

Finance Committee 2019 Highlights to Date 2018 Budget Review

Colorado Area Assembly

Spring 2019

Budget vs. Actual – 2019

Income			Expense			Net		
Budget	Actual	%	Budget	Actual	%	Budget	Actual	Difference
\$ 37,712.00	\$ 3,923.15	10%	\$ 42,103.00	\$ 3,672.75	9%	(4,391.00)	\$ 250.40	\$ 4,641.40

- Highlights:

- Income:

- Net cash positive for 2019 to date!
 - Current group donation trajectory is less than \$15K (75% of budget) for the year. Budget is \$20. Early in the year.

- Expense:

- Nothing notable. Will mean more after Assembly and SWRDM expenses are fully included

Budget vs. Actual - 2018

Income			Expense			Net		
Budget	Actual	%	Budget	Actual	%	Budget	Actual	Difference
\$ 41,482.00	\$ 42,930.85	103%	\$ 42,974.00	\$ 37,115.52	86%	(1,492.00)	\$ 5,815.33	\$ 7,307.33

- Highlights:

- Income:

- Total contributions net loss of \$600; however, group and Assembly collections exceeded budget by \$1,500
 - WIA made \$1,087 profit
 - Literature sales exceeded budget by \$800

- Expense:

- Over 40% of our total budget is travel
 - Coordinator/Event Chair broke even
 - Assemblies favorable to budget: Assembly expenses exceeded budget by \$1,000; Assembly travel less than budget by over \$3,000
 - Officer expenses under budget by \$2,000
 - Other expenses (IT equipment, SWRDM participation, Archive rent, etc) favorable to budget by \$1,600

Ample Reserve Evaluation

Budget for Year	Budgeted Literature Expenses [\$]	Budgeted WIA Expenses [\$]	Budgeted Area 5 Expenses [\$]	Grand Total All BUDGETED Expenses [\$]	Reserve Fund (50% of Grand All Total Budgeted Expenses) (6 Months) [\$]	"Area 5" Total Savings (<u>Prior Year's Savings & Checking Accounts & CDs, Incl Literature</u>)	Funds Exceeding the Reserve Fund Target Amount	Sufficient Operating Funds (Checking + Savings)	Ample Reserve Surplus
2016						\$58,141			
2017	\$ 15,000	\$ 22,000	\$ 41,132	\$78,132	\$39,066	\$52,873	\$13,807		
2018	\$ 15,000	\$ 22,000	\$ 42,974	\$79,974	\$39,987	\$65,729	\$25,742		
2019	\$ 4,250	\$ 15,000	\$ 42,103	\$61,353	\$30,677	\$65,726	\$35,050	\$10,000	\$25,050
* LDC has been shut down; can be eliminated from budget calculations									

** Finance Committee is establishing a workgroup to develop a strategy around our Warranty 1 management: Sufficient Operating Funds, including an ample reserve.

Ample Reserve - Purpose

Ample Reserve is (Service Manual p. 214):

- *To assure continuation of essential services in the event of a substantial decline in income*
- *To cover cost of special projects which could not be financed from normal sources of income.*

Warranty 1: Sufficient operating funds, including an ample reserve, should be its prudent financial principle.

Service Manual p. 215 regarding Warranty 1: Will the presence of such a fund discourage group contributions?

“We believe that further education will help the groups understand the need of such a fund and that it will have little or no effect on their contributions.”

Ample Reserve Surplus – What it IS and ISN'T . . .

- What the surplus is . . .
 - Good problem to have - pool of money to do larger projects that we previously thought impossible or unlikely given current budget status
- What the surplus is NOT . . .
 - An indication that the Area “has too much money” and does not need contributions
 - Operating funds
 - Area has only once dipped into Ample Reserve for Operating Expenses
 - Area operates from its Sufficient Operating funds (\$10,000 over Ample Reserve)

Ample Reserve Surplus – How did we get here?

- Focus traditionally on ensuring adequate Ample Reserve versus sticking to a rigid 50% of budgeted expenses
- Prudent financial management: We traditionally underspend our operating budget: 2018 by \$7K; 2017 by \$10K
- Including LDC account funds in the Total Area Funds calculation added \$5,000 to the total funds available
- Other material budget changes impacting the Ample Reserve:

Reason	Was	Is	Total Budget Reduction	Ample Reserve Reduction (50% of Budget)
WIA Budget Reduction	\$22,000	\$15,000	\$7,000	\$3,500
Literature Purchase Budget Reduction	\$15,000	\$4,250	\$10,750	\$5,375
TOTAL	\$37,000	\$19,250	\$17,750	\$8,875



I'm in favor of progress;
it's change I don't like.

Mark Twain

Ample Reserve Surplus – Next Steps

- Amend budget to remove LDC that was eliminated by Assembly vote in November 2018.
- Recommend a Thought Force to hear the voice of the Assembly on how we can best use our Ample Reserve to take advantage of our resources, time and talents
- No urgency to spend the money
- Most important – hear the voice of our Higher Power through our Assembly to prioritize

Ample Reserve – Effect of LDC Elimination

- After budget amendment to eliminate LDC revenue/expense in budget, the net effect on the Ample Reserve will be as follows:

Reason	Was	Is	Total Budget Reduction	Ample Reserve Reduction (50% of Budget)
WIA Budget Reduction	\$22,000	\$15,000	\$7,000	\$3,500
Literature Purchase Budget Reduction	\$15,000	\$4,250	\$10,750	\$5,375
LDC Elimination	\$4,250	\$0	\$4,250	\$2,125
TOTAL	\$41,250	\$19,250	\$22,000	\$11,000

Ample Reserve Evaluation – Amended Budget

- After amending budget to eliminate the LDC, the ample Reserve will be as follows:

Budget for Year	Budgeted Literature Expenses [\$]	Budgeted WIA Expenses [\$]	Budgeted Area 5 Expenses [\$]	Grand Total All BUDGETED Expenses [\$]	Reserve Fund (50% of Grand All Total <u>Budgeted</u> Expenses) (6 Months) [\$]	"Area 5" Total Savings (Prior Year's Savings & Checking Accounts & CDs, Incl Literature)	Funds Exceeding the Reserve Fund Target Amount	Sufficient Operating Funds (Checking + Savings)	Ample Reserve Surplus
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AREA 5 - RESERVE FUND - BASED ON BUDGETED EXPENSES / NO LITERATURE									
2019	\$ -	\$ 15,000	\$ 42,103	\$57,103	\$28,552	\$65,726	\$37,175	\$10,000	\$27,175

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Recommended Motion – LDC Elimination:

- Motion to amend the Area 5 annual budget to remove both the income and expense related to operating a Literature Distribution Center (LDC) following the 2018 November Assembly vote to eliminate the Area 5 LDC.

Questions

Thank you!