



## **New York State Council of Health-system Pharmacists**

### **Annual Assembly**

**March 24, 2020**

### **Board of Directors Report**

#### **Treasurer**

**William Allan Prescott, Jr., PharmD**

#### **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.

## **COMMITTEES**

### **Executive Committee on Finance** – meetings as scheduled by EC

Chair: William Prescott, Treasurer

Members: Anthony Longo, Lisa Voigt, Heidi Christensen, Andrew Kaplan, and Shaun Flynn

### **Audit Committee** – meetings quarterly; met 8/7/2019, 11/13/2019

Chair: Bruce Pleskow, Past-Treasurer

Members: William Prescott, Phil Manning, Anthony Longo, Lisa Voigt, Heidi Christensen, Andrew Kaplan, Shaun Flynn and Jon Murray (CHMS Comptroller).

November 2019 (full minutes available upon request): The Audit Review of the September 2018 through August 2019 Profit and Loss Comparison found a significant surplus of \$80K vs. \$33K budgeted surplus for FY 2019, demonstrating the overall financial health of the organization. With Accounts Receivable of \$20K, the BOD needs to review planned quarterly budget contributions for a reserve fund to reach a desired 18-month Operating Income surplus. Overall, this will create a yearly budget closer to actual. The Treasurer and Audit Committee will provide a NYSCHP Financial Process Overview and Strategy at the April 2020 BOD meeting.

The Audit Committee is recommending the following:

1. Consider an annual dues increases based on projected inflationary costs - see figure at end of report.
2. Combine Residency Income (5443) and Residency Program Expense (7630) into the General AA Income (5400) and Expense (7400). This will reduce time to breakout these items and clarify AA profitability going forward.
3. Create a Budgeted Line Item for contributions to a reserve fund to reach 18-month surplus for Operating Income
4. PAC Checking Account be listed as “Restricted Assets” since it cannot be used for general expenses of the Council.
5. Battaglia CPA, the Audit Committee and Executive Director will work to further streamline the number of accounts in Quickbooks to help prevent incorrect posting of income/expense. 5100 Membership Dues – Other cannot have the same number as Total Membership Dues to avoid confusion. 7100 and 7180 BOD Expense should be condensed to a single line item. 7200 Committee Expense should be condensed, remove 7321-Monitoring Contract (now listed under 8400), and 7600 Education should only have “active” programs listed.
6. Battaglia, CPA will audit every other year, next date FY ending July 31, 2020, with a financial review in 2021. The Audit Committee along with Exec-Finance will continue to conduct quarterly reviews of NYSCHP financials. This may be reduced to semi-annual, March and October in the future as organizational needs change.

## **ACCOUNT SUMMARY**

<b>FY18/19</b>	<b>Sep-19</b>	<b>Dec-19</b>	<b>Mar-20</b>	<b>Jun-20</b>
<b>Checking - Pioneer Account #317</b>	169,273.67	151,537.19		
<b>% Change vs. prior FY</b>	35.3%	8.1%		
<b>PAC Checking - Pioneer Account #4911</b>	49,067.06	49,067.06		
<b>% Change vs. prior FY</b>	-2.6%	-0.6%		
<b>Brokerage - Account #9859</b>	281,654.26	291,741.57		
<b>% Change vs. prior FY</b>	4.0%	14.5%		
<b>TOTAL (LESS PAC)</b>	450,927.93	443,278.76		
<b>% Change vs. prior FY</b>	13.9%	15.5%		

