

2016 BUDGET & FINANCE REPORT

April 2016 Board Meeting

Attached you will find our proposed 2016 Budget and Recommendations. As you can see, we continue to operate at a loss if we did not take into account a one time donation of \$28,000 early in 2016. Our Budget & Finance committee has put much thought not only into 2016, but how do we move this club forward for future generations. We need to control expenses and take a serious look at programs that continue to have negative trends.

We as the Board have a fiduciary responsibility to be fiscally responsible. Does this board intend to continue the current programs without change and leave the deficit problems to the future board and members risking failure of this club. Past results: The operating trend shows losses occurred 6 of the last 7 years-auditor could not certify 2012 operating results which was the only year profitable. Auditor could only certify balance sheet.

Year	Income	Expense	Income/Loss	Net Assets
2015	\$513,374	\$544,151	-\$30,777	\$336,499 Preliminary
2014	\$474,185	\$504,734	-\$30,549	\$390,614
2013	\$634,203	\$748,914	-\$114,711	\$422,799
2012	\$474,860	\$466,529	\$8,331	\$526,516
2011	\$404,000	\$415,052	-\$11,052	\$518,467
2010	\$441,984	\$494,102	-\$52,118	\$527,410
2009	\$515,625	\$537,314	-\$21,689	\$583,203

The following includes the facts and our recommendations. Some of the recommendations are tough decisions. But as the leadership of this club, we are responsible for making these decisions, for managing change and coming together to communicate change, to insure the success of this club, our membership, and our German Shepherd.

FUTURITY

Continued decreasing Revenue YOY \$10,000(Between 2013 & 2014); \$6,000(between 2014 &2015); budgeted for a continued decrease in revenue of \$3,700 for 2016(between 2015 & 2016).

- Futurity Revenue has artificially seen less losses the last several years due to double entries(Both in regions and regular/Amateur), and mainly with donations.
- Number of dogs shown continues to decrease. Average dogs shown as any given Futurity last 3 years 10-25 animals.
- As noted with the 2015 budget presentation our Futurity/Maturity program broke even in 2015 and will run at a loss by 2016. Loss is more significant for 2016 due mainly to continued decline in entries, the change in how revenue is accounted for with lower entry fees and the addition of Individual Nomination fees and the Sweepstakes payout.
- Our Futurity Committee must be commended as they have collected \$7,000 in donations YTD and with the addition of the Chili Cookoff at the national, we have budgeted \$8,000 in donations to cover most of the projected loss of **\$9,200** for 2016. Donations have been paid back to the regional clubs in the past. For 2016, the donations will stay with the Parent club to absorb the loss first and any extra will go to regional clubs causing a negative impact to our regional clubs in 2016.
- Expenses can only decrease with a change to Judge travel reimbursement and trophies.

We strongly restate our 2015 recommendations: Restructure our Futurity system that will allow us to financially continue to offer the program and still keep the spirit of our Futurity/Maturity Breeders Show. With the additional ruling of Sweepstakes payouts to winners, the Futurity system will run and is budgeted for a \$9,200 loss for 2016 before donations. In the past, we have looked at options. It is a fact that we are one of last National Breed clubs to offer Regional Futurity shows. Last year, we asked our Futurity Chairmen to relook at decreasing or discontinuing the regional shows and offer a Futurity/Maturity show at the National Specialty. We asked for their report and recommendations prior to the 2015 July Board Meeting. We asked that they look at how to increase litter nominations and increase entries. We asked that it be considered to consolidate some of the regions but no financial solutions were presented.

We created an Adhoc Committee outside of the Futurity Committee to take another look at restructure of the Futurity Program at the Jan 2016 meeting headed by Helen Gleason. We look forward to their recommendations of change, ideas to increase entries, ideas to increase litter nominations, insuring that the Futurity program again returns to profitability while keeping the spirit as intended as a "Breeders Show".

RECOMMENDATIONS

- Review serious financial impact of continued decreasing litter nominations, decreasing entries and number of dogs shown to the Regional clubs and the Parent club.
- Look at this as an opportunity to make significant changes to the program keeping the financial impact in mind while keeping the spirit of a Breeders show . Solicit members for suggestions.
- Review the programs offered at other Breed National Specialties to find a system that would work well for us.
- Consider combining 2 of west coast and 2 on east coast for 2017 to give the committee a chance to see if they can increase litter nominations and entries.
- Excluding double entries, if entries continue to decrease, in 2018, Run national Futurity/Maturity as a Sweepstakes at the national and offer cash prizes again. If brought to the National as a National sweepstakes, the savings would be more than \$20,000/year.
- With the cost of showing/campaigning a dog, this would also save money for our members and probably help promote our futurities again having one big show. We could have the #4 and #5 judge from our annual National Ballot to judge the Futurity and Maturity.

REVIEW

Our Review lost \$8,500 in 2014, \$1,000 in 2015(excluding transfer revenue from related committees), mainly due to decrease in printing cost as less pages were printed YOY. The Review is budgeted with a break even for 2016, though changes made last year and this year see positive financial impact With the approved and implemented discounted Online Review and with the increase in membership, we should see a positive financial impact in printing costs.

RECOMMENDATION

- As approved with the 2015 budget and recommendations, the current RFP for Review Editor Contract is in process. This gives us the opportunity to align our goals for our Review and restructure the contract. Position to begin 8/1/16. 2015 we saw \$64,000 expense for Editor/Design. We are looking at offering the position at a \$50,000 base and then seriously looking at an annual bonus on Net Revenue of GSDCA Review which would promote someone who is dedicated to selling the Review and promoting the GSD.

