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Visual Resources Association 2013 Annual Business Meeting: Treasurer's Report

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Visual Resources Association 2013 Annual Business Meeting: Treasurer's Report

Abstract
The Treasurer's Report, presented at the Annual Business Meeting of the Visual Resources Association, held April 5, 2013 in Providence, Rhode Island, reviews the state of the organization's finances, and includes a summary of economic trends affecting the Association's budget and membership numbers over the past decade.

Keywords
Visual Resources Association, business, finances

Author Bio & Acknowledgements
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Visual Resources Association 2013 Annual Business Meeting: Treasurer's Report

Over many years, I listened to the Annual Business Meeting reports from the Treasurers who preceded me, and even though I have a pretty good head for figures, I always ended up wondering what all those numbers really meant. Were we doing all right? Were we using our resources effectively? Were we sitting on assets that ought to be working more directly to support our organization and its members?

Visual Resources Association
Balance Sheet
As of June 30, 2012

	Total
ASSETS	
Current Assets	
Bank Accounts	
Bank of America CD acct# 091000125317852	45,389.58
Bank of America Checking	3,952.03
Bank of America Money Market	130,202.45
F & M Bank MM Account (deleted)	0.00
Petty Cash	0.00
Trustco Checking (deleted)	0.00
Total Bank Accounts	$179,544.06
Accounts Receivable	
Accounts Receivable	-1,324.41
Accounts Receivable - Conference	0.00
Accounts Receivable - Silent Auction	0.00
Accounts Receivable- Founders Fete	0.00
Accounts Receivable- Gifts Pledged	0.00
Total Accounts Receivable	$ -1,324.41
Other current assets	
A/R exchange	0.00
Deposit for Conference 2011	0.00
Fidelity Investments	216,991.27
U.S. Treasury Bill	38,000.00
Undeposited Funds	730.00
Total Other current assets	$255,721.27
Total Current Assets	$433,940.92
TOTAL ASSETS	$433,940.92

	Total
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	0.00
Total Accounts Payable	$0.00
Other Current Liabilities	
A/P Exchange	
VRAF Liabilities	198.84
Total Other Current Liabilities	$198.84
Total Current Liabilities	$198.84
Total Liabilities	$198.84
Equity	
Kathe H. Albrecht Travel Fund	1,250.00
New Horizons & Student Travel Fund-ATK	5,400.00
President's Fund	5,625.00
Retained Earnings	424,913.72
Special Bulletins Account	0.00
Tansey Fund	557.94
Temporarily Restricted	0.00
VRA Bulletin	0.00
Net Income	-4,004.58
Total Equity	$433,742.08
TOTAL LIABILITIES AND EQUITY	$433,940.92

Numbers by themselves can be misleading. For instance, when I reviewed our Profit and Loss statement for fiscal year 2012, I noted that we had income of $141,613.03, but expenses of $145,617.61, for an operating deficit of $4,004.58. But then when I checked our balance sheet as of March 15 of this year, we showed total net assets of $487,805.19. Without a bit of context, these figures can be highly misleading. Statistics, as politicians know, can be manipulated to tell whatever story you want told.

So today I'll fulfill my responsibility by showing you the balance sheet for the most recently completed fiscal year (FY 2012), and telling you about some of the more significant numbers in it -- but also, since I'm a storyteller at heart, I thought I'd frame some contextual information in the form of a narrative. It starts with my own personal story, but in a larger sense it's about the journey this organization and all its individual members have been taking since the VRA was founded in 1982.

I joined VRA in 1993. Twenty years later, this past month, I went back through my old (paper) copies of the *VRA Bulletin* to glean some historical perspective to bring to my 20th conference. Back then I paid my dues of $40, and joined around 750 other members, none whom I'd never met in person. The VRA listserv was then a brand-new way for us to communicate with one another – I recall what a godsend it seemed to this solo visual resources practitioner out there in flyover country, whose library had just had its first computers installed, and who had no idea what the term "metadata" meant.

I looked over the Treasurer's Report for that year, and noted operating expenses of $49,597 -- around $66 per member. More than half of that went for publishing, in those days when all of our work was based on paper. But membership dues, remember, were only $40. Hmmm, I thought: there's a disconnect here.

