



Los Alamos Sportsmen's Club

Treasurer's Budget Recommendations

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Treasurer, LASC

15 September 2016



Budget Recommendations discussed at September 2016 Board Meeting

- This is a summary of the LASC Financial Position and Budget recommendations presented at the September Board Meeting.
- I have accomplished, at about the 85 percent level, my major objectives for assuming the treasurer's position:
 - provide ... clear financial statements that will summarize the current club financial position.
 - commit to creating an appropriate budgeting system that will permit a clear description to the LASC Board and LASC members of current year and future year planned expenditures, particularly for range improvements.
 - provide better financial decision making support to the LASC Board and to provide more clarity about the Club's financial situation to members.
- Given the repeatability of our expenses, and income, I don't expect significant modification in our financial position or chart of accounts as the result of Dinkel's CPA Review. **But I could be wrong!**



Review of LASC Financial Statements by Jim Dinkel, CPA

- Dinkel is reviewing LASC Financial Statements
- Changes in Chart of Accounts have been made in preparation for Dinkel's Review
- Capital Improvements and Range Equipment included as of 1 Jan 2007 (+ \$5k to Pat Laux, '06) => Depreciation began
- Most of Dinkel's effort will be spent performing financial analysis with On-line QuickBooks
- 2015 Tax Return was filed after discussion with Dinkel and McKelvey. **Public document: LASC 501(c)(4) status.**
- When/how should we distribute 2015 financial report to members? Should be after Review.
- More accurate (and preferred in GAAP) to recognize Luster's work in 2015, add liability to balance sheet.



Monthly LASC Financial Statements Are Not Enough

- **The Four Basic Financial Statements**
 - Balance Sheet
 - Statement of Retained Earnings (included with Balance Sheet in QuickBooks Report)
 - Statement of Cash Flows
 - Income Statement
- **Monthly Financial Statements provide a limited view given LASC's 12 month business cycle**
- **Cash position is strong, but not as strong as current cash balances indicate.**



LASC has a Twelve Month Business (=> Budget) Cycle

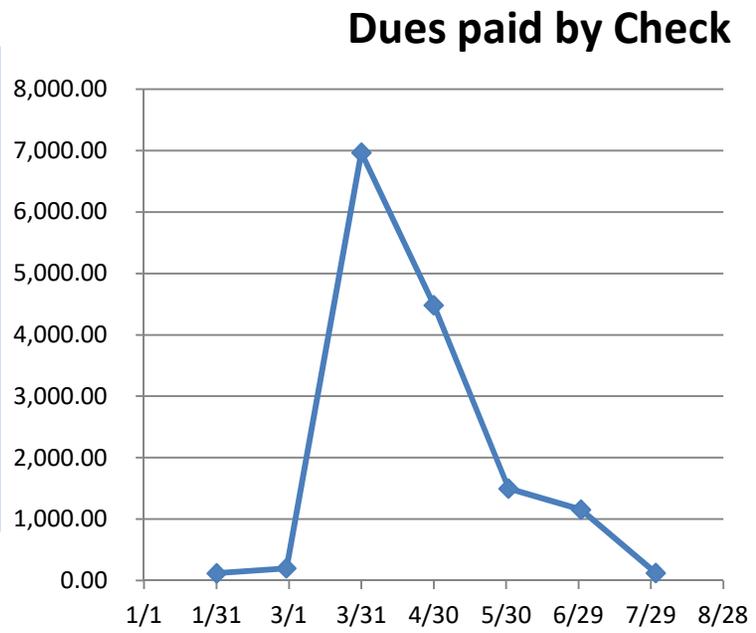
- **Dues income is collected (at the 90% level) over a 60 day period beginning the 20th of March or so.**
- **Expenses can be approximated as linear**
 - less than linear for the first few months of the year
 - annual shotgun bird purchase in June brings the expenses up to linear
 - Linear rate persists for the rest of the year (insurance, DOE lease, LA County Taxes in November and December, hence much more spending than January and February)



Membership Dues Essentially Collected in 60 Days

- \$62,000 transferred from Paypal Account on the 18th of April
- Current Paypal Account balance is \$11,045

These are the dues paid by check. The total through 31 Aug is \$15k. This represents 17% of the LASC dues collected during 2016. [Little higher because of dues refunds to Seniors.]



