

October 4, 2010

TO: Orienteering USA Board of Directors

FROM: Glen Schorr, Executive Director & Phil Martineau, VP Finance

RE: 2011 Proposed Budget

CC: Finance Committee: Steve Fluegel, Gary Kraght, Catherine Yekenevicz, and Dave Irving.

Others: Robin Shannonhouse, Linda Ferguson, Tom Carr, Linda Porter, Rick Worner, Glen Cafferty

To the Board,

This document presents the proposed 2011 budget, and should be considered an integral part of the attached numerical summary.

### **The Process and this Year's Budget**

This year the fund administrators provided unprecedented input as to their budget plans for 2011. 100% of the fund administrators submitted information in a timely basis, and when all requests were totaled, it created an operating deficit for 2011 in excess of \$90,000. The Executive Director and Finance Committee reached a more realistic proposal after numerous discussions, which is included as the attached budget.

Acknowledging the goals of a single budget and strategic plan focus, we are recommending a budget that will generate a (\$41,800) shortfall for the year. While no one should be comfortable with another deficit spend year, the committee feels that this is an acceptable budget to present to the full board.

### **Changes vs. Past Years**

When reviewing this budget you will note substantial changes in format and budget strategy from past years. This is due to a variety of factors:

- As a result of the recent audit and board request, we have changed from a multi-fund budget to a single-fund budget.
- Where practical and feasible we have made program changes to reflect the approved strategic plan.
- We have created large categories: Local Programs, National Programs, Membership Programs, Team USA Support/Development, and Administrative & Governance. Consistent with other leading NGB's this will also help us with required IRS 990 reporting.

## How the New Budget is Structured

You will see that the attached spreadsheet is divided into three sections:

- Section 1 – Budget: Shows the proposed 2011 annual budget for income and expenses, as well as compares each line to 2010's budget and prior fund designations. Also links each line to the strategic plan.
- Section 2 – Out of Budget Requests: Shows proposals requested by various individuals that were not included by the finance committee. It is the committee's opinion that should Orienteering USA find itself in a more favorable financial position, then the organization should;
  - First, drop proceeds to the bottom line, creating a stronger balance sheet.
  - Second, consider investing in incremental programs. It will be up to the full board to determine which programs to fund and to what extent.
  - Not create a larger deficit than proposed. (Any proposal to include additional amounts should also specify which items now included should be reduced.)
- Section 3 – Other Considerations: These include usage of existing cash resources for map loans or for inventory items which will generate income over the next several years.

## Of Particular Note

While the entire budget is important, there is one specific issue that must be addressed - funding Team USA. While the Finance Committee's goal was to focus on the numbers; the committee agreed on the following points:

- Consistent with the mission statement of the organization, our national team must be funded to the best of our ability.
- We must develop a fair and equitable way to fund the individual teams.
- There must be recognition by all parties (including the Fund Administrators) that "Funds Designated by the Board" in a budget are open to change by any current board. They do not represent cash held in trust for the individual teams for their use. Rather they are general Orienteering USA monies for use as deemed appropriate by the board. (These are different than "donor designated" funds, which are temporarily restricted until used for the activity specified by the donor.)
- As part of the move to a unified budget, the balances shown in the former individual "team funds" are being considered as "Designated Fund Balances-Teams", which is consistent with the auditor's recommendations and GAAP accounting.

Recognizing that 2011 is a transition year, the Finance Committee recommends the following:

- The Board designates the balances of former individual “team funds” as the first dollars to fund that team in 2011. These are as follows:

• Senior Team	• \$11,300
• Junior Team	• \$6,800
• Ski O Team	• \$9,300
• Trail O Team	• \$1,600

- The individual teams will take the responsibility to raise the balance of funds needed for the year’s budgeted expenses.
- The individual teams agree that their expenditures will not exceed the amount of the Board Designated funds on hand plus funds raised. If expenses exceed income, the Board is unable to provide additional income to the individual team.
- Should any of the individual teams raise monies in excess of their budget, or to cover incremental expenditures in 2011, those funds will be the first dollars budgeted for that team’s expenses in 2012.

### **Moving forward**

- The Finance Committee welcomes questions and dialogue in the days prior to our board meeting. So that all may participate we request that the “official” channel of communication will be Boardnet.
- Acknowledging that other dialogues will take place on Clubnet and Attackpoint, it will be up to each board member to include those points on the Boardnet discussion as appropriate.
- If points need clarified, please contact Glen at 410.802.1125 or [gjs@orienteeringusa.org](mailto:gjs@orienteeringusa.org). Please note that Glen will be traveling on business from October 5 – 8, 12, 14 – 15.

Thanks to all of you for your attention to this matter. We look forward to seeing you at the board meeting.