



**The Sagamore Resort
Bolton Landing, NY
April 27 & 29, 2017**

**House of Delegates
Board of Directors Report**

**Leila M. Tibi-Scherl, Pharm.D.
Treasurer**

This report is for consideration by the New York State Council of Health-system Pharmacists House of Delegates only and does not represent official policy until approved the House of Delegates.

ROLE OF THE TREASURER

The Treasurer shall serve as a custodian of the New York State Council of Health-system Pharmacists (NYSCHP) funds. He/She shall invest and disburse the funds at the discretion of the Board of Directors. He/She shall prepare periodic statements on the financial condition of the organization. This position is nominated by the Board of Directors and is elected by the House of Delegates for a 2-year term. The Committees of the Treasurer include Executive Committee on Finance and the Audit Committee.

Executive Committee on Finance

Chair: Leila Tibi-Scherl, Treasurer

Members: Joseph Pinto, Chris Jadoch, Stephanie Seyse, Monica Mehta, and Shaun Flynn

The Executive Finance Committee met monthly via conference call since June 2016.

Audit Committee

Chair: Bruce Pleskow

Members: Joe Pinto, Leila Tibi-Scherl, Phil Manning, Immediate Past-Treasurer, Chris Jadoch, and Shaun Flynn. Visiting guests include: Jon Murray, CHMS Comptroller (August meeting), Anthony Longo, President-elect (March meeting). The Audit Committee met on the following dates in-person and via conference call.

- Tuesday, August 23, 2016 – face-to-face
- Friday, December 16, 2016 – via conference call
- Saturday, March 25, 2017 – face-to-face

TRANSITIONS OF NOTE

1. CHMS

- Effective July 1, 2016, Capitol Hill Management Services (CHMS) was chosen as the Council's association management firm. Cost containment strategies have been quite successful in improving the health of the Council's finances.
- The move to Capitol Hill management Services is projected to save to Council between \$30,000-\$40,000 per year, with most of those savings being from reduced overhead costs (i.e. maintaining office space)
- The additional services provided by CHMS has enabled the Council to avoid an additional \$35,000 to \$50,000 in new costs for implementing enhanced accounting practices, additional meeting planning services and projected increases in costs for contracted services ending in late 2016/early 2017.
- Operating cost for CHMS and the Executive Director to maintain the inner workings of Council office and services to the membership are approximately \$20K per month.
- Previous additional employee salaries saved are approximately \$12K per month.
- Rent savings is approximated at \$1K per month.

2. Changing of Fiscal Year

- Upon being elected as Board Treasurer, it was requested by President Joseph Pinto to change the fiscal year to mirror that of the incoming President. On August 23, 2016, the Board voted in favor of changing the fiscal year to begin August 1, 2016 and ending July 31, 2017. The budget was approved on October 23, 2016. Approximating a \$29K operating surplus.

3. Bank Account Transition & Ending Balances

- **First Niagara to Key Bank**
 - Prior to the Association management transition to CHMS, the Council maintained its funds as cash in two checking accounts with First Niagara, now Key Bank and as an investment account with FNIS/LPL Financial now Key Bank. One checking account is an operating account. The other is for the Council's PAC activities.
- **Brokerage with Pioneer Savings Bank**
 - The Key Bank Brokerage account has transition to Pioneer Savings Bank (PSB) to provide a more diversified investment portfolio.
 - The investment account is a balanced investment fund with a stated investment objective of income with moderate growth. Pioneer's financial advisor determines the specific investment based on the stated objective and executes trades on that basis. The current investments are allocated as follows:
 - Intermediate-Term Bond 44.50%
 - Large Blend 22.00%
 - Cash 10.00%
 - Large Growth 6.00%
 - Corporate Bond 4.00%
 - Industrials 3.00%
 - Technology 3.00%
 - Inflation-Protected Bond 2.50%
 - Health 2.50%
 - Energy Limited Partnership 2.50%

- Below is a summary of the quarter ending bank account balances:

Account	June 2016 (2Q16)	September 2016 (3Q16)	December 2016 (4Q16)	March 2017 (1Q17)
PAC Checking (Acct# - 008)	\$54,081.06	\$54,081.06	\$52,981.06	\$51,081.06
Checking (1stNiagara Acct-701 now Key Bank) (Pioneer#- 317)	\$127,161.08	\$61,295.08 \$40,328.47	\$91,062.63 \$42,979.89	\$46,516.71 \$216,864.06
Brokerage (Acct#- 9859)	\$89,117.02	\$89,862.00	\$88,822.92	\$89,590.03

4. Auditor

- Previous to my term as Treasurer, the Council utilized Lurie & Co. as its auditing firm.
- In early December 2016, the Board received a quote from Battaglia & Associates which was financially better than what the Council was paying Lurie which included changing the fiscal year and the audit.
- CHMS has strong relationships with Battaglia & Associates having previously worked with other organizations who also utilize Battaglia & Associates
- On December 16, 2016, the Audit Committee recommended to move forward with Battaglia & Associates as the Council's auditing firm.
- Approximately \$3K annual savings is expected from this transition.
- The Audit Committee will review financials semi-annually and discuss with Battaglia & Associates.
- Based on the recent audit, the Council's experience was dramatically better than the past few years.
- This year's audit report was not completed in time for presentation at the 2017 House of Delegates.