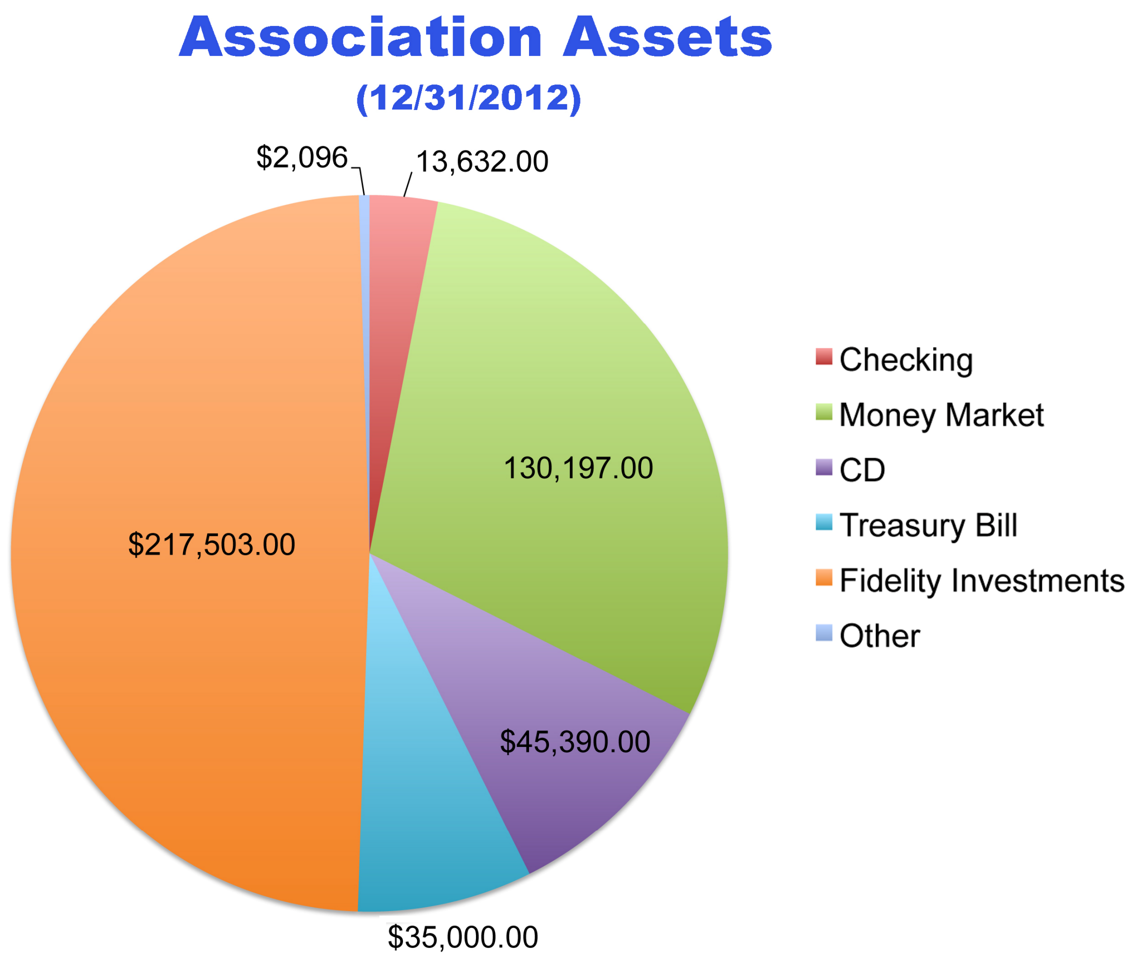
I opened each successive volume with a historian's growing interest. Through the 1990s and into early 2000s our membership averaged around 750-800; membership today, in contrast, is typically somewhere between 570-625. In other words, we've lost a quarter of our membership base over the past decade.

The Association tended to accumulate a modest increase in net worth each year, but by and large our income and our expenses tended to even out. Our conferences, much more modest in scale than today's, were always held in conjunction with College Art Association's conferences, meaning we were tied to a small number of high-priced "category A" cities: New York, Boston, Chicago, Los Angeles. The danger of hitching our wagon to CAA became obvious with the 1997 conference in New York City, our last in the Big Apple. But before I tell you what happened then, there's something I need to explain.

