



Graphic Arts Association

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FAX

Date: 2/14/11

To: GAA Board of Directors: Doug Yeager, Darrel Dundore, David Anthony, Steve Auld, Pat Buckley, Chris Hutchinson, David Kosloff, Scott Lang, Craig Lindsay, Frank Nacci, Joe Olivo, Lori Paravano, Chuck Pitt, Jim Rosenthal, Elliot Schindler, Terence M. Sheehy, Colin Townsend, Patty Traynor, Scott Vaughn, John Walton, Ralph Zuccarini, and Greg Zweigle

From: Marge Baumhauer

RE: February, 17, 2011 Board Meeting

The next scheduled Board meeting is scheduled for Thursday, February 17, 2011 at GAA's office from 4:00 to 6:00 p.m.

Included in this packet is the agenda, minutes, reports and draft budget.

Please let GAA Board Chairman, Doug Yeager, dyeager@alcomprinting.com or me know if you have any additional items for the agenda.

If you have not already responded, please fax or email me with your plans. It's vitally important that we have a quorum for our budget meeting.

Name: _____

_____ I will attend.

_____ I am not able to attend.

Please fax your response to 215-396-9890.



AGENDA
Graphic Arts Association
Board of Directors
GAA Offices, Trevese, PA
4:00 p.m.
February 17, 2011

- 1) Call to order. Doug Yeager, Chairman of the Board
- 2) Approval of the minutes of the last meeting (12/9/10). Terry Sheehy, Secretary
- 3) Reports
 - A) Report of the Chairman, Doug Yeager
 - B) Report of the Treasurer, Joe Olivo
 - C) Report of the PIA Board Representative. Darrel Dundore
 - D) Report of the President, Margaret Baumhauer
- 4) Action Item
 - A) 2011-12 Budget
- 5) Discussion Item
 - B) Consolidation proposal from PIA and PINE
- 5) Committee Reports
 - A) Neographics Committee, John Rosenthal, Co-Chair
 - B) Golf Committee- No report
 - C) Government Affairs Committee – No Report
- 6) New Business
- 7) Adjourn

The next Board meeting is scheduled for Thursday, June 16, 2011 at 4:30 pm



Minutes

Graphic Arts Association
Board of Directors
GAA Offices, Trevoise, PA
December 9, 2010

The meeting was called to order by the Chairman, Doug Yeager at 4:45 p.m. In attendance were Scott Vaughn, Chris Hutchison, Darrel Dundore, David Anthony, Scott Lang, Jim Rosenthal, John Rosenthal, Elliot Schindler, Colin Townsend, and Patty Traynor.

The minutes of the October 28, 2010 board meeting were read and approved.

Chairman Yeager gave a verbal report to the board. He said it was an honor to be Chairman and he thanked the board members for their service and their time. He would like the board to begin thinking about the services and benefits GAA offers its members and see if there is anything else or new we should be doing. Send ideas and suggestions to him or to Marge Baumhauer.

Chairman Yeager also discussed what an excellent job our Government Affairs staff in DC do for the industry and encouraged everyone to support PrintPAC.

He also outlined a letter he received from PINE and minutes from a meeting between Marge Baumhauer and Tim Freeman of Printing Industries Alliance suggesting that the three organizations discuss working more closely together. The board would like to hear what ideas they have. A task force was formed of our Chairman, First and Second Vice Chairs and Immediate past chair to meet as a task force first to discuss ideas on how this could be done before having a meeting of the three organizations.

Darrel presented a written report of the fall PIA board meeting.

Marge added to her written report that a discount of \$300 is available to GAA board members attending Vision 3 if three or more board members attend. Marge will email details and a brochure to the board.

Marge presented handouts of activities other affiliates are doing to promote print. She said that some of the creative material is available for us to use if we like. A suggestion was made to find out how much bill board advertising would cost which Marge will do. It was also suggestion that a task force be formed to look into ways GAA and its members can promote print. Patty Traynor and Scott Vaughn volunteered to be on the task force.

A vote on adding a 401k buying power program was tabled.

John Rosenthal informed the board that Neo 2011 would be held at the Crystal Tea Room.

The golf outing broke even in 2010. It was recommended that we try to find a new location that is easier to get to. Marge will inform the committee and get working on it.

The meeting was adjourned at 6:10.

