT Board for the Foundation Board. After discussions, it has been decided that the Foundation Board will add three of those new Board Members now; and the other two new members of the Foundation Board will be seated at the end of the year (December of 2020).

Amendments to the USATT Bylaws

Board Chair Char noted that in November of 2019, the USOPC issued a letter to USATT requiring that certain changes be made within the organization. To address these concerns, under the leadership of Ethics and Grievance Committee Chair Frank Roth, certain bylaw amendments have been proposed, presented and published for member comment. In order to ensure a fair opportunity for comment on the proposed bylaw amendments, USATT extended the amount of time for comment from seven days to over thirty days. This comment period will end on July 19. USATT intends to review all comments, work with Mr. Roth and outside counsel and to finalize the proposed Bylaw Amendments by the end of July. The USOPC representatives have agree to this timeline.

Board Chair Char then noted that the Nominating and Governance Committee is also recommending some changes to the USATT Bylaws specifically related to the upcoming elections of Members to the USATT Board.

Nominating and Governance Committee – Proposed Changes to Board Election Procedures

Nominating and Governance Committee Member Stephanie Cheng presented the NGC recommendations regarding the upcoming elections of certain Board Members, and specifically the elections of “Club Director” and the “At-Large Directors”.



With respect to the At-Large Member elections, the NGC has proposed a Bylaw Amendment that would require only twenty-five signatures to be considered by the NGC for the ballot – and automatic qualification for the ballot at 50 signatures – which is a reduction from the previously 150 required signatures to get on the ballot.

In the minutes of the most recent meeting of the NGC (June 15), the Committee proposed a timeline for the election that will be kicked off once all of the Bylaw amendments have been approved and the electronic elements to conduct the election are in place. That timeline establishes all of the critical dates and is based on a 115 day time table.

For the Club Director position, a similar timeline will be followed; but there will be no signature requirement to be placed on the ballot for this position. There will be no requirement for Bylaw Amendments for this position because the NGC already has a wide latitude to manage this election. However, the candidates for Club Director position will have to be SafeSport Compliant.

The NGC is also recommending the following elements to the Board election process: the implementation of a “rank order” voting system for this year; requesting that USATT appoint a staff liaison to facilitate the management of the voting process; and notifying the Board Members that there will be another member added to the NGC to fill a current vacancy.

Board Chair Char noted that the USOPC is also expecting to implement an electronic voting system in the near future; and USATT is hopeful to collaborate with the USOPC and perhaps use the same vendor to implement an electronic voting system for USATT – for financial and consistency reasons. Dave Patterson of the USOPC noted that his organization is researching and implementing an electronic voting system and is hopeful that everyone can settle on one product that is good for everyone.

Technology and Innovation Committee Report

Bill Draper, the chair of the Technology and Innovation Committee, reported that this new committee has been extremely active since being formed just over a month ago. Mr. Draper introduced the members of the committee. He stated that he sees the role of the TIC as two-fold: part task force and part advisory, specifically advising on key technology issues, working with technology partners to maximize value, and guiding technological initiatives that help USATT realize near and long-term business objectives.

The TIC is already working on several projects, including the electronic nomination and election process for Board Members; and the bolstering of security issues related to member information.

Mr. Draper noted that there are a number of persons in the table tennis community with technological experience and expertise, and the TIC is intent on mobilizing this group of skilled volunteers.



Ethics and Grievance Committee Report

Board Chair Char introduced the chair of the Ethics and Grievance Committee, Frank Roth, who stated that he has been a USATT member for 45 years – and he has been a non-profit attorney for some 37 years, 34 of which have been with non-profit universities in Pennsylvania. He considers himself a “bylaws nerd” and is well versed organizational Codes of Conduct. Mr. Roth stated that EGC is energetic and engaged on several issues with particular emphasis on compliance and diversity.

Mr. Roth stated that the Committee will be committed to the balance of transparency and confidentiality. He reported that EGC is investigating the implementation of an on-line complaint process, and also the possibility in an electronic tracking process to ensure the involvement of committee members in dispute resolution. He stated that the Committee is also committed to implementing a click-through process acknowledging the member Code of Conduct. Mr. Roth stated that the SafeSport Code compares favorably with similar guidelines at universities, and he believes that the should be an electronic process for educating all members on the SafeSport areas of concern. Mr. Roth stated that he believes it is important for the Committee to act in a way that ensures credibility and integrity.

Clubs and Leagues Committee Report

Clubs and Leagues Committee Chair Vinod Kambrath introduced Flint Lane, who is a member of the CLC and the owner of Princeton Pong, a New Jersey club with over 200 members and have been involved in the sport of table tennis for about eight years. Mr. Lane noted that the CLC has had more meetings since Vinod took over a couple of months ago than it has in the last three years. The mandate of the CLC is to improve the sport as it is perceived by the clubs, which are extremely important to USATT but also rather variant in the way they are structured.

Mr. Lane stated that the CLC is seeking to tackle the problem of how low USATT’s membership is in comparison to other sports, such as tennis. He stated that the big issue is ensuring that USATT offers enough value to its member. Right now, the primary reason for a person to be a USATT member is if that person is going to play tournaments. But only a small percentage of table tennis players are tournament players, so USATT needs to design memberships that provide value to people who play table tennis for reasons other than tournament play. Memberships should be designed for all persons who play the sport.

Mr. Lane noted that the CLC believes that a number of elements need to be changed about the USATT membership, including the price point. Lowering the price to \$25.00 would attract more persons. Mr. Lane stated that USATT should not consider itself with revenue leakage, because membership revenue is already declining and only creative thinking can turn this around. He stated that the CLC wants to incentivize clubs to encourage all of their members to become members of USATT. He stated that the CLC is prepared to begin developing ideas to help drive table tennis players to become members.



Executive Session

Upon Motion properly presented and seconded, the Board excused the General Membership and moved into Executive Session where it discussed various matters, including confidential legal matters.

Upon Motion properly presented and seconded, the following unanimous Resolution approved:

RESOLUTION: That the Board concludes the Executive Session and move back into the Board's General Session.

Adjournment

Upon return to the Board Teleconference General Session, it was properly moved and seconded to adjourn the meeting.

Board meeting adjourned at 7:43 pm US Mountain time.

Respectfully submitted.

Mark Thompson
USATT General Secretary

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