

Treasurer’s Report — 1st Quarter 2022

The relevant data for this report are represented in both tabular and graphic form in the Excel Workbook titled *Finance Committee Report - April 2022*. This report comprises three tabs: *Overview*; *Cap 1 Business Savings*; and *Current Dashboard Based Info*.

Summary Statement

In the opening weeks of 2022, the Finance Committee was made aware that Veterans For Peace was in a critical financial condition. In fact, the ability to meet the next month’s payroll was seriously in doubt. The financial “cushion” provided by our savings account was exhausted. Since then, a combination of board member emergency appeals to a list of likely donors and the greatly appreciated willingness of staff members to take temporary reductions in salaries and hours has kept the ship afloat for the time being. But the crisis has been a clear wake-up call and will require a lot more work to keep Veterans For Peace a viable element in the peace and justice movement for years in the future. This Treasurer’s Report focuses on the financial trajectory that has put us in this position and the current position along that trajectory.

Overview Tables and Graphs

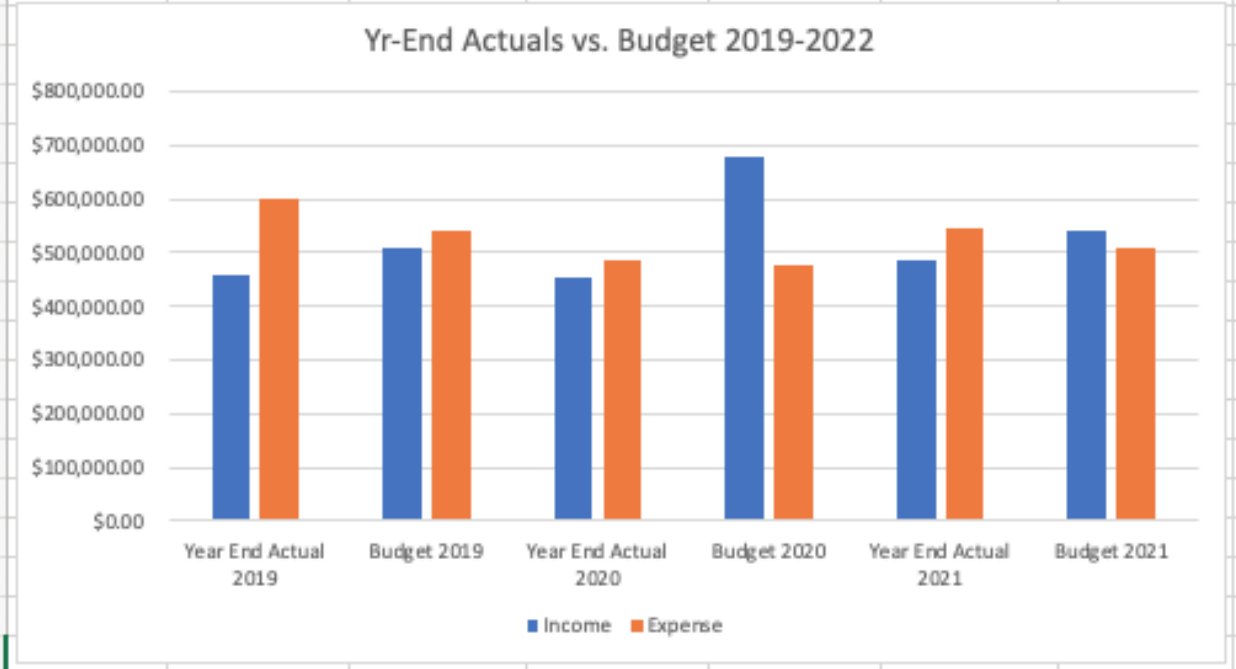
The very short story of how we got here is captured in this simple table.

Year End Actual 2019	
Total Income	\$456,897.00
Expense	\$602,450.60
Net Income	(\$145,553.60)
Year End Actual 2020	
Total Income	\$453,867.27
Expense	\$487,622.34
Net Income	(\$33,755.07)
Year End Actual 2021	
Total Income	\$485,230.18
Expense	\$543,634.95
Net Income	(\$58,404.77)

Our total income over the three-year period was surprisingly level, varying less than \$10,000 from its average of \$465,331. But the expenses varied widely, though they consistently significantly exceeded total income by anywhere from a low of 7% to a high of 32%.

Expanding our field of vision to include the budgets for those years tells a little more of the story.

