CRRC FINANCIAL UPDATE

Darrel Higgs
CRRC Board Treasurer

Membership Meeting
Sacramento, CA
May 18, 2018
CRRC Financial History

Year


- $200,000 0 $200,000 $400,000 $600,000 $800,000 $1,000,000 $1,200,000 $1,400,000

Total Revenue  Total Expenses  Running Balance

Reserve Target
2017 EXPENSES & REVENUE

2017 Expenses and Revenue

$53,945

$1,250,000

$1,100,000

$986,551

$172,175

$1,097,784

Expenses

Revenue

- Revenue
- Transition
- Portal
- Operations
<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$1,097,784</td>
</tr>
<tr>
<td>Expenses</td>
<td>$1,212,671</td>
</tr>
<tr>
<td>Net</td>
<td>-$114,887</td>
</tr>
<tr>
<td>Assets</td>
<td>$928,290</td>
</tr>
</tbody>
</table>
**2017 EXPENSES BY TASK**

- **Administration**: CRRC Board and committee meetings, membership meeting, legal services

- **Outreach**: Articles, tradeshows, conferences, presentations, newsletters, other outreach

- **Rating Program**: Application processing, renewals, ES-CRRC, random testing, technical research, web development, lab training

- **Finances**: Budget development and tracking, invoices, taxes
NEGATIVE NET?

• Board of Directors using reserves strategically to advance the organization
  – Investment in Online Rating Portal
  – Upfront costs associated with management transition and relocation

• CRRC maintains financial reserves above established target
PORTAL COSTS

Portal Development Billing History

2017 Cumulative Actuals  2018 Cumulative Actuals  Budget

$0  $50,000  $100,000  $150,000  $200,000  $250,000

Jan 2017  Feb  Mar  Apr  May  June  July  Aug  Sept  Oct  Nov  Dec  Jan 2018  Feb  Mar  Apr  May

$172,175  $229,500
TRANSITION COSTS

$64,200

Staffing: Additional labor to plan and manage transition

Consultants: Finance and IT consultants

Direct Expenses: Computer hardware and software, office equipment, moving costs, etc.
EXPENSE PROJECTIONS

- Budget increase 2016 → 2017
- Budget decrease 2017 → 2018
- New management structure is more cost-efficient
- Tracking operations expenses separately from one-time special projects in budgeting
Previously:
- Hours are charged to consultant based on CRRC tasks
- Consultant employees work on many projects

Now:
- Staff salaries are a fixed cost
- Staff work 100% on CRRC projects
• New finance team with consultant SBI
• Adjusting to QB Online (from desktop version)
• Switching financial firms for annual third-party financial review beginning 2019
CONCLUSION

• Selectively using funds to pursue special investment projects

• New organization structure
  – Increase cost-efficiency and productivity
  – Provide better value to CRRC Members

• Based on flattening of revenue, Board looking at future opportunities for growth
QUESTIONS?