Paypal Balance not updated since 4th of August

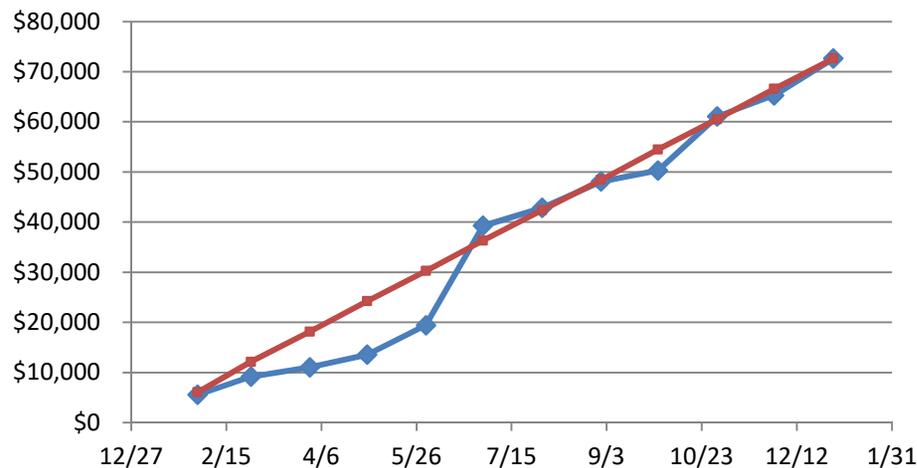
◆ Dues paid by Check



Expenses are Surprisingly Linear During the Year

- 2015 Operating Expenses were \$75,520
 - Without depreciation (\$23,550)

2015 Operating Expenses



- 2015 Range Improvements and Range Equipment spending totaled \$82,797
- Total LASC spending in 2015: \$158,317



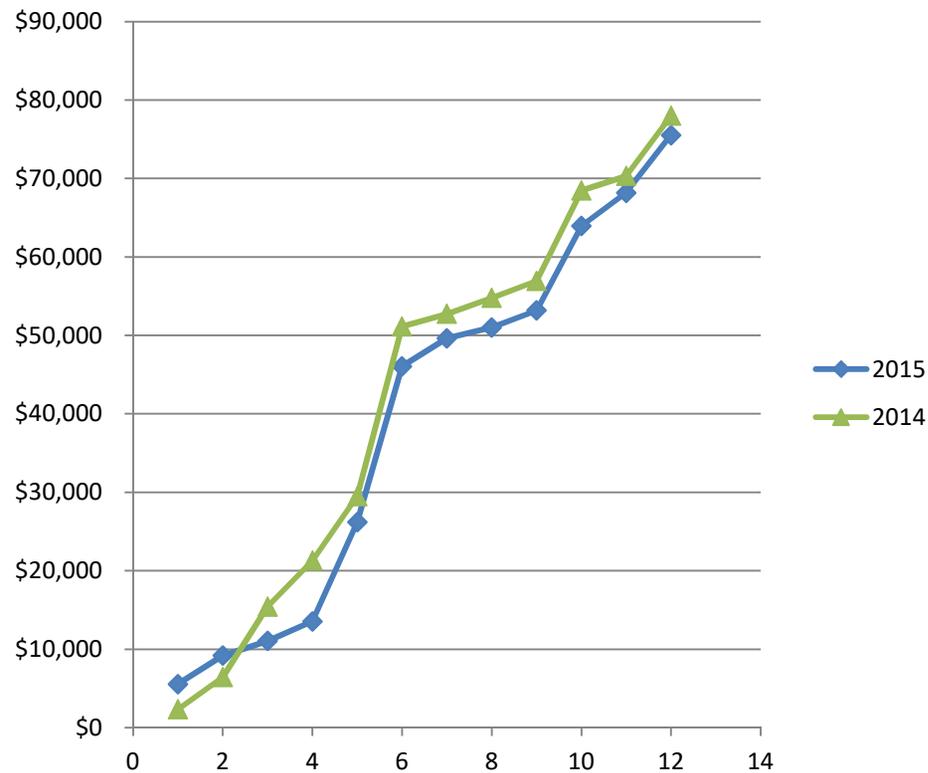
Year to Year Repeatability of Operations Facilitates Budget Planning

