

# **UNC NROTC Alumni Association**

**Treasurer's Report**

**8 October 2016**

# What is different in 2016 ?

- **Budget & Financial Oversight Committee**
  - Steven Levesque (Chair), David Jackson (past Treasurer), Steve Fish (Secretary, past President)
  - Each has a financial management background and experience
  - Establish investment strategy, financial management controls and exercise oversight of the Treasurer
  - Develop and propose budget to the Board of Directors
- **Budget adopted, Board-approved (and revised).**
  - Annual budget development process established, monitored monthly by B&FO committee.
  - No spending takes place unless allowed by budget controls or specifically authorized by vote of the board.
- **Financial Reporting**
  - Treasurer reports balance sheet, income statement, budget report and copies of bank and investment account statements to B&FO committee (now cc: to all Directors) **monthly**.
  - Balance sheet, income statement and budget report and any analyses reported at each board meeting (approx. quarterly) , published in the meeting minutes, and posted on the website once approved.
    - See: [www.uncnrotcaa.org](http://www.uncnrotcaa.org)

# Balance Sheet (7 Oct 2016)

	2016 YTD	2015	2014	2013	2012
Assets / Member's Equity	\$70,484.27	\$67,558.78	\$75,016.89	\$76,302.10	\$72,286.31
Year over year change	\$ 2,925.49	(\$ 7,458.11)	(\$ 1,285.21)	\$ 4,015.79	\$ 5,123.08
% change	+4.3%	-9.9%	-1.7%	+5.5%	+7.6%

- Depletion of assets reversed.
- Realized gains (market performance) in 2012-2014 masked fiscal policy.

# Income/ Expenses (cash basis)

	2016 YTD	2015	2014	2013	2012
Income (Dues & Gifts)	\$10,079.42	\$1,715.87	\$ 3,760.74	\$ 2,788.58	\$ 4,876.13
Investment Income & Cap Gains	\$ 995.10	\$3,529.11	\$ 6,606.21	\$ 1,912.87	\$ 2,166.18
Total Income	\$11,074.52	\$5,244.98	\$10,366.95	\$ 4,701.45	\$ 7,042.31
Expenses	\$ 6,022.19	\$8,291.69	\$11,878.27	\$10,352.95	\$7,195.11
Net Gain/Loss	\$ 5,052.33	(\$ 3,046.71)	(\$ 1,511.32)	(\$ 6,138.10)	(\$ 152.80)

- Income from dues/gifts up smartly in 2016 (mostly gifts)
- Investment income down: B&FO committee adopted conservative strategy.
- Expenses cut while maintaining \$3,000 in Scholarships, Connor Award and reinvesting in website.

# Budget Report (expenses, cash basis)

Category	Budgeted ammount	Actual YTD
Awards expense (DAA/DSA)	\$ 300.00	\$
Bank Charges	\$ 1,000.00	\$ 123.89
Midshipmen Support expense	\$ 250.00	\$ 225.00
Miscelaneous, Business	\$ 700.00	\$ 576.00
Postage & Shipping	\$ 250.00	\$ -
Supplies, Business	\$ 250.00	\$ 32.84
Website expenses	\$ 3,000.00	\$ 1,455.04
Award- Connor Award expense	\$ 609.42	\$ 609.42
Midshipmen Scholarship expense	\$ 3,000.00	\$ 3,000.00
Dawson Library expense	\$ 300.00	\$
	\$ <b>9,659.42</b>	\$ <b>6,022.19</b>

# Conditions Noted: (see June Newsletter)

- **Annual membership in steep decline**
  - ~150 annual members 2000-2009 (\$3,000)
  - down to 23 (\$460 in revenue)
- **One third of Endowment depleted**
  - \$101,600 in restricted gifts / \$67,129 in total assets
  - Minimum \$ 34,471 depletion
    - Some as a result of market forces in 2008
    - Some spending down principal
    - Not illegal, but not deemed a wise path for future
- **Scholarship funding in deficit**
  - \$21,500 awarded / \$9,386 raised
  - \$12,144 deficit
- **Spending on Midshipman Support in deficit**
  - Conveyed \$17,000 in MIDN support since 2007 / collected \$900 to cover that expense (includes all general fund contributions)
  - Excludes scholarships, Connor Award, Dawson Library.
- **Operating income strained by declining membership**
  - In order to meet austere operating budget this year, without membership goals achieved, will be forced to borrow from life dues fund to balance.