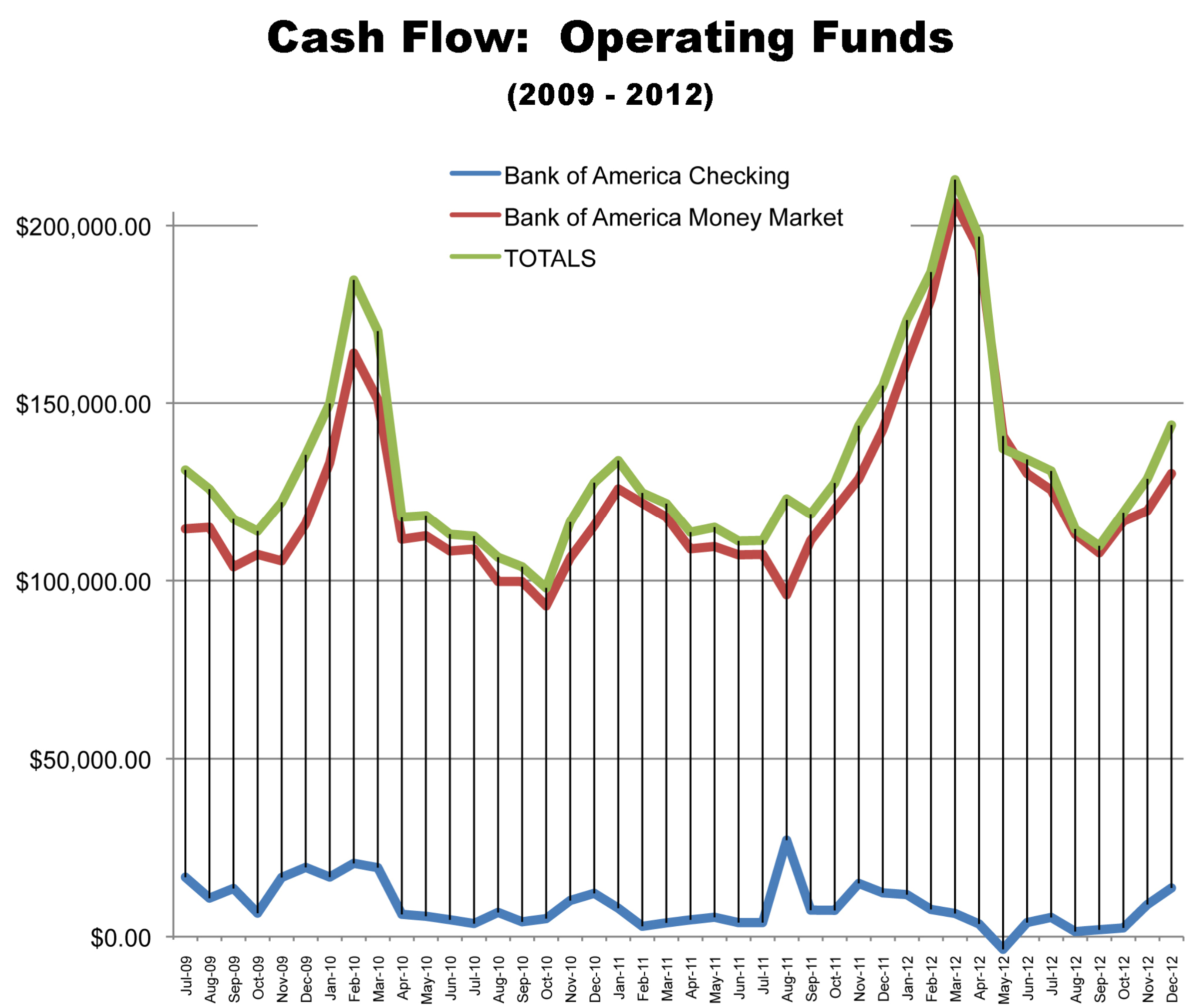
Just in case you've ever wondered, the Association earns the free use of meeting spaces -- like this one -- when our members book a set number of "room nights" over the course of the conference: if we fail to meet the "room block" specified in the hotel contract, we'll be charged a penalty plus rental for all of the common spaces we have used. In 1997, too many of our attendees chose to save money by staying at cheaper hotels, and we failed to meet our room block obligations. It ended up costing the VRA over $18,000 in rentals and penalties; at the time, that represented nearly 20% of our accumulated assets.

