

AREA Board Meeting Minutes

9 April 2020

Call to Order

The Meeting was called to order at 10:00 AM, this date by Marcia Kane, Vice President, AREA via ‘Conference Call’. This change in venue was necessitated by the travel and group meeting guidelines issued by the Centers for Disease Control and Prevention in response to the Coronavirus (COVID-19) ‘Pandemic’.

This is the 1st Board Meeting for this year 2020. Our 2nd Board Meeting will be held in the October 2020 timeframe.

Contracted Services Members Participating

Function	Contact/Company Name
Accounting	Gillian Adams ...Adams Accounting
Audit	(TBD)
Membership Data Base	Stephen Bateman/Greg Steinbrenner

President’s Report

Marcia is sitting in for Chuck who is unable to join the Conference Call today. This is the first time we have held a Board Meeting, by Conference Call, yet with the added members to the Board from distant locations, it may occur more frequently in the future.

There have been several changes since we met the 12th September 2019. We welcome Mike Immler as AREA’s AAFES VEBA Trustee. The AAFES COO, David Nelson was notified the 4th March that Mike was approved by our Board to become the AREA representative for the AAFES VEBA Trustee.

Terry Corley resigned as AREA President on 5th January 2020 and Chuck Poffenbarger ‘stepped back in’ as Interim President until the Executive Officers general election in Spring 2022. In addition to Presidential functions, Chuck will continue to be responsible for Emergency Relief, Community Service and Web Site content update.

We also welcome Bobby Skolnick as Membership Administrator replacing Pat Weaver soon. Joining us also are representatives of two of our ‘Contracted Services’; first, Gillian Adams, Adams Accounting Solutions. Gillian shared that she has spent time with Terry and believes it

will be an easy transition for her to step into the accounting side of our finances. She also said that she has several names, one to conduct our future audit, which she will forward to Chuck. She is going to recommend one who is familiar with 501:3C non-profit organizations and once he starts, she does not believe it will take long. OPR responsibilities: Marcia Kane and Chuck Poffenbarger: Marcia contacted Gillian Adams for the recommended Auditor that best fits our needs. She provided information to Chuck and Marcia on 20 April as to a recommended person, and we expect we will soon consult with Board members regarding the recommendation.

Second is High Impact Solutions (HIS), Stephen Bateman and Gregg Steinbrenner developers of our Membership Data Base. They are also responsible for setting up our conference call. Stephen advised that those who were signed in through their PCs could see the main page of the new system. He went through and explained it for those who were able to see the system.

Marcia explained this new approach will allow along with herself, Pat Weaver, and Jonathan Miller to access and edit the membership data. She also stated that when we get a new Membership Director in the future that person will have access and in the interim Bobby Skolnick will have access to the program to become familiar with the process.

OPR responsibility: Marcia Kane. Marcia asked HIS to add Bobby Skolnick to the system as an authorized person to “view” the data base now, and later have view/edit capability when appropriate. The system currently tracks membership personal data, such as name, home address, email address, payment history, membership status, and so on. There will be many reports that we can generate.

Michele Priester brought up that currently they do not verify whether the sponsors of Scholarship Applicants are members of AREA. With the new program this will provide that ability but raises the question as to who will do the verification. HIS Greg Steinbrenner stated that they did have some open questions, which they have provided to Terry, one of which is how to determine if a member is active or inactive. The answer given was that if their dues are current, they will be considered active. Discussion continued as to whether it was necessary to verify this information as the number of retirees sponsoring Scholarship Applicants is minimal. Terry pointed out that as a non-profit entity, we are subject to audit by the IRS, as history has proven, therefore, we should ensure that we adhere to our own rules. After discussion it was agreed that Pat will verify membership and Marcia stated we should allow a 45 day ‘grace period’ for them to become active if the verification proves them to not be so. Note for voting board members: Marcia will draft a formal recommendation to voting board members on this issue for approval.

Marcia asked while the subject was being discussed, has HIS determined the necessary steps during the times when ‘extra’ money is sent with dues during this process. Pat commented that she treated them as ‘donations’ toward postage. Terry pointed out that based on the current format, that officially the accounting of these funds were identified as ‘other income.’ After a

short discussion on the applicable tabs used to enter financial data for dues and/or donations, HIS stated they could include it as an additional tab labelled “other income” on the data base screen where dues and donations are entered into the system. Action OPR: Marcia Kane and HIS for new tab, and Membership Administrator Pat Weaver to begin using that tab for the extra income beyond dues being received.

Minutes for September 2019

The Minutes for September 2019 were forwarded as ‘read ahead’ and Marcia asked if there were any comments or additions. There were none and Motions were taken.

