

# 2005 YEAR-END BUDGET PROJECTION AS OF SEPTEMBER 31, 2005

A net **profit of \$55,800** is projected for the end of 2005. This will wipe out the 2004 carryover deficit of (\$24,489) and leave a surplus fund of \$31,310 by year's end.

Total income of \$422,018 is projected compared to \$424,562 budgeted, falling short by (\$2,545).

Expenses are projected to total \$366,218 compared to \$367,706 budgeted, underspent by \$1,488.

This leaves a net profit of \$55,800. A \$56,856 profit was budgeted.

**Income:** Four of the seven income categories fell short of budget.

Regular Dues income will be under budget by (\$898). Associate Dues had a net loss of (\$1,160). Sale of Materials will be (\$1,359) less than budgeted, and Annual Meeting income was short by (\$216).

Interest Earned should be about as budgeted. Special Assessment, which helped to fund Phil Berkebile's retirement bonus, shows a profit because it was accidentally over-billed by \$1,000. Miscellaneous Income was budgeted at zero, but a \$14 bad debt from 2004 was collected.

**Expenses:** Most overspending was in Office Equipment & Repairs which went over budget by (\$5,318) with website maintenance costs, new computer and software purchases, and additional computer networking assistance needed after the office move. Travel & Meetings was overspent by (\$4,134) because Ken Whalen attended a U.S. Chamber of Commerce management training seminar and NAM summer conference and is doing more travel around the state to meet with Texas publishers.

Salaries were underspent by \$2,940 primarily due to fewer part-time hours than were budgeted. Legal/Legislative costs expenses were also under budget by \$2,701.

Two new expense categories have been added this year – Awards, which always existed but was not used, and Bank & Credit Card Fees, which was created after consulting with TDNA's accountant. Since nothing was budgeted for those two accounts, they will of course show a deficit in the difference column.

Details follow on the status of each individual 2005 budget item at the end of September:

## INCOME

**Regular Dues...\$391,222 budgeted, \$329,923 to date...\$390,324 projected (\$898 under budget)** There were 68 newspaper members starting the year and there are now 70. A 2% dues increase was levied for 2005, adding \$7,612.10, and circulation increases added \$3,004.86 to the 2004 dues base.

Three papers joined – *Mineral Wells Index*, *Taylor Daily Press*, and *Rumbo de San Antonio* – each paying \$698.12 in annual dues.

The *Greenville Herald Banner* dropped its membership after paying first quarter dues, leaving (\$1,308.01) unpaid, and dues for the *Texarkana Gazette* were corrected by (\$1,684.60) to base its dues on Texas circulation only.

**[Dues adjustment breakout attached to budget sheet.]**

**Associate Dues...\$22,640 budgeted, \$14,320 to date...\$21,480 projected (\$1,160 under budget)** There were 25 members starting the year, and there are 24 now. 2005 associate dues were budgeted based on 25 members plus one new member to be gained.

Haynes and Boone, LLP joined and VISTA Magazine dropped, evening each out. UT System-News & Information dropped, lowering dues by (\$160).

The projected \$21,480 is still in jeopardy since five associates are delinquent in paying their 2005 dues. They are: American Color Graphics; EFE News Services (U.S.), Inc.; Page Co-op; PowerOne Media; and USA Weekend.

**[Dues adjustment breakout attached to budget sheet.]**

**Interest Earned...\$200 budgeted, \$109 to date...\$200 projected (as budgeted)** Interest income will come close to its 2005 goal as TDNA's cash balance grows healthier. This is bank savings account interest only. A Treasury Bill will be purchased at the end of 2005 or beginning of 2006.

**Sale of Materials...\$4,500 budgeted, \$2,966 to date...\$3,216 projected (\$1,284 under budget)** Sales of directories have decreased more than usual. The sale of PRESS auto window decals has been falling off, possibly due to the fact that TPA is now giving free decals to their members. There were no *Law & The Press in Texas* or media law handbooks sold this year.

**Annual Meeting...\$1,000 budgeted, \$784 to date...\$784 net profit projected (\$216 under budget)** All convention billings were paid this year. This is the first year in which TDNA's usual \$10,000 budgeted convention profit was dropped to \$1,000. In addition, billings to attendees were calculated conservatively to further keep costs down to TDNA members. After one registrant told us he had actually cancelled, he was forgiven no-show charges and the total net profit came in under the \$1,000 goal.