Treasurer's Report

To: **GAA Board of Directors**
From: **Joe Olivo, Treasurer**
Date: **February 17, 2011**
Re: **Treasurer's Report for Nine Months Ended January 31, 2011**

Attached are the GAA financial statements for the nine months ended January 31, 2011. At January 31, 2011, **Total Expenses exceeded Total Revenue** by \$2,169.

Membership Dues are behind budget by 15%. **Collections** are behind budget by 20%. **Education and training** classes are also below budget at January 31. GAA partnered with other affiliates this summer for a **series of webinars**, and the **winter seminar offerings** are just now in progress - fall education and training activity is historically slow. **Health insurance payments** are on budget, but we over budgeted income for **commercial insurance**. Many of the members who have closed or merged 2010 were GAIA clients.

The annual **Golf Outing** in September generated a small profit, royalty payments from **Young and Rubicam** for use of the "Power of Print" logo total \$38,000 this nine month period, and **Penn National** payments for access to our members to promote workers comp. insurance total \$7,500 this period. GAA has entered into an arrangement with the Regional Affiliate Certification Group for FSC Certification. To date four members are involved in this initiative.

Expenses are continue to hold below budget at the end of the third quarter of the fiscal year, as the association continues to weather the economic downturn with underspending whenever possible. **Cash** has been helped by additional releases from the reserves to balance a tight budget.

The Reserve Fund is continuing to recover from the market downturn, and asset values at 1/31 equal \$1,452,918. R.W. Baird continues to monitor and adjust our fund allocations based on our stated investment objectives of growth and income.

GRAPHIC ARTS ASSOCIATION AND SUBSIDIARIES							14-Feb-11
STATEMENT OF ACTIVITIES							02:11 PM
For the Period Ended January 31, 2011							
				FY2011		Total	FY2010
	GAA	Service Corp.	Total	Budget (9 mos.)	Budget Variance	2011 Budget	Actuals @ 1/31/10
REVENUES							
Dues **	191,031	-	191,031	221,250	(30,219)	295,000	208,645
Collections	-	20,977	20,977	30,000	(9,023)	40,000	28,856
Education and training	1,485	-	1,485	4,688	(3,203)	6,250	3,579
Insurance programs							
Commercial (Hertel)	7,500	2,034	9,534	28,500	(18,966)	38,000	8,441
Health (Colburn)	21,000	9,000	30,000	30,000	-	40,000	34,875
Update advertising	-	7,278	7,278	6,975	303	9,300	7,068
Annual & Board Meetings	4,700	-	4,700	4,125	575	5,500	3,650
Interest/dividends	58	-	58	75	(17)	100	74
EHS Consulting	-	6,250	6,250	7,500	(1,250)	10,000	6,100
Marketing/royalties	43,531	6,031	49,562	5,625	43,937	7,500	5,372
Other income	2,177	-	3,251	2,250	1,001	3,000	3,251
Accrued draw on reserves	60,000	-	60,000	56,250	3,750	75,000	80,000
Total Operating Income	331,482	51,569	383,052	397,238	(14,186)	529,650	389,911
SPECIAL EVENTS							
Buyers Guide	-	-	-	-	-	21,000	-
Trade Shows - P Green/Oktfst	5,950	-	5,950	-	5,950	7,000	5,600
Reg.Affil.Certification Group	-	6,780	6,780	-	6,780	2,000	1,800
PRINT COMM	2,000	-	2,000	-	2,000	25,000	-
Neographics	55,395	-	55,395	75,000	(19,605)	75,000	74,617
Golf outing	7,480	-	7,480	-	7,480	7,000	5,965
Total Revenues	\$402,307	\$58,349	\$460,657	472,238	(11,581)	666,650	477,893
EXPENSES							
Personnel							
Salaries	143,471	59,753	203,224	222,000	(18,776)	296,000	221,915
Benefits & Fringe	31,973	8,933	40,906	46,814	(5,909)	62,419	47,645
Bonus/Commissions	-	-	-	1,500	(1,500)	2,000	-
Staff Development	291	1,590	1,881	375	1,506	500	417
Total Personnel	175,735	70,276	246,011	270,689	(24,678)	360,919	269,977
Operating Expenses							
Occupancy	78,466	-	78,466	81,499	(3,033)	108,665	77,082
Insurance	5,719	-	5,719	5,625	94	7,500	5,594
Dues & subscriptions	2,610	655	3,265	1,875	1,390	2,500	2,615
Travel, meals & entertainment	5,957	3,227	9,184	4,500	4,684	6,000	3,684
Meetings (board & committee)	4,586	49	4,635	750	3,885	1,000	589
Seminars	1,936	-	1,936	2,250	(314)	3,000	1,666
Pro-legal	594	-	594	396	198	528	-
Pro-other (consultants)	11,734	-	11,734	11,250	484	15,000	15,439
IT - computers, software, cons.	4,867	719	5,586	5,250	336	7,000	4,182
Update	-	7,449	7,449	7,500	(51)	10,000	7,218
Printing	-	-	-	225	(225)	300	735
Copiers	6,800	-	6,800	7,875	(1,075)	10,500	7,910
Supplies	6,186	369	6,555	6,000	555	8,000	5,980
Telephone	3,660	225	3,885	4,350	(465)	5,800	4,050
Postage	7,942	176	8,118	5,475	2,643	7,300	6,994
Taxes	411	-	411	75	336	100	-
Classified advertising	1,121	-	1,121	-	1,121	-	-
Marketing	649	-	649	-	649	-	168
Total Operating Expenses	143,238	12,868	156,106	144,895	11,212	193,193	143,906
Total Expenses	318,973	83,144	402,117	415,584	(13,467)	554,112	413,883
Buyers Guide	-	-	-	-	-	13,100	-
Trade Show - P Green/Oktfst	-	-	-	-	-	5,000	-
Reg.Affil.Certification Group	-	6,380	6,380	-	6,380	600	-
PRINT COMM	-	-	-	-	-	20,000	-
Neographics	47,139	-	47,139	63,000	(15,861)	63,000	64,597
Golf outing	7,189	-	7,189	-	7,189	7,000	6,385
Expenses & Special Events	373,301	89,524	462,825	478,584	(15,759)	662,812	484,865
Revenues less Expenses	29,006	(31,175)	(2,169)	(6,347)	(4,178)	3,838	6,972
Capital Expenditures							
Equipment							
Non-cash - Depreciation	-	-	-	18,750	(18,750)	25,000	2,664
Total Expenses	373,301	89,524	462,825	497,334	(34,509)	687,812	487,529
Change in Net Assets	29,006	(31,175)	(2,169)	(25,097)	22,928	(21,162)	(9,636)
**Dues reported on the cash basis							

