FINANCE COMMITTEE MEETING

Sunday, February 27, 2011, 08:00 to 09:00 (8 AM to 9:00 AM)
Room Salon K, Marriott RiverCenter Hotel, San Antonio, Texas

Draft Minutes

1. Call to Order and approval of agenda
   Meeting called to order by Chairman Allen J Tucker at 8:00 AM.

2. Attendance – please see attached
   All members present.

3. Minutes of the Finance meeting, October 9, 2010, Sao Paulo, for approval
   Allen Tucker – I bring to your attention, on the last page, some carefully worded information re the Greek meeting which is all good. Are there any corrections or amendments and if not could I have a motion to accept.

   Moved adoption of the Sao Paulo minutes – David Hardwick
   Seconded- Robert Osamura
   Carried

4. Financial audit
   Jim Crimmins – when we were in Greece we reviewed the audit report, budget variance report and produced a new budget. For years you have seen on the agenda for the Finance or the Executive Committees that we have audited financial statements as required in the IAP Constitution and bylaws and they have all been audited by a certified public accountant and a regular audit opinion issued. So we happen to have here today the gentleman who has been involved with the Academies audit; the USCAP, the Society of Cytopathology, the Society of Pediatric Pathology and the IAP. He has been invited here by the USCAP to meet their people so I thought it would be nice if he came here to meet you – Steve Loflin of Fuller, Frost & Associates. He is the person who has worked on the IAP books and is very familiar with them.
   Steve Loflin – it is a privilege and honor to be able to come to this meeting and meet some of you people and to be able to put some faces to the names of people I have talked to. Charles Ramey, I have emailed him a lot, and Dr. Henry and Dr. Hardwick. It is good to be able to meet everybody and if anyone has any questions this morning which you want to direct to me, about anything at all, I will be happy to answer them. We appreciate being able to see the whole process and appreciate the opportunity to be able to serve you in this capacity.

5. Call for new agenda items
   Allen Tucker called for new agenda items.
   No additional new agenda items at this time move to agenda items.

6. Treasurer Report
   Investments
   Jack Strong reviewed the IAP investments, reporting that they have generally gone up.

The Merrill Lynch account is at about $598K with $350K in equity stocks, $180K in various fixed income bonds and the remainder in money accounts. All of the Merrill Lynch stocks have increased except CitiGroup. The fixed income bonds are all 10 year government inflation bonds where the rate increases with the inflation rate. The main investments are in a Vanguard account with nearly $1.0M in various equity funds and $250K in inflation protected US Treasury bonds. The Vanguard account has increased from $750K to $950K in one year. Total investments are now at about $1.8 million.
Jim Crimmins – these are pretty much the same investments from June 30, 2010 which you reviewed in Sao Paulo but they have now appreciated another $150K

a. Division Dues (see attached)

Jack Strong – there is nothing to report on the dues as we do not have a deadline until March 31, but I did a little arithmetic and can report that we have 43 current Divisions. In 2009, 40 of those paid their dues and in 2010, 36 paid their dues. So there some which are still behind in their dues.
Jim Crimmins – when I follow up with the Divisions for their current year dues I will mention to them any missed years. One problem we have is the Italian Division where they have sort of gotten out of synch on the computer (and we are tied to the computer) and we have not yet come to an agreement about what year they are paying for.
Jack Strong – when we get to the Executive we sometimes mention to the regional VP that they might talk to a certain Division and sometimes that pays off.
William Gardner – what has happened to the USCAP membership?
Jim Crimmins – the 2011 figure is partial, as the year goes on, they pay at the end of June, but the number of regular sustaining members is down.
Allen Tucker – the USCAP made a procedural change where they now exclude you from membership after not having paid for one year where they used to have a two year grace period.
Kristin Henry – interesting to see that Denmark has not paid because Denmark has a very active Division, so we might chase them up. Have they paid before?
Jim Crimmins – they were paid up at one time, in follow up we have just never found a contact person. If they have not paid for a while and ask to be re-instated we usually ask for the current year dues and the previous year to make sure they have a commitment to come back in.
Robert Osamura – which I did the survey they told me in fact that they were very small.

