

Executive Director Financial Update Executive Committee

7 August 2022

Bottom Line Up Front

Mid Year Status (Mid Year Review on 20 July): See Statement of Activities EOY Projection

EOY Budget Forecast: **-\$727k**

Revenue: -\$705k (dues shortfall; events revenue shortfall)

Expenses: -\$22k

Cash Balance (8/31/22 forecast): \$1,312,684.33

Actions (second half) to balance budget:

SBC Tennessee States Sales Tax Relief (\$150,000) (secured certificate on 8-4-22)

SBC Sales: push to exceed budget

Reimburse Cash (EMS expenditures) (\$200,000 due from reserves on 1 Oct 2022)

Reduce Professional fees (while rebuilding in house team)

Aggressive tracking of SM Dues Restructure Implementation

Detailed Tracking of Dues Restructuring Implementation: no impact so far – see slides 6 - 11

2021 Audit: ongoing - see Audit schedule slide 4

Finance Team Status: paddling thru the “perfect storm” – lost all staff; CLA underperforming (personnel turbulence); resetting the in-house team (temp controller on board; hiring staff accountant)



Bottom Line Up Front

Enterprise Management System (EMS) Status:

EMS Budget is on track:

\$648,990 of \$1M expended as of 30 Jun 2022

\$941,580 cost to complete (by EOY 2022)

Investment Committee liquidating first \$200k of reserve authority by start of 4QTR22

Delivery is on Track: Go Live date for AMS is 31 August (current Euclid contract expires 1 Sept)

Investments:

Summary:	Start Value	2QTR	YTD	End Value
RBC (SAME):	\$3,431,546.74	-11.50%	-15.97%	\$3,036,798.28
Fiducient (SAME):	\$4,032,109.94	-10.87%	-15.74%	\$3,593,872.85
Fiducient (Foundation):	\$3,522,257.68	-10.51%	-15.15%	\$3,152,076.74

2QTR Post Funds Reports sent to Posts – see slide 12 for details

Home Fund ready for XC Action (Investment Committee) – see slides 13, 14

Scope: Combined SAME and SAME Foundation audit and taxes

Schedule:

Fieldwork wrap up: Aug 16 – 18

Draft report - early/mid September

Audit committee meeting - early September (confirm date after wrap up on 18 Aug)

Final report – The goal is to wrap up by 9/23

NOTES:

- (1) Independent Auditor (Marcom) experiencing personnel turbulence
- (2) No issues identified so far

Dues Restructuring Initiative:

Approved by the BOD: June 2021

Individual Member (IM) Implementation: 1 Jan 2022 (*no issues*)

Sustaining Member (SM) Implementation: 1 July 2022 thru 30 June 2023

- 1500 SMs; 85% small companies
- Annual turnover experience: drop 200 and add 200
- Tracking Monthly forecast of impact (members and revenue) vs actual
- Robust and personal engagement with SMs (telephonic, webinar, etc.)

Summary:

- **SAME Brand is strong** – external forces (market, social, etc.) having little impact (so far) on membership renewal
- **Dues Restructuring Initiative facilitated EMS development** (member management - one record for every member)
- **Detailed tracking** will provide opportunity to develop trends and forecast ultimate impact

Financial Status:

Item \$	Paid 2021	Paid 2022	Forecast Due 2022	Totals	Notes
EMS Consultant (Wes Trochlil)	\$118,750	\$0	\$0	\$118,750	Fully paid
AMS (NimbleUser)	\$245,552	\$107,038	\$205,590	\$558,180	Incl Lic thru Mar'24
CMS (Results Direct)	\$85,500	\$73,500	\$65,000	\$224,000	Incl Lic thru Mar'24
Application Software (Open Water)	\$18,650	\$0	\$22,000	40,650	Incl Lic thru Jul '23
FMS					Lic fees paid (op funds)
	\$468,452	\$180,538	\$292,590	\$941,580	

Notes:

AMS: Staff Training 11,12 Aug; Go Live set for 31 Aug; next major milestone is 1 Dec 2022 - IOC (initial operational capability); FOC by 1 July 2023

CMS: Results Direct set to deliver website framework on 31 August; In-House web page development;

FMS: Intacct and Bill.com (invoice) operational; Tallie (expense) - pending

SM Renewal Schedule July - Aug

Month ->	July					Aug				
# Empl	Total Potential		Predict	Actual		Total Potential		Predict	Actual	
	Qty	100% \$\$		Renew #	Renew \$	Qty	100% \$\$		Renew #	Renew \$
1-10	31	\$13,140	\$11,169			40	\$15,810	\$13,439		
11-50	36	\$28,295	\$24,051			52	\$43,605	\$37,064		
51-100	15	\$22,755	\$19,342			15	\$21,365	\$18,160		
101-500	17	\$33,960	\$28,866			29	\$70,131	\$59,611		
501-1,000	6	\$11,900	\$10,115			9	\$29,565	\$22,617		
1001-5,000	2	\$7,010	\$5,959			4	\$13,825	\$10,576		
5,001 +	3	\$31,365	\$26,660			1	\$23,685	\$18,119		
Total #	110	\$148,425	\$126,161			150	\$217,986	\$179,587		

As of 07/07/2022

SM Renewal Schedule July

As of 08/02/2022

Month ->	July				
# Empl	Total Potential		Predict	Actual	
	Qty	100% \$\$		Renew #	Renew \$
1-10	31	\$13,140	\$11,169	20	\$8,565
11-50	36	\$28,295	\$24,051	28	\$22,170
51-100	15	\$22,755	\$19,342	6	\$9,425
101-500	17	\$33,960	\$28,866	14	\$21,610
501-1,000	6	\$11,900	\$10,115	4	\$8,710
1001-5,000	2	\$7,010	\$5,959	1	\$2,920
5,001 +	3	\$31,365	\$26,660	2	\$9,195
Total #	110	\$148,425	\$126,161	75	\$85,595