GRAPHIC ARTS ASSOCIATION AND SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION
For the Period Ended January 31, 2011

14-Feb-11
 02:11 PM

	<u>GAA</u>	<u>Service Corp.</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash	14,649	8,993	23,641
Accounts Receivable	23,636	3,098	26,734
Intercompany	881,187	(881,187)	0
Prepays	8,146	-	8,146
Prepaid Career Fair/NEO/Golf	1,814	-	1,814
Advance, GASC	3,100	-	3,100
Reserve Fund	1,345,861	-	1,345,861
Deposits	7,128	-	7,128
Total Current Assets	<u>2,285,521</u>	<u>(869,096)</u>	<u>1,416,424</u>
Property and Equipment (net)	-	-	-
Total Assets	<u>\$2,285,521</u>	<u>(\$869,096)</u>	<u>\$1,416,424</u>
LIABILITIES AND UNRESTRICTED NET ASSETS			
Liabilities			
Accounts Payable	13,148	5,789	18,937
A/P - Other	2,337	17	2,354
Accrued Expenses	18,466	-	18,466
L/P, GAA	-	3,100	3,100
Deferred Income - Dues	43,245	-	43,245
Deferred Revenue NEO/Golf	32,700	-	32,700
Deferred Revenue Tradeshow/Buyers Guide	1,667	-	1,667
Other Liabilities	-	-	-
Total Liabilities	<u>111,563</u>	<u>8,906</u>	<u>120,469</u>
Unrestricted Net Assets	2,204,953	(846,828)	1,358,125
Net Income (Loss) Y-T-D	29,006	(31,175)	(2,169)
Transfer from Reserves	(60,000)	-	(60,000)
Total Liabilities and Unrest. Net Assets	<u>\$2,285,522</u>	<u>(869,096)</u>	<u>\$1,416,425</u>



President's Report

GAA Board of Directors Meeting 2/17/11

Staffing

Chris Gallagher came on board Oct 25 as our new Membership Director, replacing Brad Wilhelm who left in May.