1st Marcia Kane

2nd Terry Corley

All Approved

After approval, Marcia pointed out an open item from the minutes requiring future review and will require a future motion. Her reference was to the item ‘Contingency Plans’, where all agreed to approach this topic in the unforeseen event that AREA were to ‘close’. Terry added he believed we needed to have a plan in writing as to how to distribute fund balances.

Michele noted that since the last meeting she discussed this with Mary Waldsmith (a retired AAFES lawyer who serves on the Scholarship Committee) who stated we would need to follow IRS Rules for 501-3C funds. Terry added that development of a documented and approved AREA Plan would come first, which would allow the IRS to review AREA’s adherence to the plan if implemented. Marcia suggested Ron Compton to be OPR, with Mike Immler to help; possibly asking Gillian Adams for help. Ron agreed to take the lead and will do the initial research. Mike stated that as much as he respected Mary Waldsmith, she is not AREA’s legal advisor and it would be beneficial for us to develop our own plan with research including those knowledgeable about AREA specifically.

OPR for Contingency Planning is Ron Compton, AREA’s legal advisor. Ron stated that he will begin immediately work on a high-level view of the AREA contingency plan that we could add to the AREA Constitution. Detailed plans will also be developed by Ron and others (Mike Immler, Terry Corley, Chuck Poffenbarger and other volunteers). The detailed Contingency plan could be attached to the AREA Bylaws and published on the AREA website and AREA shared Dropbox. *Note: While the timeline for the Contingency Planning project was not discussed in the meeting, the VP and President of AREA would like to establish a suspense date for this project. Once the general plan is finalized, we will discuss the timeline we think is appropriate to develop the detail plan that will be added to the bylaws and communicated to the members at large.*

Treasurer Report

Terry reported in a cover letter dated 21 January 2020 providing Financial Statements prepared in accordance with Generally Accepted Accounting Principles on an accrual basis covering the results for the year ending 31 December 2019. Concerning the need for a ‘Contingency Plan’ reported earlier, the letter states:

‘A foundational principle when preparing and evaluating financial statements is the Going Concern Concept. The Going Concern Concept of accounting implies that the organization will continue its operations in the future and will not liquidate or be forced to discontinue operations due to any reason. An organization is a going concern if no evidence is available to believe that it will have to cease its operations in foreseeable future.

In my opinion, there is a strong probability that AREA will continue to lose membership at an ever-increasing rate, and that in the future there will not be enough members to justify the organization continuing. To prepare for that possibility, the organization will need to develop and adopt a disposition plan by amending its Constitution and By-laws. There are no such provisions in place today.’

Terry commented on the financial reports indicating that while we have lowered the cost of supporting the AREA in many ways, there have been other newer costs added, such as, storage to the cloud, drop box, subscription to Accounting software versus buying new software every few years. Terry stated while our position is strong it is contingent on bringing in others to replace not only those that will be leaving the Board but increasing membership overall. Marcia stated she and Terry Corley discussed the possibility of reducing dues from \$17 to \$15, but decided it may be best to get the Membership Data Base up and running along with the transition to our new Accounting System before such a decision was considered.

General Fund

Overall our financial position is strong. He explained, while much has been done to reduce expenses, decreasing membership is still an issue. The 31 December 2019 Market Value of General Fund Investments total \$63,241. The total 1-year rate of return on these investments is 19.8%. Three- and Five- year rates of return are 94% and 7.2% respectively. Terry said Chuck asked him to comment on how the market has impacted AREA since COPID-19. He said, as a point of comparison as of April 2020 the value is \$57,200. This is about a 10% roll back; having said that, the market has recovered about half of its loss during this same period. The AREA fund will be able to continue if membership remains steady.

On this subject, Marcia asked Mike if he had received an answer from AAFES regarding the impact to the Retirement Fund. He responded, yes, and that he had sent an email giving details,

but in general terms the Retirement Fund remains strong and in the last five years \$500 million has been deposited by AAFES. Regarding the downturn, Terry said the Retirement Fund remains strong. **OPRs: Marcia Kane and Jonathan Miller.** Shortly after the conference call Jonathan communicated the extended message from the Exchange to all members.

Scholarship and Emergency Relief Fund

The 31 December 2019 Market Value of Scholarship Fund investments total \$586,526. As of April, the value is \$515,121 as of yesterday. About a 12% downturn. The total 1-year rate of return on these investments is 24.5%. Three and five-year rates of return are 11.5% and 8.9% respectively.

Terry stated that the general plan has been to prepare for \$40,000 in Scholarships, with \$43,000 last year. Michele asked if the plan was for \$40,000, why \$43,000 was needed last year and how is the Emergency Relief Fund as a part of the Scholarship Fund?