Kristin Henry – they are small but very active and there are Danes at all of the meetings.
Allen Tucker – do you want to pass that forward to the Executive?
Kristin Henry – yes. This may be the same as what happened with Sweden where I chased them up and they said that they had changed their Treasurer recently and somehow had lapsed.
Jim Crimmins – there was a very prominent person in the Danish Division who died. It would be a good practice to follow up with Divisions which have been de-listed for failure to pay their dues as a general policy.
David Hardwick – it is part of the role of the VPs to work on behalf of the Academy so in

addition to bringing it up formally at the Executive it should also be referred to the VP for the region in order to move ahead with Denmark.
Robert Eckstein – remind me what is the value of the dues and how much income are we getting; say for last year.
Jim Crimmins – that would be in the financial statements. Dues payments are out of synch with our fiscal year and sometimes Divisions pay late so any annual figure is an estimate. We collected $102K in 2009 and $94K in 2010 which could be related to the USCAP numbers going down, though other Divisions go up and down as well.
Jack Strong – as in the financial statements, our income sources are dues, investment income and Congress proceeds.
Allen Tucker – do I have a motion to accept the Treasure's report?

Move that the Treasurer's report be adopted – William Gardner
Seconded – Robert Eckstein

7. Budget action items – "Way Ahead" implementation.
   a. Secretariat budget (pro forma budget attached)
   David Hardwick – as a preliminary comment, when the IAP was spun off in 1986 the role of the Secretariat at the time was to coordinate Divisions in putting on a biennial Congress, which meant there was correspondence with Divisions in order to make sure that they actually got their act together but only on the Congress being coordinated. There was very little specific activity in the Secretariat and that was communication to keep contact and to make sure that things were put forward. But the amount of activity at that time was relatively small. After that occurred, the next President that came along moved to create inter-Congress activity, as putting on a Congress every two years seemed to be a relatively modest task given the amount of work which would be necessary to encourage development of Pathology on a global basis. So Antonio Llombart-Bosch and I moved to create an inter-Congress Education Committee which has now morphed into the IAP Education Committee which has put into place a number of different activities and Kristin has been extremely active in energizing that as an operational function. In addition to that there are activities in coordinating activities among the various Divisions and in maintaining the activity in a Secretariat which includes a website. So that was one set of activities. What happened about five years ago was that support for the secretary was diminished so that the website which was hosted with Florabel was transferred off and needed re-activation. So then there was website activity which was conferred upon the Secretariat and a whole variety of other activities. In other words there is a lot to do. During that period of time Florabel Mullick as Secretary had to run the IAP Secretariat from her home on weekends with support from her able assistants, Naomi and others seriously diminished. That was the point at which I took this task on and I have maintained the activity personally since that time. So for the last four years I have maintained the office with Charles and have been able to put the Secretariat back together and got the website updated and all the rest so that moving the website activity together can proceed. The point of all this is that I have been supporting the Secretariat personally for four years and I am prepared to do it for another four years, but when I disappear or should I get run over by a truck

or whatever, then suddenly someone else has got to take this on. And I can tell you at this juncture that it cannot be taken on by a Department without some very substantial support behind it, which if it gets diminished, as it did in the situation with the AFIP, then we would no longer be able to continue. So I would turn to each of you and say how many of you can take on the Secretariat; providing an Executive Assistant, maintaining a website and provide that activity because I want you to do it on Wednesday. The answer is none of you can. We as an organization have an obligation to put into place a basis operational budget in advance of any potential disaster. Now I do not have any health issues and Charles is healthy and we can carry on but if something serious happens to either of us then we as the IAP have an organizational problem because the budget funds allocated to run the Secretariat are miniscule compared to the job.

