

Section 1 – Purpose and Scope

The purpose of the A&WMA Alaska Financial Plan (“Plan”) is to provide AK Chapter Board with guidance for ensuring a three-year operating budget (i.e., typical training cycle) in accordance with national, PNWIS, and AK Chapter Bylaws and IRS Rules pertaining to 501(c)3 non-profit organizations.

Scope includes definition of three-year operating budget, fiduciary responsibilities of the AK Chapter Board and Financial Committee (i.e., rules of the road), and recommendations for margins in excess of a three-year operating budget.

Section 2 – Definition of Duties

Board – The Board of the Alaska Air & Waste Management Association has the ultimate fiduciary responsibility for the financial holdings of the AK chapter, and is responsible for implementing and administering this financial plan (Plan). The Board is also responsible for reviewing this Plan at least once every three years to ensure that appropriate policies are in place and changes are implemented as needed.

Treasurer – In addition to the duties defined in the AK Chapter bylaws, the Treasurer of the Board is responsible for monitoring the financial holding’s performance on an annual basis to ensure compliance with this Plan.

Financial Ad Hoc Committee – Upon request of the Treasurer, the Board may appoint a temporary ad hoc committee that will support the Treasurer’s review of the Plan and proposed recommendation for the Board’s consideration.

Section 3 – Objectives

The objective of the Plan will be to:

- Maintain overall financial health of the operating and saving accounts to support the mission of the AK chapter; and
- Provide guidance on the maintenance for each account to keep monies available for AK Chapter activities while retaining a minimum safety net.

Section 4 – Strategic Account Distribution Framework

A review of the Chapter’s operating expenses and income was performed. Expense and income data from 2015 to 2019 were included in the review. Data from 2020 to 2022 has been excluded due to quarantine requirements implemented during the Covid-19 pandemic, which significantly limited the Association’s activities. Therefore, this period from 2020 to 2022 is deemed not representative of normal operations of the AK Chapter. The total growth/loss results for each category are shown in Table 1 for the 5-year period prior to the pandemic (2015 to 2019). The total income and expenses for each year are shown in Table 2. The total income and expenses for each category throughout the most representative past five year period are shown in Table 3.

Table 1. Summary of Total Profit/Losses for each category from 2015 through 2019.

Category	Total Growth/Loss
Meeting	-\$6,426.10
Education	\$70,060.51
Scholarships	-\$3,559.97
Donations	-\$3,750.00
Local Dues	\$302.28
Interest	\$24.34
Social Events	-\$2,385.29
Other	-\$562.00
Admin	-\$2,306.00

Table 2. Summary of Total Income and Expense for the pre-pandemic five year period (2015 to 2019).

Calendar Year	Total Income	Total Expense	Net Balance	End of the Year Bank Balance (Dec 31 st)	Notes
2015	\$128,027.40	\$114,626.31	\$13,401.09	\$44,442.41	McCoys & Source Testing
2016	\$80,654.50	\$88,335.08	-\$7,680.58	\$37,470.83	PNWIS, NSR
2017	\$6,720.30	\$7,123.93	-\$403.63	\$35,308.72	McCoys (online)
2018	\$75,436.96	\$53,199.78	\$22,237.18	\$83,114.57	McCoys
2019	\$31,193.98	\$7,350.27	\$23,843.71	\$107,184.28	NSR
Average (5-years)	\$64,406.63	\$54,127.07	\$10,279.55	\$61,504.16	
Average (3-years)	\$37,783.75	\$22,557.99	\$15,225.75	\$75,202.52	

Table 3. Summary of Income and Expenses by Category.

Calendar Year	Meeting		Education		Scholarship	
	Income	Expense	Income	Expense	Income	Expense
2015	\$0.00	\$6,243.21	\$127,828.40	\$103,277.10	\$0.00	\$0.00
2016	\$0.00	\$0.00	\$80,654.50	\$87,960.08	\$0.00	\$0.00
2017	\$0.00	\$0.00	\$6,520.80	\$2,235.67	\$0.00	\$3,559.97
2018	\$0.00	\$0.00	\$75,243.57	\$52,401.78	\$0.00	\$0.00
2019	\$0.00	\$182.89	\$31,060.25	\$5,372.38	\$0.00	\$0.00
5 year average	\$0.00	\$1,285.22	\$64,261.50	\$50,249.40	\$0.00	\$711.99
1 st 3 year average	\$0.00	\$2,081.07	\$71,667.90	\$64,490.95	\$0.00	\$1,186.66
2 nd 3 year average	\$0.00	\$0.00	\$54,139.62	\$47,532.51	\$0.00	\$1,186.66