**[Convention income and expense breakouts attached to budget sheet.]**

**Special Assessments...\$5,000 budgeted, \$6,000 to date...\$6,000 projected (\$1,000 over budget)** Five metro papers were asked to pay this assessment, which helped cover the cost of Phil Berkebile's retirement party and retirement bonus. In proportioning the \$5,000 among the five papers according to circulation size, an extra thousand was inadvertently billed producing the profit.

**Miscellaneous Income...\$0 budgeted, 14 to date...\$14 projected (\$14 over budget)** Payment for a 2004 directory was received after it the 2004 budget year had been closed out.

## EXPENSES

**Auditing & Accounting...\$4,000 budgeted, \$2,130 to date...\$4,230 projected (\$230 over budget)** Includes accountant fees for preparing annual income tax and sales tax reports as well as payroll service. Will go slightly over budget this year, despite a couple months free payroll service when TDNA changed from PayChex to ADP. Payroll provider calculates payroll, issues checks, and processes all payroll tax reports.

**Automobiles...\$13,000 budgeted, \$8,902 to date...\$11,857 projected (\$1,143 under budget)** Auto lease is \$685 per month. Gasoline, repairs, tires and other auto-related expenses are averaging around \$300 per month. Additional convention-related travel expenses were not added to Automobiles this year since the 2005 convention was held in Austin.

**Awards...\$0 budgeted, \$2,566 to date...\$1,755 projected (\$1,755 over budget)** This account has not been used in recent years, so nothing was budgeted for 2005. Partly due to the need to keep convention costs down, award costs and transactions are now being shown in their own account. These costs were previously posted to the Annual Meeting, to Printing (for production of plaques), and to Promotion & Sales (where payments to winners and reimbursements from award sponsors were shown). The end balance will be less than the expense to date because reimbursement for the Hartman Award was received late in the year.

This account covers production of plaques for all awards and gifts to judges. Cash awards to Hartman and Fentress winners are sponsored by Hartman Newspapers and Cox Newspapers. The Murphy Award cash prize has its own budget account.

**Bank & Credit Card Fees...\$0 budgeted, \$332 to date...\$492 projected (\$492 over budget)** This is a brand new budget account. After consulting with TDNA's accountant, this account was created late in 2005 to accommodate both bank fees and new fees incurred because TDNA now accepts payments by credit card. TDNA began accepting payments by VISA or MasterCard this year, which produces monthly charges

from our credit card processor Innovative Merchant Solutions. Fees charged by Innovative Merchant Solutions depend upon the volume of money processed per month, amount of credit card data provided for each transaction, and whether or not there are any charge-backs or credit checks.

**Board Meetings...\$600 budgeted, \$339 to date...\$639 projected (\$39 over budget)** This item covers the cost of a meeting room, continental breakfast, and lunch for two board meetings at the Headliners Club in Austin. Telephone conference calls held during board meetings will take this item over budget for the year.

**Dues & Subscriptions...\$3,300 budgeted, \$2,070 to date...\$2,980 projected (\$320 overspent)** Includes memberships to Headliners Club, Nebraska Press Association (for disability insurance), Newspaper Association Managers, and this year to the U.S. Chamber of Commerce in order for Ken Whalen to attend a management training course at the member price.

Subscriptions include *Austin American-Statesman, Editor & Publisher, E&P Yearbook, American Journalism Review* and *Texas Monthly*.

**Insurance...\$51,956 budgeted, \$40,753 to date...\$50,779 projected, (\$1,177 underspent)** Includes full insurance coverage for Ken Whalen and his family and for Darla Thompson. Health and dental insurance are paid for Phil Berkebile and his spouse for 2005 as part of his consulting package for handling the 2005 Annual Meeting.

Other insurance costs include workers comp, commercial and liability coverage, auto insurance, partial payment of an AARP policy for John Murphy, disability, and other life and accident policies.

**Legal/Legislative...\$11,850 budgeted, \$6,699 to date...\$9,149 projected (\$2,701 under budget)** This category includes lobbyist registrations, Texas Statute law book updates and CD-ROM, TDNA's half of Legislative Advisory Committee meetings (TPA's pays half), cell phone for Ken Whalen, attorney fees, and travel and meals related to legislative work. Also included is the November NAM legislative conference.

