

b. Horological Times. The magazine is a very important segment of AWCI's operation, but unfortunately still loses a significant amount of money. Management has been able to reduce expenses during the first two quarters to compensate for the magazine's reduced revenue. The current recession, which is now deeper than any recession for several generations, will most likely be far longer than originally anticipated. The committee believes that AWCI needs to carefully formulate a long-term vision for the magazine as well as look into existing alternatives for publishing it. Although we anticipated in our budget for the magazine to lose \$40,000, does it need to lose that much money? Every dollar saved in the HT budget will be equivalent to increasing our revenue by that same dollar amount.

c. The annual meeting. This yields substantially less revenue than it returns. The committee has recommended funding a professional planner for the 2009 meeting. This will accomplish several goals including freeing up our staff and management to concentrate on AWCI's business before and during the annual meeting, produce a professionally run convention, lower some of our accommodation costs, and see to the needs of members and guests during the meeting. The annual meeting has two lines in the budget, namely revenue and expense. These expenses and revenues should be further broken out so that the committee and the Board can more carefully examine this area of the budget for future meetings.

d. A substantial portion of AWCI's revenue is generated from the Perpetuation Fund. There is a strong possibility that there will be a significant reduction in the income generated by the fund mainly due to the decline of the value of the corpus of the fund. The committee recognizes the situation and suggests that the Finance Director formulate a contingency plan in case this income reduction occurs.

The Finance Committee makes the following four recommendations, derived from the areas of concern listed above, for the Board to consider.

Recommendation #1: To have the Institute investigate the feasibility of converting a portion or all of its outstanding debt from the variable rate instrument we currently have into one with a fixed rate.

Recommendation #2: To have the Institute formulate a long-term plan for the Horological Times magazine with the goal of optimizing the Horological Times revenue.

Recommendation #3: To have the annual meeting and convention event budget separate from the main budget document.

Recommendation #4: To prepare a contingency plan to operate the Institute with reduced income if there is substantial decrease (8% per annum or greater) in the income derived from the Perpetuation Fund.