

Financial Report to the VHTRC Board

by Anstr Davidson
Treasurer
February 14, 2010

This is the initial report of the VHTRC treasurer to the VHTRC Board that took office on January 1, 2010.

Overall, the financial health of the VHTRC is good.

Background

The finances of the VHTRC are simple. Funds come from member dues and revenue from the three events with entry fees -- BRR, MMT, and the WHM. (There are now two, small fee-based events, Andiamo and Hashawha Hills. Neither is a significant source of revenue.) The money goes out to RRCA dues, no-fee runs, and social events. A large part of member dues goes to the RRCA. (The RRCA gives us two critical things -- insurance and tax-exempt status.) Consequently, the significant funding of the club's activities comes from the three fee-based events. The result is that the members and volunteers fund their runs and social activities through their work at the fee-based events.

Reserve

The club must keep a reserve. Our reserve gives us great flexibility and power. It allows us the to do things like order club t-shirts before we receive the funds to pay for them. Also, the large reserve makes budgeting less critical. Budgeting for activities such as ours is difficult so the reserve is a good thing.

Previous Boards have discussed the appropriate amount of the reserve, but those discussions have not had much impact on the actual reserves. My view is that there should be three figures -- optimal reserve: \$20,000; acceptable reserve: \$15,000; not lower than (start worrying) reserve: \$10,000.

Income

In the past, the Board decided to control the revenue from the events by establishing a "tax" per runner. The advantage of this system is that the race director can pay his tax and then spend *all* of his remaining available funds on the runners. While some of this is semantics, the important point is that the RD has no incentive to "make" more money. If he finds extra money, he can plow it back into the current year's event. On the other hand, the club does receive the tax from the event. That tax is well-earned in light of all the work of the volunteers.

While the prior Board established tax rates, I doubt many RDs or Board members

know what those rates are. The Board should revisit this issue.

That said, event budgeting is not as predictable as one would hope. We have had particular problems with increased costs from the venues of both BRR and MMT. (That is somewhat mitigated this year by the new venue for MMT.) While we should be able to avoid a loss pretty easily, the amount of the surplus is difficult to predict. Over the history of the club, we have usually made more than planned. But it doesn't seem prudent to count on that. For that reason, the budget below uses an arbitrary, and conservative, prediction of the 2010 surplus from the three fee-based events.

The club could increase either or both of its revenue sources. A small increase in dues would be unlikely to reduce membership significantly. Far more revenue could be produced by increasing entry fees to the fee events.

As the treasurer, I don't suggest that there is a financial need to increase either dues or entry fees. The Board, however, may consider these measures to fund specific contributions to the trail running community.

Membership

The club's membership continues to increase. We can expect to see membership drop from its present level, however, when we delete those members who do not renew for 2010 on March 1.

Current VHTRC Membership February 14, 2010				
Expires	2009*	2010	2011	Total
Number	158	255	77	490
* Will be removed from the membership roster on March 1				

The club continues to give volunteers free renewal of their memberships. We have not detected anyone abusing this provision. This is not a significant loss of dues revenue and is a small but important recognition of the contribution of these volunteers to the financial well being of the club.

Since free renewal is only for volunteering at the revenue-producing runs, it is financially logical. These volunteers have produced funds for the club far in excess of the \$15 dues each would have paid.

Run Support

The primary objects of the club's funds are the no-fee runs and social events that the club puts on or supports. Even though we have tried to increase the number of non-VHTRC events we support, we have not done so. [Policy on Support for Trail Runs](#) (requires password reentry). The board should update this policy.

Last Year

The cash flow for the club for the period October 7, 2008 to October 9, 2009 is below. Though our fiscal year is the calendar year, this period produces a good picture of the club. The events are closed out and the membership is relatively stable at this time.

The categories are somewhat arbitrary and there could be errors in allocations among categories, but the bank account balances and the money is all there.

