

January 15, 2015

From: Mitch White

To: ANCS Governing Board
Ryan Camp
Kari Lovell

In Re: 12/31/14 Financials

I have provided three reports to you this month: 1) our regular budget to actual report; 2) the second page of our regular report which reports our investment balances; 3) the new cash flow report we committed to producing every month; and 4) a first draft of a revised budget to review.

Looking at the **budget to actual**, I would draw your attention to two items. First, we committed to review the "Gen&Admin/Insurance/Interest Expense" category in more detail. That variance (approximately \$70k YTD) is being mostly driven by higher than expected property & casualty (including D&O) insurance costs (\$30k) and higher than budgeted small office expenses such as paper (\$38k). Secondly, I included a memo item that excludes our fixed asset expenditures and ties to our Statement of Activity, which shows that **excluding our fixed asset expenditures we would be showing an operating income of \$147k YTD.**

Looking at our **investment balances**, I note that we improved our cash position by \$66k this month, and **we are currently holding just \$25k less in short term cash than we were at this time last year.**

Looking at the **cash flow report**, I note that we are within \$5k of our projected balance from last month, and that we project to end the school year with about \$1.017 million in money market, cash and CD accounts. We believe the cash flow projection for the remainder of the 2014-2015 is conservative, as it does not count on revised funding from the state, which should go up when our T&E is recalculated in March, and we have used conservative numbers for the auction and annual campaign. We have also only included \$45k from the CREATE grant, and there is a chance we will be able to recognize more funds from that grant this fiscal year. While \$1.017 million is an adequate reserve for the end of the school year, we would prefer to end the year closer to \$1.2 million, and believe there is upside to the \$1.017 million projection.

Finally, I have included a first draft of a **revised budget** that addressing many of the items we have discussed the last two months. Please review it carefully with an eye towards **voting to adopt the revised budget during the February 2015** Board meeting.