So what we have done is put together a number which lays out approximately what it costs without any rent, without any additional payment to a University or other agency for telephone etc, but this is what it actually costs to run this outfit. So I thought that it should be put on the table first with to the Executive and then to Finance, what it actually costs. It is all well and good to be coordinating biennial Congresses and putting on Educational programs with the bursaries and all the rest of that, but we still have to run the outfit and that has a cost.

So that is one part of this presentation. The other one is on the "Way Ahead recommendations". We have already taken action and implemented on many of the issues raised in that. For example there was the issue of the web sites being integrate, well Charles has the issue identified and we are ready to merge them and are just keeping them apart temporarily while we make sure we have the appropriate software application. So all of that is now underway and anyone who wants to make a comment can prior to the integration. The job description of the International Organizing Committee and the job description of the Officers have all been put in as appendices to the Constitution and Bylaws and are up on the IAP web site. So those have been all been resurrected and laid out so we are in business for most of what has been put forward.

So to close, I just wanted to raise the issue, what are we going to do when the door closes, when I get shot in a brothel or run over by a truck. So that is the challenge for us as a Finance Committee, to assemble the funding so that certainly within four years and possibly within two we have the funding to be able to conduct our business.

Kristin Henry – this would be a fairly conservative estimate?

David Hardwick – some places they want rent and utilities. We are not paying for this and we are anticipating that if the Secretariat were to be housed at a University, it would at least provide space and utilities but not necessarily personnel.

Jack Strong – having gone through budgets year after year it is pretty obvious that there is a misallocation in that we spend a lot more on the Editor's office and the Bulletin and not enough for the Secretariat. I think the time will come if everyone pays their Congress fees and our investments keep going up, that we can figure out a way as new budgets are developed to start budgeting in that direction.

David Hardwick – I agree with jack that it needs to be put into the budget. I am trying

to provide you four years to sort it out. One of the other areas has to do with mailing costs for the Bulletin. We were paying the mailing costs in North American which amounts to $10K which is a quarter of the call. So I think that it is doable Jack, it is just a question of the Finance Committee looking at it over a four year period, identifying it as a priority and then make it happen.
Allen Tucker – I think it is a very wise thing to bring this up at this time and it will be a challenge to plan for this but obviously the more lead time you have for it the better and I think this emphasizes the incredible value that Dr. Hardwick and Mr. Ramey have been providing to this organization, not only the intangible value they both provide, but also so the financial value, so we are more appreciative than ever.
David Hardwick – I wasn't looking for appreciation. What I would like is for a motion to approve that the Budget Committee reviews this and explore ways of accommodating the budget requirement.
Move approval of the motion – Jack Strong
Seconded – Allen Tucker
Carried

b. Education Committee budget
Kristin Henry – I am delighted that the Education Committee request for a budget increase has been looked at and the budget for the coming biennium has now been set at $60K. It is perfectly clear when we look back at Education Committee activities over the past 10 years, the Committee has on every occasion spent its budget allocation and still the requests come in. At yesterdays Education Committee meeting I have set up a working party to look at new Educational initiatives and we are obviously hoping that we will have reports coming back with actual costing which can be put against the budget allocation and we will get a full report from the Chairman what those might be and we will discuss them at the Education Committee. I am grateful that it has been recognized that our needs are great and that it is what we are all about, supporting the Divisions and their educational activities and always of course, directing our main support to those who most need our help.