A&WMA Alaska Chapter Financial Plan

Dated: April 5, 2023

Revision: 1

3rd 3 year average *\$0.00* *\$60.96* *\$37,608.21* *\$20,003.28* *\$0.00* *\$1,186.66*

Calendar Year	<u>Donations</u>		<u>Local Dues</u>		<u>Interest</u>	
	Income	Expense	Income	Expense	Income	Expense
2015	\$0.00	\$3,750.00	\$0.00	\$0.00	\$0.00	\$0.00
2016	\$0.00	\$0.00	\$0.00	\$200.00	\$0.00	\$0.00
2017	\$0.00	\$0.00	\$199.50	\$0.00	\$0.00	\$0.00
2018	\$0.00	\$0.00	\$177.33	\$0.00	\$16.06	\$0.00
2019	\$0.00	\$0.00	\$125.45	\$0.00	\$8.28	\$0.00
5 year average	\$0.00	\$750.00	\$100.46	\$40.00	\$4.87	\$0.00
1st 3 year average	<i>\$0.00</i>	<i>\$1,250.00</i>	<i>\$66.50</i>	<i>\$66.67</i>	<i>\$0.00</i>	<i>\$0.00</i>
2nd 3 year average	<i>\$0.00</i>	<i>\$0.00</i>	<i>\$125.61</i>	<i>\$66.67</i>	<i>\$5.35</i>	<i>\$0.00</i>
3rd 3 year average	<i>\$0.00</i>	<i>\$0.00</i>	<i>\$167.43</i>	<i>\$0.00</i>	<i>\$8.11</i>	<i>\$0.00</i>

Calendar Year	<u>Social Events</u>		<u>Other</u>		<u>Admin</u>	
	Income	Expense	Income	Expense	Income	Expense
2015	\$0.00	\$510.00	\$199.00	\$0.00	\$0.00	\$846.00
2016	\$0.00	\$0.00	\$0.00	\$175.00	\$0.00	\$0.00
2017	\$0.00	\$493.29	\$0.00	\$135.00	\$0.00	\$700.00
2018	\$0.00	\$298.00	\$0.00	\$0.00	\$0.00	\$500.00
2019	\$0.00	\$1,084.00	\$0.00	\$451.00	\$0.00	\$260.00
5 year average	\$0.00	\$477.06	\$39.80	\$152.20	\$0.00	\$461.20
1st 3 year average	<i>\$0.00</i>	<i>\$334.43</i>	<i>\$66.33</i>	<i>\$103.33</i>	<i>\$0.00</i>	<i>\$515.33</i>
2nd 3 year average	<i>\$0.00</i>	<i>\$263.76</i>	<i>\$0.00</i>	<i>\$103.33</i>	<i>\$0.00</i>	<i>\$400.00</i>
3rd 3 year average	<i>\$0.00</i>	<i>\$625.10</i>	<i>\$0.00</i>	<i>\$195.33</i>	<i>\$0.00</i>	<i>\$486.67</i>

Total Expenses
(-75% of the total Educational expenses)

5 year average **\$16,440.02**

1st 3 year average \$21,660.23

Total Expenses
(100% of the total Educational expenses)

5 year average **\$54,127.07**

1st 3 year average \$70,028.44

2nd 3 year average	\$13,903.55	2nd 3 year average	\$49,552.93
3rd 3 year average	\$7,554.54	3rd 3 year average	\$22,557.99
Total 3 Year Average	\$14,373.10	Total 3 Year Average	\$47,379.79

Under the Strategic Asset Allocation Framework¹ (“Framework”), growth and losses are accounted for by establishing key saving and spending levels. At the base level, asset should be maintained to keep a minimum operating budget for the Chapter. The minimum operating budget can be established by reviewing the Chapter’s income and expenses over the past three and five years (2015 through 2019) in 9 different categories (Table 3). Only 25% of the total Education expenses are accounted for in the minimum operating budget as the vast majority of the income and expenses occur on the back end of training sessions. The 25% of the total Education expenses is intended to cover the upfront cost associated with training sessions (e.g., down payments for venues, supply cost, etc.) and possible cover some potential loss. Looking at Table 3 the average expenses over the past three and five years minus 75% of the Education Expenses are approximately \$16,440.02 over five years and \$14,373.10 over three years.

$$\text{Min. Operating Budget} = \frac{(\$16,440.02 + \$14,373.10)}{2} = \$15,406.56 \text{ or } \$15,400.00$$

Based on prior year financial information, the maximum Operating Budget would be capped at the total budget including all of the Education Expenses. Again looking at Table 3 the average expenses over the past three and five years including all of the Education Expenses are approximately \$54,127.07 over five years and \$47,379.79 over three years.

