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# Visual Resources Association 2014 Annual Business Meeting: Treasurer's Report

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# Visual Resources Association 2014 Annual Business Meeting: Treasurer's Report

## **Abstract**

The Treasurer's Report, presented at the Annual Business Meeting of the Visual Resources Association, held March 14, 2014 in Milwaukee, Wisconsin, 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, along with a review of the Association's investment policy and portfolio performance.

## **Keywords**

Visual Resources Association, budget, investments, fiscal policy

## **Author Bio & Acknowledgements**

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

This year's Treasurer's Report will be what I hope many of you will find an interesting exercise in seeing just how misleading financial figures can be if we don't take the time to understand what they actually mean.

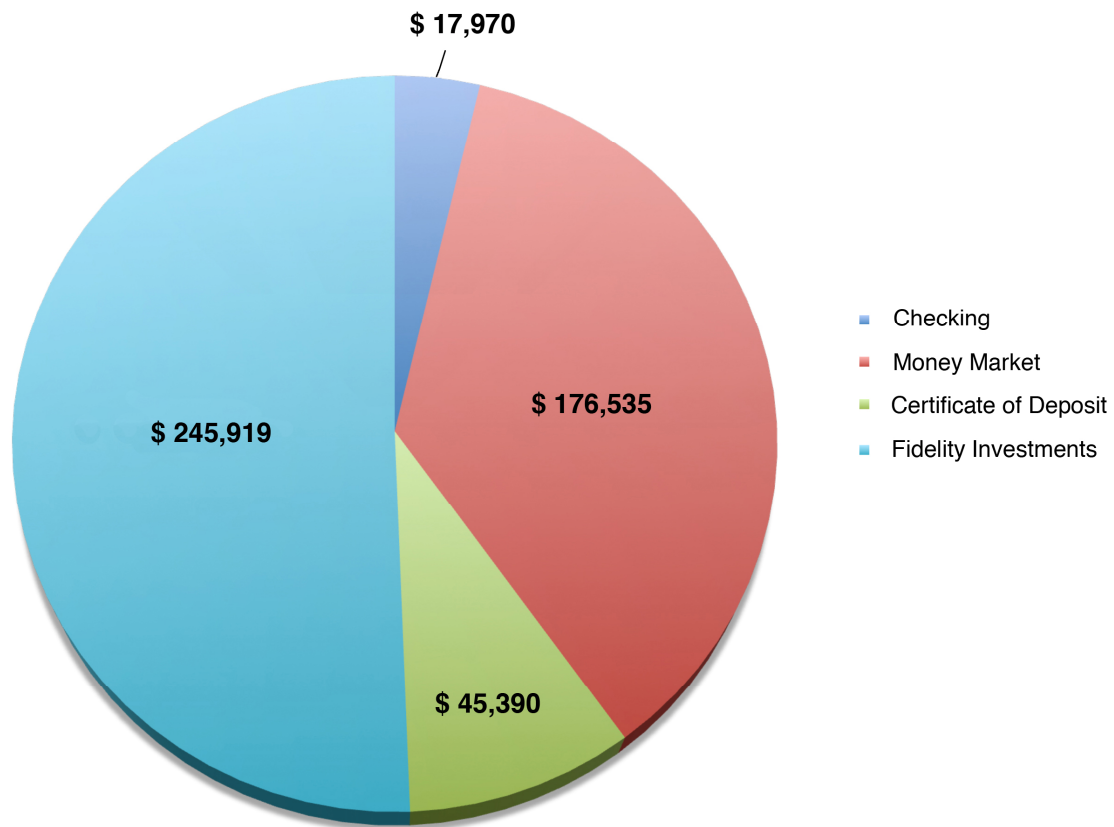
At last year's Annual Business Meeting, I presented the Association's balance sheet for fiscal year 2012, and on the surface it looked pretty positive: a net worth of almost **\$434,000**