CASH FLOW October 7, 2008 - October 9, 2009

	Andiamo	BRR	FA50	General	MMT100	WHM	OVERALL
INFLOWS							
Dues	0	0	0	4,344	0	0	4,344
Entry Fees	214	31,048	0	0	29,189	7,819	68,271
Sale of Items	0	810	0	1,210	0	0	2,020
Club-T-shirts	0	0	0	3,379	0	0	3,379
TOTAL Sale of Items	0	810	0	4,589	0	0	5,399
TOTAL INFLOWS	214	31,858	0	8,933	29,189	7,819	78,013
OUTFLOWS							
Award--Finisher	0	8,705	0	0	2,061	0	10,767
Bank Fees	0	0	0	0	5	0	5
Donations	0	0	0	750	0	0	750
Dues and Fees	0	0	0	1,946	0	0	1,946
Equipment	0	0	0	479	0	0	479
Postage	0	25	0	44	-140	0	-71
Race Supplies	973	6,818	569	2,214	10,880	1,290	22,744
Recognition	0	0	0	425	0	0	425
Rent	0	5,414	400	375	12,048	164	18,402
Social	0	0	0	591	0	0	591
T-Shirts	0	7,127	0	2,707	3,420	5,536	18,792
VolSup	0	45	0	1,177	0	0	1,223
Web	0	0	0	45	0	0	45
TOTAL OUTFLOWS	973	28,135	969	10,754	28,275	6,991	76,096
OVERALL TOTAL	-759	3,724	-969	-1,821	914	828	1,917

Notes:

- Column and row totals are slightly off due to rounding.
- "TOTAL Sale of Items" is a subtotal of two rows above.
- Andiamo outflow includes purchase of patches that should last several years.
- "Sale of Items" includes t-shirt sales at events. Funds from these sales were often commingled with other income and used to pay other expenses. Consequently, these figures are only approximate.
- The negative number for postage outflow is caused by runner reimbursements for the cost of mailing drop bags back to them.
- MMT outflows includes a \$1,000 deposit paid for use of the start/finish at the 2010 event. The 2009 "profit" for that event should be increased by that amount.

Equipment Purchases

The last Board approved the purchase of equipment to support club events. In the past, equipment purchases have included portable shelters and a generator.

The major items purchased were:

- Generator - \$479.20
The system has been used primarily at WHM and at one aid station at MMT.
- Road signs - \$343.88
First used at the WHM.

Club Apparel

During 2010, the club continued its practice of obtaining apparel items with the club name and logo for members. The Board continued the goal of providing these items "at cost" to members with an intent to neither make nor lose money.

It is very difficult to determine the financial results of these sales. There are several practical problems. Our apparel inventory includes items that the club purchased in prior years. The club shirts are also sold at events that sell their own shirts and have other cash revenue sources (e.g. meal costs, entry fees, etc.). Sales are not allocated among the different kinds of shirts sold. Also, cash from apparel sales is occasionally spent on other club needs (e.g. the pizza guy, a few extra Cokes for an aid station) before the treasurer receives it.

We have always assumed that the apparel program was probably taking a small loss that is akin to "spillage" in a bar. It is unlikely that the members of the club, especially those volunteering to order and sell the shirts, believe it's worth the effort to account for these shirts more closely. During 2009, however, Quatro Hubbard kept a more careful inventory of apparel. In light of those data, it does not appear that "spillage" is a significant problem.

Previous boards clearly believed that this spillage was not a significant problem and not worth enhanced accounting methods. If the Board wants a better idea of the gain or loss on shirt sales, we will need to expend more resources on increased accountability of those sales.

2010 Budget

A template for the 2010 budget appears at right. Overall, the club has \$8,786 available to spend this year. Here is how the figures were derived.

How much money does the club have?

The total funds of the club on January 1, 2010 were \$33,535. But that includes the entry fees for MMT and dues that are attributable to 2011. So to find out how much we have available, we need to take those out.

But, we can assume that MMT and BRR will pay for expenses already incurred in their behalf. So we can consider as available, funds that would repay for the advanced rent deposits paid for the event sites of both

Budget 2010 - Draft	
Funds Available as of Jan 1, 2010	
Bank	33,108
PayPal	124
Cash	302
TOTAL	33,535
ADJUSTMENTS	
MMT Entry Fees Received	-17,512
BRR Hemlock	2,500

MMT and BRR. We have received member dues in 2010. Those are included.