- **Capital Expenditures are not considered part of operations**
 - Operations impacted by Capital Expenditures through depreciation
- **Total Membership Dues**
 - 2016: \$87,595 (Through 31 July)
 - 2015: \$85,333
- **Quirk: QuickBooks Accounts recognize Membership Dues when funds are transferred from Paypal to LANB “Paypal” account**
 - Hence Financial Summaries Lag
 - Current Paypal Balance is \$11,045.04 (4 Aug)



Repeatability of Expenses Is Startling!

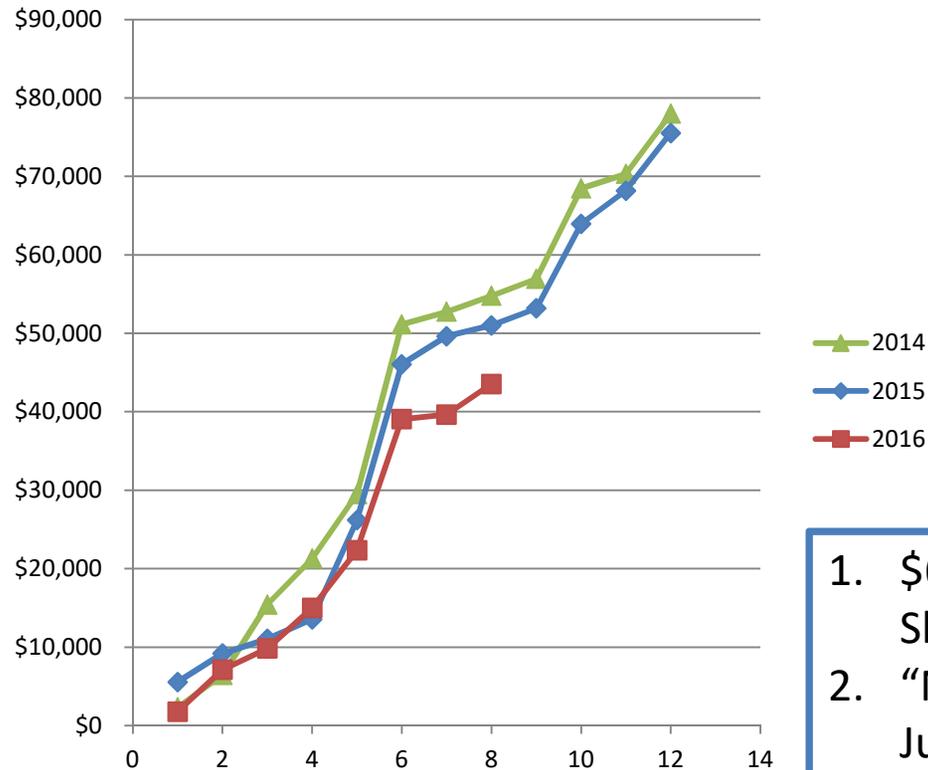
2014: \$77,970 2015: \$75,520





OK, Repeatability of Expenses Is Surprising!

2015: \$50,997 2016: \$43,544 (31 Aug)



- 1. \$6.8k for Shotgun Shells-Juniors (2015)
- 2. "No" spending during July - LANB switchover.