Visual Resources Association Balance Sheet As of June 30, 2013		
	Total	
<b>ASSETS</b>		
Current Assets		
Bank Accounts		
Bank of America CD acct# 091000125317852	45,389.58	
Bank of America Checking	3,352.74	
Bank of America Money Market	169,340.55	
F & M Bank MM Account (deleted)	0.00	
Petty Cash	0.00	
Trustco Checking (deleted)	0.00	
<b>Total Bank Accounts</b>	<b>\$218,082.87</b>	
Accounts Receivable		
Accounts Receivable	0.00	
Accounts Receivable - Conference	0.00	
Accounts Receivable - Silent Auction	0.00	
Accounts Receivable- Founders Fete	0.00	
Accounts Receivable- Gifts Pledged	0.00	
<b>Total Accounts Receivable</b>	<b>\$0.00</b>	
Other current assets		
A/R exchange	0.00	
Deposit for Conference 2011	0.00	
Fidelity Investments	229,932.98	
U.S. Treasury Bill	0.00	
Undeposited Funds	520.00	
<b>Total Other current assets</b>	<b>\$230,452.98</b>	
<b>Total Current Assets</b>	<b>\$448,535.85</b>	
<b>TOTAL ASSETS</b>	<b>\$448,535.85</b>	
<b>LIABILITIES AND EQUITY</b>		
Liabilities		
Current Liabilities		
Accounts Payable		
Accounts Payable	0.00	
<b>Total Accounts Payable</b>	<b>\$0.00</b>	
Other Current Liabilities		
A/P Exchange	-	
VRAF Liabilities	-1,851.16	
<b>Total Other Current Liabilities</b>	<b>\$ -1,851.16</b>	
		<b>Total</b>
<b>Total Current Liabilities</b>	<b>\$ -1,851.16</b>	
<b>Total Liabilities</b>	<b>\$ -1,851.16</b>	
Equity		
Kathe H. Albrecht Travel Fund	1,250.00	
New Horizons & Student Travel Fund	5,400.00	
President's Fund	5,625.00	
Retained Earnings	422,248.55	
Special Bulletins Account	0.00	
Tansey Fund	557.94	
Temporarily Restricted	0.00	
VRA Bulletin	0.00	
Net Income	15,305.52	
<b>Total Equity</b>	<b>\$450,387.01</b>	
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$448,535.85</b>	

The balance sheet for fiscal year 2013 looks even better: our net worth has climbed to over **\$448,000**. The picture looked even rosier when I took the Association's fiscal temperature on New Year's Eve, 2013: our net worth as the clock struck midnight was **\$485,814** – an all-time high.

But the Association's net worth is in many ways like each individual member's net worth: just because we may have significant equity in a house, or a healthy retirement account, doesn't necessarily translate into ready cash in our pockets. Here's a peek behind the curtain, to see what that net worth actually consists of (as of December 31, 2013):

## Association Assets (12/31/2013)



**\$17,970** (the dark blue slice at the top) was in our business checking account, the Association’s “active” account. From it, the Treasurer writes checks to our various vendors, contractors, and service providers. The Membership Services Coordinator also writes checks from this account at the request of Chapters participating in the Bursary program. Credit card transactions made by the Treasurer are drawn on this account, as well as automatic periodic payments for service providers such as MemberClicks, BaseCamp, SlideShare, etc.

**\$176,535** (the large red wedge on the right) was in our money market account, which serves as the Association’s primary “ready cash reserve.” From this account, the Treasurer makes periodic transfers of funds as needed. This account will typically hold an amount sufficient to cover all of the Association’s budgeted expenses for the fiscal year, plus around 5% to 10% extra to cover unanticipated expenses. The balance of funds in this account will rise and fall significantly throughout the year. The balance is typically highest when fall membership renewal payments and conference registration fees are received. The balance declines through the year as we pay for conference expenses and renew annual contracts with vendors and service providers. So on New Year’s Eve, with membership renewal campaign just concluded and with conference registration fees already coming in, this account was unusually full; it will be a lot leaner next month, when all of the conference bills come due.

**\$45,390** (the key lime green slice) is in a Certificate of Deposit, which serves as the Association’s “rainy day” emergency fund.