But over the following years (I read, volume by volume), as we recovered from this setback, the Association's net worth steadily began to grow once more. In 2001, with assets now exceeding $154,000, it was clear that we were accumulating more than was needed to fund current operations. As the VRA began the process of formulating its first long-range strategic plan, the

Executive Board distributed our assets into multiple accounts; established the Financial Advisory Committee to consider possible investment strategies; and began a prudent policy of setting aside a cash reserve equivalent to six months' operating expenses. Today's Board owes a huge debt of gratitude to our predecessors who displayed the foresight to anticipate that the good times might not always roll for this organization and its members.



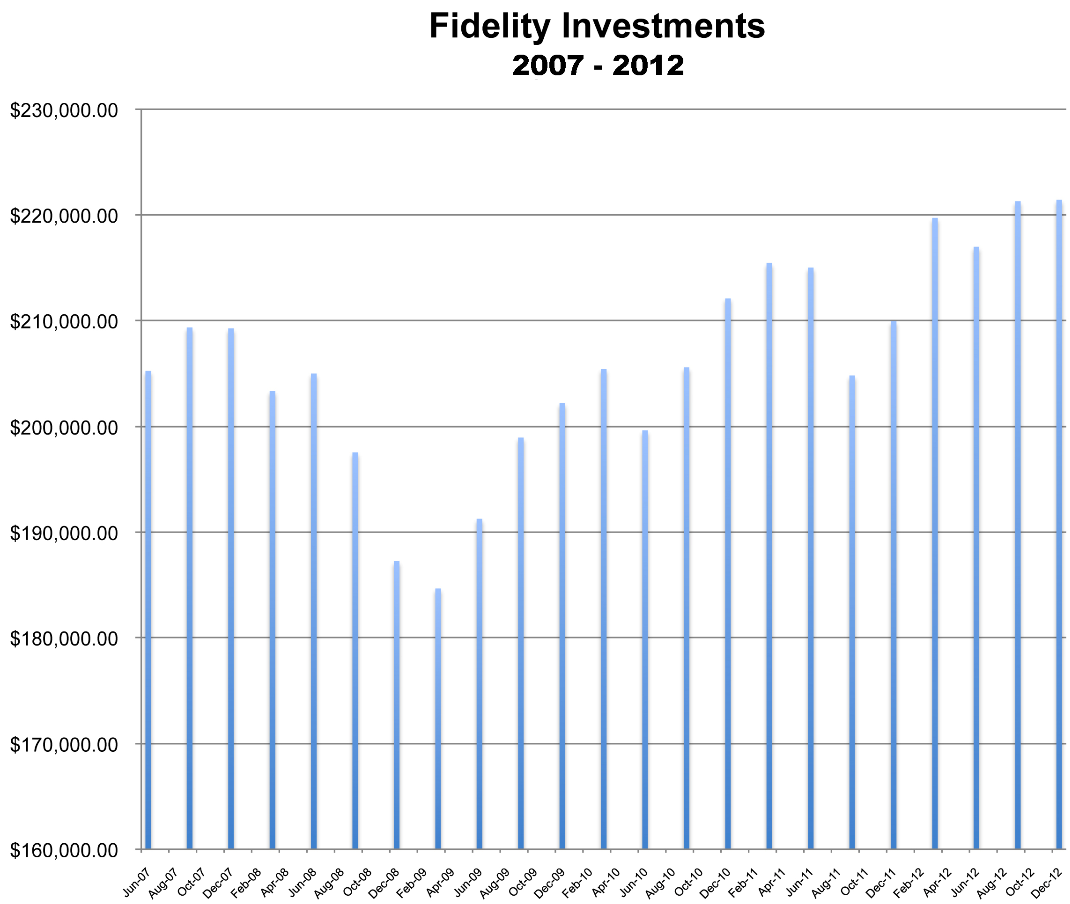
If you study the balance sheet closely, you'll see that our assets are distributed among several different categories, with different purposes. Our Bank of America Money Market account serves as the ready reserve, taking in major amounts during the November membership drive and pre-conference registration months. We move funds from this account into checking as needed to pay our obligations throughout the year. When I mentioned earlier that our balance sheet on March 15 showed a robust net asset total on that specific date, this figure reflects income from membership dues and conference registrations, but not the major expenditures that will be made when conference bills come due, as well as ongoing expenses throughout the summer, and into the fall. The Association is in a position similar to that of an independent contractor who gets paid twice a year, and has to make that income last for a full twelve months. The Certificate of Deposit and Treasury Bill provide us with interest income while being readily available in case of emergencies. We don't use these assets to fund operating expenses, just as you wouldn't tap into your 401k to buy groceries.