**Miscellaneous...\$2,000 budgeted, \$2,147 to date...\$2,697 projected (\$697 overspent)** Usual miscellaneous expenses include pension plan administration costs (\$250 per quarter), bulk mail permit renewal, contract labor, and flowers and memorials for birthdays and funerals. Additional costs this year were Darla Thompson's spa gift (presented at the March convention) and additional contract labor to assist with unpacking after the office move.

**Murphy Award...\$1,000 budgeted, \$1,000 to date...\$1,000 projected (as budgeted)** This year's winner was Chris Borniger of *The Dallas Morning News*.

**Office Equipment & Repairs...\$6,000 budgeted, \$6,849 to date...\$11,318 projected (\$5,318 overspent)** Office equipment costs will be almost double the amount budgeted this year due to the necessary purchase of a new computer, laptop,

software including QuickBooks upgrades to allow for the processing of credit card payments, and on-site assistance to network TDNA's computer's after the office move. Additional hourly website maintenance has also been necessary.

This budget item also includes the copier maintenance agreement, postage machine lease payments, and renewal of the *tdna.org* domain name.

**Office Rent...\$28,000 budgeted, \$24,000 to date...\$28,000 projected (as budgeted)** Office rent to the Texas Press Association is \$2,400 per month.

**Payroll Taxes...\$14,400 budgeted, \$10,319 to date...\$13,119 projected (\$1,281 under budget)** Payroll taxes will total the amount budgeted this year. This expense item covers Social Security, Medicare, Unemployment and Texas Workforce Compensation payroll taxes.

**Pension Trust...\$13,000 budgeted, \$11,216 to date...\$12,694 projected (\$306 under budget)** Pension plan contributions will be within budget if there are no changes or adjustments before the end of the year.

**Postage/Freight/Mailing...\$7,500 budgeted, \$7,480 to date...\$7,500 projected (as budgeted)** Costs for metered mailings, bulk mailings, stamps, and overnight mail will be as budgeted or close to it this year.

**Printing...\$11,000 budgeted, \$10,367 to date...\$10,517 projected (\$483 under budget)** Includes annual newspaper and associate member directories, directory order form flyers, intern posters, and all other miscellaneous printing. This item was budgeted higher this year to include the cost of reprinting all stationery letterhead, business cards, checks, invoices, mailing labels, and other items associated with the office move. Printing costs related to the move were just under \$5,000.

**Promotion/Sales...\$2,000 budgeted, \$0 to date...\$100 projected (\$1,900 under budget)** This account fluctuates with special projects and sometimes includes donations or gifts. Transfer of Fentress Award funds were formerly expensed to this budget account but are now charged to the Awards budget account.

**Salaries...\$181,100 budgeted, \$129,685 to date...\$178,160 projected (\$2,940 under budget)** Includes salaries and bonuses for two full-time employees and one part-time employee. Phil Berkebile's \$10,000 retirement bonus, \$10,000 2004 salary bonus, and a \$5,000 consulting fee for handling the 2005 convention are also included this year.

**Supplies...\$7,000 budgeted, \$3,879 to date...\$4,879 projected (\$2,121 under budget)** Usual expenses include copier paper; ink and toner for printers, computer discs, large envelopes, coffee and soft drinks and other supplies.

**Taxes-Other...\$1,000 budgeted, \$0 to date...\$330 projected (\$670 underspent)** This budget category covers property taxes on the leased car, leased postage machine, and all office equipment and furniture. Moving the TDNA office back downtown reduced property taxes on office equipment and furniture, and taxes on the new Toyota Tundra will not be assessed until 2006.

**Telephone...\$1,200 budgeted, \$1,788 to date...\$2,088 projected (\$888 overspent)** The budgeted amount for this category has been reduced from the usual \$6,000 or \$7,000 of past years now that TPA is providing local and long distance service, DSL, and telephone equipment as part of TDNA's lease. Conference calls and Darla Thompson's cell phone are charged to this account.

Telephones went over budget because the last Logix monthly billing for the old office was paid in January and because Phil Berkebile's cell phone and home fax expenses were paid for the first part of the year while he was working on the convention.

**Travel & Meetings...\$7,000 budgeted, \$10,134 to date...\$11,134 projected (\$4,134 over budget)** Travel for Ken Whalen to the NAM summer conference and to a management training seminar were not budgeted. There has also been more travel around the state for Ken to meet with Texas publishers.