

Notes to AIS Income and Expense Statement FY 14 through 2/28/14

Income

Delaying the Affiliate paperwork and payments due date to April has meant no income was received in the first five months of the fiscal year; compared to \$4,050 in the same five months of FY 13.

Membership Dues are down \$673 compared to the same period the year before; not too bad but this an important source of cash to the organization.

Registration Fees are down significantly from the previous fiscal year; \$9,760 to \$5,348. However, in early March, \$2,280 came in so we are narrowing the gap.

Storefront Sales are similarly down; \$7,402 to \$4,260. There is a problem with credit card sales of the online shopping cart being processed correctly i.e. the charge flowing through to the customer and cash passing to AIS. John Ludi and I discovered this through a test of the December 2013 sales. He has contacted customers from that period to confirm/deny the charges went through. I suspect this has been a problem since the Shopping Cart went live in early 2013. He and I are planning to meet on May 10th to identify the extent of the problem.

I have reclassified the Fall Board Meeting Registration Fees revenue as a reduction to expenditures in the Convention Liaison expense line. I think this will help by placing inflows and outflows in one line.

The following income items, with 7 months to go, are unlikely to meet their budget targets:

Category	FY 14 Budget	FY 14 Income through 2/28
Earned Interest/Dividends	\$6,500	\$2,550
Storefront Sales	\$17,000	\$4,260
Unrestricted Donations	\$3,000	\$450.

At this time no revenue category is forecasted to exceed their budget target by a significant amount.

Expenses

While we budgeted Bulletin Mailing and Printing as line items, I haven't broken out the postage costs from Sundance Printing to ship bulletins within the USA. If you take those two budgets together you get \$39,000. Comparing to this combined amount; we have spent \$19,358. If we only do two more bulletins in this fiscal year, we should be fine.

The Convention Liaison Expense line is likely to exceed its \$5,500 budget. We agreed to provide Iris Society of Dallas \$2,000 toward their audio-visual costs at the 2014 National Convention. The Fall Board Meeting cost about \$1,600 more than the registration fees. We have no costs yet recorded for this year's Fall Board Meeting and typically we incur deposit costs months ahead of the Meeting. Please see my comments in Recommendations below,

The Insurance Expense is looking like it will wrap up at about \$10,400 or \$1,000 under budget. In addition to the reported expense, I have paid in March the balance of the 2013/14 premium. We will get one more in this fiscal year, in September, where we pay the first three months' worth of the new premium year.

The bottom line is we have turned around from \$10,500 in operating income in the first five months of the previous fiscal year to a \$9,600 operating loss this fiscal year. That is not the direction we want to go and we need to take some corrective actions.

Balance Sheet

Our largest Certificate of Deposit matured at US Bank on February 16th for \$77,623.14. It is in the Restricted Funds portion of the AIS Balance Sheet. At that time the primary checking account in our Unrestricted Funds at Wells Fargo had \$59.82. I placed the CD proceeds in the US Bank Membership checking account. Since that day I have written 11 checks for \$11,392.94 from the US Bank Membership checking account. These were for operating expenses and should not have been written from that account. Since that time cash has started coming into the Wells Fargo account and is at about \$9,000 now. My goal is transfer cash as it is available into the US Bank Membership account to restore the \$11,392.94. In order to do that, we need to bring in revenue and minimize disbursements. The next big challenge will be the next Bulletin which costs about \$12,000/issue when you include printing, postage, international mailing and editor's fee.

There is an unresolved issue with the US Bank Visa card in the amount of \$263.40. This goes back to June 2013 when I challenged a charge in that amount from Website Dynamics because I had never heard of the vendor and I couldn't get my phone calls answered. As it turns out the company operates the AIS Storefront Shopping Cart. The charge was restored and I paid it. Then in October US Bank charged the amount again. I disputed it but US Bank has remained determined to collect the amount. Finally, I talked to someone recently at the company in Canada and I am sure they were only paid once. I am convinced the problem lies with US Bank. In most recent letter to US Bank, I supplied them with a specific contact name and phone number at Website Dynamics. Stay tuned for more details.

Taxes

The AIS tax returns, both federal and State of Oregon, were prepared by our previous Treasurer Jill Bonino and I thank her for preparing them. The returns are being circulated for your review. Please return them to me as they haven't been filed yet.

Recommendations

1. John Ludi and I go through the Storefront Shopping Cart sales and determine additional ones that appear to not have been processed. He will attempt to collect on those items because he has the customer names to go with the orders. Beyond that I recommend we close the online Shopping Cart on or before its renewal date of May 30th.

2. The Fall Board Meeting registration fees to be raised to cover the expected meeting costs or we direct Paul Gossett to really trim costs. That doesn't mean we have to carpool to the nearest Taco Bell for dinner, but maybe we cut out coffee service, for example.
3. In spite of our Insurance Expense being under budget, the National organization is subsidizing each affiliate by keeping the affiliation fees low. I recommend the affiliation fee be raised in the FY 15 budget to \$40 per affiliate. With 160 affiliates paying this amount it would bring in \$6,400.
4. We should press forward and sell as many 2015 calendars as we may. However, we don't produce a 2016 calendar. Since 10/01/12, we have spent \$6,865 on producing calendars. I don't have a breakout of calendar sales but I doubt if we have broken even.
5. When checks are received they will be forwarded immediately to Michele Snyder for depositing. Those individuals who deposit their own checks i.e. Storefront, Membership, etc will deposit their checks once a week.
6. We need a plan to sell the non-current items in the AIS Storefront. For example, we have 1,677 copies of the 1999 10 year checklist and 892 of the 1969 one. The inventory is valued at more than \$100,000 based on sale prices. The inventory doesn't appear on the AIS Balance Sheet. I have no idea what it cost to produce the checklists as that money was spent in previous years in the General Fund. Similarly, I have no idea of how low to drop our prices to stimulate sales. I recommend we reduce the 1939 to 1999 10 year checklists to \$5 each plus postage and handling and see if sales improve.

Dwayne Booth

AIS Treasurer

3/28/2014