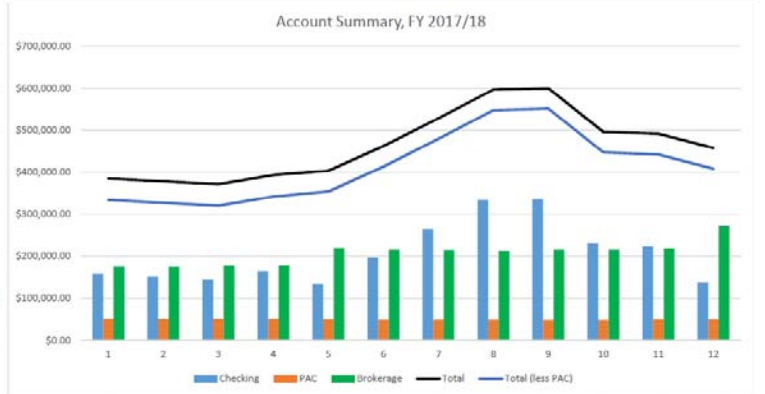
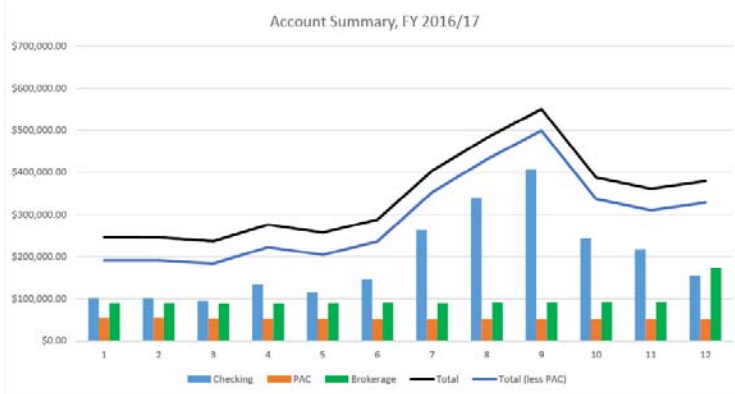
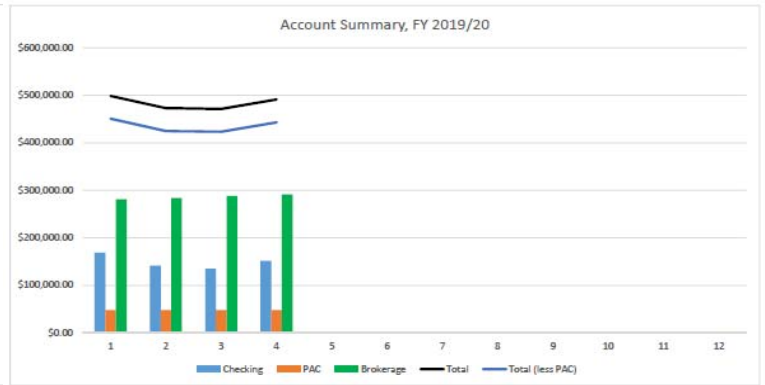
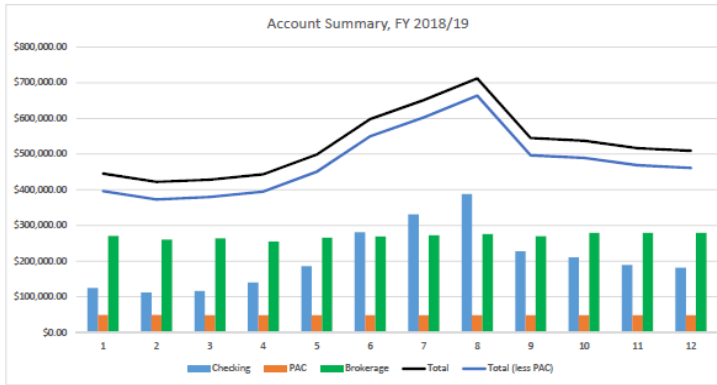
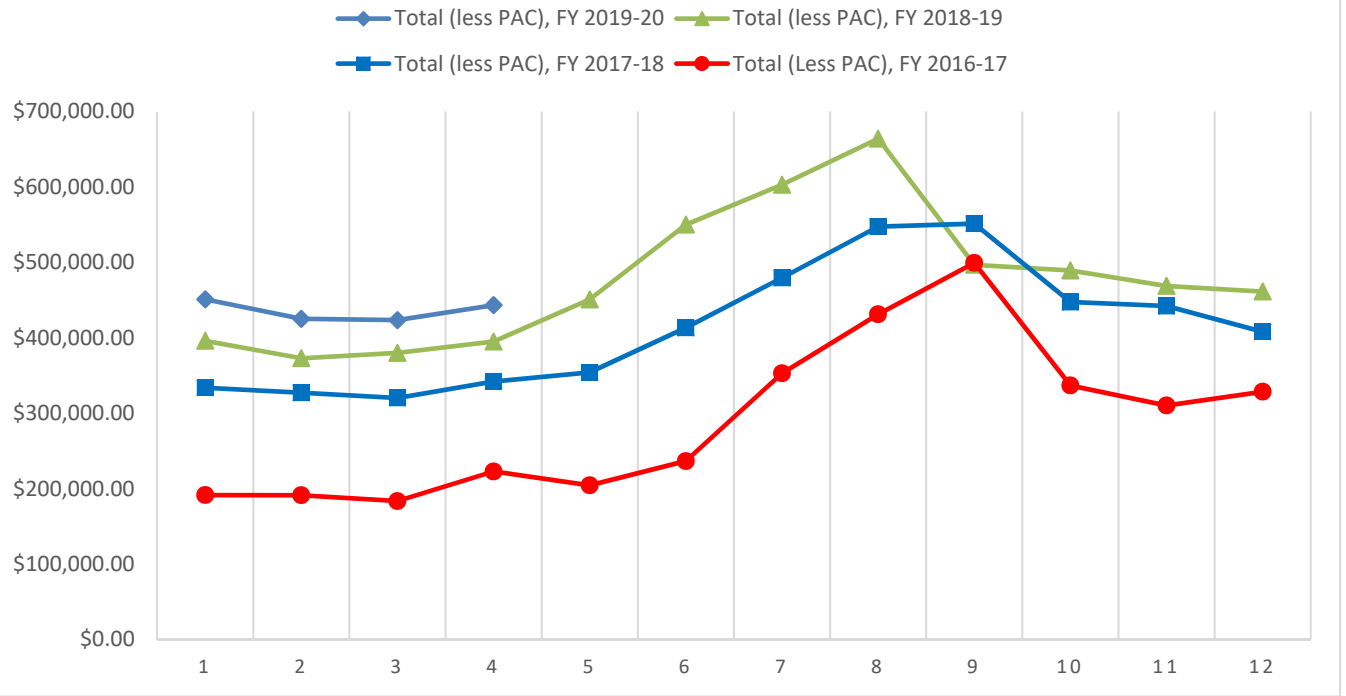
<b>FY18/19</b>	<b>Sep-18</b>	<b>Dec-18</b>	<b>Mar-19</b>	<b>Jun-19</b>
<b>Checking - Pioneer Account #317</b>	125,143.05	140,179.46	330,664.47	209,995.57
<b>% Change vs. prior FY</b>	-20.9%	-14.4%	25.1%	-9.3%
<b>PAC Checking - Pioneer Account #4911</b>	49,367.06	49,367.06	49,367.06	48,367.06
<b>% Change vs. prior FY</b>	-3.4%	-5.3%	-1.2%	-0.2%
<b>Brokerage - Account #9859</b>	270,856.89	254,851.61	272,244.27	279,190.79
<b>% Change vs. prior FY</b>	54.2%	42.9%	26.5%	29.4%
<b>TOTAL (LESS PAC)</b>	395,999.94	395,031.07	602,908.74	489,186.36
<b>% Change vs. prior FY</b>	18.6%	15.5%	25.8%	9.3%

