Bayside Swimming Club
Annual Stockholders' Meeting – Wednesday, February 11, 2026 @ 7:00pm

Attendance: David Cohn, Stephanie Walters, Debbie Arthur, Ken Ericson, Chris Fairbanks, Dan Stockwell, Jermaine Larson, Sharon Loeppky, Stephanie Walters, Ming Lin, Shu-Hsin Ko, Bobbie Jaffe, Kathryn Whitmer, David Whitmer, Megan McGinnis, Brian Hansen, Karen Walker, Don Helling, Marty Kmiecik, Barbara Beer, William Beer, Gita Rabbani, Thank Brian ?, Chris ?Than, Eric ?

Call to Order and Welcome David Cohn, President

Stock Valuation and Dues Increase David Cohn, President

David gave history of Stock Valuation. The city granted a CUP to build original pool in 1959. A new CUP in 1991 was granted to replace original pool (173 members, stock price $1800). A new CUP in 2009 to add office/storage building (190 members, stock price $2000). 2011 increased membership to 200 families (stock price $2800 to increase actual value, 150 on waiting list). 2020 stock price increase to $3000 (300 on waiting list). 2025 increased membership to 210 families, city of Bellingham no longer restricting max of 200 families (stock price $3200, 579 on waiting list).

STOCK VALUATION AND DUES INCREASES

Dues increases:

	Active Member	Inactive Member	Summer Member
2026	$675	$300	$1,000
2025	$625	$225	$900
2024	$625	$225	$900
2023	$600	$175	$850
2022	$600	$175	$825
2018 – 2021	$550	$150	$775
2013 – 2017	$500	$125	$750
2012	$500	$125	$675
2011	$500	$100	$675
2010	$475	$100	$675

David shared that above slide shows the annual dues amounts for each year since 2010. The cost for each type of membership and see how it has changed over the years. David points out how accurately it tracks inflation. Each time dues were increased, but board did so based on our financials, to best balance the budget. The increase in both the Active and Summer member dues reflects an average inflation rate of 2.51% per year. Only the increase charged Inactive members outpaced inflation, and that was intentional. With more than 550 families now on the waiting list, the board chose to increase the Inactive Member dues to encourage families that are no longer actively using the pool to sell their stock so that it can be offered to other families on the waiting list.

Annual Financial Report Deborah Arthur, Treasurer

Bayside Swim Club fiscal year 2024–25 was a financially challenging year and highlights several structural issues that require attention as we move into FY 2025–26.

Operating Results: Total income for FY 2024–25 was approximately $203,000, essentially flat compared to the prior year. Membership dues and related fees remained stable, and certain categories, such as stock transfer fees and waiting list fees, showed modest growth. However, summer membership declined slightly, and overall revenue growth did not keep pace with rising costs. This indicates that under the current operating and pricing structure, the club has reached a revenue plateau.

Total expenses increased by approximately 10% year over year, driven primarily by higher payroll costs, pool chemicals, maintenance labor, and utilities. Lifeguard wages increased significantly, reflecting market conditions and staffing requirements. Pool operating costs rose sharply, and utility expenses, particularly gas and electricity, also increased materially. While some categories, such as supplies and miscellaneous expenses, declined, these savings were not sufficient to offset the larger inflationary pressures. As a result, the club recorded a net operating loss of approximately $49,000, compared to a loss of approximately $26,000 in the prior year. This widening loss reflects a structural imbalance between flat revenues and rising fixed and semi-fixed costs rather than a one-time or unusual expense.
Role of Bayside Splash Revenue. Bayside Splash, which operates the club's swim lessons and swim team programs, provides an important supplemental revenue stream to the Swim Club. Under the current operating arrangement, up to 30% of Splash revenue is transferred to the Swim Club to help offset shared facility, utility, and operational costs.

For FY 2024–25, this transfer represented approximately $50,000, which was used to support core Swim Club expenses, including pool operations, utilities, and staffing. Without this contribution, the Swim Club's operating deficit and cash position would have been materially worse. The continued financial performance of Splash therefore plays a meaningful role in supporting Swim Club operations under the current structure.

Balance Sheet and Liquidity: At year-end, the club remains asset-rich but cash-constrained. Cash balances declined from approximately $41,000 to $14,000, while accounts payable remained relatively unchanged at about $50,000. Although total assets remain substantial, driven by land, buildings, and equipment, liquidity has tightened significantly. Equity declined during the year as operating losses continued to reduce retained earnings.
The Swim Club's primary financial risk is cash flow, not long-term solvency.

