

Finance Committee report AWCI annual meeting 2018

Committee members:

Henry Kessler

Justin Harrell

Manuel Yazijian

Jack Kurdzionak, treasurer

Membership of the Finance Committee as defined by the AWCI Constitution:

The Finance Committee shall consist of the treasurer of the Institute and no fewer than two additional members of the Institute who are not members of the Executive Committee.

Duty of the Finance Committee as defined in the AWCI bylaws:

Sec. 8 Finance Committee (A) Except for the duties assigned to the James M. Dodson Perpetuation Fund in the Constitution, the Finance Committee shall be the financial advisor to the Board of Directors, and shall review the annual budget covering the operations of the Institute for the fiscal year. The annual budget shall be presented to the Board of Directors no later than the annual meeting. (B) When the budget has been adopted by the Board of Directors, no expenditures shall be made, or liabilities incurred thereafter, in excess of the various budget classifications (not line items) without being reviewed by the Finance Committee and approved by the Board of Directors. (C) An annual audit or financial review as required of the financial records of the Institute shall be conducted by an independent firm of state licensed or certified public accountants, which has been approved by the Executive Committee. This report shall be sent to the members of the Finance Committee and all members of the Board of Directors. A full copy shall be available to any member requesting the same.

During the past year this committee has worked on two phases of the AWCI budget; the regular operating budget and the budget for the mobile classroom project.

The regular operating budget has four major income sources. They are members' dues, Horological Times revenue, tuition and testing revenue, and merchandise sales. For the fiscal year ending June 30, 2018, AWCI's income from those revenue sources covered 60% of the operating budget which totaled \$944,432. The 40% shortfall was offset by the monthly drawdown from the Dodson Fund. AWCI is

able to maintain its current level of spending only because of the Dodson Fund income. About 10 years ago that fund covered about 30% of the operating budget and in spite of efforts made to reduce that dependence upon the fund, that dependence has grown to where it is now 40%.

The Finance Committee was able to prepare and have the Board approve in mid-August an operating budget for 2018-19.

The budget for the mobile classroom was examined separately by the committee after the project was approved by the AWCI Board. The initial proposal was to borrow \$378,000 utilizing the mobile classroom as collateral. As the committee studied the project it became apparent that there would be a significant cost overrun that included Ohio sales tax and equipment to outfit the classroom. In September the Board approved the borrowing of an additional \$100,000 utilizing the Institute's line of credit to cover the cost overrun.

The committee fulfilled its responsibility by reviewing both budgets and making recommendations to the Board.

One note: President Cerullo originally appointed Barbara Polk to serve on this committee which she did until she resigned for personal reasons last spring. Vice president Reckseik, in his capacity as acting president, appointed Henry Kessler to replace Ms. Polk.

My thanks to all who served on the finance committee this past year for their hard work and financial acumen as we worked together to formulate the budgets.

Respectfully submitted, Jack Kurdzionak, treasurer