

AIS LIFE MEMBERSHIP DUES RESTRICTED FUND

HISTORY AND PROPOSALS FOR CHANGE

OCTOBER 21, 2016

Early history of AIS Life members is somewhat sketchy. Membership Secretary Tom Gormley provided a detailed spreadsheet of names, addresses and Join dates for 426 active Single and Dual Life Members as of Sept 10, 2016. The earliest Join Date from this list is 1938 when a Life Membership cost \$50. Of these 426 accounts, only 3 do NOT have a Join Date.

The current AIS ByLaws address Life Memberships in Article III Section 2(c). It simply says that single and dual life membership are non-transferable, include full privileges of membership and shall be limited to individuals. No mention is made of how Life Member Dues should be accounted for. The intent was for the monies in the Life Member Dues Fund to earn enough in interest income to cover the costs of these memberships over the member's life. This worked out pretty well until the last 5 years or so when interest rates on government insured certificates of deposit and savings accounts reached near zero. Even a current Single Life membership of \$1,000 is not going to earn enough interest in one year to pay for the cost of 4 Bulletins.

The first reference I could find for the accounting of Life Members was in the Board of Director Meeting minutes for October 26-28, 1962. The relevant paragraph reads, "It was voted to fund all life memberships. The Treasurer was instructed to transfer into a Life Membership Fund an amount sufficient to fund all present life memberships. All future life memberships are to be deposited in this fund, and the fund is to be invested in a federal building and loan association. At the death of a life member, the membership fee is to be transferred to the Research Fund."

The next reference was in the Board minutes of November 3-5, 1995. There were two places where Life Memberships were mentioned:

- (1) "...and that the Dual Life membership option be kept intact. Stahly moved, Mahan seconded, that the restricted Life Membership Fund be kept as a restricted fund with a footnote that it had been borrowed against. Motion carried."

- (2) " It was noted here that several life memberships had been received during this meeting. It was suggested that Treasurer Nichols be instructed to restart the Restricted Life Membership Fund, with separate accounting, beginning with the first quarter of the new fiscal year. "

Following Bonnie Nichols as Treasurer, Jay Hudson took over the books from 1999 until 2006. I was Treasurer from 2007 until 2012. I could not find any documentation to support the amount in the Life Membership Fund in 2007, and so I just carried the amount forward, adding to it when new Life Members joined until the fiscal year of 9-30-10. At that point I discussed with the Board the idea of amortizing a portion of the Life Membership Fund each year to try to take into consideration the value of deceased members over time. This amortization was based on an average amount for Life Member dues for Single and Dual members, and General Ledger entries have been made for it at the close of the last 5 fiscal years.

As of the May 2016 Board meeting, it was the consensus of the current Treasurer Dwayne Booth, myself as past Treasurer, and the Board that the amount of the Restricted Life Member Dues Fund is too high and a corresponding excess amount of AIS investment money has been unduly restricted to cover this amount. As a result, the current Treasurer has experienced serious cash flow problems to pay current AIS bills only out of unrestricted Cash and investments.

After obtaining the active list of Single and Dual Life Members, I reviewed AIS Bulletins from current back to 1938 to obtain the Life Member Dues structure over that time. ***See attached List.*** I reconstructed an amount that represents the outstanding balance of Life Member Dues for the current active members based on the year that they joined as a Life Member. Single Life Member Dues tallied to \$68,340; Dual Life Member Dues tallied to \$34,315 for a total in the fund (before the fiscal year 9-30-16 new and deceased member adjustments) of \$102,580.

I make the following recommendations for Board motions:

- 1. That the Balance of the Restricted Life Member Dues Fund be adjusted down to \$102,580 as of 9-30-16, prior to adding this year's new life members and subtracting amounts for deceased members. The difference will become a one time increase to General Fund Member Dues.**
- 2. That the balance of the Restricted Investments be reduced to agree with the Restricted Life Member Dues Fund only. Other restricted funds, such as Insurance, electronic services, and youth funds are temporary holding accounts for specific expenses and change frequently, unlike the Life Member Fund.**
- 3. That the amortization of the Restricted Life Member Dues Fund be discontinued and that the Treasurer adjust the Fund each year upward for the actual amount of new Life members and downward by the actual amount paid by deceased members based on the attached reconstructed Life Member List. (This is the way the TBIS accounts for their Life Member Funds). Increases in the Restricted Life Member Fund will decrease General Fund Member Dues and decreases in the Restricted Life Member Fund will increase General Fund Member Dues.**

Respectfully submitted,

Jill Bonino

Committee Chair