

2007 WSSA Committee Report to Members
Summary for 2007 and Action Plan for 2008
(prepared 1-18-08)

Committee Code and Name: F2 Finance Committee

Committee Chair: David Gealy

Board Coordinator: David Gealy

Committee Members Rotating Off:
Dean Riechers, 2008

Appropriate Replacements:
Should add someone from CWSS since they presently have no representative.

Committee Goals for 2007 (what did the committee plan to accomplish in 2007):

Evaluate current and upcoming financial status and obligations of WSSA, its budget, banking accounts, investments, and its budgetary operations.

Institute new internal check auditing system.

Analyze NIWAW budget and financial issues.

Summary of Progress for 2007:

WSSA finances came through 2007 in reasonably good shape, considering continued uncertainties in membership trends, starting up a new Journal, and a challenging stock market.

At end of FY07 on November 30, 2007, WSSA bank accounts had the following balances:

- a) Checking account, \$34,852.18 (down from \$121,059.91 in FY2006). Also note that Joyce L. withdrew \$60K from the A.G. Edwards cash account in Aug. 2007 to meet ongoing obligations.
- b) Money Market account, \$20,910.11 (up from \$17,927.18 in FY2006; account receives interest from the WSSA Endowment Fund).

At end of FY07 on November 30, 2007, A.G. Edwards investments had the following balances:

- a) General Fund, \$925,861. FY07 beginning value = \$907,644; Withdrawals = \$60,000 on 9/11/07; Annualized Rate of Return = 8.69% (down from ~12.6% in FY06).
- b) Endowment Fund, \$292,416. FY07 beginning value = \$298,708; Withdrawals = \$10,734 on 9/11/07; Annualized rate of return = 1.16% (down from ~9.9% in FY06); Interest and Dividends available for distribution = \$19,800 (~\$1K > FY06).

It is important to note that financial information in the WSSA budget is now based on an 'accrual' method of accounting; not simply a 'cash in – cash out' method (e.g. if member dues for the next FY are received in the 4th Qtr of current FY, they do not show on the budget spreadsheet until 1st Qtr of next FY).

There were sizeable revenue shortfalls relative to the FY07 budget that we had projected. However, these were limited to \$53K, largely because of A.G. Edwards investment gains of \$84.49K out of the total WSSA revenues of \$660.7K. Overall, total expenses exceeded total revenues by only \$6.3K.

To date, the total expenditures for 'New Initiatives' were \$32.4K less than the \$108.5K projected for FY07. In FY08 WSSA expects to have substantial new expenditures (e.g. for the new Journal and for the IWSS meeting) and our investment returns may be unpredictable.

We are concerned as to why certain checks mailed to Allen Press/WSSA have not been received/cashed/processed, and looking for ways to rectify problem (e.g. DSP funding check

from NEWSS was apparently sent but not received/processed; checks from several NIWAW contributors were apparently sent but not received/processed).

Other accomplishments toward the goals of the committee.

David Vitolo completed first year as in-house auditor for check transactions of WSSA. The results of the internal audit (to date) are that there were 'no major findings' (i.e. the system seems to be working accurately).

NIWAW financial issues were reviewed.

Committee participation and involvement was good to excellent, including two involved conference call meetings.

What was the impact of the committee activities/accomplishments on any or all of the following: membership, publication, policy, legislation, and/or education? The independent financial advice and evaluation from the Finance Committee is crucial to the financial stability of WSSA which directly or indirectly impacts all of these areas.

The Finance Committee addresses financial questions as identified by the Board or the President, the Committee itself, or through external or internal audits.

Recommendations for Board Action:

The Finance Committee recommends the following to the Board regarding NIWAW (issues were considered in conference calls and other discussions since the summer Board meeting).

1) The NIWAW consultant (Nelroy Jackson) should report to WSSA the amount he received as a hotel commission for NIWAW-8 (this was suggested as a means to increase transparency).

2) NIWAW consultant's contract for NIWAW-9 should be amended to acknowledge the hotel commission (he should continue to receive the commission) and be entered in the NIWAW budget as a line item such that the accounting is visible/transparent. [note: NIWAW consultant subsequently suggested to me that, as in 'recommendation 1' above, it would be more appropriate to simply report the amount of this commission to the Board rather than placing it in the actual NIWAW budget, in part because the commission does not actually enter the budget process. This should be discussed.]

3) NIWAW organizers should be encouraged to provide as much outside support as they can to generate and maintain an annual balanced budget for NIWAW.

4) Any excess funds generated for NIWAW in a given year should be maintained for NIWAW future use or to overcome previous losses, at the discretion of the Board.

(Note: expenses for NIWAW-8 held in 2007, exceeded revenues by many thousands of dollars, while in previous years, NIWAW revenues sometimes had exceeded expenses, but by lower amounts. The Finance Committee emphasizes the need to move NIWAW toward a break even or self sustaining budget as much as possible by acquiring additional outside funding or reducing costs or both).

5) Finance Committee concurred with NIWAW consultant and DSP that a percentage of NIWAW revenues NOT BE PAID to the NIWAW consultant and/or the DSP as a stipend.

The Committee thanks Nelroy Jackson and Lee Van Wychen (DSP) for the valuable information provided in their report on NIWAW activities and budget.

Committee Goals for 2008:

Continue to evaluate financial status and obligations of WSSA and assist in preparation of annual budget, and conduct financial evaluations as directed by the Board or the President. Continue internal check auditing system.

Plan of Action for 2008:

- Continue to work with the President, Executive Secretary, and Board to conduct critical financial tasks and analyses for WSSA in a sound and independent manner.
- Continue to work to incorporate components of NIWAW into main WSSA budget.
- Continue to consider financial issues related to launching/maintaining the new journal.
- Work with Jim Ballinger and A.G. Edwards to offer potential new methods of member donations to WSSA through sale of stock and resultant tax benefits.
- Work with Allen Press to rectify problem with donor checks.

Resources needed for 2008:

Finances: None

Membership involvement (person-hours): Same as current Committee size/structure.