

SOUTHWEST REGION FINANCE COMMITTEE MEETING

11 JANUARY 2017 20:00 CENTRAL

Members attending:

- Col Mark Smith, CC
- Lt Col Harriet Smith, CS
- Lt Col Debora Spencer, FM
- Col Joe Smith, CV2
- Col Brian Ready, CV1

Agenda Items:

- **Review FY 2016 Financials**
 - **Vanguard Funds Excess**
- **Review FY 2017 Financials**
 - **Dues Deficit**
 - **Bank Balances**
- **New Business**
 - **NCAC Representative Travel**
 - **Region Reserves**
 - **Expense Reimbursement Instruction**
 - **Chaplain Staff College Reduced Seed Money**

FY 2016 Financials:

Bottom Line Up Front: We ended in the black by **\$9,990.51**. All of the FY 2016 expense/income items are reflected in this amount.

Vanguard Funds: \$1,523.04

- Vanguard: The Finance Committee approved using \$123 of the Vanguard surplus to cover the RSC deficit. This will put the 2016 RSC in a zero budget position, and still keep the \$926 RSC portion in the Wells Fargo account. The remaining \$1400 will stay in the ServisFirst account.
 - UPDATE: NHQ FM will be removing the Vanguard surplus from our account.

FY 2017 Financials:

Bottom Line Up Front: We are currently in the black by **\$8,208.04**. This includes \$6,000 received from NHQ for Commander Travel and \$2,000 for 1Q Operating Funds. Other income and expense items from 1Q 2017 have posted to the reports, but not all of them. Apparently our new Wing Financial Analyst is no longer with CAP, and NHQ FM is again in the position of attempting to catch up on the financial reports.

Bank balances:

As of 12/31/16, the bank balance in Service First is \$60,542.23 and the bank balance in Wells Fargo is \$11,577.71--Total \$72,119.94.

The current balance in the Wells Fargo account is \$11,577.71. This is a breakdown of the sub-accounts:

| | |
|----------------------------|--------------------|
| SWR Staff College | \$978.65 |
| SWR Chaplain Staff College | \$3,974.06 |
| SWR Cadet Programs | \$3,550.00 |
| SWR Operating Funds | \$3,075.00 |
| TOTAL | \$11,577.71 |

The balance in the SWR Operating Funds is the total of the deposits made for the RSC and the Chaplain Staff College into this account in 2016. All of the expenses for both colleges were paid from the ServisFirst account (where the seed money and the Vanguard monies were deposited).

We have two options to consider. We can transfer the \$3075 to the ServisFirst account, or we can leave those funds in the WF account and see how things play out for the 2017 colleges. **We did not address this in the January meeting.**

Dues deficit: At the time the FY 17 Draft Budget was set up, the estimated Dues income was set at \$24000 based on the membership numbers at the time. Specifically, we should expect \$20000 from Seniors and \$4000 from Cadets.

Based on current membership numbers (3031 Cadets, 3914 Seniors, 42 members of SWR 000 and SWR 001 who pay \$12 ea), the Dues income is going to be \$23,105. This is assuming membership stays the same and does not drop. Increasing membership numbers will definitely impact the bottom line.

To date, we have received \$1717 in October and \$1833 in November. Our Dues Deficit is at \$450. This is an area that will be monitored closely during the year. It is too early to be overly concerned about the dues--the numbers are normally lower in the first half of the year. We collected 99.1% of the expected dues last year (\$11882 of the \$12000).

On the very positive side: The FY 17 Budget includes \$500 in Contributions. For the first two months of FY 17, we have already received \$277 of the \$500! Our members are very generous. Any Contributions over the \$500 will help cover the Dues Deficit, as will the small interest payments on the ServisFirst account.

New Business

NCAC Representative Travel:

NHQ-FM has asked Region to cover the travel costs for C/Lt Col Zane Phillips from ARWG to attend the 75th gala in DC on 1 Dec 2016. NHQ will cover the hotel room and escort duties. SWR CC offered to fund this from his Travel Budget, since the FY17 Budget is already approved. The amount requested is \$329.20.

