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# Visual Resources Association 2016 Annual Business Meeting: Treasurer's Report

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# Visual Resources Association 2016 Annual Business Meeting: Treasurer's Report

## **Abstract**

The Treasurer's Report, presented at the Annual Business Meeting of the Visual Resources Association, held March 10, 2016 in Seattle, Washington, reviews the state of the organization's finances, and includes a summary of long-range economic trends affecting the Association's budget and membership numbers over the past decade, together with details of the measures the Association is taking to reduce operating expenses. Also noted is the effect of current economic conditions on our investment strategy.

## **Keywords**

Visual Resources Association, budget, finances

## **Author Bio & Acknowledgements**

Allan T. Kohl, Visual Resources Librarian at the Minneapolis College of Art and Design, is the Visual Resources Association's Treasurer and former President.

Each year during the Annual Business Meeting, the Treasurer presents to the membership an accounting of the Association's financial condition. And, as is the case with your annual physical, we need to look beyond the numbers to interpret what they might mean – now, and down the road a few years.

One measure of an organization's finances is the balance sheet, in which assets are weighed against liabilities. As long as the former outweigh the latter, we're in the black. The Association's balance sheet for the 2015 fiscal year, which concluded on June 30 of last year, is still a healthy one: **\$434,322** We have no outstanding debt, we enjoy excellent credit history, and our only liabilities are good ones: travel award donations earmarked for distribution in future years.

## Visual Resources Association

**BALANCE SHEET**

As of June 30, 2015

		TOTAL		
<b>ASSETS</b>			<b>LIABILITIES AND EQUITY</b>	
<b>Current Assets</b>			<b>Liabilities</b>	
<b>Bank Accounts</b>			<b>Current Liabilities</b>	
Bank of America CD acct# 091000125317852	45,389.58		Accounts Payable	
Bank of America Checking	6,326.92		Accounts Payable	0.00
Bank of America Money Market	130,504.97		Total Accounts Payable	<u>\$0.00</u>
F & M Bank MM Account (deleted)	0.00		Other Current Liabilities	
Petty Cash	0.00		A/P Exchange	
Trustco Checking (deleted)	0.00		VRAF Liabilities	-501.16
Total Bank Accounts	<u>\$182,221.47</u>		Total Other Current Liabilities	<u>\$ -501.16</u>
<b>Accounts Receivable</b>			<b>Total Current Liabilities</b>	
Accounts Receivable	0.00			<u>\$ -501.16</u>
Accounts Receivable - Conference	0.00		Total Liabilities	<u>\$ -501.16</u>
Accounts Receivable - Silent Auction	0.00		<b>Equity</b>	
Accounts Receivable- Founders Fete	0.00		Kathe H. Albrecht Travel Fund	1,250.00
Accounts Receivable- Gifts Pledged	0.00		New Horizons & Student Travel Fund-ATK	5,400.00
Total Accounts Receivable	<u>\$0.00</u>		President's Fund	5,625.00
<b>Other current assets</b>			Retained Earnings	437,494.04
A/R exchange	0.00		Special Bulletins Account	0.00
Deposit for Conference 2011	0.00		Tansey Fund	557.94
Fidelity Investments	252,050.49		Temporarily Restricted	0.00
U.S. Treasury Bill	0.00		VRA Bulletin	0.00
Undeposited Funds	50.00		Net Income	-15,503.86
Total Other current assets	<u>\$252,100.49</u>		Total Equity	<u>\$434,823.12</u>
Total Current Assets	<u>\$434,321.96</u>		<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$434,321.96</u>
<b>TOTAL ASSETS</b>	<u>\$434,321.96</u>			

This past year's total shows a modest and predictable decline from the balance sheet for fiscal year 2014, in which our net worth was **\$449,181**. So far, all appears to be well – right? But this seemingly robust total, which looks as though the Association is flush with cash, is deceptive, because the bulk of it is comprised of our sequestered emergency funds and the value of our investment portfolio. A more accurate snapshot of

our current financial health is given by our annual Profit & Loss statements, which show what's coming in, and what's going out. Here the picture begins to look darker. Last fiscal year, our budget was in deficit: we spent more than we took in. This current fiscal year will almost certainly end with a still larger deficit – even after our projected profit share from this joint conference is figured in. The future may well prove similarly daunting. We've now started to live, in part, off our savings. In the words of the proverb, we have begun to eat our seed corn.