Terry explained that the funds donated in times of a specific emergency disaster are placed in the Scholarship Fund and then 'sent out' to dictated sources. The \$43,000 for last year was because of a late decision to add a scholarship for a disabled active Exchange associate who is going to school while working for the Exchange.

There were some increases in costs in the Scholarship Fund this past year due to some costs previously being covered by the General Fund. After changes to the allocations, the Scholarship owed the General Fund about \$4,000.

Terry also discussed the changes that have taken place to transition of the accounting function to Gillian Adams. Marcia stated she believed that having the 'arm's length distance' by using outside resources gives transparency. Terry agreed and stated over past years we have had routine donations, plus the inheritance of a deceased AREA member, which all served to build excess earnings. All of these have helped the fund year after year. Reality, however, is the fact that the annual donations have decreased, which require us to 'sell off' assets to meet the Scholarships. Terry said it would be nice if we could receive \$40,000 in donations each year, but the reality is we probably will not.

He reminded the Board that in the past a base of \$160,000 was established to maintain earnings, which means today we still have what is described in accounting terms excess earnings of \$400,000. At our current pay out, we have about 15 years of earnings for Scholarships before reaching the base level established. This means following our policy we could continue to sell off between \$28,400 and \$53,400 for Scholarships annually. This is a different way of saying the

fund is in good shape assuming things continue as they are at present and donations do not continue to drop.

Marcia commented that one of the ways that had been discussed to 'ramp up' annual donations would be to move the AREA Website to its' own platform outside AAFES. This would enable us to add a system to all people to pay dues as well as make donations online. Terry pointed out that with the collection of \$9,000 last year, it was necessary to 'sell off' funds to meet the short fall and keep with the Scholarship Commitments, thus we need to consider all possible ways of attracting donations. Overall, even having to sell off assets, the fund is in 'good shape'.

Marcia reminded the Board that we are searching for a replacement for Terry; he will be staying on until the end of May and then become a Member-At-Large providing advice on Insurance and Financial matters.

Marcia also reminded the Board that she and Chuck are staying on as interim VP and President respectively only until the Executive board membership vote happens in 2022 for new Executive board members. We need to have other voting or non-voting board members (or other general AREA members who have the skills and experience) to allow their names to be submitted at that time for a membership vote for these and other applicable positions.

Scholarship Program

Michele reported that there were 14 'good' applications at present, one more possible 'good' application if questions are answered, with four not meeting the requirements. Last year we evaluated 27 applicants. Since the extension of the 'application period' to the 30th April, there have been three additional applications. We are low in number of applicants, but we have enough to award. Marcia asked if we have ever awarded less than we budgeted; Michele stated, not since she had been involved with the program. In the past all the scores have always been remarkably close, thus, not opening the possibility of a cut off.

Rich asked, 'how are we communicating the extension'. Michele responded, 'AAFES sent a worldwide message, it was recorded in the Exchange Post and Jonathan posted to the AREA Group Page on Facebook.' Jonathan stated he would pull his article to the top of the posted messages again. OPR: Jonathan Miller and Exchange Post Editor: The Exchange Post and Jonathan Miller announced the extension to all interested parties via Facebook, Exchange Post, AREA newsletter, etc., shortly after the extension was approved by Board members in an out-of-session vote.

Next year, Michele stated, we will offer additional 'Technical Awards' to Community Colleges and Trade School applicants.

OPR: Michele Priester and Chuck Poffenbarger. Michele said we will not know how this will work until we receive the scores. It is our goal to establish several categories; it is possible that we might not reach all categories.

OPR Assignments: Chuck will ask the Exchange to put the criteria for the various awards on the AREA Website by the 3rd Quarter 2020. The number and \$ amounts of the awards will be voted on by the **AREA Board** in the mid-year). The plan is to wait until all the awards are complete for this year. The start for receiving applications for next year will be January 1, 2021. **Jonathan** will be responsible for making sure all new criteria is communicated to Exchange associates through the Exchange Post, Exchange HRMs, AREA newsletter, etc. as well as publicity on the existing college/university scholarship awards that are being given now.

Closing

Marcia stated a New Membership Directory is being considered for the near future via email. Pat asked if there was 'room' to record this on the Membership Data Base. Stephen (High Impact Solutions) stated we can include in the New System. There will be more on this in the future.

Rich pointed out some of the North Texas members did not have email, thus, it would be necessary to recognize some will need to be included by USPS mail. Jonathan reported that to date there are 308 Members on Facebook.

Marcia stated that these open issues discussed will be worked with the appropriate Board Members and results provided by email in the future. Some issues will be discussed at a future time. Meeting is adjourned until Fall 2020!

Don Smith
Secretary