

**MCA and MCAF Finance Committee
Summer Board Meeting
Aug 2021**

Finance Committee

Agenda

Time	Item	Owner
1015 - 1020	Welcome and Committee Administration <ul style="list-style-type: none">- Tasks- Annual Cadence	Jay
1020 – 1050	Policy Reviews <ul style="list-style-type: none">- Investment Policy Statement (10 min)- Debt Policy (10 min)- Gift Acceptance Policy (10 min)	Tim Chris Alex
1050 – 1055	Audit Update	Johnna
1055 – 1100	USAA Agreement Update	Johnna
1100 – 1120	Financial Update	Johnna
1120 – 1130	Merrill Lynch Update – follow up info and questions from formal update	Jay/ML
1130 - 1145	Open Discussion	All members

Finance Committee

Reminder on our Formal Tasks

- Specified Tasks (from charter dated 2009)
 - Protect MCA&F assets by establishing appropriate financial policies
 - Ensure MCA&F compliance with legal and regulatory requirements
 - Provide an adequate system of financial controls
- Implied Tasks
 - Support MCA&F strategic plan
- Methodology
 - Review of financial status and approvals of financial plans
 - Performance to plan, financial statement audit and forecasts
 - Develop a standing annual cadence with a 'forward looking' approach

Finance Committee

Annual Cadence

- **Winter Meeting (Feb)**
 - Prior FY Performance to Plan
 - Financial Trends and Forecast
 - Previous three years – Current year – Following three years
 - Wealth management update (detailed)
 - Other business as needed
- **Spring (Apr)**
 - Financial Statement Audit kickoff
 - Wealth management update (informal)
 - Other business as needed
-  • **Summer Meeting (Aug)**
 - Current Year Budget to Actuals
 - Financial Statement audit review and approval
 - Annual Policy and Charter review
 - Wealth management update (detailed)
 - Other business as needed
- **Fall Meeting (Dec)**
 - Budget Review and approval
 - Performance to Plan update
 - Wealth management update (informal)
 - Other business as needed

Finance Committee

Policy Reviews

- Goals for review
 - Determine if policy changes are required
 - Discuss potential changes
 - Set target of Fall meeting for formal acceptance of changes by board
- Debt Policy Draft – Chris Bird
- Investment Policy Statement Review – Tim Eichhorn
- Gift Acceptance & Stewardship Policy Review – Alex Henegar

Finance Committee

Audit Update

FY 2020 Complete – CLEAN REPORTS

- Unqualified opinion
- No management comments
 - Appropriate accounting policies and estimates
 - Consistent, clear, neutral consolidated f/s disclosures
 - No difficulties performing audit, no disagreements
 - No uncorrected or corrected misstatements
- No material deficiencies in internal control identified

Finance Committee

USAA Agreement

- Current Affinity Agreement Expires 31 Dec 2021
 - Financial support \$755,000
 - Semper Fidelis Sponsor – exclusive level
 - Five-year term
 - Product exclusivity – exceptions for select group insurance products
- Negotiation to be complete nlt Nov 2021
 - Financial support \$755,000
 - Semper Fidelis Sponsor – exclusive level
 - Five-year term - *request annual review (NMA and Expo)*
 - Product Exclusivity – *request additional exceptions for member group insurance products and wealth management advisors*