LASC Budget and Reserve Recommendations (1/3)

- The income is primarily from Membership Dues
- The Junior Programs are an exception. Range access is important but the Juniors support most of their costs (Treasurer's intuition)
- Gun Show has less impact w/o Pueblo
 - ~ \$6,000/year the last three years at Pueblo
 - 2015: \$1,342; 2014: \$2,700 (??)
 - 2016 was better than expected (comparison should be with 2014): ~\$4,100
 - Lower insurance cost
 - Much less spent on advertising (~\$700 decrease)
 - No charges to the Gun Show for the \$2,500 spent for tables. These will last for a long time, and have other potential uses. (charged to Indoor Range Equipment capital account, not Gun Show Expenses).



LASC Budget and Reserve Recommendations (2/3)

- **For the 2015 operations,**
 - General expenses were \$41k
 - Total expenses were \$75k
 - Funds collected from members ~\$25k
 - Cash balance for operations should be ~\$90k on May 1st (or June 1st)
 - \$50k contingency
- **Net Cash Flow from Operations**
 - \$40k per year
 - After dues are collected (~ 1 May), \$40k would be transferred to Capital Improvements
 - Budget refinement could be done at this time.



LASC Budget and Reserve Recommendations (3/3)

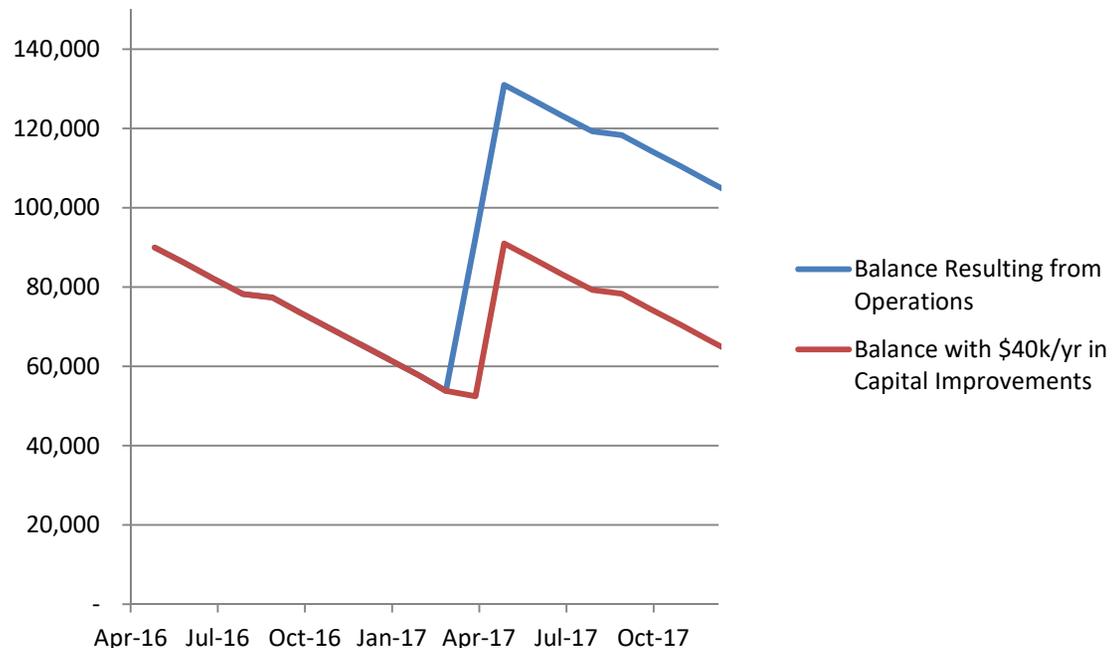
- The 1st of May, Cash Accounts ~ \$193k
- The 1st of June, Cash Accounts ~ \$189
- Operations require about \$90k (which includes a significant [adequate?] reserve of \$50k)
- YTD we have spent ~\$34k on capital improvements and range equipment.
- Despite that \$34k spending YTD, this reserve model means \$100k is available for capital expenditures (15 Sep 2016).