Visual Resources Association  
**PROFIT AND LOSS**  
 July 2014 - June 2015

	TOTAL				
<b>Income</b>		<b>Expenses</b>			
Chapter Dues		<b>Awards</b>		<b>General and Administrative Expenses</b>	610.00
Great Lakes Chapter	340.00	Corporate Travel Award	1,700.00	Archives	1,638.50
Greater New York Chapter	1,541.46	Distinguished Service	300.00	Bank Charges	11,241.06
International Chapter	145.00	Kathe Hicks Albrecht Travel Award	850.00	Filing Fees	10.00
Mid-Atlantic Chapter	430.00	Nancy DeLaurier	625.00	Insurance	530.00
Midwest Chapter	630.00	New Horizon Travel Award	2,000.00	Directors & Officers Insurance	1,699.00
New England Chapter	1,020.02	Tansey Award	5,840.00	Total Insurance	2,229.00
Northern California Chapter	240.00	<b>Total Awards</b>	<b>11,315.00</b>	Miscellaneous	539.88
Pacific Rim Chapter	485.00	<b>Board Expenses</b>	311.87	Postage & Delivery & P.O. Box	87.67
Southeast Chapter	150.00	<b>Conference Expenses</b>		<b>Total General and Administrative Expenses</b>	<b>16,356.11</b>
Southern California Chapter	2,577.00	Lodging & Travel	6,284.43	<b>Professional Fees</b>	
Texas Chapter	395.00	Meals	781.15	Accounting	15,320.00
Upstate New York Chapter	450.00	<b>Total Conference Expenses</b>	<b>7,065.58</b>	Consulting	13,050.00
<b>Total Chapter Dues</b>	<b>8,403.48</b>	<b>Mid-Year Meeting Expenses</b>		<b>Total Professional Fees</b>	<b>28,370.00</b>
Conference Income	185.00	Lodging & Travel	6,625.30	<b>Publication Expenses</b>	
Contributions	250.00	Meals	343.65	VRA Bulletin	9,318.50
Registration	48,340.00	<b>Total Mid-Year Meeting Expenses</b>	<b>6,968.95</b>	<b>Total Publication Expenses</b>	<b>9,318.50</b>
Sponsors	10,800.00	<b>Total Board Expenses</b>	<b>14,346.40</b>	<b>Services</b>	
Tours	675.00	<b>Chapter Expenses</b>		Memberclicks	6,090.79
Workshops	500.00	Great Lakes Chapter	400.00	Quickbooks	351.44
<b>Total Conference Income</b>	<b>60,750.00</b>	Greater New York Chapter	265.00	Survey Monkey	299.00
Contributions Income	5,275.00	Mid-Atlantic Chapter	450.00	Webhosting	2,622.63
Contributions Income - KHA	600.00	Midwest Chapter	1,000.00	<b>Total Services</b>	<b>9,363.86</b>
Investment-Gain/Loss	9,864.20	New England Chapter	1,151.93	<b>Total Expenses</b>	<b>\$153,334.90</b>
Interest	44.10	Northern California Chapter	80.00	<b>Net Operating Income</b>	<b>\$ -15,503.86</b>
<b>Total Investment-Gain/Loss</b>	<b>9,908.30</b>	Pacific Rim Chapter	810.39	<b>Net Income</b>	<b>\$ -15,503.86</b>
Membership Dues	48,990.00	Southern California Chapter	947.52		
Miscellaneous Income	-28.45	Texas Chapter	300.00		
Publications & Subscriptions	1,796.40	<b>Total Chapter Expenses</b>	<b>5,404.84</b>		
Bulletin	660.00	<b>Conference Expenses</b>			
CCO	-160.35	AV	12,023.34		
Listserve	600.00	Catering	34,237.81		
Special Bulletins	35.00	Conference Speakers (non-member)	3,600.00		
<b>Total Publications &amp; Subscriptions</b>	<b>2,931.05</b>	Ground Management Fees	3,807.12		
Reimbursements		Keynote Speaker	3,466.52		
VRAF Reimbursements	1,001.66	Miscellaneous	262.63		
<b>Total Reimbursements</b>	<b>1,001.66</b>	Printing - Conference	8.01		
<b>Total Income</b>	<b>\$137,831.04</b>	Professional Fees Conference	753.76		
Gross Profit	\$137,831.04	Tours	451.00		
		Workshops	250.00		
		<b>Total Conference Expenses</b>	<b>58,860.19</b>		

Like many of you, my wife and I have enjoyed our weekly Sunday night visits with the Crawley family at Downton Abbey. This final season of the series has focused on the theme of change: exploring how each character comes to terms with the reality that their world has irrevocably changed; how each must find a way to get past nostalgia for the old days that are never coming back; how, together, they must act to preserve the best aspects of their past while shaping their lives around current realities, and the prospect of future challenges.