Outlook for FY 2025–26: Looking ahead, the club should anticipate continued cost pressure, particularly in labor, utilities, insurance, and pool operations. Revenue growth should not be assumed without deliberate action. FY 2025–26 should therefore focus on stabilizing cash flow and aligning the club's cost structure with realistic revenue expectations.

Key focus areas include:
Careful review of dues, fees, and summer membership pricing
Evaluation of staffing models and operating schedules
Increased focus on utility and pool-related cost controls
Clear planning around minimum cash reserves and liquidity management
FY 2024–25 provides a clear financial signal. Addressing these issues proactively in FY 2025–26 will be critical to maintaining the Bayside Swim Club's long-term financial health and sustainability.

Bayside Splash, which operates the club's swim lessons and swim team programs, remained financially profitable during FY 2024–25, though results declined compared to the prior year. Splash continues to play an essential role in supporting the broader Bayside Swim Club through program activity and revenue transfers.

Operating Results: Total Splash income for FY 2024–25 was approximately $167,000, representing a decline of about 10% from the prior year. Lesson revenue declined by approximately 8%, while swim team fees decreased by approximately 20%, reflecting lower participation levels compared to FY 2023–24. These declines were partially offset by disciplined cost management.

Total expenses increased only marginally (approximately 1% year over year), reflecting effective control over payroll and operating costs despite inflationary pressures. Payroll expenses declined slightly, as reductions in instructor and swim team wages offset modest increases in coordinator pay and payroll-related costs. Increases in supplies and equipment repairs reflected regular program and equipment needs rather than structural inefficiencies.

As a result, Splash generated a net operating surplus of approximately $46,900, compared to approximately $67,500 in the prior year. While profitability declined year after year, Splash continued to operate with a healthy margin.

Relationship to Bayside Swim Club: Under the current operating arrangement, up to 30% of Splash revenue is transferred to the Bayside Swim Club to help support shared facilities, utilities, and overall club operations.
For FY 2024–25, this represents an estimated transfer of approximately $50,000 (30% of
~$167,000 in Splash revenue). This transfer remains a critical source of financial support for the Swim Club, particularly given rising operating costs and tightening liquidity at the club level. Splash's ability to generate operating surpluses and maintain strong cash balances directly supports the broader organization.

Balance Sheet and Liquidity: As of October 31, 2025, Splash maintained a very strong liquidity position, with cash balances of approximately $243,000, an increase of approximately 24% from the prior year
Splash carries no meaningful liabilities and continues to build retained earnings despite the year-over-year decline in net income. This strong balance sheet provides operational stability and flexibility.

Outlook for FY 2025–26: Looking ahead, Splash's financial performance will depend primarily on participation levels in swim lessons and the swim team. While expenses appear well controlled, revenue growth will require renewed focus on enrollment, retention, and program mix. Maintaining Splash's profitability is important for both its long-term sustainability and its ongoing financial contribution to the Bayside Swim Club.

FY 2025–26 priorities for Splash should include:
Stabilizing and growing the lessons and swim team participation
Continuing disciplined payroll and program cost management
Evaluating the long-term sustainability and structure of the revenue transfer to the Swim Club
Overall, Splash remains financially strong and well-positioned, but declining revenue trends warrant attention to ensure continued success and ongoing support of the Bayside Swim Club. The value of the Bayside Splash Certificate of Deposit is $54,432.81 on December 31, 2025.

Q&A from those in attendance. Ming Lin inquired about the costs in Splash. Karen Walker asked how much is contributed financially from Splash to the "wear and tear" of the pool. Debbie responded that David is working on that with the accountants. David explained how Bayside is set up originally and limitations of being able to move monies between Bayside and Splash. He mentioned some repairs that were covered by Splash. Working to move excess revenue in Splash back to Bayside.

Annual Membership Report Dan Stockwell, Membership Chair
All numbers below are self-reported by member sign-in sheets.

Pool participants: 11,625 total
Early bird lap: 1009

Noon lap swimmers: 1088
Family swimmers: 6789
6pm lap swimmers 588 (estimate only)
After 7pm swimmers: 2151

Specific days of high numbers: May 24: 192, June 8: 246, June 13: 195, July 6: 187, Jul 12: 188, July 13: 165, July 27: 176, Aug 10: 144, Aug 11: 160

- Number of shares sold in 2025: 20 (which includes the 10 new shares issued last year)
- Dan had to contact 205 families from the waiting list in order to sell those 20 shares and also fill the 70 summer membership slots.
- 57 families were offered stock before all 20 shares could be sold. Since a family can only refuse that offer twice, this resulted in 20 families being dropped from the waiting list (in addition to the 20 that converted from waitlist to stockholder/member)
- 2025 season breakdown: 190 Active members, 20 Inactive members, 70 Summer members
- The current waiting list is 566 (as of 2/4/26). That number will decrease as families either accept the offer to purchase stock or are removed from the waitlist because they refused for the second time
- 61 new families joined the waiting list during 2025.
- For a family that made it to the top of the list, it took 9 years to be offered a membership (started 3/5/17).