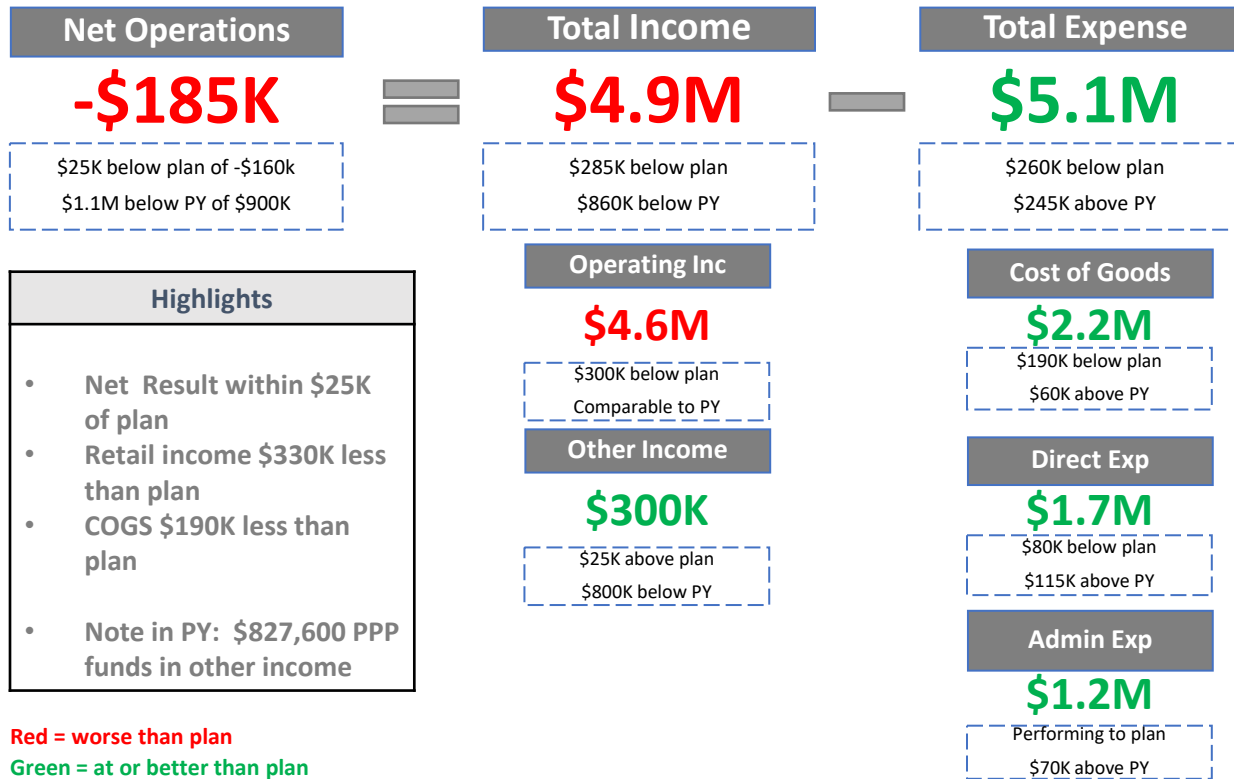
Financial Update

- June 2021 The Small Business Administration issued 100% formal forgiveness of the Paycheck Protection Program funds received in April 2020
- MCA did not draw on loan management account in 2021. **Solid cash position for remaining 2021 operations** – no forecasted need for draw
- Intercompany account balance is \$83,500; no action required or recommended
- 2022 Budget to be approved at December 2021 meeting

Finance Committee

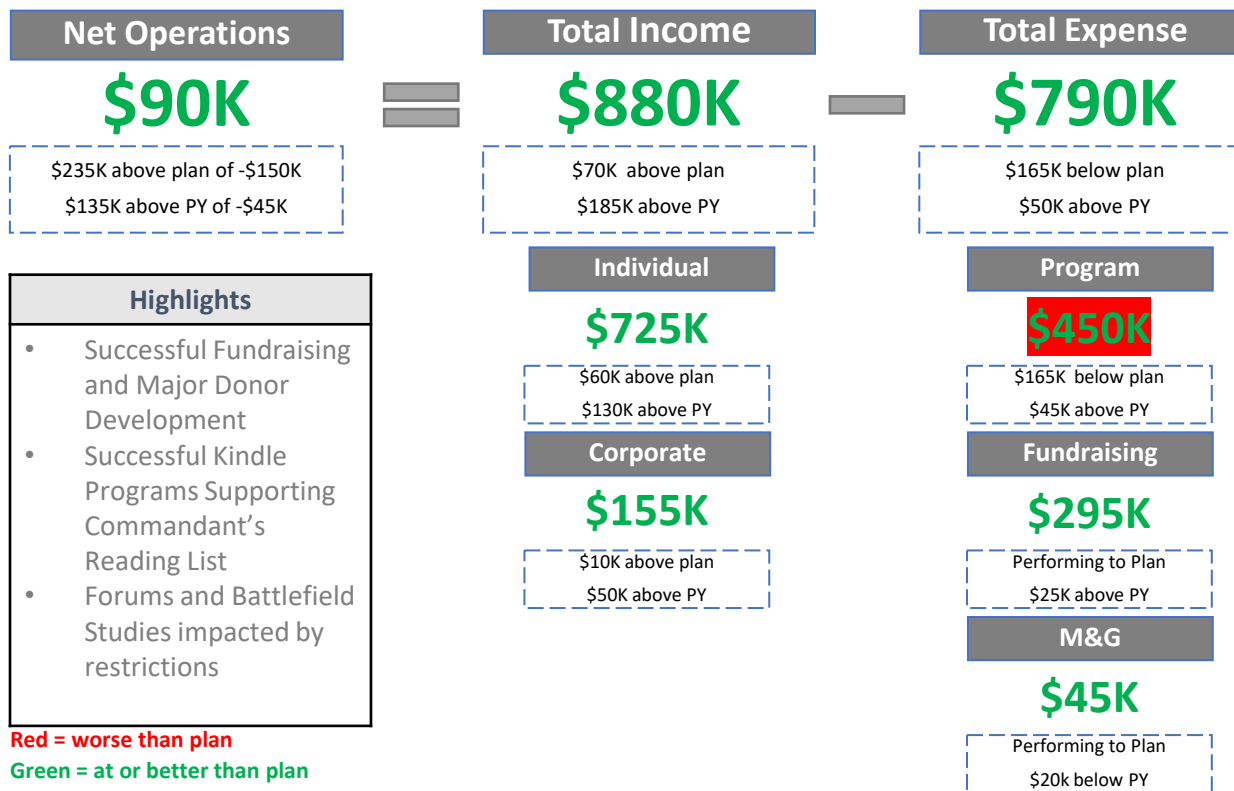
Marine Corps Association Finance Dashboard – 2021.06.30