$$\text{Max. Operating Budget} = \frac{(\$54,127.07 + \$47,379.79)}{2} = \$50,753.43 \text{ or } \$50,800.00$$

Due to the impacts from the Covid-19 pandemic that occurred between 2020 and 2022, the Minimum and Maximum Operating Budgets, based on prior year income and expense, were developed using financial data that are not representative of actual 2022 costs. An adjustment for inflation is needed to establish representative backwards-looking Minimum and Maximum Operating Budgets. The Consumer Price Index (CPI) from the United States Bureau of Labor and Statistics (BLS) has been reviewed and analyzed to adjust the values calculated above. A summary of this information is provided in Table 4 below:

Table 4 – Bureau of Labor Statistics Consumer Price Indices for Anchorage

¹ [Strategic Asset Allocation Definition, Example \(investopedia.com\)](https://www.investopedia.com/terms/s/strategic-asset-allocation-definition/)

BLS CPI Anchorage		
	Services	All Items
2015	250.67	216.91
2022	294.75	261.24
Index Growth	44.08	44.33
% Change	17.6%	20.4%

Services: [Bureau of Labor Statistics Data \(bls.gov\)](https://www.bls.gov)

All Items: [Anchorage Western Information Office – Bureau of Labor Statistics \(bls.gov\)](https://www.bls.gov)

The backwards-looking Minimum and Maximum Operating Budgets have been increased by 20.4% to account for inflation. The adjusted budgets are provided below:

Minimum Operating Budget = \$15,406.56 x 1.204 = \$18,549.50 (\$18,600.00 rounded)

Maximum Operating Budget = \$50,753.43 x 1.204 = \$61,107.13 (\$61,100.00 rounded)

It’s important to compare the backwards-looking operating budgets against forward-looking operating budgets. A summary of anticipated income and expense for calendar years 2023, 2024, and 2025 is provided in Table 5 below.

Table 5 – Summary of Income and Expense for 2023, 2024, and 2025

Expense Categories	2023		2024		2025	
	Income	Expense	Income	Expense	Income	Expense
Meetings	\$0	\$0	\$0	\$0	\$0	\$0
Education	\$35,000	\$35,000 ¹	\$50,000	\$50,000 ²	\$70,000	\$70,000 ³
Scholarships	\$0	\$1,500	\$0	\$1,500	\$0	\$1,500
Donations	\$0	\$0	\$0	\$0	\$0	\$0
Local Dues	\$125	\$0	\$125	\$0	\$125	\$0
Interest	\$10	\$0	\$10	\$0	\$10	\$0
Social Events	\$0	\$800	\$0	\$800	\$0	\$800
Other	\$0	\$300	\$0	\$300	\$0	\$300
Admin	\$0	\$900	\$0	\$900	\$0	\$900
Totals	\$35,135	\$38,500	\$50,135	\$53,500	\$70,135	\$73,500
Major Training/Event	NSR		McCoy’s		PNWIS	

Notes:

¹ – Based on 2023 cost estimate for NSR training – Assumes income from training will cover expense

² – Based on 2022 cost estimate for 2023 McCoy’s training – Assumes income from training will cover expense

³ – Based on 2016 PNWIS income and expense, adjusted for inflation (20%) – Assumes income will cover expenses

Average income and expense for the next 3 years is summarized in Table 6 below. Expenses have been included at 25% and 100% of the total Education expense for comparison to minimum and maximum backwards-looking operating budgets.