# Business Rules Adopted by the Board

- **Dues** (and life dues income) used only for the operation of the Association.
- **Restricted Funds**: Funds raised for a specific purpose used only for designated purpose.
  - Connor, Dawson, Life Dues , Scholarship funds segregated / re-established
- **MIDN Support**: Funds designated for MIDN support have reasonable nexus to academic or prof. development (including TDY travel), but excluding entertainment, food & beverage.
  - Raised specifically for MIDN support or from general fund gifts
- **Social events** sponsored by the Association paid for by those attending / participating in the event.
  - allowed on pay-as-you-go / cash positive basis. (Not tax deductible in most cases)
  - Charity fundraisers allowed (tax deductible net of benefit).
- **Ethics compliance**. Funds of the Association not to be used for food & beverage, travel or other expenses of NROTC Unit active duty or civil service personnel, so as to avoid appearance or actual ethics regulation violation.

# Goals: Membership

- **Annual Dues Paying Members:**                      **100**
  - 2016 Progress to date: 23
  - 2000-2009: ~150 annual dues paying members
  - 2010: 116
  - 2011: 104
  - 2012: 86
  - 2013: 31
  - 2014: 44
  - 2015: 28
  - Correlation of big drop in membership / discontinued website use & update
- **Life-Dues Conversions in 2016: 20**
  - Typical year: 4-7 conversions, last year: 1 (installment)
  - Progress to date, 2016: 6
    - Eric Schneider '86
    - Pat Riordan '87
    - Vernon Rudolph '70 (?)
    - Daniel Wright '86
    - Charles M. Carroll '87
    - Frank Linkous '87
  - Installments started 2014-2015: 2
    - John F. Ferguson '86
    - Christopher B. Houser '85



# Goals: Scholarship Program

- **Scholarship Endowment established to raise funds for the perpetual award of three \$1000 scholarships annually**
  - The fundraising goal of the Association
  - ~\$20,000 endowment minimum needed for EACH of three scholarships
  - Multi-year fundraising project.
  - First scholarship named in honor of CAPT Koster (Unit CO,1981-1985)
    - Naming rights for other two scholarships not yet decided. Ideas welcome Think fundraising draw.
  - \$6,505 raised this year covering \$3,000 disbursement and \$3,505 toward the endowment.
    - 16 contributions: \$2,000 from Koster family; \$4,100 from 9 current directors, \$405 from five contributions from members including 1 past President and 2 past directors. \$1350 in pledges from 3 Board members.
- **2001-2015: Scholarships funded each year without endowment: not a sustainable model.**
  - \$21,500 conferred on 26 MIDN, but only \$9,386 raised; remaining \$12,114 taken from funds designated for other purposes.
  - 2016 is the first year in which we have raised more Scholarship funds than the Association disbursed.
- **If you are considering a charitable gift to the Association, please consider the Scholarship Endowment as our top fundraising priority.**

# Way Ahead:

## Build Organizational Strength and Member Trust

- The time has come for a comprehensive audit.
  - Association never audited in the 26 years of existence, either before or after incorporation
  - Validate board conditions, assumptions and policies adopted, recommend improvements
  - Identify best practices and areas in non-compliance with GAAP, best practices and / or requiring remedy
  - Board seeking a member or friend of the Association willing to offer services / expertise in accounting / association auditing
    - Discounted or *pro-bono* basis desired
    - POC is Steven Levesque (B&FO Chair)
- Treasurer's Notebook available for inspection after the Annual Meeting
  - Contains records from 2016.
- New capability: "Pay Pal Here"
  - Able to accept membership and charitable contribution at Association gatherings.
  - Process credit card / debit card payments with PayPal
  - Stop by and try it out! Thank you for your membership and charitable support!
- **Tax letters will go out in December**