This will be my fourth and final report to you as the Association's Treasurer. In previous years, I have tried to provide greater transparency in regard to the Association's finances, by explaining to you in detail where our money comes from, where it goes, and how we make decisions about using it. This year, I want to zoom the lens out to take in the larger picture of where the VRA has come from, where we're headed, and some of the steps we must now take to position ourselves for a successful future.

In preparing this presentation, I went back almost a decade to the year 2007, the year of the Association's Silver Jubilee. This was also the year I began serving on the Executive Board, paying much more attention to budget matters. 2007 was also a year that would bring the world to the brink of economic collapse. And I thought through some of the assumptions with which the VRA began that year: that our membership numbers would continue to grow; that annual, profitable conferences would provide a reliable source of income; that our investment portfolio, built through careful stewardship of years of profitable conferences, would continue to increase in value.

Instead, over the next several years, our membership numbers declined. The budgets of the institutions that employ us grew ever more constrained, and even long-time members faced job losses, on top of momentous changes already happening in the ways that visual resources collections were used, managed, and funded. Hotel and transportation costs began to rise steadily, at the same time that professional development budget support evaporated for many of us, making it increasingly difficult for us to attract the number of attendees necessary to run financially successful conferences. The value of our investment portfolio plummeted – though not as badly as the endowments at some of our members' institutions.

These now are some of the ongoing realities we face: how to position the Association for a successful future with a stabilized but reduced membership base in which even the full membership dues rate doesn't come close to matching our actual per capita operating costs, as well as

# FY 2015 Expenses

(Excluding Conference and Chapter Bursary)

Awards: \$11,315

Board Expenses: \$14,346

General & Administrative: \$15,759

Professional Services: \$28,370

Publications: \$9,319

Subscriptions & Services: \$9,364

**Basic Operations: \$88,473**

**585 members**

**= \$151.24 per member**

**(regular individual membership dues: \$115)**

the increasing challenges of planning an annual conference that will at least break even, rather than resulting in a net loss. Of our four solo conferences held between the last joint conference in Minneapolis in 2011 and this year's in Seattle, one barely broke even, only one realized a net profit, and two lost money. Our investment portfolio has finally recovered from the significant losses we experienced in 2007-2009, but its net value may continue to diminish year by year as we annually draw down a portion of accumulated funds to make up for shortfalls in our income. Of course, we could always raise membership dues and conference registration fees, but any significant increases here might well push even more of our members into leaving our ranks.

As I look back over the past decade, nearly every major change affecting our Association has either reduced our income or increased our expenses. Today, I need to be candid with you that we cannot indefinitely continue to operate under our old business model.



We've already explored most of the options for modest (i.e. painless) change. After careful consideration during the past year, for instance, we are switching banks to reduce the fees we pay for servicing our accounts; we are restructuring the work performed by our independent contractors; and we are moving our investment portfolio from static to more active management in response to global economic volatility, with the goal of preserving our assets while positioning ourselves for a more secure, if modest, rate of growth and return. As my fellow officers, past and present, will attest, I've pinched every penny until it screams. Yet month by month, our deficit continues to grow.

The bottom line is this: further hard choices lie ahead for the Association, and for you, its individual members, if we want the VRA to continue serving our community – just as the Crawley family faces difficult decisions about preserving Downton Abbey for the next generation. Over the coming months, the Strategic Planning Task Force will need to examine every aspect of the Association's business model with a keen, unsentimental eye for cost-benefit effectiveness. It may well be that some of our cherished traditions will have to be reconsidered in the hard light of economic realities.



*Like the denizens of Downton Abbey, VRA Executive Board officers, past and present, work to ensure the financial stability of our organization.*

Throughout this process, which may be painful – especially for those of us long-time members who recall fondly “the way it used to be” – let us resolve to keep our focus on what is truly important: that this unique organization continues to serve its membership, and the wider worldwide visual resources community, with the information, skills, advice, and collegial support that is so crucial to helping each one of us successfully meet the challenges of a changing world. As Lady Cora, the ebullient Countess of Grantham, remarked at the conclusion of *Downton Abbey*’s final episode: “The more adaptable we are, the better chance we have of coming through.”