

# MCA and MCAF Finance Committee Summer Board Meeting Aug 2021



## Agenda

Time	Item	Owner
1015 - 1020	Welcome and Committee Administration - Tasks - Annual Cadence	Jay
1020 – 1050	Policy Reviews - 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

### 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



## **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



## **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



#### Marine Corps **Association** Finance Dashboard – 2021.06.30

excludes investment activity



-\$185K

\$25K below plan of -\$160k \$1.1M below PY of \$900K

#### **Highlights**

- Net Result within \$25K of plan
- Retail income \$330K less than plan
- COGS \$190K less than plan
- Note in PY: \$827,600 PPP funds in other income

Red = worse than plan
Green = at or better than plan

#### **Total Income**

\$4.9M

\$285K below plan \$860K below PY

#### **Operating Inc**

\$4.6M

\$300K below plan
Comparable to PY

Other Income

\$300K

\$25K above plan \$800K below PY

#### **Total Expense**

\$5.1M

\$260K below plan \$245K above PY

#### **Cost of Goods**

\$2.2M

\$190K below plan \$60K above PY

#### Direct Exp

\$1.7M

\$80K below plan \$115K above PY

Admin Exp

\$1.2M

Performing to plan \$70K above PY

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

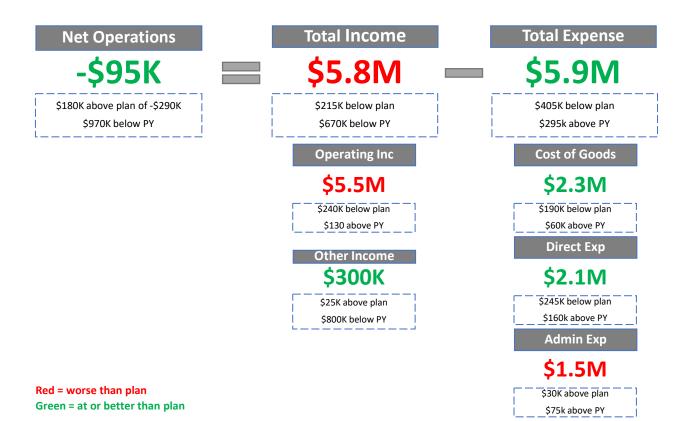
**Total Income Total Expense Net Operations** \$90K \$880K \$790K \$235K above plan of -\$150K \$70K above plan \$165K below plan \$135K above PY of -\$45K \$185K above PY \$50K above PY Individual **Program Highlights** \$725K \$450K Successful Fundraising \$60K above plan \$165K below plan and Major Donor \$130K above PY \$45K above PY Development Successful Kindle Corporate **Fundraising Programs Supporting** \$155K \$295K Commandant's **Reading List** \$10K above plan Performing to Plan Forums and Battlefield \$50K above PY \$25K above PY Studies impacted by M&G restrictions \$45K Red = worse than plan Performing to Plan Green = at or better than plan \$20k below PY

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**Consolidated** Finance Dashboard – 2021.06.30

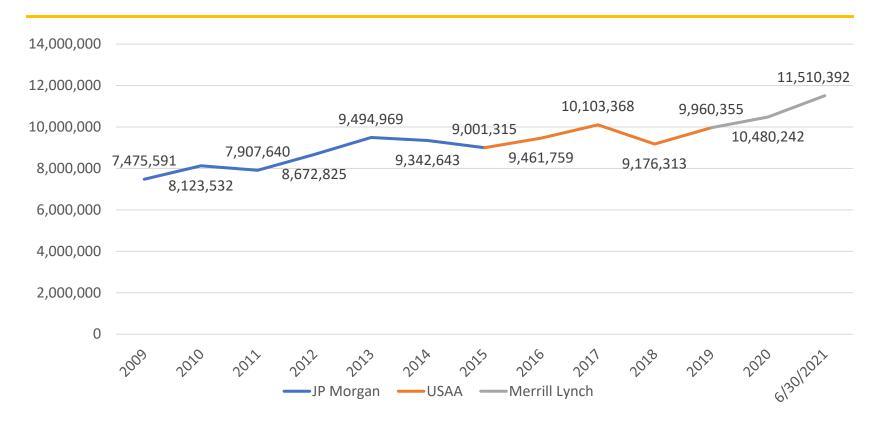
excludes investment activity



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#### **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



#### **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%



**Merrill Lynch Updates** 

• 6/30 Comments and Questions

7/31 Updates