The wisdom of maintaining a cash reserve and additional emergency funds became clear in retrospect with the tragedy of 9/11 during the fall of 2001. What if those terrible events had occurred just prior to, or during, our conference? Could the Association survive such a crisis financially?

In 2002, we broke ranks with CAA to hold our first joint conference with ARLIS/NA; and our first-ever strategic plan posited that going solo would allow us to use our conferences to generate additional income. And in the years that followed, when the travel industry was desperately trying to recover from 9/11, with airlines and hotels keeping their fares and room rates artificially low to entice travelers back into the market, this for-profit conference model worked well for us. Our first solo conference in Houston in 2003 netted us a profit of over $23,000.

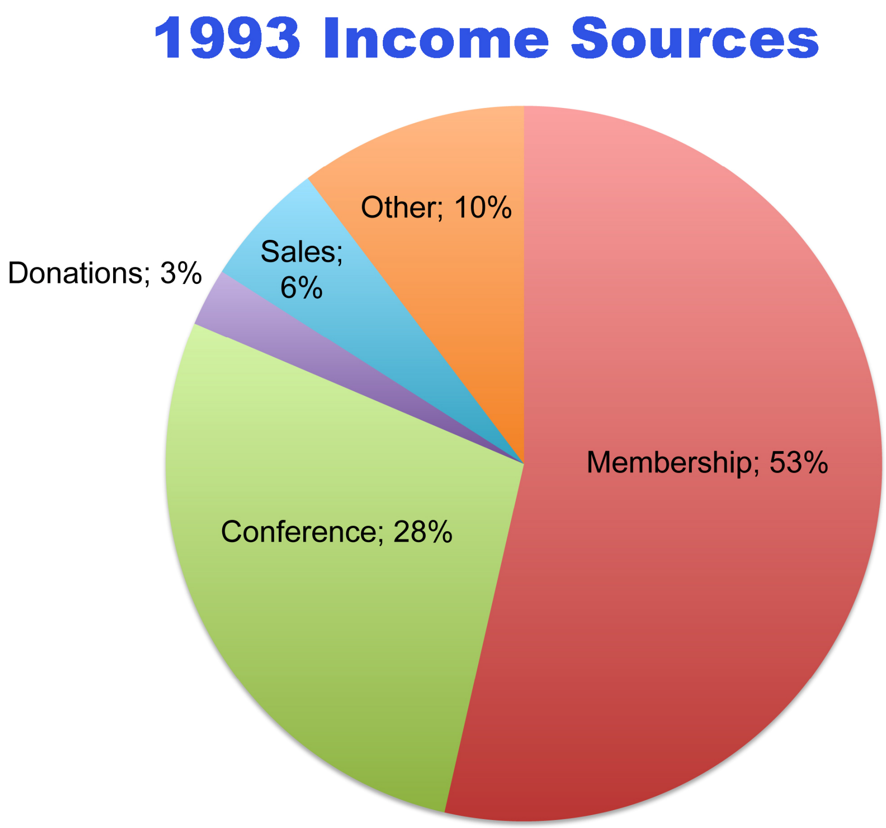
By mid-decade, following a series of profitable conferences, the Association's assets had climbed to over $400,000. The growing portion not needed for operating expenses and the 6-month reserve was placed in Fidelity Investment accounts in the expectation that this would bring us a better return than low-interest bank accounts. And, again, this strategy worked – until it didn't. With the bursting of the housing bubble and the onset of the Great Recession, our Fidelity Investment accounts began to lose money: $14,000 between 2007 and 2009. But all things considered, we got off more lightly than was true of the endowments at many of the institutions that employ our members. College and universities, museums and other cultural heritage organizations typically depend on endowments to provide a portion of their operating budgets, but have rules in place to prevent draw-downs greater than modest sustainable amounts.



