

# Financial Report to the VHTRC Board

by Anstr Davidson  
Treasurer  
December 1, 2011

This is report of the VHTRC treasurer for the current VHTRC Board and the Board that will take office on January 1, 2012.

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. Hashawha was a significant source of revenue, but that was because the 2010 event was cancelled due to weather.)

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 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. It allows us to charge less for an event because one event does not have to insure itself against unforeseen risk. 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: \$12,000.

## 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 Club's 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. 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.

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. In early 2011, we implemented a new membership system. Memberships are now for one or two years from the date they start. Unlike the former system, all memberships don't expire on December 31. Because of the members transferred from the old system, however, many memberships expire on November 30.

The club continues to give volunteers free renewal of their memberships. We have not detected any significant abuses of 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. During the recent renewal period, 84 people used the free renewal provision.

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.

<b>Current VHTRC Membership December 2, 2011</b>	
<b>Kind</b>	<b>Number</b>
One Year	307
One Year (spouse)	10
Two Year	92
Two Year (spouse)	3
<b>Total</b>	<b>412</b>

## 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](#). The board should review this policy. It is out of date.

## Last Year

The cash flow for the club for the period October 1, 2010 to September 30, 2011 is below. Though our official 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.

We do not allocate funds to a particular year. So, for example, the apparent profit at MMT should be reduced by \$1,020.75 which was spent after September 30 on expenses (Solo Division finisher awards) relating to the 2011 event. For Andiamo, there are expenses and income for the 2011 event not in the numbers below.

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.

<b>CASH FLOW October 1, 2010 - September 30, 2011</b>								
	Andiamo	BRR	FA50	General	Hash Hills	MMT100	WHM	OVERALL
<b>INFLOWS</b>								
Clock Rent	0	0	0	150	0	0	0	150
Donation Rec'd	0	0	0	45	0	0	0	45
Dues	0	0	0	4,847	0	0	0	4,847
Entry Fees	291	30,888	0	0	1,790	32,883	9,381	75,233
Sale of Items	0	2,021	0	1,469	0	772	0	4,262
Club-T-shirts	0	0	0	180	0	0	0	180
TOTAL Sale of Items	0	2,021	0	1,649	0	772	0	4,442
<b>TOTAL INFLOWS</b>	<b>291</b>	<b>32,909</b>	<b>0</b>	<b>6,691</b>	<b>1,790</b>	<b>33,655</b>	<b>9,381</b>	<b>84,717</b>
<b>OUTFLOWS</b>								
Award--Finisher	0	13,928	0	0	0	2,870	536	17,333
Bank Fees	0	0	0	0	0	24	0	24
Donations	0	0	0	853	0	0	0	853
Dues and Fees	0	0	0	2,409	0	0	0	2,409
Equipment	0	0	0	77	0	265	0	342
Postage	0	22	0	68	0	47	0	137
Print-paper	0	55	0	0	0	4	0	59
Race Supplies	0	6,933	507	2,905	594	12,562	938	24,440
Recognition	0	0	0	1,125	0	0	0	1,125
Rent	0	6,587	300	1,000	0	11,877	89	19,852
Social	0	0	0	425	0	0	0	425
T-Shirts	0	2,674	0	0	0	1,200	6,386	10,260
VolSup	0	0	0	1,439	0	0	0	1,439
Web	0	0	0	156	0	0	0	156
<b>TOTAL OUTFLOWS</b>	<b>0</b>	<b>30,198</b>	<b>807</b>	<b>10,456</b>	<b>594</b>	<b>28,849</b>	<b>7,949</b>	<b>78,854</b>
<b>OVERALL TOTAL</b>	<b>291</b>	<b>2,711</b>	<b>-807</b>	<b>-3,765</b>	<b>1,196</b>	<b>4,806</b>	<b>1,432</b>	<b>5,864</b>

Notes:

- Column and row totals may be off due to rounding.
- "TOTAL Sale of Items" is a subtotal of two rows above.
- Andiamo's expenses were reimbursed outside this period. Also income is from both the 2010 and 2011 events.
- "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, the allocation of these figures is not precise.

## Equipment Purchases

There were no significant equipment purchases during the period.

## Club Apparel

During 2011, 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. Quatro Hubbard, however, has kept a more careful inventory of apparel. In light of Quatro's 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.

Anstr Davidson  
Treasurer