excludes investment activity



Finance Committee

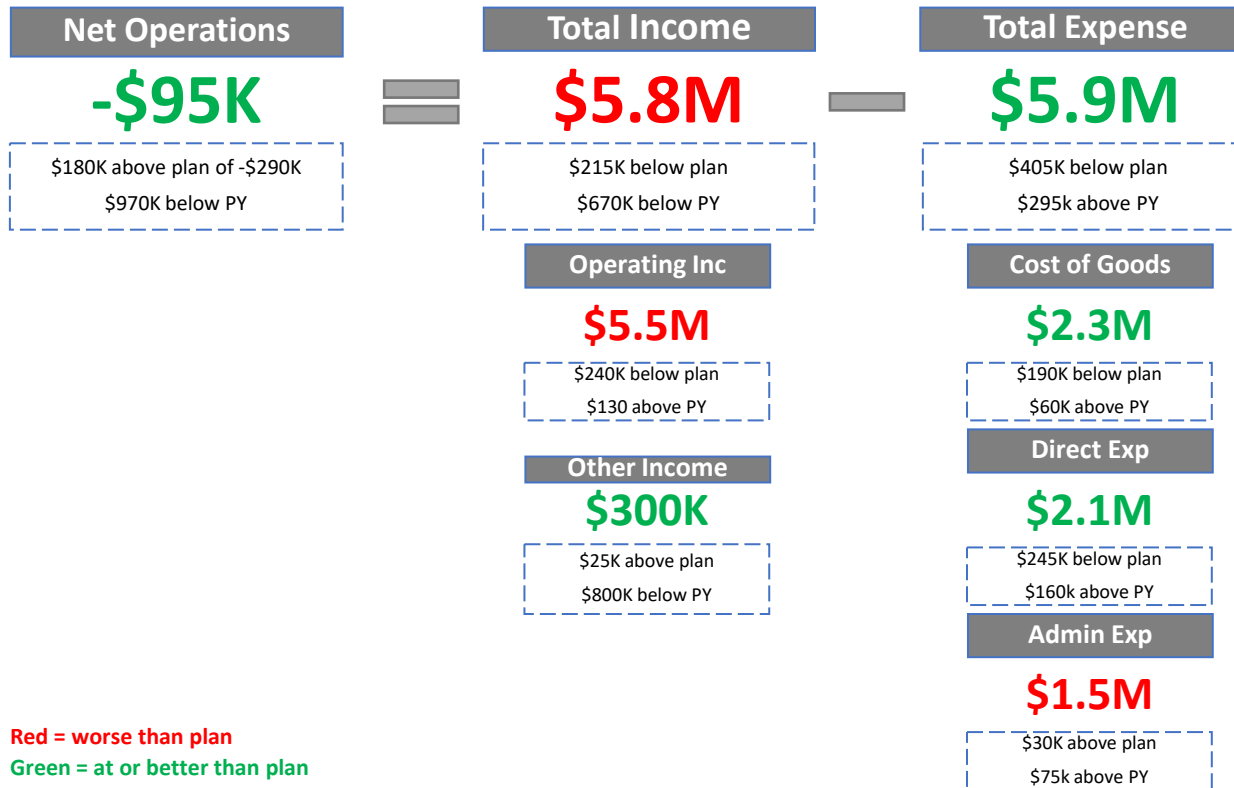
Marine Corps Association **Foundation** Finance Dashboard –
2021.06.30 excludes investment activity