In this Proposed Model, Operations is self sustaining

- If we transferred \$100k today to Capital Improvements, Operations Reserve would drop to ~\$50k just before dues income begins to ramp up late in March, 2017.
- Adjustments could be made to capital transfer as dues are collected (+ or -) [Budget refinement would be done in May.]

Assumed Dues Income	85,000
Other Fees Collected	18,000
Junior Program Grants	8,000
Gun Show	5,000
Total Income	116,000
Total Operating Expenses minus Depreciation	75,000
Depreciation	23,000
Cash Flow from Operations	41,000
Annual Contribution to Capital Improvements Fund	40,000

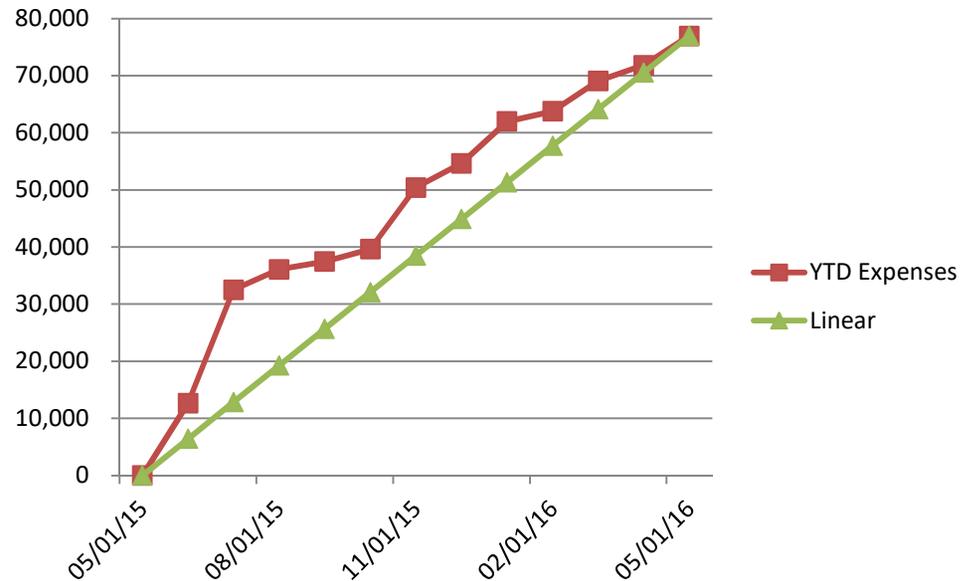




Treasurer's Recommendation: try this for rest of the year

- Transfer \$100k today to Capital Improvements.
- Focus Board Attention on Capital Spending with the plan for \$40k more on the 1st of April each year.
- Watch Operations performance carefully [Data will be available- Treasurer has skin in this game, will be tracking carefully]

