

GERMAN SHEPHERD DOG CLUB OF AMERICA

2018 GSDCA Budget & Finance Committee Presentation

Attached is the 2018 Budget presented for approval. We start with historical information for your review and then go into proposals to move our club forward financially.

HISTORY

Financial trends of the GSDCA

Year	Income	Expense	Income/Loss	Net Assets
2017	\$454,772	\$444,063	\$10,709	Preliminary
2016	\$560,000	\$530,000	\$5,804	\$396,217
2015	\$513,374	\$544,151	(\$30,777)	\$357,074
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

Actions already in place over the last several years to move our club back to profitability:

MEMBERSHIP

- First increase of membership dues in 23 years. 2017 was the first full year with the Online Review options and fee schedule.
- B&F will take a look at the Review/Membership allocations as it appears they need to be adjusted.
- Insure that there is a process to manage the mid-year renewals. Consider prorating the first year online for mid-year membership purchases so all renewals are due by 12/31.
- Insure that those not renewing their membership do not have membership access to the website, currently a manual process to remove access. Consider grace period cutoff to access 2/28, though grace period extends to 3/31 to not lose good standing and seniority. Cutting off access aids as another reminder for Members to renew.

GSDCA REVIEW

- B&F Committee to analyze and assess cost per page/per member.
- B&F will study and issue recommendations to improve profitability of the review. Recommend charging committee pages in 2018. No Committee page charges in 2017.

SV/WDS COMMITTEE

- When the SV program was brought back into the GSDCA, the original expectaton was to be profitable by 2017, but without the USA Sieger show in the odd years, 2017 incurred a loss.
- 2018 with the USA Sieger show and Combined Trial, and with continued increased participation, our SV program should break even for 2018.
- Expenses continued to increase at a faster pace than revenue for this program. With the increased cost of travel, continued expenses for all the helpers, we recommend taking a serious look at ways to lower expenses to turn the SV program to profitability.
- A committee should be assigned to complete a serious financial analysis and present recommendations to lower expenses so we can continue to support this critical program of our club.
- Consider a fund-raising program thru the Trust to sponsor the Teams' international travel. 2018 Budget projections for these events \$25k. If Agility is added in 2019, could increase annual Team travel expenses another \$15k.

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FUTURITY -

- In 2016, a committee was created to find ways to decrease expenses for our Futurity Program. Expenses were decreased not offering "wood" except for the Best and Reserve and First placements. Superintendent was added to help with entries and costs. Multiple entries were approved to try and generate additional income. Donations have kept the Futurity program profitable for the last several years. A small profit is expected in 2018 as income remains steady and expense reductions realized in 2017 continue. This Committee requests that we take another look at the Futurity Program.

MARKETING -

- A Marketing Committee to solicit commercial ads for the Review, website, and event catalogs was created in 2016. They have had some success in finding special retail discounts for our members. Continuation of soliciting for Commercial ads should be their focus. Consider moving this committee under the Review with the ability to sell commercial ad packages including banners/ads on the website.

DECISIONS/DISCUSSIONS for 2018

Merchandise: Board Discussion: Net profit \$2,500. Are the efforts worth it?

- Website still does not have the capacity to include tax and postage. Postage can be significant.
- Currently Postage is imbedded in price to compensate for additional cost, but actual cost can be between 50 cents to \$30.00.
- Cumbersome and difficult to have some volunteer to store and ship product sales off website or get volunteers to work national.
- Annually, as noted by the Auditor's SAS115 letter to management, it is difficult at YE to correctly determine total value of Inventory and COGS. We have had to take estimates, which is not according to GAAP. This has been an ongoing weakness in our financials and audit.
- BOD to consider selling GSDCA Products at National only.

Website

- Website Maintenance cost reduction of \$14k expected in 2018.
- Insure all prices quoted for services/Products are current. When reviewed during this budget process, some prices were not current.
- Look into enhancement to Website so it can also house the Historical archives. Cost is budgeted in GSDCA Trust as an educational expense.
- Look at the cost to update programming so that it has the capacity to take our SV event entries.

BOD Meetings

The board has worked diligently to make board meetings more efficient and provide a methodology that will allow and encourage more timely decisions. Monthly conference calls address specific agenda items. This has improved effectiveness in communicating with committees and quickly addressing necessary action items. It should also make our quarterly meetings more effective as discussion and communication among board members on important issues will have previously occurred.

The board is actively exploring ways to be more cost effective. Over the last three years, with the reduction of board members, costs have been reduced by 20%. By utilizing lower cost meeting facilities, and carefully exploring reasonably priced locations, we reduced our expenses even more significantly in 2017.