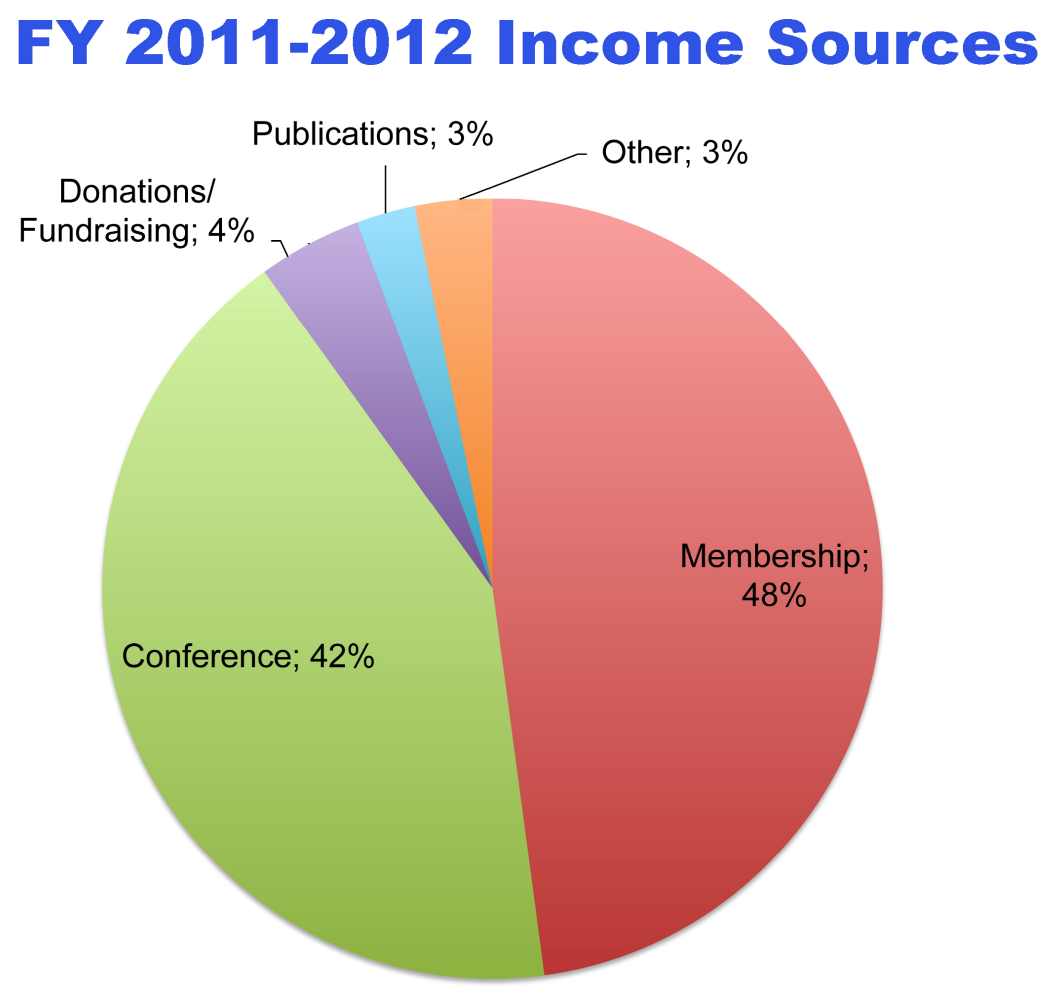
As their endowments plummeted in value, many of our institutions suddenly faced budget crises at the same time that the full impact of the decade-long shift from analog to digital, from departmental collections to personal image "silos," hit the visual resources community full force. Visual resources positions across the country were cut back, consolidated, or eliminated outright. Those who were fortunate enough to keep their jobs saw institutional travel and professional development funding slashed, making it difficult for many of our members to attend conferences at the very time they needed more than ever to network and develop their skills.