	Year End Actual 2019	Budget 2019	Year End Actual 2020	Budget 2020	Year End Actual 2021	Budget 2021
Income	\$456,897.00	\$510,436.40	\$453,867.27	\$677,870.00	\$485,230.18	\$540,000.00
Expense	\$602,450.60	\$541,798.79	\$487,622.34	\$478,848.00	\$543,634.95	\$508,000.00
Net Income	(\$145,553.60)	(\$31,362.39)	(\$33,755.07)	\$199,022.00	(\$58,404.77)	\$32,000.00



This chart shows that following the disastrous financial performance of 2019, the 2020 Board approved a budget of nearly \$678,000, a total income 50% greater than that raised in the preceding year, a year in which income fell short of expenses by nearly \$146,000. Perhaps the Board felt that the money spent in 2019 had to be spent again in 2020 and set a revenue target accordingly. The budget for 2021 set more modest revenue goal only 13% greater than the actual revenue for the preceding year, but since the actual revenue fell short by about 10% and the expenses exceeded budget by about 8%, we once again ended the year in the red.

This succession of deficit years reflects a consistent pattern of excessive optimism with respect to our ability to obtain the revenue necessary to meet our budgets and a similar optimism with respect to our determination to hold our expenses within budgetary guidelines. So the question arises, how have we managed to survive as an organization over these debt-laden years. The answer lies with the aforementioned “cushion”: *Cap 1 Business Savings*.

Cap 1 Business Savings

You all remember that some years ago, the venerable World War II navy veteran, Sally-Alice Thompson of Albuquerque, donated \$250,000 to Veterans For Peace as long-term asset to be used as prescribed in the *VFP Policies and Procedures*. The applicable policy is reprinted below.

Long Term Asset Fund: VFP will maintain a Long Term Asset Fund into which will be deposited any revenue item that is greater than 10% of that year's approved operating budget, with earned interest from such a fund going into the general operating budget.

This generous grant was appropriately deposited in a *Capitol 1* savings account. In addition, from time to time other grants and bequests have added small amounts to the account. As shown in the table on the next page, at the beginning of 2020, the account held more than \$123,000. At the beginning of 2021 it held just under \$109,000. By the end of October 2021, it had been spent down to \$1000 and some change. We had exhausted our savings to keep VFP operating in spite of the succession of operating deficits.

The table reflects withdrawals in February, March, and April of 2020 as well as further withdrawals in April, September, and October of 2021. These movements of cash from the Long Term Asset account to the checking account (from which we pay our bills) were necessary to keep the latter from being overdrawn. The uptick in the Long Term Asset account resulted from a movement of nearly \$45 thousand from the Edward Jones brokerage account into the Cap 1 account.

In sum, over the two year period, \$168,000 was moved from the Long Term Asset Fund into operating accounts to offset deficits in the latter. Which brings us nearly up to date.

2021 Cap 1 Bus Savings									
DATE	TRANS	Credit	Debit	BALANCE	DATE	TRANS	Credit	Debit	BALANCE
1/1/20	Beginning Bal			\$123,624.64	1/1/21	Beginning Bal			\$108,885.06
1/31/20	Interest	\$41.86		\$123,666.50	2/28/21	Monthly Inter	\$33.36		\$108,918.42
2/24/20	Withdraw to Ckg		(\$20,000.00)	\$103,666.50	3/31/21	Monthly Inter	\$36.95		\$108,955.37
2/29/20	Interest	\$37.82		\$103,704.32	4/8/21	Withdraw to Ckg		(\$50,000.00)	\$58,955.37
3/5/20	Withdraw to Ckg		(\$20,000.00)	\$83,704.32	4/30/21	Monthly Inter	\$18.84		\$58,974.21
3/31/20	Interest	\$29.18		\$83,733.50	5/31/21	Monthly Inter	\$5.01		\$58,979.22
4/28/20	Withdraw to Ckg		(\$20,000.00)	\$63,733.50	6/30/21	Monthly Inter	\$4.85		\$58,984.07
4/30/20	Interest	\$26.75		\$63,760.25	7/31/21	Monthly Inter	\$5.01		\$58,989.08
5/31/20	Interest	\$21.56		\$63,781.81	8/31/21	Monthly Inter	\$5.01		\$58,994.09
6/30/20	Interest	\$20.88		\$63,802.69	9/20/21	Withdraw to Ckg		(\$20,000.00)	\$38,994.09
7/31/20	Interest	\$21.58		\$63,824.27	9/30/21	Monthly Inter	\$4.25		\$38,998.34
8/31/20	Interest	\$21.59		\$63,845.86	10/13/21	Withdraw to Ckg		(\$20,000.00)	\$18,998.34
9/30/20	Interest	\$20.90		\$63,866.76	10/28/21	Withdraw to Ckg		(\$18,000.00)	\$998.34
10/31/20	Interest	\$21.60		\$63,888.36	10/31/21	Monthly Inter	\$2.08		\$1,000.42
11/16/20	Wire Deposit	\$44,931.63		\$108,819.99	11/30/21	Monthly Inter	\$0.09		\$1,000.51
11/30/20	Interest	\$28.26		\$108,848.25	12/31/21	Monthly Inter	\$0.09		\$1,000.60
12/31/20	Interest	\$36.81		\$108,885.06	12/31/21	Ending Bal			\$1,000.60
12/31/20	Ending Bal			\$108,885.06	ANNUAL CHANGE		(\$107,884.46)		
ANNUAL CHANGE		(\$14,739.58)							



Current Dashboard Based Info

The Executive Director maintains a “Dashboard” to keep track of where we are and where we are likely to go. The chart on the following page is based on a modified version of that Dashboard at the end of the first quarter of 2022.