MEMBERSHIP

Our membership has increased. We had 2,275 Members this time last year and are currently at 2,785 which is an increase of 22%. We have also see our Regional club membership increase with our WDS clubs.

With the approved recommendation last year, we increased our membership fees, offered the Online Review only discounted membership and free Online Review membership to our 150 Juniors. Most 2016 renewals were paid in 2015 at the old rates, so increase to membership revenue will not be totally realized until 2017. With the expiration of the \$36 discounted membership, the increase in members, and those paying the new rates in 2016, we have increased the budgeted revenue for membership.

NATIONAL

For planning purposes, it is nice going back to Purina Farms. Several changes, but for budgeting 2016 we continue to make positive adjustments using 2015 and 2014 actuals. Noted changes:

- With necessary security, in 2015 we charged for parking passes to cover the cost. Purina is not allowing this for 2016. We need the additional security and request an increase to all entry fees by \$2.00 to cover this cost.
- RV Parking - Purina charges us \$25/sp/day. We will charge \$35/day to help cover the security costs.

RECOMMENDATION

- Location - We will need to seriously analyze the impacts to budget regarding location of our National Specialty. Going to Reno in 2017 will not see the profits as we have enjoyed at Purina for 3 years. Our National profit covers most of all operational expenses and program losses of this club annually. It is crucial that we consider locations where the National event can continue to financially cover this club.
- With the loss of Parking pass income, consider increasing entry fees by \$2 to cover security expense.

- It has been recommended that we offer the Preshow on Tuesday, Futurity/Maturity Finals Tuesday evening. Education only all day Wed and the National confirmation show to start on Thursday. Due to membership concerns regarding this schedule, this requires board discussion due to impact on membership and possible impact to revenue from Preshow.

WDS

Bringing the Working Dog Sport back into the GSDCA has seen positive impacts in membership and events we offer to the GSD world. There are 2 major budget segments:

- Events
- Office

We have budgeted very conservatively with an estimated loss of \$32,900 for 2016. This includes the cost of sponsorship of 4 members for the WUSV World Trials at \$6,000 each (Budgeted at \$24,000). Historically, donations have been made covering this cost to support the USA Team, but the cost was budgeted. Excluding the WUSV world trials, committee is budgeted to lose \$8,900 in 2016. We anticipate that this committee will be profitable by 2017. We are already seeing enough interest that we would not be surprised for this program to outperform budget this year.

RECOMMENDATION

- If we have GSDCA members qualify for the USA World Team, solicit donations to cover all costs supporting any GSDCA team members qualifying for the WUSV World Trial. Budgeted at \$24,000 4 members at \$6,000/each. We had 0- team members to support in 2015.
- 2015 expense for Admin office including Contract, office expenses was \$22,000 in 2015. As revenue for Admin Office is budgeted at \$12,000 for 2016, this position should be negotiated \$1,000/month. This would budget WDS committee to a breakeven for 2016. RFP will go out for the Admin Office contract as soon as possible.

SUBCONTRACTS

Review

WebMaster

WDS Office

As a non-profit, we need to insure that we have contracts in place and that we send out RFPs in a timely manner to rebid for the jobs.

- Review Editor RFP in process. New contract to take effect 8/1/2016.
- WDS Office Admin will go out as soon as we are finished with Review Editor RFP.
- WebMaster Consider negotiating a fixed monthly cost as she currently spends hours a month figuring how many hours were dedicated to GSDCA. Consider offering a fixed cost of \$3,000/month.

RECOMMENDATION

- Insure that we have a current contract for each.
- If we are the only source of income, insure we are not liable for Workers Comp, taxes and medical.
- Have all contracts drawn as "at will" with a 30 notice from either party.
- Inform entire membership when a contract is up for bid and the process.
- Insure that we have a job description for each.

GSDCA TRUST, INC.

Current balance \$28,417.71.

Approved by this board, we have sponsored the first Helper's seminar with great success. We have planned to offer another this summer and the \$2,500 will cover the cost of both.

RECOMMENDATION

The 501c3 was created in 2011 to aid in our contribution program and give our membership the ability to deduct their donations. The primary purpose of the trust is to promote Education for our membership and the health of our dogs. We need to insure that the purpose of the Trust is upheld. A committee was created in Jan 2016, to work on the following:

- Mission Statement for the Trust
- Logo
- Focus on promoting the Trust - donations,

- If we are planning to have the Education day at the 2016 National Event covered by our GSDCA Charitable Trust, we need to see a written grant for expected costs so we can get the program approved. It also will give the committee adequate time to solicit individual donations to cover the expense.

Requirements as the trustees:

- Their primary duty would be to accept, review and approve Grant requests.
- All Grant requests would be in writing defining specific purpose to insure IRS requirements
- The current BOD of the GSDCA are the Trustees of the GSDCA Charitable Trust, Inc.
- One of the Trustees would serve as the Treasurer of the trust. Must be bondable, cannot be the Treasurer of the GSDCA, Inc.

BUDGET & FINANCE COMMITTEE

Pamela O'Dell, Chairman

Carmen Battaglia

Frank Fasano

Larry Rock

Van Dukeman

Gail Stiefferman

I want to personally thank the members of our B&F committee for their time, thoughts, debate and guidance as we worked through our budget, our challenges, and vision of the future of our club while always keeping in mind how to add value for our membership. We will always have those that do not accept change easily, but we, the Board of Directors for the GSDCA have been given the responsibility as leaders of our club and our breed to represent our membership for today and to insure the viability of this club for the benefit of future generations. It needs to be our commitment to embrace, inspire and encourage the leaders in our breed and our membership that change will accomplish these goals. Please consider the aforementioned recommendations. Thank you,

Pamela O'Dell