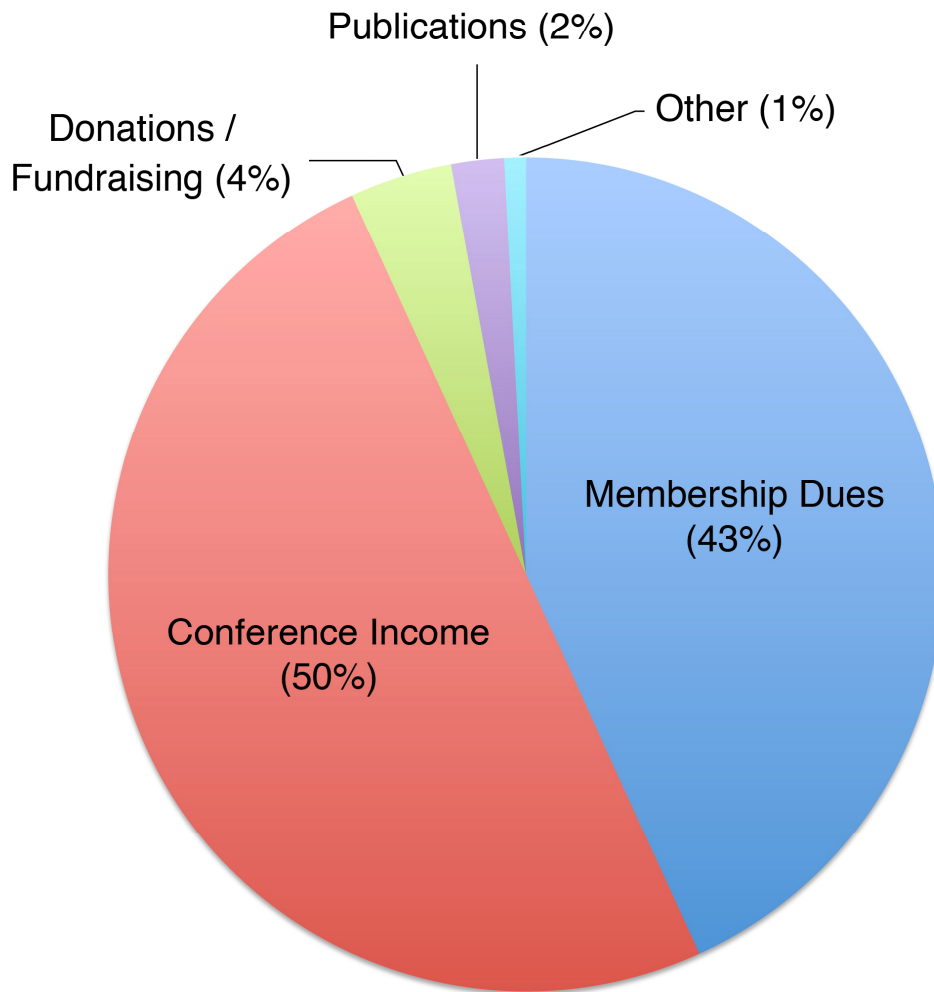
That takes us to the remainder, that half-of-the-pie blueberry-colored slice worth **\$245,919** This represents our investments, and we'll discuss these in greater detail later in this report.

<b>Visual Resources Association</b>		
<b>Financial Summary (Profit &amp; Loss): FY2013</b>		
<b>INCOME</b>		
	<u>2012-2013 Actuals</u>	<u>FY2013 Authorized Budget</u>
Membership dues	60,465	64,750 – 71,225
Publications, Subscriptions, Royalties	2,858	2,820
Development	5,545*	4,400
Contributions, Donations (4,795)		
Conference Fundraising Event (750)		
Investment Gain/Loss, Interest	13,100	8,500
Conference Income	69,974	55,175 – 58,500
Miscellaneous Income	1,170	500
	<u>153,112</u>	<u>135,125 – 144,885</u>
<b>EXPENSES</b>		
Awards	10,900	9,800
Travel Awards (10,150)		
Awards Committee (750)		
Board expenses	9,389	12,500
Conference expenses	58,687	59,450
AV services (11,782)		
Catering (30,931)		
Speakers, Honoraria (7,700)		
Ground management (2,386)		
Lodging & travel (1,542)		
Professional fees (884)		
Printing (235)		
Miscellaneous (927)		
Workshops (2,300)		
General & Administrative	22,657	30,150
Archives (1,639)		
Bank fees (8,957)		
Insurance (2,306)		
Office supplies, postage (178)		
Communications services (9,557)		
Miscellaneous (20)		
Professional & Consultant fees	28,420	32,100
Accountant, Bookkeeper (15,820)		
Membership Services (12,600)		
Publications	9,703	7700
	<u>139,756</u>	<u>151,700</u>

Just as your individual checkbooks (or credit card statements) give you a better idea of your cash flow over time, the Association's annual Profit and Loss statement gives us a useful snapshot of what's coming in, what's going out, and where it's all going. For an organization such as ours, examining the profits and losses over a fiscal year (ours runs from July 1 through June 30 of the following year), and comparing these figures to the budget projections the Board makes at the start of each year, helps us track how we're using our resources.

