



# Conference for Food Protection Executive Treasurer Report

April 5, 2011

## First Quarter Financial Statement

The bank statements ending March 31<sup>st</sup> have not been received. The first quarter financial statement cannot be prepared until the checking and money market account reconciliation is completed. To do so would present the risk of entering an erroneous ending balance and the financial report would have to be revised. The first quarter financial statement will be sent via email.

## Overall Financial Picture

The overall financial picture for the conference for food protection is sound. However, net income for the 2010 Biennial meeting was lower than that of the 2008 meeting in San Antonio and the net revenue projection for the 2012 meeting shows the same likelihood of failing to meet the CFP standard 3:1 ratio of revenues to expenses. Essentially, revenue has remained flat (*given the economy it is, in some respects, good news*) and meeting expenses have increased by many thousands of dollars.

In order to take preventive action, before the 2012 biennial meeting, the board is advised to adopt and implement strategies for increasing revenue that keeps pace with the increasing expenses. This will be explained further in the discussion of the 2012 meeting budget.

## Ending/Beginning Balances

Beginning balances for the last seven years and a projection for 2012 are presented in the table below. The board will note that beginning balances in even numbered years are lower and are higher in odd numbered years. This is because the biennial meeting, occurring in even numbered years produces the majority of CFP's revenue. Of particular note is the projected balance for 2012. It is markedly down compared to previous years.

2005	2006	2007	2008	2009	2010	2011	2012*
\$137,921	\$110,109	\$178,734	\$149,866	\$201,530	\$142,264	\$178,789	\$105,255

\*projected

## Biennial Meeting

The 2012 meeting budget is presented for discussion. The revenue is based upon an assumption of 316 paid registrations at \$450. This is a modest increase of fifty five dollars over the \$395 charged in Providence. And as such, provides only a 2.28:1 ratio of revenues to expenses. To provide the 3:1 ratio on registration fees alone they would have to be increased to \$700.

A table is included with the meeting budget that shows fees for selected other related national meetings. I recommend that the board appoint an ad hoc committee to consider an approach that increases registration fees, workshop fees and membership fees and reduces expenses by charging cost or close to cost for one of the receptions. This ad hoc committee would work with the Director, Treasurer and Exec Assistant to bring a recommendation to the board approval at the August board meeting.

The following table was also presented at the August 2010 board meeting.

	2012	2010	2008	2006
Revenue	\$256,350*	\$229,649	\$227,378	\$205,520
Expense	\$111,960	\$114,121	\$ 77,472	\$ 63,740
<b>Net</b>	<b>\$144,390</b>	<b>\$115,520</b>	<b>\$149,906</b>	<b>\$141,780</b>
Ratio revenue/expens	2.28	2.01	2.93	3.22

Registrations	\$142,200*	\$120,274	\$124,560	\$134,945
Workshop	\$23,000	\$ 22,675	\$ 23,250	\$22,275
Sponsors	\$81,000	\$ 81,000	\$ 72,368	\$48,000
Local Partnership	10,000	\$ 5,700	\$ 7,200	

\*assumes registration increase of \$55 at current rate would be \$124,820. Total - \$238, 820 and Net \$126,860

## 2011 Budget

The 2011 budget is presented for the board's review and approval. It is similar to the 2009 budget. Notable differences include: Executive compensation has increased \$8,869, Executive board expenses are increased \$8,000 and it also includes the addition of \$3,030 for executive board meeting catering. A conference pre-payment is also not required for the 2012 meeting and the website development and maintenance amount is lower.

## Insurance

Our fidelity bond carrier, Old Republic canceled our crime policy because of lack of safeguards. (A common problem for small non-profits) We are fortunate that Aon Association Services has issued a \$100,000 crime policy along with the Directors and Officers policy that CFP currently has with this company.

Areas of concern are: same organizational official responsible for deposits, check writing check signing and bank reconciliation as well as lack of an approved vendor list. These are difficult to address given the nature of the Executive management. The antidote to this is a strong audit function

## Audit Policy

The audit policy states:

*Conference for Food Protection financial records shall be audited every four years by a CFA, beginning in 1998, at the expense of CFP. Audits in other years shall be conducted by a CFP audit committee, a standing committee reporting to the executive board.*

Hence, 2010 is the year that the audit was to have been done by a CFA. The audit committee performed the audit last year but it was not done in 2010 as it should have.

At the time of ET transition the possibility of an outside transition audit was discussed and rejected. At the time the cost was estimated to be in the range of \$10,000. The policy does not provide direction as to when in the year the audit should be conducted. Nor does the policy outline any instructions for the standing audit committee. I believe that this policy will be improved with clarification.

The audit committee chair can speak for himself, but I believe the committee had some consternation over how to conduct the fiscal audit. Clarification of the policy to provide direction and expectations will benefit all parties involved.

Respectfully submitted by:



CFP Executive Treasurer