Neographics

We have \$29,200 in committed Neographics sponsorships, which is \$200 less than last year's total. Entry forms have been mailed. Since they were late, we've decided to extend the early bird deadline to March 1.

Departments

EHS,

Steve continues to work with members on compliance issues. We added a new consulting contract for one member. Steve conducted two webinars this winter. Attendance was over 40 for each one.

We now have 6 members enrolled in the RACG Group, which is the FSC certification group the affiliates formed, and is open only to members, and only to companies with sales under \$5,000,000

Credit & Collections

Credit and Collections is down a little. Some large claims came in but we haven't collected on any of them yet.

Education

We continue to partner with other affiliates on webinars. We are planning a couple of networking events for the spring.

Membership

Membership continues to decrease. We began the year at 298 and are currently at 258. New members continue to come on board, but more slowly than in the past few years and we continue to have companies closing or in such financial condition they cannot continue their membership.

Graphic Arts Association								
Draft Budget 2/9/11								
May 1, 2011 - April 30, 2012								
		2005-06	2006-07	2007-08	2008-09	2009-10	Projected	Proposed
		Actuals	Actuals	Actuals	Actuals	Actuals	2010-11	2011/12
							Actuals	Budget
REVENUE								
Dues		446,786	428,680	421,388	361,733	277,573	254,708	265,000
Collections		36,931	35,314	20,838	32,780	38,990	27,969	32,000
Education and Training		14,640	13,334	11,786	4,033	5,419	1,980	2,500
Insurance Programs								
Commercial (Hertel)		40,962	38,760	35,879	32,900	17,467	25,000	28,000
Health (USI Affinity)		46,500	46,500	46,500	46,500	48,208	40,000	40,000
Update & Web Advertising		8,369	8,013	6,497	8,494	8,065	9,704	12,000
Annual Meeting/Open House/Networking Meetings		3,585	9,621	5,915	6,675	3,650	4,700	6,500
Interest/Dividends		576	2,174	1,679	538	2,678	77	100
EHS Consulting		30,185	7,659	9,995	5,806	9,750	8,333	16,200
Marketing/Royalties		7,420	24,160	19,046	11,752	21,874	66,068	29,000
Other income, bad debt recovery		1,918	5,864	7,279	3,900	3,251	4,335	3,500
Draw on reserves		60,000	40,000	60,000	115,000	100,000	75,000	100,000
Ordinary Revenue		697,872	660,079	646,802	630,111	536,925	517,875	534,800
Special Events								
Buyer's Guide			26,150	20,900	0	-	-	15,000
Trade Shows		5,525		22,376	19,270	7,400		7,500
Reg.Affl.Certification Group (RACG)							10,170	11,865
Neographics		84,989	75,481	78,499	89,842	74,617	55,395	58,000
Golf Outing		13,359	11,805	13,715	10,999	5,801	7,480	7,700
Total Revenue & Spcial Events		801,745	773,515	782,292	750,222	624,743	590,920	634,865
EXPENSES								
Personnel Expenses								
Salaries		366,602	323,903	355,311	322,940	295,996	271,000	283,000
Benefits and Fringe		81,932	72,766	84,750	68,040	64,537	54,541	56,859
Bonus/Commissions		11,152	6,020	4,750	1,969	239	750	7,500
Staff Development		4,559	4,422	2,038	1,511	417	1,881	2,000
Total Personnel		464,245	407,111	446,849	394,460	361,189	328,172	349,359
Operating Expenses								
Occupancy		91,023	104,515	106,483	105,552	104,389	104,621	108,665
Insurance		8,519	7,197	7,459	7,069	8,472	7,625	7,500
Dues & Subscriptions		5,740	4,979	6,545	4,505	4,809	4,353	4,300
Travel		30,450	32,693	25,764	21,218	11,630	12,245	12,000
Meetings (Board, committee, etc.)		8,833	11,250	9,639	9,509	653	4,635	2,000
Education and training		11,960	12,228	13,569	8,922	3,803	1,936	3,000
Pro-legal		4,097	2,812	2,093	317	-	792	528
Pro-other /Accounting		18,934	35,873	19,970	18,511	22,787	12,734	12,750
IT - computers, software and Consultants		-	-	11,660	9,320	4,780	7,448	7,000
Update		14,049	13,746	14,240	16,250	9,816	9,932	10,000
Printing		-	-	805	-	735	-	-
Copiers, office equipment		12,118	14,979	10,268	11,593	10,040	9,067	9,500
Supplies		16,115	16,877	14,463	12,454	7,807	8,740	8,000
Telephone		7,794	8,272	7,258	6,212	5,693	5,180	5,200
Postage		7,061	13,795	14,381	8,526	9,249	10,824	7,300
Taxes		148	133	82	122	137	411	100
Classified advertising		5,353	12,009	6,327	0	-	1,121	0
Marketing		5,497	1,399	555	1,093	316	649	700
Total Operating Expenses		247,691	292,757	271,561	241,173	205,116	202,314	198,543
Total Expenses		711,936	699,868	718,410	635,633	566,305	530,486	547,902
Buyer's Guide		-	19,461	13,144	-	-	-	13,100
Trade Shows		10,357		16,616	36,027	-	-	6,500
Reg.Affl.Certification Group		-	-	-	-	-	9,570	11,165
Neographics		69,250	57,269	54,672	66,967	64,605	47,139	49,000
Golf Outing		12,497	6,976	12,731	10,651	7,396	6,385	7,000
Total Expenses & Special Events		804,040	783,574	815,573	749,278	638,306	593,580	634,667
Excess of Revenues Over Operating Expenses		(2,295)	(10,059)	(33,281)	944	(13,563)	(2,660)	198
Capital Expenditures								
Equipment								
Capitalization of Assets/Depreciation (non-cash item)		28,750	25,000	22,934	12,680	5,328	-	-
Total Expenses		832,790	808,574	838,507	761,958	643,634	593,580	634,667
Excess of Revenues Over Total Expenses		(31,045)	(35,059)	(56,215)	(11,736)	(18,891)	(2,660)	198