By 2009, even as the nation began its slow recovery and our Fidelity Investment funds began to regain lost ground, the VRA experienced its first in an ongoing series of budget deficit years, in which, with the exception of the joint conference year of 2011, our expenses have routinely exceeded our income. Our deficits are not large, thanks to careful budgeting. Still, your Executive Board is uncomfortably aware that we are surviving in part by tapping into the assets that our predecessors nurtured carefully during the years of plenty. But we also know that any dramatic move on our part to "raise taxes" by significantly increasing your membership dues or conference registration fees would likely prove counterproductive, resulting in further membership attrition. One strategy we are investigating is the possibility of using our Fidelity Investment funds – nearly half of the Association's assets – as a form of endowment, drawing down any increase in value over a multi-year average to help support current operations. Watch for more information about this development in the near future.

Let's take a closer look at the most recent completed budget year, and tease apart what those numbers mean. Where does the money come from? Where does it go? Here's where the money came from back in 1993.



Here's where it comes from today. Our reliance on membership dues is similar; the conference plays a much larger role today in Association finances than was true twenty years ago; donations and fundraising of all kinds still are pretty modest.



Where does the money – your money – go? Here are the major categories broken out from our balance sheet.

Awards includes the honoraria for the major awards like those bestowed last night on three of our deserving members, as well as the Tansey Travel Awards program. Our Executive Board officers are not compensated for the hundreds of hours of dedicated work they perform, but their travel expenses to attend annual and mid-year meetings are reimbursed, as are the scouting trips made by the two Vice Presidents to select the following year's conference hotel. General & Administrative expenses include bank fees, insurance, rental of the Archives space, our permanent mailing address lockbox, and supplies. Professional services include our accountant and bookkeeper, our destination consultant, independent designers, and the Membership Services Coordinator. Publications includes our annual subscription to Berkeley bePress and the per issue stipends for the two *Bulletin* editors. Subscriptions and services cover all of the tools and resources we use to accomplish our work in the digital environment: MemberClicks, QuickBooks, Survey Monkey, webhosting, Basecamp, SCHED, Go-To-Meeting, and more.

FY 2011-2012 Expenses

(Excluding Conference and Chapter Bursary)

Awards: $4,800.00

Board Expenses: $12,783.18

General & Administrative: $11,834.29

Professional Services: $22,710.00

Publications: $13,493.33

Subscriptions & Services: $6,862.07

Basic Operations: $77,332,87

611 members

= $126.58 per member

(regular individual membership dues: $110)

In this table, I've removed conference costs and the Chapter Bursary to arrive at the expenses we incurred last year for the Association's basic operations: $77,333, divided among the 611 members of record, comes out to operating costs of $126.58 per member – and our membership dues are still priced at $110; again, there's that disconnect.

Our conferences used to provide us with a reliable source of additional income; now we are increasingly challenged just to make them break even. Again, you may ask, where does my $265 registration fee go? Here are the figures for last year's conference in Albuquerque.

More than ¾ of conference expenses come from just two categories: catering and audiovisual services. Here's another way to think about these numbers: of your $265 registration fee, $140 goes to pay for your food at conference events, and another $65 goes for AV services. What's left has to cover everything else, and – if we've done our planning carefully, and are very lucky – sometimes we might actually realize a modest net gain. Again, we could raise registration fees; those for the conferences of our peer organizations are generally higher – sometimes much higher. But in so doing, we might price ourselves out of the participation range of many of the very people who most need to be here, including students and young emerging professionals. And we've always prided ourselves on being a very inclusive bunch.

Well, that's a story about numbers, about where we've been, and how we've arrived at where we are today. Where we're going next, and how to get there . . . that story, as Thornton Wilder says in his play "The Skin of Our Teeth," is still to be written – by all of us. Like Wilder's archetypal family, despite all of the hardships and challenges we've had to face, "our heads are full of plans, and we're as confident as the day we began."