<b>FY17/18</b>	<b>Sep-17</b>	<b>Dec-17</b>	<b>Mar-18</b>	<b>Jun-18</b>
<b>Checking - Pioneer Account #317</b>	158,240.92	163,785.06	264,261.92	231,582.43
<b>% Change vs. prior FY</b>	55.7%	22.2%	0.3%	-5.0%
<b>PAC Checking - Pioneer Account #4911</b>	51,081.06	51,081.06	48,956.06	48,456.06
<b>% Change vs. prior FY</b>	-6.8%	-3.6%	-4.2%	-5.1%
<b>Brokerage - Account #9859</b>	175,640.22	178,280.61	215,148.04	215,837.59
<b>% Change vs. prior FY</b>	95.5%	100.7%	140.1%	132.1%
<b>TOTAL (LESS PAC)</b>	333,881.14	342,065.67	479,409.96	447,420.02
<b>% Change vs. prior FY</b>	74.4%	53.5%	35.8%	32.8%

Footnotes: \* Transferred \$50,000 from checking to brokerage on 8/29/18.

<b>FY16/17</b>	<b>Sep-16</b>	<b>Dec-16</b>	<b>Mar-17</b>	<b>Jun-17</b>
<b>Checking – KeyBank/Pioneer</b>	101,623.55	134,042.52	263,380.77	243,818.25
<b>PAC Checking - KeyBank/Pioneer</b>	54,831.06	52,981.06	51,081.06	51,081.06
<b>Brokerage - Account #9859</b>	89,862.00	88,822.92	89,590.03	92,986.52
<b>TOTAL (LESS PAC)</b>	191,485.55	222,865.44	352,970.80	336,804.77

# ACCOUNT SUMMARY



## **BUDGET, FY 2019/20**

NYSCHP budget for FY 2019/20 approved summer 2019. I/E through Q2 of FY 2019/20 was in line with budget.

### *Financial Impact of Cancellation of the Annual Assembly:*

- In 2018 and 2019, the Annual Assembly comprised 52% and 54% of the Council's revenue, respectively.
- Cancellation of the 2020 Annual Assembly will have a significant impact on the 2019/20 profit/loss statement.
  - o Cancellation costs: \$110K
    - The Council is working with the Saratoga Hilton on applying a portion of that amount to future events.
  - o Lost revenue: \$300K
- The Council's ED, Shaun Flynn, was instrumental in positioning the Council to survive this unexpected and unfortunate event, and has proposed new cost-saving measures to the Board for review.
- An amendment to the C&B has been proposed that will transfer authority over membership dues to the Board of Directors. This will help the Council leadership better manage the Council's finances.

## **SUMMARY**

Prior to cancellation of the Annual Assembly, the financial condition of the Council was stable, with checking and investment accounts both increasing year-over-year for the past several years. As of Q2 of the 2019/20 fiscal year (December 2019), our combined account balance (less PAC) was \$443K (up 15.5% from December 2018).


- Checking account balance was \$152K (up 8% from December 2018).
- Brokerage account was \$292K (up 15% from December 2018).
- PAC checking account balance was stable at \$49K (down 0.6% from December 2018).

Gross Profit for the organization decreased by \$3K during the 2018/19 FY, basically insignificant at 0.5%. While our income has been consistent year-over-year, much of this is due to neutral cost-savings/avoidance. Membership, Annual Assembly (AA), educational meetings, and sponsorship have historically been the largest sources of revenue (representing ~85% annual income) for the Council. Beyond this, future income will need to be based on membership dues, CE registrations, and investment strategy.

The BOD had communicated plans for proposal of recurring membership dues increases to: address increases in the costs of doing business (e.g. with CHMS); establish funds for strategic investment (e.g. leadership development) – this will be guided by the strategic planning process; and, establish 18 months of reserves (as per Audit Committee recommendation). The proposed plan and estimated financial impact of the dues increase is provided on page 6 of this report. This proposal is even more important with the cancellation of this year's Annual Assembly – if this were approved, these funds will be used to first re-stabilize the Council's financial position, followed by strategic investment and establishment of reserves (as discussed above).

The BOD will work with Residency Research and Practice Forum (RRPF) and AA leadership to: review the structure of the RRPF; establishing a registration fee that encourages attendance; and, establishing a budget (with I/E estimates) that is budget neutral prior to establishment of the NYSCHP budget for the 2020/21 FY.