Q&A followed: Bobbie asked if waitlist is one time fee or annual fee. David responded that it is a one-time fee.

<u>Annual Pool Facilities Report</u> Ken Ericson, Pool Manager

Bayside Swimming Club had a very successful swimming season in 2025. All our Bayside programs experienced tremendous use and were very well attended. Pool usage was at an all-time high from members and their guests. Many members stated how much their families enjoyed our facilities and that we were the highlight of their summer.
The End of School Year Party, run by our board members, had a tremendous turnout with over 160 kids enjoying hot dogs and root beer floats. Our annual Summer Family Party, sponsored and run by the board of directors, was another fantastic event and had a tremendous turnout. All swim lesson staff for 2025 were hired and run under the direction of Aquatics Director Amy Venter. All lifeguards were supervised and trained by Lifeguard Director Randy Elsner, who also serves as Swim Team Head Coach. All three programs were very professional, popular and successful in 2025.
Prior to our 2025 season opening, the following upgrades were completed:

- Fence was repaired to replace rotting boards
- A new countertop was installed in the outdoor kitchen
- Handrails were installed in showers
- All heaters were giving a total cleaning
- All 4 starting blocks were rebuilt to new condition
- A new toilet was installed in the Women's restroom The pool has been winterized for the winter season.

Repairs and upgrades for the coming 2026 season will include:

- Grab bars in all toilet areas
- Grounds cleaned up from winter weather
- Possible new BBQ
- Re-stripping of parking lots
- Work Party to clean Bayside for the coming season
- Replace worn sunshades

Annual Swim Lesson/Swim Team report David Cohn, Splash Coordinator

The swim lesson/swim team program was a huge success with more than 90% of available swim lesson slots filled. The number of spaces in lessons and swim team in 2025 to prevent overcrowding.

Gross Profit.................$167,285 ($186,637 in 2024)
Total Expenses............$121,261 ($134,891 in 2024)
Net Income ....$46,204 ($51,746 in 2024)

Number of Lessons Registered:...................... 1,028 (1,108 in 2024) Note: Does not include drop-ins
Swim Lesson Income .... $146,315 ($158,540 in 2024)
Swim Team Registered .... 130 (165 in 2024)
Elementary School Age .... 60 (69 in 2024)
High School Age .... 70 (96 in 2024)
Swim Team Income.. $21,250 ($26,725 in 2024)

The 2025 registration fees for swim lessons remained at $130 for members and $150 for non-members, after increasing these fees by $30 from their 2023 level. The registration fees for swim team were 150 for members and $175 for non-members, again after a $50 increase in 2024.

We need to determine whether we need to raise fees for the 2026 season.

A full breakdown of expenses, year-to-year comparisons, and additional details are available in the full 2025 report, which will be presented at the Annual Meeting.

Q&A: Karen Walker asked if members could have option to register first, before non-members. David and Ken addressed this and shared that there has been space, no members have been turned away. Ming asked how long it takes for the swim lessons and swim team to fill up. David responded that level 1 and 2 tend to fill first. The early sessions in the summer also tend to fill first. The later sessions (with the exception of levels 1 and 2) tend to fill a few weeks prior to their start dates.

Election of Board Members

Chris Fairbanks, Dan Stockwell, Sharon Loeppky

Bobbie Jaffe made a motion to nominate the above three board members. Dan Stockwell seconded. All approved.

Member Comments

Karen Walker asked if water aerobics could ever be offered in the early and late season? David mentioned that this is something that the board could look into. Bobbie Jaffe asked if the lap swim could also be extended. Suggestion to open this to the public. Also to do half lap swim and half water aerobics. Gita Rabbani asked why midnight swim times were reduced. Ken replied it was reduced because there was less interest. David mentioned that we can increase, if there is interest. But, it needs to be done in advance, as those dates would be filled with pool rentals (if not used for a midnight swim).

David gave some closing comments mentioning dates of when the swim lesson and swim team registrations will open. He also mentioned when dues are due for members and reviewed dates for the pool (all noted on the pool website).

Bobbie Jaffe asked about the end date for lap swim. David explained the color coded calendar.

Ming asked how desirable the morning staffing time is for the employees. Ken responded that is varies. Ming suggested that a 5:30am start time for morning lap swim. Ken will look into.

Meeting adjourned at 8:20 pm.

Respectfully Submitted, Jermaine Larson, Sectretary