Finance Committee Annual Report:

The finance committee met on the following dates – September 8th 2020, 17 November 2020, and January 19th 2021. In addition to meeting as a committee to make decisions on financial matters the committee members did a monthly financial review that began in May of 2020. The following items were reviewed: Insurance income, balance sheet, budget v. actual, monthly reconciliations, all prior month invoices, prior month bank statements, as well as profit & loss statements.

The FY21-22 budget brought forward by the finance committee keeps the revenue from the insurance program constant while increasing payroll expenses with the addition of a part-time benefits administrator with the primary focus of day-do-day growth of the insurance program. In addition, the proposed budget includes an increase in expenses to support member programs. To cover these additional costs, a recommendation to move a predictable amount of cash from the long-term investments to the operating budget at the beginning of each FY. While this will cover the cash flow needs in the short term a growth in the insurance program must occur to sustain the Association in the long-term. Along with this cash-flow the insurance refund from each FY will go directly to the long-term investments. This will give predictability in the budget.

Budget Notes:

- This is the 1st full budget prep since transition to QuickBooks from Peachtree accounting software. This change will continue to improve our efficiency and transparency in the budgeting process. QuickBooks integrates easier with a number of our other financial tools/systems, less manual entry and increased detail on entries.
- The budget continues to remain constant/shrink. The good news is that it appears that the insurance program has stabilized and is on the rebound – The key to continued success is the free year via RRB that converts to paid at end of first year. However, in the current situation it is hard to expect growth yet. An opportunity for growth would be the addition of a part-time permanent employee to serve as volunteer briefer program manager. This additional position is accounted for in budget.
- Other opportunities for financial growth include the technician disability/life insurance administered by NGAUS – over $10-15K of potential income. Expansion of SSLI to include the enhance benefit – both growth opportunities would fall under new employee.
- Moving funds to and changing the interaction of the Long Term Investment portfolio with the operating budget should increase transparency and predictability in budgeting process. No longer plugging a hole with the mid-year insurance pool refund.
- This budget forecasts 4% of LTI to operating budget annually, disbursed on a monthly basis. This will cover the monthly operating loss as well as a growth in support to charitable programs. Even with a 4% withdrawal outlook is good for positive growth over long-term investment horizon – reference presentation from David.
- As a planning factor is not expected that the insurance pool refund (experience refund) will fall be $150K annually. 19-20: $203K, 18-19: $350K*, 17-18: $86K*, 16-17: $239K, 15-16: $255K
- Transition to insurance pool refund going straight to LTI to maximize return on investments and ease of budgeting.
- Of the 4% transfer from LTI to operating budget $150K to cover monthly budget shortfall and $45.5K to new charitable programs growth.

- Convention income forecasted on 260 registrants at $70/per
- Employee expenses reflect 3% allowable growth IAW SOP guidance
- Bottom line expense increase due to growth in charitable programs
- Changing from Paypal to credit card services offered by Truist will support initiatives for on-line payment.

Long-term Investments – David Arthur, Park Ridge Asset Management

06/30/18 – 06/30/19 : Net investment gains = $146,843

(1) This time period includes the 20% drop in the market in Q4 2018.

06/30/19 – 02/29/20: Net Investment gains = $11,434

(1) The strong end to last year is offset by the drop this year.

Here are the net investment gains as of December 31, 2019

One Year	Three Years	Five Years
$455,000	$622,523	$670,809

Any additional financial information may be obtained by email Larry@ncnga.org