Respectfully submitted,



William Prescott, Pharm.D.  
Treasurer

Table 1. Proposed Dues Increase, 5-years												
Active member type	Current Annual Dues (\$)	Current Median (\$)	% Increase	2021	2022	2023	2024	2025	2025	Notes		
Pharmacist												
Joint (primary)	\$230	\$198			\$237	\$244	\$251	\$259	\$267	\$30 higher than median, ranked 5/13		
Joint (secondary)	\$100	\$317.5 (primary + secondary)	3%		\$103	\$106	\$109	\$113	\$116			
Pharmacist Pledge	\$110	N/A			\$113	\$117	\$120	\$124	\$128			
Resident	\$50	\$40			\$52	\$53	\$55	\$56	\$58			
Retired	\$75	\$88			\$102	\$105	\$108	\$112	\$115	Consider increasing to \$100 in 2021 (worked in)		
Associate member type												
Associate	\$205	\$186			\$211	\$217	\$224	\$231	\$238	\$30 higher than median, ranked 5/13		
Faculty	N/A	N/A								Consider eliminating the "Faculty-Plus" option		
Student	\$20	\$20	3%		\$21	\$21	\$22	\$23	\$23	Consider no changes to student membership		
P1-4 student discount (\$50)	\$13	N/A			\$13	\$13	\$14	\$14	\$14	Consider eliminating		
Pharmacy Technical	\$50	\$45			\$52	\$53	\$55	\$56	\$58			
Technical pledge	\$25	N/A			\$26	\$27	\$27	\$28	\$29			
Proposed increase of 3% annually, starting 1/2021; red font = > \$5 higher than median; green font = within \$5 of median; blue font = > \$5 less than median												
Table 2. Proposed Dues Increase, 5-years (rounded)												
Active member type	Current Annual Dues (\$)	Current Median (\$)	% Increase	2021	2022	2023	2024	2025	2025			
Pharmacist												
Joint (primary)	\$230	\$198		\$235	\$245	\$250	\$260	\$265	\$265	\$237	\$244	\$251
Joint (secondary)	\$100	\$317.5 (primary + secondary)	3%	\$105	\$105	\$110	\$115	\$115	\$115	\$103	\$106	\$109
Pharmacist Pledge	\$110	N/A		\$115	\$115	\$120	\$125	\$130	\$130	\$113	\$117	\$120
Resident	\$50	\$40		\$50	\$55	\$55	\$55	\$60	\$60	\$52	\$53	\$55
Retired	\$75	\$88		\$100	\$105	\$110	\$110	\$115	\$115	\$102	\$105	\$108
Associate member type												
Associate	\$205	\$186		\$210	\$215	\$225	\$230	\$240	\$240	\$211	\$217	\$224
Faculty	N/A	N/A										
Student	\$20	\$20	3%	\$20	\$20	\$20	\$25	\$25	\$25	\$21	\$21	\$22
P1-4 student discount (\$50)	\$13	N/A		\$15	\$15	\$15	\$15	\$15	\$15	\$13	\$13	\$14
Pharmacy Technical	\$50	\$45		\$50	\$55	\$55	\$55	\$60	\$60	\$52	\$53	\$55
Technical pledge	\$25	N/A		\$25	\$25	\$25	\$30	\$30	\$30	\$26	\$27	\$27
*Proposed increase of 3% annually (rounded to nearest \$5), starting 1/2021; red font = > \$5 higher than median; green font = within \$5 of median; blue font = > \$5 less than median												
Table 3. Estimated financial impact												
Active member type	No. members (as of 5.1.19)	Current Income	2021	2022	2023	2024	2025	2025				
Pharmacist		\$165,370	\$168,965	\$176,155	\$179,750	\$186,940	\$190,535					
Joint (primary)	719											
Joint (secondary)	32	\$3,200	\$3,360	\$3,360	\$3,520	\$3,680	\$3,680					
Pharmacist Pledge	134	\$14,740	\$15,410	\$15,410	\$16,080	\$16,750	\$17,420					
Resident	200	\$10,000	\$10,000	\$11,000	\$11,000	\$11,000	\$12,000					
Retired	56	\$4,200	\$5,600	\$5,880	\$6,160	\$6,160	\$6,440					
Associate member type												
Associate	75	\$15,375	\$15,750	\$16,125	\$16,875	\$17,250	\$18,000					
Faculty	225	?	50	50	50	50	50					
Student	493	\$8,011	\$8,628	\$8,628	\$8,628	\$9,860	\$9,860					
P1-4 student discount (\$50)												
Pharmacy Technical												
Technical pledge	63	\$3,363	\$2,363	\$2,520	\$2,520	\$2,676	\$2,835					
Total Income (membership)		\$223,259	\$230,075	\$239,076	\$244,533	\$254,318	\$260,770					
Cumulative Increase Income (membership)			\$6,816	\$15,819	\$21,274	\$31,059	\$37,511					
Increase Annual Income vs. prior year (membership)			\$6,816	\$9,003	\$5,455	\$9,765	\$6,453					
% from "Pharmacist" membership category			53%	80%	66%	73%	56%					