As the national economy seems to be improving, so has our bottom line. While in fiscal year 2012 we had income of **\$141,613**, and expenses of **\$145,617**, for a net operating loss of **\$4,005**, in fiscal year 2013 we had income of **\$153,112** and expenses of only **\$139,756**, for a net operating gain of **\$13,356**. While that sounds pretty nice, let's once again take a closer look at some of the Profit and Loss details.

## FY 2013 Income Sources



Income from membership dues was down – reflecting a near decade-long, slow but steady decline in the Association's membership base. In fact, this past year, membership dues comprised only 43% of our income, an all-time low.

Donations and Fundraising activities accounted for 4% of our income, but almost all of this money was earmarked for our travel awards program – including one large gift to be disbursed over multiple future years. Less than 1% of our annual operating funds come from general development activities -- most of this from our relationship with Amazon.

Half of our income came from profit on a very successful 2013 conference, breaking a string of conferences which either barely broke even or lost money. Unfortunately, the success of last year's conference seems to have been based on a combination of circumstances that will be difficult to replicate. Our overall costs were down in most major categories, compared to those of the previous year in Albuquerque. Providence was a relatively inexpensive "Category B" city, but one located in close proximity to two major metropolitan areas – Boston and New York – and within easy access of three of our largest and most active Chapters. We also benefitted from an unusually high number of walk-ups and same day registrations. A drop-off in the number of attendees is, unfortunately, predictable when we meet in locations other than the Northeast or Atlantic seaboard. Yet post-conference surveys have indicated that our members believe it's important to hold our conferences in different locations around the country.

Where did the money – your money – go in fiscal year 2013? Let's break down our Profit and Loss figures: Awards includes the honoraria for the major awards like those bestowed last night on two of our deserving members, as well as the 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, postage, 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, ElectionsOnLine, and more.

# FY 2013 Expenses

(Excluding Conference and Chapter Bursary)