Table 6 – Three-Year Average Income and Expense for 2023, 2024, and 2025

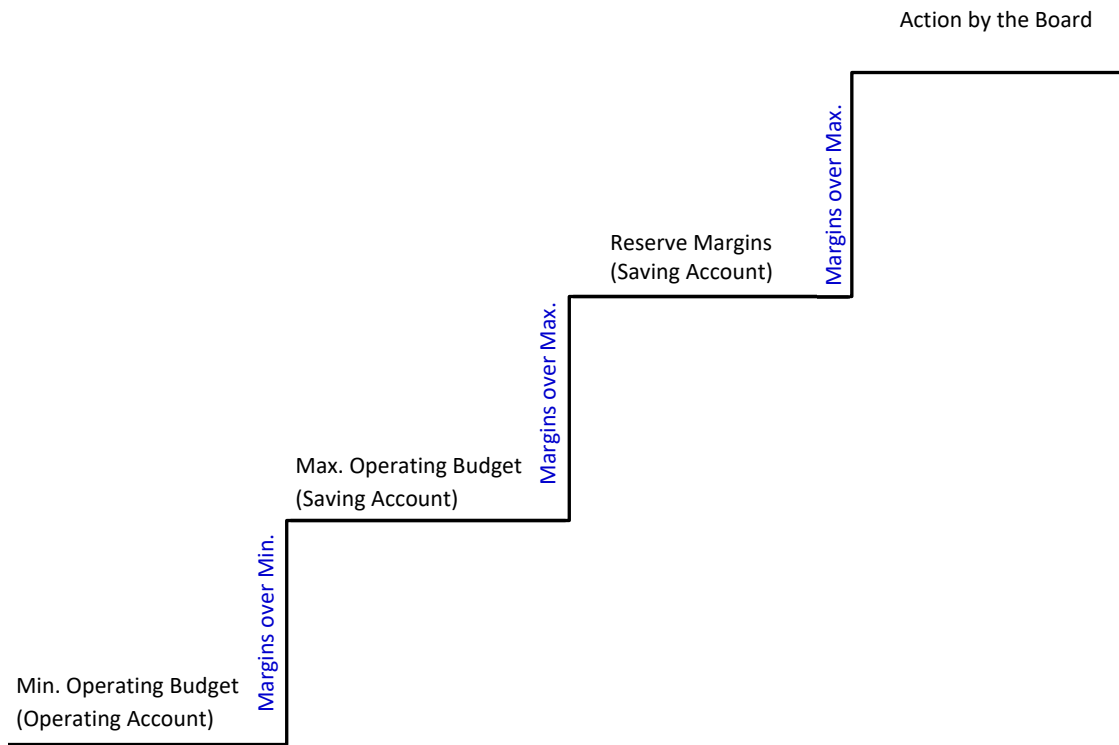
Expense Categories	Total Expenses (-75% of the total Educational expenses)		Total Expenses (100% of the total Educational expenses)	
	Income	Expense	Income	Expense
Meetings	\$0	\$0	\$0	\$0
Education	\$12,900	\$12,900	\$51,700	\$51,700
Scholarships	\$0	\$1,500	\$0	\$1,500
Donations	\$0	\$0	\$0	\$0
Local Dues	\$125	\$0	\$125	\$0
Interest	\$10	\$0	\$10	\$0
Social Events	\$0	\$800	\$0	\$800
Other	\$0	\$300	\$0	\$300
Admin	\$0	\$900	\$0	\$900
Totals	\$13,100	\$16,400	\$51,800	\$55,200

A comparison of the backwards- and forwards-looking minimum and maximum operating budgets is provided in Table 7 below.

Table 7 – Operating Budget Analysis

Budget Description	Minimum	Maximum
Backwards-Looking Operating Budget	\$18,600	\$61,100
Forwards-Looking Operating Budget	\$16,400	\$55,200
Actual Operating Budget	\$18,600	\$61,100

Based on this information the Framework would be modeled as:



Once the maximum Operating Budget top limit has been reached the margins over the proposed value are retained in the Reserve Margins (Saving Account). The Treasurer will advise the Board at the next Board meeting cycle of such activities. At any time the Board can vote to move funds from the Saving Account to the Operating Account under the rules of the Chapter’s Bylaws. At such time that the Maximum Operating Budget is reached, the Board must take action to lower the funds in the Saving Account at the next Board meeting cycle. Such action may include but is not limited to:

- Soliciting ideas for member service extracurricular activities or education.
- Subsidize to reduce registration fees and encourage new member recruitment.
- Establishing scholarships.

The intent of such action is to reduce monetary stagnation of any one account and to ensure the Chapter’s funds are being used to effectively promote member services, networking opportunities and new member recruitment. The accrued funds in excess of the Maximum Operating Budget cannot sit idle or not have an identified plan for redistribution past two consecutive Board meetings. If no ideas are presented after Board solicitation or a consensus cannot be reached, the funds will be placed in a scholarship for the enhancement of the student chapter.

Section 5 – Review, Rebalancing and Spending

The Plan and the Chapter’s objectives for the coming year will be reviewed every year at the first Board meeting after the summer break. This will be done by reviewing the past years financial performances,

outlining the upcoming year's schedule, and (if necessary) adjusting the budget ranges/caps, or forming an Ad Hoc Financial Committee to review and make recommended changes to the Board within the next two Board meetings. This review process will give the Board the opportunity to consider whether or not the current budget ranges and caps should be readjusted to meet the Chapter's mission and objectives. It is recommended to rebalance the accounts if the variance between the target limits and the actual limits exceed 2-5%.

Document History

Paper copies are valid only on the day they are printed. Contact the Alaska A&WMA Board if you are in doubt about the accuracy of this document.

Revision History

Revision Number	Revision Date	Summary of Changes	Author
0	November 8, 2017	Final Draft – First Issue.	Financial Committee
1	April 5, 2023	Update	Financial Committee

Approvals

This document was approved as follows:

Method	Date	Summary of Approval	Yes/No/with Conditions
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