2014	\$39,700
2015	\$31,600
2016	\$32,345
2017	\$22,869

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National Locations

Our membership wants this board to look at locations other than Purina. If we are going to consider bids, we need to consider the cost of grass/sod for all new locations. Our National Specialty is our primary event and a major contributor to maintaining a net profit annually.

NATIONAL TRENDS:

Year	Revenue	Expenses	Net Profit	
2017	\$140,729	\$95,203	\$45,526	Preliminary
2016	\$144,879	\$108,530	\$36,349	Purina Farms, St Louis MO
2015	\$156,790	\$107,375	\$49,415	Purina Farms, St Louis MO
2014	\$139,738	\$115,613	\$24,125	Purina Farms, St Louis MO
2013	\$163,799	\$167,626	(\$3,827)	Philadelphia, PA
2012	\$111,831	\$127,496	(\$15,665)	Loveland, CO
2011	\$98,271	\$91,793	\$6,478	Topeka, KS
2010	\$89,857	\$112,461	(\$22,604)	Salt Lake City UT
2009	\$124,622	\$144,234	(\$19,612)	Springfield OH
2008	\$91,259	\$120,909	(\$29,650)	Beaumont, TX
2007	\$137,019	\$96,744	\$40,275	Loveland, CO
2006	\$141,626	\$117,042	\$24,584	St Louis MO
2005	\$127,951	\$118,143	\$9,808	Concord NC
2004	\$97,015	\$78,698	\$18,317	Albany OR
2003	\$93,818	\$91,424	\$2,394	Daytona Beach, FL

Financial Procedures and Processes

Referring to the 2015 and 2016 SAS115 Letter from our Auditor to Management of the GSDCA notes weaknesses in our processes, the following were committed to by the 2017 B&F Committee to correct financial weaknesses in segregation of duties, lack of financial controls, lack of documentation of Internal Controls and Accounting Procedures, Numerous GL accounts no longer used, Significant deficiencies in written procedures regarding internal controls, lack of control of cash receipts, no account of fully depreciated equipment, and no "Whistle Blower" Policy. The BOD of the GSDCA continues to follow through with the responses to the SAS115 Letter from the auditor.

Policies implemented and approved by the BOD to improve our financial reporting:

To improve separation and segregation of duties, we hired a bookkeeper, ASG.

They write the checks, reconcile the accounts, and complete all the input into Quickbooks for us. It is the responsibility of the Treasurer to oversee the duties. Ryan Givens will still be our auditor. The process will insure dual control and balances.

- Treasurer will receive bills/invoices.
- Entered on an expense voucher with the appropriate GL to be entered too.

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- Treasurer will forward to President and B&F committee Chair, all Expense and Revenue vouchers for approval prior to forwarding to ASG for processing.
- All deposit receipts sent to the treasurer to be forwarded to the bookkeeper with the GL to be credited too.
- Goal is to receive monthly reports from ASG to the Treasurer who will then forward to the B&F Committee Chairman and President for B&F Monthly conference call. Currently Quarterly.
- Bank/credit card statements are sent to the Treasurer for review. Anyone with a Corporate Credit Card who does not promptly submit Bills with Receipts will have the card cancelled.
- Engage the B&F Committee during the Audit Process.
- Per the response from this BOD to the auditor on the SAS115 Letter, the following will be completed and submitted to the BOD for approval by 2018 year-end. These tasks have been committed too in our response to the auditor and needs to be completed in 2018 as they will also be Material for the 2017 Audit.
- Whistle Blower Policy (Carmen forwarded to the BOD the AKC Policy and should be considered as our Policy)
- Draft GSDCA Financial Procedural Guide was presented at the Oct 2017 BOD meeting. It was tabled until the 2018 BOD was in place. This needs to be completed and approved by this BOD to insure that we follow up with assurance to our response to the auditor that this would be completed. B&F committee responsible to complete this task.

Awards

The B&F Committee has completed a detailed analysis of our current Awards Expense. Due to additional awards and continuous increase in members performance accomplishments, the expense has become significant. We have seen an increase in postage and cost in the awards themselves. The attached Preliminary analysis prepared by Pam O'Dell is based on current information in cost and postage while the number of awards is based on a 3 year average. Review Pages should also be considered as the "Cost Per Page" is a hard cost to the club. Futurity plaques are noted also in the event this BOD wants to send out RFPs for awards, it may be a bargaining tool with volume to get better pricing.

- The BOD should create an Ad-hoc committee made up of BOD members to review and make recommendations on managing the rising cost of awards.
- Determine if it would make sense to send out RFP's to current vendors with complete list for Awards attempting to get better pricing.
- Determine if some awards could be smaller, less expense
- Create a process for Committee Chairmen on how and who to order awards from.
- Determine how changes in procedure will be communicated to committee chairmen.

2018 Budget Projection

Total Income	\$581,175.00
Total Expense	\$541,894.00
Net Income	\$ 39,281.00