Awards: \$10,900.00

Board Expenses: \$9,388.91

General & Administrative: \$13,100.36

Professional Services: \$28,420.00

Publications: \$9,703.42

Subscriptions & Services: \$9,556.69

**Basic Operations: \$81,069.38**

**573 members**

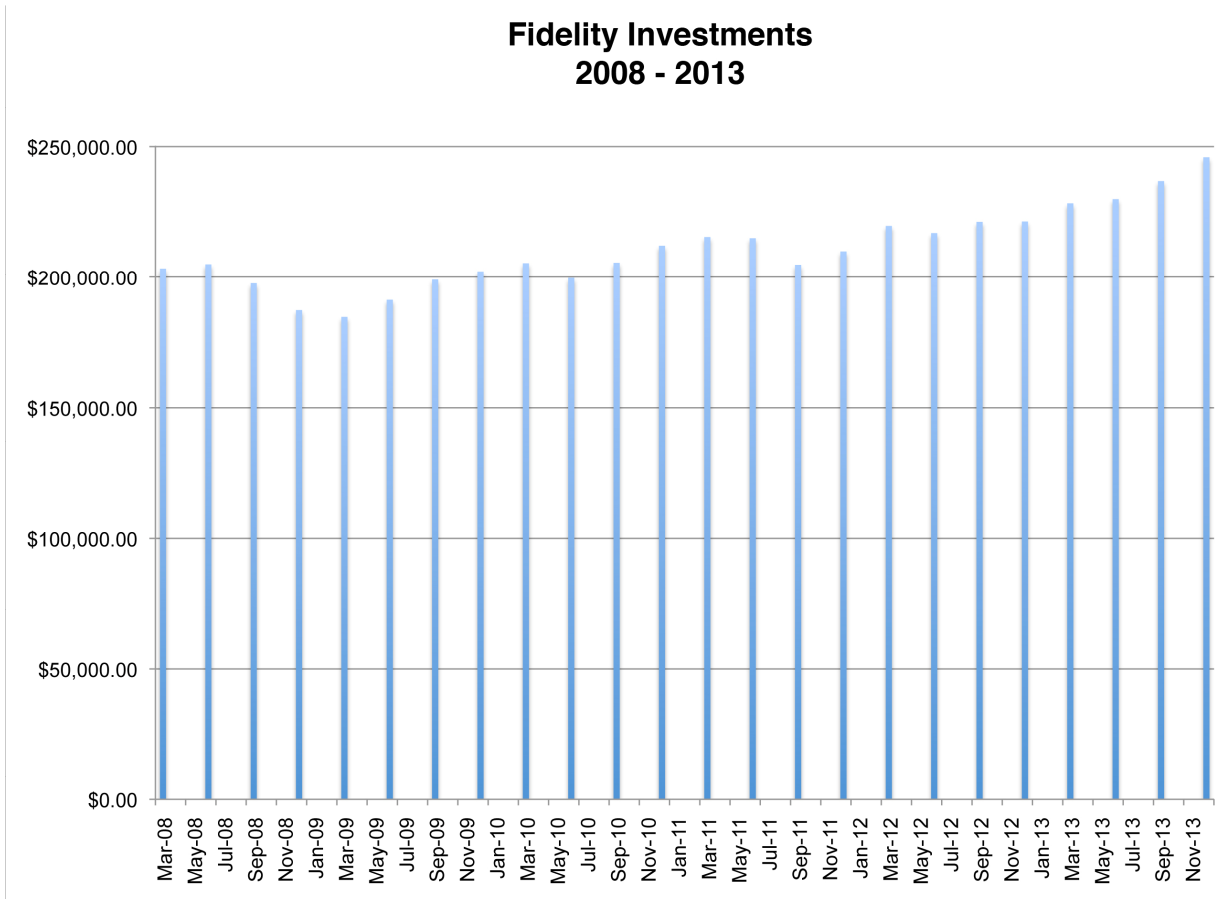
**= \$141.48 per member**

**(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: **\$81,069**, divided among the 573 members of record at the close of the last fiscal year, comes out to operating costs of **\$141.48** per member – and our membership dues are still priced at **\$110**; as I've pointed out before, this disparity is probably not sustainable over time. And this fiscal year, we will not have an unexpectedly profitable conference to bail us out. Yet the Board is keenly aware that raising membership dues and conference registration fees would probably result in a few more people deciding not to renew their memberships, or attend the next conference. We might price ourselves out of the participation range of many of the very people -- including students and young emerging professionals -- who most need to be here, and who represent the future of this organization.

Our cash flow situation, as we've seen, is still pretty healthy. For a number of years, we've been just breaking even, or showing very small, manageable deficits. With this in mind, let's take a closer look at our Fidelity Investments portfolio. Some years ago, when it was easier to run profitable conferences, the Association began to build up liquidity, and the Executive Board decided to use this surplus as investment capital. Our portfolio is now worth nearly a quarter of a million dollars. Over the last two years, the Board, with the help of the Financial Advisory Committee, has been investigating using these investments as an endowment, like those that help support many of our universities, museums, and cultural heritage organizations.





This table shows the performance of our investment portfolio over time: the past five years. During the past year, with the help of a Certified Financial Planner, we formulated and approved an Investment Policy that will permit the Board to authorize a modest and sustainable annual draw-down of the accumulated value in our investment portfolio. The value subject to draw-down will be calculated annually based on what is called a twenty-quarter trailing value, which many endowments use to even out the peaks and valleys of the market over time; the Financial Advisory Committee is considering a draw-down for the 2015 fiscal year of 4%, which would give us an additional **\$8500** to help fund basic operations, and help forestall membership dues or conference registration fee increases for the coming year. In the interest of transparency, all of these documents -- Balance sheet, Profit and Loss Statement, Financial Assets Statement, Investment Policy and more -- will be available for review in the members-only portion of the VRA web site.

*“The challenge we all must face is how to meet the inevitability of change with confidence rather than with anxiety.”*

Today, I am pleased to assure you that your Association is in good financial shape to help us all meet with confidence the changes our profession faces in the years ahead.

Allan T. Kohl, Treasurer