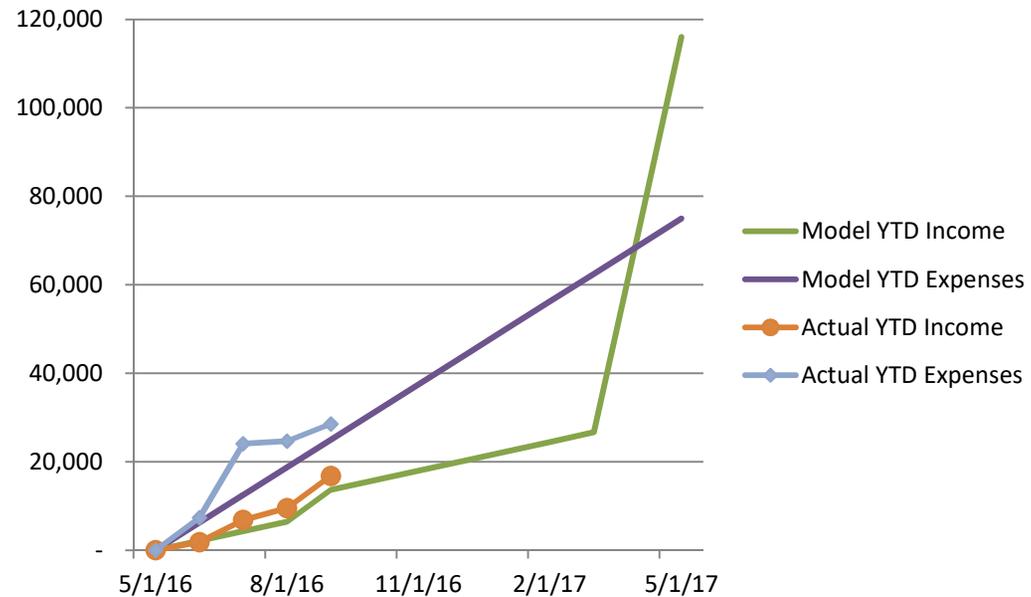
Be Warned: The Plot of YTD expenses vs linear appears different. Sub linear spending is at the end of the membership year.





May 1st to-date Actuals look good, but it's 1/3 of a year

This data is from the accounting system, so it is "actual." But there are some modifications => it doesn't agree fully with the financial statements.



1. No Dues [Dues deposited in checking account since May 1st (\$3000)]
2. \$11k balance in Paypal account not included in the financial statement cash balances
3. \$6k in capital expenditures from May 1 through Sep 15
4. \$100k in Capital Improvement Fund is more dramatic than \$9Xk to Club Members
5. Cash balance on the 1st of May was \$193k => \$3k more reserve
6. Another \$8k in reserve should be given to the board a little more confidence to try this budgeting/tracking experiment



My Function is to Provide Financial Decision Making Support for the Board and the Club

- We have the financial mechanisms in place now to move toward budget planning and budget tracking as the primary process that the Board uses to exercise its fiduciary financial control and oversight responsibilities.**
- On the operations side, we collect ~\$120k, and spend ~\$75k annually.**
- On the capital improvements side, we have spent \$314k in the last nine years, and we have \$100k in the bank that can be spent for capital improvements.**
- It can be argued that the board needs to move back, and take a larger, longer range view to adequately meet it's fiduciary financial responsibilities.**
- What I have outlined here is a model for the board to consider. I provide advice. I do not make decisions.**



The Treasurer recommends that the Board establish a Capital Improvements Committee

- **These are possibilities and/or general recommendations offered to the Board**
- **This process would permit a separation of the Operations Budget/Tracking from the Capital Investments.**
- **I recommend the Board pass a Motion/Memorandum establishing a Capital Investments Committee with about four or five members total. The natural person to head this is the current Vice President, Steve McKelvey. I would exclude the President, Membership Secretary and Treasurer from membership. But broad participation from the major sections would be essential.**
- **The committee would create a Capital Projects Schedule and Budget, which would then be presented to the Board.**
- **The Board would exercise its fiduciary financial control and oversight responsibilities by considering the Capital Projects Schedule and Budget, and then approving it in whole or in part by Board Motion.**
- **The Board Meetings would have a standing agenda item requiring an oral report and a written summary (similar to the Treasurer's Financial Statement requirement)**
- **Spending discipline and planning discipline are key elements of a successful Capital Improvements Program. One objective is to eliminate immediate approval by the Board of an unplanned project introduced "out-of-the-blue" without advance notice and without consideration of trade-offs.**
- **The Capital Projects Committee would be expected to deal with major emergency repairs required to maintain Range Facilities.**
- **The committee would also have to incorporate into their planning process the purchase of smaller items of capital equipment, e.g., the tables for the Gun Show.**