- All members have a 60-day grace period to renew before they are dropped.
- Renewal percentage (68%) for time period is typical
- At least half of those who have not yet renewed are expected to do so before the end of August
- Reminders to renew are ongoing; companies will be notified before they are actually dropped
- Number of NEW COMPANY members for July 2022 = 10

SM Renewal Schedule Sept - Oct

Month ->	September					October				
# Empl	Total Potential		Predict	Actual		Total Potential		Predict	Actual	
	Qty	100% \$\$		Renew #	Renew \$	Qty	100% \$\$		Renew #	Renew \$
1-10	24	\$8,040	\$7,236			28	\$9,500	\$8,550		
11-50	39	\$29,745	\$25,283			35	\$27,845	\$27,500		
51-100	17	\$18,295	\$15,551			18	\$23,860	\$20,281		
101-500	20	\$25,640	\$21,794			15	\$30,295	\$25,751		
501-1,000	2	\$2,685	\$2,400			4	\$17,490	\$14,867		
1001-5,000	4	\$26,315	\$14,000			7	\$39,490	\$26,000		
5,001 +	5	\$29,835	\$18,300			1	\$34,705	\$18,000		
Total #	111	\$140,555	\$104,564			108	\$183,185	\$140,948		

As of 07/07/2022



SM Renewal Schedule Nov - Dec

Month ->	November					December				
# Empl	Total Potential		Predict	Actual		Total Potential		Predict	Actual	
	Qty	100% \$\$		Renew #	Renew \$	Qty	100% \$\$		Renew #	Renew \$
1-10	34	\$11,705	\$11,000			23	\$7,970	\$7,500		
11-50	38	\$32,865	\$30,000			53	\$42,030	\$35,726		
51-100	13	\$31,585	\$26,847			13	\$18,825	\$16,001		
101-500	12	\$20,240	\$17,204			26	\$57,015	\$48,463		
501-1,000	3	\$11,585	\$9,000			7	\$20,050	\$17,000		
1001-5,000	6	\$69,520	\$44,000			11	\$61,545	\$47,082		
5,001 +	3	\$12,850	\$10,000			3	\$21,615	\$19,500		
Total #	109	\$190,350	\$148,051			136	\$229,050	\$191,271		

As of 07/07/2022



SM Renewal TOTALS (FY22)

	July		Aug		Sept		October		November		December	
	Predict	Actual	Predict	Actual	Predict	Actual	Predict	Actual	Predict	Actual	Predict	Actual
1-10	\$11,169		\$12,095		\$7,236		\$8,550		\$11,000		\$7,500	
11-50	\$24,051		\$33,358		\$25,283		\$27,500		\$30,000		\$35,726	
51-100	\$19,342		\$16,344		\$15,551		\$20,281		\$26,847		\$16,001	
101-500	\$28,866		\$53,650		\$21,794		\$25,751		\$17,204		\$48,463	
501-1,000	\$10,115		\$22,617		\$2,400		\$14,867		\$9,000		\$17,000	
1001-5,000	\$5,959		\$10,576		\$14,000		\$26,000		\$44,000		\$47,082	
5,001 +	\$26,660		\$18,119		\$18,300		\$18,000		\$10,000		\$19,500	
Total \$	\$126,161		\$166,759		\$104,564		\$140,948		\$148,051		\$191,271	

	Qty All Companies	100% of new dues	Total Prediction	Actuals
July – December	724	\$1,109,551	\$890,583	

Post Funds Status

Post	Contribution	31 Dec 2021 Balance	30 Jun 2022 Balance	Value Change
Houston	\$225.0k	\$299.7k	\$254.3k	-\$45.4k
Hampton Roads	\$459.5k	\$520.1k	\$441.4k	-\$78.7k
Omaha	\$560.0k	\$682.8k	\$631.9k	-\$50.9k
Tampa Bay	\$250k	\$302.8k	\$255.2k	-\$47.6k
NOVA	\$108.4k	\$144.4k	\$122.5k	-\$21.9k
Orange County	\$100.0k	\$101.5k	\$ 86.1k	-\$15.4k
Huntsville	\$ 80.0k	\$ 95.8k	\$ 81.3k	-\$14.5k
Narragansett Bay	\$ 39.0k	\$ 51.9k	\$ 44.1k	-\$ 7.8k
Panama City	\$ 30.0k	\$ 37.8k	\$ 23.3k	-\$14.5k
Mid-Maryland	\$ 30.0k	\$ 36.7k	\$ 31.1k	-\$ 5.6k

- **Home Fund Purpose:** Funds targeted to be used for supporting acquisition, sustainment, and operation of physical facilities for the SAME National Office.
- **Operating Fund Purpose:** SAME's primary investment objectives for its operating reserves funds are to preserve the financial stability of the association, protect its assets, and provide supplemental cash to meet the needs of SAME's general operations.
- **Objectives**
 1. Moderate 2.5% annual return target or better
 2. 2.5% annual dividend that may be reinvested if not needed for operation
 3. Purchasing power preservation
 4. Long-term capital growth
 5. Maximize returns in keeping with other objectives

- **Risk Mitigation**
 - Low return target
 - Known Investment Advisor (RBC)
 - Target allocations

<u>Asset Class</u>	<u>Target</u>	<u>Minimum</u>		<u>Maximum</u>
Equity	40%	25%	to	55%
Alternatives	30%	15%	to	45%
Fixed Income	30%	15%	to	45%
Cash & Equivalents	0%	0%	to	10%

- Dollar-cost averaging approach to investing the \$2,070,000.00