

Letter to Board to support change in prudent reserve.

Dear Board Members,

The Finance Committee has met several times to discuss the need and ramifications of changing the definition of the Prudent Reserve. At our last meeting, we discussed several issues that are related to a prudent reserve and felt that redefining it is not the only thing that CoDA needs to be doing to remain healthy financially.

Several years ago (2012-2013) when we had over \$400,000 cash on hand, our Attorney and CPA both indicated that we had too much cash for a not-for-profit organization our size. At that time CoDA defined the Prudent Reserve as equal to the last three years of expenses (established by motion 02067 in 2002). In 2013 CSC passed the motion to define the Prudent Reserve as 2 years of actual expenses (motion 13022). In 2014 “operational” was added to the definition (motion 14104).

Over the last few years we have increased our spending which has pushed up the two years of “actual operational expenses.” See chart below (numbers rounded to nearest thousand):

Period	Actual Expenses	Actual Operational Expenses (AOP)	Prudent Reserve as defined for following period	Cash on hand at end of period	Half of total AOP for last two calendar years
2009-2010	\$104,000	\$102,000	\$269,000	\$411,000	
2010-2011	\$235,000	\$125,000	\$263,000	\$405,000	
2012	124,000	\$124,000	\$287,000	\$394,000	\$102,000
2013	\$142,000	\$142,000	\$361,000	\$419,000	\$114,000
2014	\$224,000	\$197,000	\$264,000	\$347,000	\$132,000
2015	\$217,000	\$207,000	\$266,000	\$304,000	\$133,000
2016 Budget	\$194,000	\$191,000	\$339,000	\$321,000*	\$170,000
2017 Budget			\$404,000	*6/30/16	

How does the Definition of the Prudent Reserve affect “reaching the codependent who still suffers”? In order to present a balanced budget that meets the prudent reserve, we either need to find over \$80,000 additional cash before the end of the year, present a budget that generates \$80,000 more income than expenses, or a combination of the two. In order to grow CoDA and its impact on society, we need to figure out ways of getting the message out to the codependent who still suffers, not restrict our spending. So reducing the prudent reserve requirement will allow us to present a balanced budget near to what we projected for 2016. That is still below where it needs to be to be more actively reaching out to the codependent who still suffers, but is also allows us to continue to function as a healthy organization.

What are some of the other issues that we need to address as we consider the Prudent Reserve definition?

The Finance Committee identified the following for starters:

1. Increasing outreach to the codependent who still suffers
 - a. Public service announcements
 - b. Print media
2. Getting the word out to the Fellowship of the resources available to the Fellowship.
3. Improving communications within the Fellowship
 - a. Could we contact each meeting if we wanted to by mail or email?
 - b. Develop a point of contact with each CoDA group, intergroup, and voting entity and maintain regular correspondence with them so we don't lose them
 - c. Modeling open and honest communications
4. Creating new literature
5. Increasing the perception that CoDA is self-supporting through our own contributions.
 - a. Periodic appeals by mail to each CoDA group
 - b. Promotion of the Celebration Recovery Plan
 - c. Promotion of Gratitude Month
6. Increasing all sources of income

All of these ideas and I am sure there are many more that could be added to the list, require time, personnel (either paid or volunteer), and some supplies and equipment. This requires an increase in budgets not a decrease. We have seen growth in income over the years, but not at a rate that will allow us to expand at the rate that our committees want to reach the codependent who still suffers.

We have asked Denny to contact our CPA* to see what he recommends for a prudent/ cash reserve for a non-profit our size. This year's budget is almost double of the amount we spent 7 years ago. One comment was made that we need to have \$ in case we were to disband and had to shut down CoDA. It would take several years to accomplish that, but a sizable part of our expenses would disappear almost immediately like chairs to CSC and most committee face to faces.

Please note that the finance Committee believes that we need to at least present a balanced budget for the operational expenses of CoDA, Inc. at CSC. We need to address this issue so that we can proceed in communications with the committees about what they can ask for in a budget for 2017. Currently unless we see a very large increase in income, we need to instruct them to not increase their budgets from this past year, (Board included). Thank you for your attention to this matter.

In service,

The Finance Committee of CoDA, Inc.

Lou L, Chair

Barbara D

Loretta D

Jack S

Carey C

* Denny and Lou talked with Sandra Turner, CPA, who indicated that reducing the Prudent Reserve is ok and that we could also allow the Board to increase it in the event that they thought it was necessary and money was available to accomplish that. She felt that it would be good for CoDA, Inc. to do some long range planning in the area of finances and being current with the trends for the future, especially as it relates to royalty income, our main source of income.