



Re: Finance Committee annual report for the AWCI 2009 annual meeting.

Date: July 21, 2009

Finance Committee: Tom Jeswald, Dennis Warner, Mark Butterworth, and Jack Kurdzionak (treasurer)

The Finance Committee's duties, as defined in AWCI's bylaws, include:

Sec 8 Finance Committee

(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 approval of the Finance Committee and the Board of Directors.

All committee deliberations and considerations are carried out in accordance with the AWCI constitution and bylaws.

In December 2008, the committee was asked by President Juairé to amend the budget for FY 2008-09 by transferring \$12,900 from special projects budget to the annual convention budget. This was to fund the charges made by Stellar Meeting and Events LLC for organizing our annual meeting to be held in Rhode Island. The committee considered the request and unanimously approved the transfer of the funds without qualification.

The two motions, made on June 18, 2009, by the Board to amend the budget for the FY 2008-09 also clearly fell within the scope of the committee's duty. Although the motions from the Board named the three employees who would personally benefit from an amended budget, the committee impartially based its decision upon the Institute's current policies and bylaws.

The first motion considered read as follows: To pay Tom Pack for 2 weeks of lost vacation and to pay Jim Lubic for 5 weeks of lost vacation.

The committee discussed the rationale for granting paid vacations and agreed that vacation time is a benefit, important to both the employees and the institute. In addition to time away from the office, vacations afford employees the opportunity to rest, relax, reflect, and recharge themselves without any reduction of income. Employees need and should take regularly scheduled vacation. There are medical studies that document the health benefits for employees who take regular vacations. It is in the best interests of the Institute and its employees to have them use their allotted vacation time.

Currently the Institute has a vacation policy in place for all employees and the management is responsible to make certain all employees are aware of its provisions. Employee vacation time is granted annually and has a provision that limits how much can be accumulated and carried into the next fiscal year. The committee is aware of no provision in the

Institute's policy to exchange unused vacation time for cash. The committee voted no to this motion. The committee's unanimous decision (chair not voting) was based upon:

- a. The genuine need of each employee to use all available vacation time and,
- b. The current provisions of AWCI's existing policy regarding vacation.

The other motion from the Board concerned a salary bonus for an employee and read as follows: To have the Finance Committee examine bonus compensation of four (4) weeks for Tom Schomaker.

The committee discussed the various rationales for granting an employee bonus and agreed that an employee bonus for exemplary performance may be justified, if and when AWCI formulates a policy for the granting of bonuses for all employees, and provisions are made in the budget to fund the cost of any bonuses. At a minimum, the policy needs to include:

- a. A definition of what qualifies an employee to be a bonus recipient.
- b. A formula to determine the nature (money, extra vacation, award such as a plaque) of a bonus.
- c. Providing a budgetary means to fund the costs of any bonuses which may be granted.
- d. Assigning a committee or executive to determine which employees qualify for a bonus.

At this time, AWCI has no policy in place for employee bonuses. Another concern of the committee with this special bonus request deals with employee morale. The committee understands that all of AWCI's employees are dedicated to the Institute's mission. Without complaint each one is performing at a very high level of efficiency for the benefit of the Institute. Many employees may consider themselves deserving of a bonus, and if only one employee received a bonus, especially in the absence of any defined policy, the committee believed it would be detrimental to the morale of other deserving employees. After considerable discussion, the committee voted no to this motion. The committee's unanimous decision (chair not voting) was based upon the absence of any policy for granting bonuses.

In light of the potential benefit of having the Institute, in the future, grant a bonus to worthy employees, the committee did make a recommendation for Board action. Additionally at this time it appears that AWCI has some surplus funds in the budget for the past fiscal year (2008-09). The third recommendation reflects the concern of the committee that neither the committee nor the Board has up to date comprehensive financial information available. The bimonthly budget reporting is generally 30-45 days old when received by this committee. Good decisions require good information. More timely and more comprehensive information will help the committee perform its duties.

The committee understands its clearly defined duties. It also considered the Institute, its membership, and its employees as it made the above decisions. All were duly considered and none were dismissed out of hand.

The committee makes the following three motions:

Motion #1 In order to objectively determine if any employee shall be granted a salary bonus, the AWCI Board of Directors will formulate a comprehensive bonus policy to be inserted into the AWCI Policy Manual.

Motion #2 100% of any budget surplus for the current fiscal year (2008-09) be used to reduce AWCI's outstanding \$600,000 loan.

Motion #3 AWCI's Board of Directors will receive, in a timely fashion (within 15 days of each reporting period), an up to date balance sheet detailing AWCI's finances to accompany the bimonthly budget report.