Region Reserves:

Gen Vazquez made the argument that regions are sitting on too much cash, that this money should be used in constructive ways to help our members, programs, facilities, etc. He took exception to our calling these accounts reserves, or even our need to have reserves. He stated the corporation has adequate reserves if the need arises. To drive the point home further, the draft 2018 budget shows zero dollars coming to the regions instead of the \$8K we currently get (\$2K/quarter). Our tasker is to develop a spend plan, prior to the April CSAG meeting, for our “reserves”.

The Wells Fargo account is not a reserve or savings account. It is a non-interest bearing Business Checking Account. It serves as an Activity Account used primarily by the RSC and the CSC, and occasionally by CP. This is permitted by CAPR 173 and operates as a funding source for expenses incurred before the fees or seed money comes in.

The ServisFirst account is our Operating Account. The balance at FY end was \$51,720. The operating expenses for FY 16 were \$36,085, and \$42,537 for FY 15. The FY 17 Budget is for \$38,500. Estimating the annual Operating expenses at \$40,000 is a pretty safe bet.

Nonprofits should have reserves--no less than 3 months operating expenses, and no more than 3 years operating expenses. Twelve months seems to be the norm. But it depends on the "stability" of the expected income. In our case, 62% of our estimated income is from member dues. We have to plan for the possibility of not collecting enough dues to make up that \$38,500--as well as the likelihood of unexpected expenses.

If we set the reserve amount at the estimated annual Operating expenses \$40,000, this just leaves us \$11,000 in the ServisFirst account to cover unexpected expenses. Over FY 16, the balance in the ServisFirst account averaged \$48,025. It's been as low as \$36,148 and as high as \$57,415. It will be difficult to define what our Region Reserve might be.

SWR CC plans to craft a response back to NHQ for SWR, emphasizing the need to manage funds responsibly with a minimum amount of reserves. Any plan to spend down funds will emphasize professional development and cadet programs.

Expense Reimbursement Instruction:

The correct format for reimbursements is to submit the payment request or travel voucher, with receipts--in **one PDF file**. Currently we are receiving forms and receipts in different formats (photo, jpeg, word) in several different files—often on different emails. This causes delays in processing the reimbursements to members. The reimbursements have to be submitted in this format to go through Sertifi and for NHQ to issue the checks.

Going forward, these will be returned to staff members to submit correctly. The procedures will be reflected in the revised OI Expense Reimbursement Instruction dated January 2017.

Finance Committee will approve the FMP through Sertifi, and post to the Region website.

Chaplain Staff College:

NHQ FM will only provide \$500 Seed Money for the Chaplain Staff College for FY 17, where normally they have provided \$2000. SWR had already committed to provide \$1000 from the FY 17 Budget to support the Chaplain Staff College.

In view of the reduced funding from National, Chaplain Whitt has proposed an alternate course. “In place of conducting our SWR Chaplain College, we are encouraging Chaplains and CDI’s to attend the Chaplain Corps Emergency Services School (ChESS) at NESAs. This training event will also be considered as a Staff College. I would like to recommend to the Finance Committee that we use the previously budgeted \$1000 plus the \$500 seed money from the Chaplain Corps to provide scholarships for members attending ChESS.”

The Finance Committee approved using the \$1500 to cover travel expenses to NESAs. The Chaplain will need to develop a plan for allocating those funds and submit it to the Finance Committee for approval.

If funds become available, the Chaplain would like for the Finance Committee to consider increasing the funding for Chaplain travel. Below are the travel needs for the SWR Chaplain Corps.

| | |
|--|-----------------|
| Train the Trainer Course, Maxwell AFB, Whitt & Smalley | \$1010 |
| OKWG Conference | 150 |
| LAWG Conference | 150 |
| AZWG Conference | 450 |
| ChESS NESAs | 450 |
| National Conference | 780 |
| Total Travel | \$ 2,990 |

The current amount approved for Chaplain Travel is \$1300, so the increase will be \$1690. The Finance Committee approved the \$1690 increase in Chaplain Travel with the funds to come from the Chaplain Staff College portion of the Wells Fargo account.

Next meeting 8 February 2017