Finance Committee

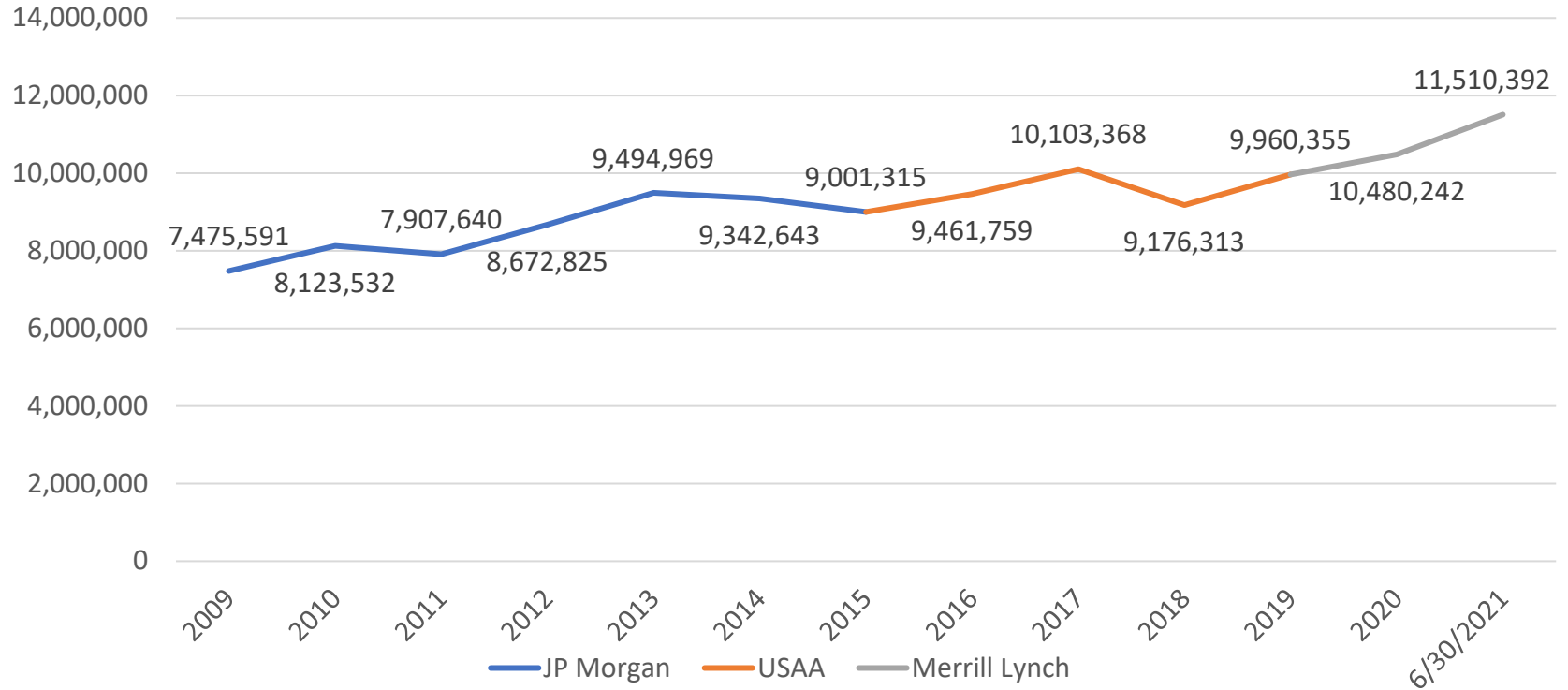
Consolidated Finance Dashboard – 2021.06.30

excludes investment activity



Finance Committee

Investment Balance at Year End



Withdrawals

2018: \$367,500 IT projects and Board approved bonus payout

2019: \$550,000 Inventory, membership, and Board approved bonus payout

2020: \$652,381 LOC payoff and Board approved bonus payout

Finance Committee

Benchmarks

Market Index Blend

Comprised of the following indexes: 49% DJ U.S. Total Stock Market Index (Domestic Stocks), 21% MSCI ACWI ex USA (Foreign Stocks), 25% Bloomberg Barclays Municipal Bond Index (Domestic Bonds) and 5% Lipper Tax-Exempt MM Funds Index (Domestic Cash)

YTD	1 year
9.65%	25.07%

Vanguard Wellington \$120b—Oldest Mutual Fund -1929

Comprised of 64.90% total equity, 33.11% Bonds, 2.0% Cash

YTD	1 year
10.27%	26.06%

Fidelity Balanced \$46b—1986

Comprised of 68.34% US equity, 4.14% International equity, 26.14% Bonds, 1.45% Cash

YTD	1 year
11.10%	27.63

Merrill Lynch/MCA Portfolio

Comprised of 35.45% large US equity, 20.39% SMID, 11.54% International Equity, Total Equity (67.38%)
Total Bond, 27.32%, 6% Cash

YTD	1 year
8.84%	30.10%

Finance Committee

Merrill Lynch Updates

- 6/30 Comments and Questions

- 7/31 Updates