What revenue do we expect?

There are 158 current members who have not yet paid their 2010 dues. Assuming that 75 of those renew and of those 75, 20 will be volunteers who will not pay any dues, that will be dues of \$825. This is a conservative figure. We will likely pickup some new members in 2010.

At this point, we can assume surpluses at the events. But it seems imprudent to assume a profit larger than \$1,000. (It would probably be imprudent to rely on \$1,000 for any one event. But an average of \$1,000 for all three events is very reasonable.)

One reason to be prudent is that two of our entry fee events occur before most of our costs. So in early May, we will know two thirds of our event surplus and can readjust.

So total revenue we can assume at this point is \$3,825.

What funds are available to spend?

The total funds available to spend are \$23,786, but if we spent that, we would have no money at the end of the year. So we take out our desired reserve to determine what we can spend. The result is \$8,786.

Where should we spend our money?

This is the big question. The figures above at right are **not** my suggestions as to a budget. They are not what I propose we spend. They are the items we should consider spending our money on with approximations of *last year's* figures where available or relevant.

This will be the work of the Board. Which of these events will be supported in 2010, and at which level?

What do we have to decide now?

As noted earlier, we have the advantage that two of our three revenue-producing events occur before most of our events that cost us money. So I propose that we budget incrementally. There is no need to budget for the entire year now. I propose that the Board only has to decide on budgets for the following:

- Elizabeth Furnace 50k
- Reverse Ring

Deposit Paid	
MMT Caroline Furnace Deposit Paid	1,000
Dues Received to Feb 14 in 2010	1,593
Dues for 2011	-1,155
EXPECTED INCOME	
Dues (158 unpaid - assume 75 renew with 20 volunteers)	825
MMT Surplus	1,000
BRR Surplus	1,000
WHM Surplus	1,000
TOTAL FUNDS AVAILABLE	23,786
LESS RESERVE	-15,000
NET FUNDS AVAILABLE	8,786
EXPENSES	
Eagle Run*	489
MLK Weekend*	0
Awards Party	1,300
Volunteer Party	900
Reverse Ring	100
Elizabeths Furnace FA	200
Ring	200
SMUT	300
PHT	730
Work Party	200
MMT Training/Choc Bunny*	200
MGM	1,000
Donations to other events	
Catherine's	350
Big Schloss	400
RRCA Dues (due in December)	2,500
Urban Institute (tax return)	50
TOTAL PLANNED	

- Work party

EXPENSES	8,919
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- Donation to the Urban Institute: The Urban Institute sponsors a free, on-line [service to file our tax return](#). The Urban Institute suggests a donation of "\$100 for larger organizations and \$20 for smaller." This service is wonderful and makes what would be a huge pain not so bad. So we have donated \$50 in the past. I recommend \$50 again.

What about donations?

In the past, we have made donations to several beneficiaries to further the purposes of the club. For example, we made a significant donation to pay for the water fountain in the Fountainhead Regional Park parking lot. The last Board discussed making donations such as this in the future. I recommend that we defer discussion of further donations until after MMT.

What about RRCA dues?

We have paid our 2010 dues. We will have to pay our 2011 dues in December 2010. But after August, new or renewing members will pay for 2011. So we can prudently assume that by December 2010, we will have sufficient 2010 funds to pay this bill. We do not need to budget for this cost in 2010.

Important Note about the Club's Money

The club's money is in three places:

1. A checking account at Bank of America;
2. Our account at PayPal; and
3. A small cash kitty

The first two accounts are administered online and have a provision for granting read-only access to a user. Currently, to facilitate oversight of the treasurer, the club president has such access. As a technical matter, it can be granted to others.

Our financial information is kept in Quicken, which is simple and easy but not fancy. We are completely cash-basis. For tax purposes, our tax year is the calendar year.

We balance our bank account each month and, somewhat amazingly, it comes out right. So this is the club's money and is, generally, how it has been received and spent.

Anstr Davidson
Treasurer