Below is the summary of financial information from the 2014 and 2015 Audited Financial Statements and un-audited figures from 2016 provided by CHMS pending the results of the 2016 audit. The 2016 figures are derived from QuickBooks, the financial recordkeeping system used by the Council. As of the date of this report, the audit has not been concluded. These figures represent the operating activities of the Council, and do not include the net assets:

Operating Revenue*	2014	2015	2016[†]
Membership Dues	138	203	169
Annual Assembly	213	282	286
Educational Meetings/Sponsorships	199	168	178
Other Income	62	52	45
Total Revenue	612	705	681[†]
Operating Expense*	2014	2015	2016[†]
Administration	326	338	276
Annual Assembly	138	107	138
Other Educational Meetings	107	73	66
BOD/Committee	94	72	58
Other Expense	40	28	23
Total Expense	705	640	616[†]
Operating Surplus (Deficit)	(93)	65	67[†]

* all amounts in thousands

† amounts are un-audited

ADDITIONAL SAVINGS OPPORTUNITIES IDENTIFIED AND ACHIEVED

- Low hanging fruit savings opportunities
 - **Insurance Liability for Directors & Officers and Slip & Fall Liability**
 - Total savings of approximately \$2K/year US Liability Insurance Group and the Hartford.
 - **AnyMeeting**
 - The Council received a quote to save \$384/year with AnyMeeting and agree to upfront annual billing.
 - The Council in collaboration with CHMS continues to explore ways to contain costs and streamline operations.

ADDITIONAL ACCOMPLISHMENTS OF NOTE

- **NYSCHP Financial Guidelines**
 - Previous NYSCHP financial guidelines had not been updated in several years to which it was prudent to revisit and seek the assistance of CHMS on updating the financial policies of the Council. The ultimate goal of this effort was to revise current policies based to comply with non-for-profit association management standards and compile them into one formalized document. CHMS provided leadership and guidance in the development of the guidelines to meet New York State non-for profit association requirements and to include a whistleblower policy.
 - The NYSCHP Financial policies will help the Board of Directors achieve a number of goals from the Strategic Plan.
 - The Board is set to vote on the new financial policies at the April 27, 2017 Board of Directors meeting.

- **Chapter Reimbursement Policy**
 - In collaboration with the Bill Prescott, Director of Chapter Services, a newly revised policy for chapter reimbursement was approved at the Virtual HOD.
 - Chapters will receive a 5% reimbursement per active member.
 - This revised policy will cost the Council approximately \$8.8K annually.

- **Educational Program Income and Expense Tracking Worksheet**
 - An income and expense worksheet was developed with the help of Bruce Pleskow to track income and expenses for each educational program moving forward to easily identify profit/loss with each program put forth throughout the year. The Director of Education Workforce BOD report will include financial reporting of each educational program to include the number of attendees, expenses paid for honorarium, cost of venue, etc. Such information will be provided by the Council office. This worksheet will serve as a reference to both the Treasurer and the CCC of tracking income vs. expenses.

FINANCIAL CONDITION OF THE ORGANIZATION

The financial condition of the Council continues to improve. Membership, Annual Assembly, educational meetings, and sponsorship remain to be the largest sources of revenue (representing 95% income) for the Council. It is anticipated upon receipt of the 2016 audit report from Battaglia that the Council will realize an overall operating surplus of approximately \$67K in line with the previous 2015 year of \$65K. Based on the QuickBook financials for Jan-Feb 2017, this year's budget shows a realistic surplus of \$36.5K.

The primary source of the Council's operating funds comes from the Annual Assembly. This year's Assembly is expected to bring in approximately \$275K in income/revenue.

The second most important sources of the Council's operating funds is membership. The Audit Committee regularly reviews the active membership reporting for the Council.

Initially there were huge discrepancies seen in member profiles with the changeover from Your Membership to Member Clicks. The new "Member Clicks" database has been cleaned up significantly through the extensive efforts of CHMS and appears to be 100% accurate at this time. Membership accounting will change to "cash-based" vs. "accrual" to adjust for invoice timing. CHMS will reconcile membership at the end of each month vs. membership revenue. The switch from accrual to cash basis for dues has not yet been made, this change in reporting will create increased income for 2016.

The Committee on Finance, Audit Committee, the Board in addition to the Executive Director anticipates continued positive returns due to the collaboration with CHMS as already proven by the realized savings reviewed in this report. The Executive Director continues to be very judicious in expense practices of the Council and exercises a conservative management style. This practice has shown to be very effective as the results show to be quite positive for the Council.

Lastly, I would be remiss if I did not thank the members for giving me the opportunity to serve this organization as Treasurer. It is a privilege to be a part of a Board of Directors and to the Board I am grateful for their support in my role as Treasurer and am in awe of their unwavering commitment to advancement of pharmacy practice. I would also like to thank Bruce Pleskow, Shaun Flynn, Joe Pinto, Phil Manning and Mike Blumenfeld for their mentorship and sound advice throughout my first year as Treasurer. It has been my humbling experience to serve as your Treasurer and I look forward to another exciting year to come.

Respectfully submitted,

Leila M. Tibi-Scherl, Pharm.D.
Treasurer