c. Bulletin distribution mode survey
Jim Crimmins – with the Way Ahead they were talking about moving the Bulletin online, but from the survey questionnaires which were sent, there are still Divisions which would like hardcopy. However, some of the bigger Divisions do not and we are working on that. After the Sao Paulo Congress we started with the USCAP which agreed to go online, so we did not a hardcopy of the last Bulletin to mail to the USCAP. If you look at the USCAP web site, on the right hand side, there is an IAP section linked to the IAP Bulletin online. We thought we would give it three months and see if we had any feedback. The next Bulletin is getting to go and it will go on the same basis and as soon as that is out I will start to survey the other Divisions again and tell them they can look and see how it works on the USCAP, so if they opt to go digital they should be ready to set up a link on their web site so that their members can get access. There was also talk about printing the Bulletin someplace else but I think that Mercury wants to work with

us, they have done it for a long time and Robin Cooke feels very comfortable with them and we owe a great debt to Robin Cooke to phase this thing so it is not uncomfortable for him and makes it easy to work. So the Bulletin should be going out as we are sitting here, it was at the publisher. So I will give it time to get out and then after that I will start an email survey again and show Divisions how online works and let them re-affirm their choice. It is a big step; it has been a big part of IAP communication for a long time and we want to make certain they are comfortable and are they making a decision they want to make.

William Gardner – what do we estimate the incremental saving will be?

Jim Crimmins – well I would estimate that if the larger Divisions opt to go digital we will probably cut the budget in half and that this can provide some of the resources that would eventually end up with the Secretary.

David Hardwick – the USCAP has indicated already in advance that it does not wish to continue with the paper and that they would wish to see it electronic in the same way that they have their own newsletter, so there will be an initial minimum savings of $10K which is the mailing cost in addition to the other. Now Robin of course as the editor was initially locked into believing that the paper in hand was the ideal and that is totally understandable. But Charles has had extensive discussion with Robin on the IAP Bulletin and its configuration for repositioning on the web as well as continuing the paper presentation.

Robert Eckstein – it is not being emailed to USCAP members it is just going to be on their website? Was there discussion about emailing?

David Hardwick – that is what they want. There will be paper copies available for Officers and for Divisions which elect for paper. The US-Canadian Division for its presentation elected to have it on the web.

Robert Eckstein – if you have every members email address and it is emailed directly their mail box it is that much easier to access.

David Hardwick – that is another electronic distribution mechanism which would also save mailing costs.

Kristin Henry – I know that many of the large divisions would welcome electronic distribution. I know it has worked terribly well for the British Division. We have a news letter which goes out regularly, which is online. You can print it out in colour if you wish. I think the savings are up and they are substantial in dollars. It could be one aspect we look at in budgeting from the point of view of budgeting for the Secretariat.

David Hardwick – it is a matter of the budget. The reason I brought the secretariat budget issue to the Finance Committee is that some group with the "Way Ahead" material put it forward, the Executive reviewed it, referred it to the Council with the recommendation that those issues which had relevance to Committees be referred to those Committees for implementation and those that were otherwise would be referred to the President for consideration. The budget for the Secretariat and the issue regarding the Bulletin distribution is part of that and Jim is doing a survey. If a Division says it wants the Bulletin in paper or papyrus for that matter, it should happen. Or if they want it on the web then that is fine too. Then you need you need to look at the budget and what that reflects.

8. Congresses:
   International Congress Organizing Committee
   a. 2010 Sao Paulo Congress
      No new information to report.
   b. 2012 Cape Town Congress
      David Hardwick – Jim will be meeting with Martin Hale to put in place the financial structure for Cape Town so that will be put in place in advance.
   c. 2014 Bangkok Congress
      No new information to report.

      William Gardner – there should be an Organizing Committee for each of these Congresses which haven't occurred yet, with representation from the IAP and the local people. They have a function and sometimes it has gone astray but that needs to be planned in advance.
      David Hardwick – yes, have put the current active Committees up on our website under 'Committees' and as well, under 'Constitution and Bylaws, appendix C', we spell out the function of the IAP Organizing Committee as opposed to the Local Organizing Committee.

9. New Business
   No new business

10. Date and venue of next meeting – Interim meeting.
    USCAP, Sunday, March 18, 2012, 08:00 hrs to 09:00 hrs, Vancouver, BC, Canada

11. Adjourn
    Move we adjourn – David Hardwick
    Second – Jack Strong
    Meeting adjourned at 8:40 AM