Focusing on the first column for each year, we got the year off to an exceptionally good start thanks to Jane Fonda's year-end appeal. January 2022 donations were \$65,023.

That was more than 100% higher than the January donations in 2021, and 75% higher than January 2020 as well as five times as high as January 2019. Member dues in January 2022 were just a little lower than the average for the preceding three years.. Even if this good start were to be continued throughout the year, the projected year-end net income would be a deficit of \$24,420.. As we have seen in previous years, similar projections (labeled above “As if” Projections) consistently overstated income and understated expenses relative to year end actuals.

So we are well advised to continue and expand fund-raising efforts and monitor closely opportunities to reduce expenses and evaluate our ability to maintain staffing levels.

2,022	Jan	Feb	Mar	TotalQ1	Projected 2022		2022Budget
Member Dues	14,529	8,646	11,315	34,490	137,960		152,400
Donations	65,023	9,164	10,770	84,957	339,828		356,000
Other Income	873	2,267	1,777	4,917	19,668		82,400
Total Income	80,425	20,077	23,862	124,364	497,456		590,800
Expenses	38,133	37,864	54,472	130,469	521,876		590,800
Total	42,292	(17,787)	(30,610)	(6,105)	(24,420)		0
2,021	Jan	Feb	Mar	TotalQ1	"As if" Projected	Actual 2021	2021Budget
Member Dues	13,259	7,678	7,833	28,770	115,078	119,944	150,000
Donations	27,235	8,708	19,362	55,305	221,218	237,005	374,000
Other Income	2,055	1,024	5,410	8,489	33,955	78,203	16,000
Total Income	42,549	17,409	32,605	92,563	370,251	435,151	540,000
Expenses	32,521	35,982	49,877	118,380	473,519	524,599	508,000
Total	10,028	(18,573)	(17,272)	(25,817)	(103,268)	(89,448)	32,000
2,020	Jan	Feb	Mar	TotalQ1	"As if" Projected	Actual 2020	2020Budget
Member Dues	17,261	8,616	9,782	35,659	142,636	137,885	150,810
Donations	37,542	6,353	17,101	60,996	243,984	334,520	449,900
Other Income	3,053	(2,710)	1,611	1,954	7,816	58,745	77,160
Total Income	57,856	12,259	28,494	98,609	394,436	531,150	677,870
Expenses	51,608	43,356	49,170	144,134	576,536	492,328	478,848
Total	6,248	(31,097)	(20,676)	(45,525)	(182,100)	38,822	199,022
2,019	Jan	Feb	Mar	TotalQ1	"As if" Projected	Actual 2019	2019 Budget
Member Dues	19,819	9,258	12,448	41,525	166,100	142,284	141,216
Donations	12,948	4,093	10,098	27,139	108,556	193,291	363,920
Other Income	(908)	(1,844)	(1,324)	(4,076)	(16,304)	(24,557)	5,300
Total Income	31,859	11,507	21,222	64,588	258,352	311,018	510,436
Expenses	40,794	39,099	34,654	114,547	458,188	488,580	541,799
Total	(8,935)	(27,592)	(13,432)	(49,959)	(199,836)	(177,562)	(31,362)

Discussion:

The report offered above indicates some of the ways in which VFP came to a financial situation wherein we no longer have a financial cushion to weather monthly variations in expenses and income. VFP National has never been in a strong financial position; recently however, our year-over-year expenditures substantially exceeded our income, and we have overspent approximately \$237,000 in three years. Depending on the cushion provided by a single donation, the Board adopted optimistic budgets that were not backed by solid fundraising plans.

The Executive Committee is responsible for overseeing our finances; however, their attention was not adequately focused on our financial situation. While the Executive Director undertook a suite of fundraising appeals and a couple of unsuccessful grant proposals, there was no plan that had any hope of preventing annual shortfalls. This condition was exacerbated by our not having a functioning treasurer the entirety of 2021, so the ED had neither oversight nor help. Lastly, the ED's financial reports did not include balance sheets, and the board was not advised until February of this year of the depletion of all our accounts---savings, investments, and checking. Once the alarm was sounded, the new Executive Committee, Finance Committee and entire board undertook a careful review of our finances and developed this report.

Finance and Fundraising Committee Recommendations:

1. Review 2022 Budget (approved in December 2021), which is optimistic at levels not sustained by previous years' results.
2. Adjust staffing levels to reduce expenses. Most staff have already agreed to taking cuts in hours. Further review needed.
3. Revise financial reporting criteria
4. Develop and implement concrete fundraising strategy