Graphic Arts Association
Budget Narrative
May 1, 2011 – April 30, 2012

Revenues

Dues – Member dues calculated on current 2010 figures with a projected increase in dues of 5%, now that we again have a full time Membership Director.

Collections – GAA Service Bureau credit and collections with a projected growth in income of 10%. We a few large claims which we expect to begin collecting on. This line item does not include the income from the sale of Experian Credit Reports.

Education and Training –Webinars are doing well in attendance; the ability to register on line has made a huge difference. We only planned four onsite seminars in 2010-11. Attendance was low at 3, and we cancelled the fourth.

Insurance Programs – Royalties and marketing fees from commercial insurance (GAIA/Beneficial/Hertel) and employee benefits and health insurance (USI Affinity). Income continues to fall from Hertel and is flat from USI. We are in the second year of a new product from Hertel & Penn National Mutual Insurance for our members which is very competitively priced and pay dividends. We signed a three year agreement, but we will need to meet a volume goal in order to receive dividends. USI has written very little new business for us in the past few years, and they have lost a number of companies due to closings or competition from PEO's.

Update Advertising – Advertising income based on 2010/11 actual income from monthly advertising in the Update newsletter and from signed contracts in place.

Interest/Dividends – Interest income from Citizens Bank money market account – based on 2010/11 actuals, projected market rates.

EHS Consulting – Per service consultation and training fees anticipated from members' requests for OSHA and environmental compliance guidance from GAA's EHS staff. Based on 2010/11 actuals with a projected 100% increase due to an additional consulting contract. We continue to see an increase in OSHA and DEP inspections and are able to help our members with these when they call. Some of the time spent will be chargeable.

Royalties and Marketing fees - based on 2010/11 actuals/projections. We have not added any new programs for 2011-12. From the reports, Marathon Processing and APPI Energy Procurement are doing very well for our members. The latest report projected combined savings of more than \$150,000 in energy costs for only 4 members.)

Other Income – Various recoveries/PIA Maryland pmts - \$2,000

Investment Income/Draw on Reserve –Need to authorize withdraw on GAA proceeds from the sale of 1900 Cherry Street, approved by the Board on an annual

basis, to make up the difference between historic occupancy costs at the GAA owned building at 1900 Cherry Street address, and the current rented space. Our lease ends February, 2012. We

Trade Shows -- Exhibitor fees and entry fees at expected income. Last year did not seem like a good year to hold a trade show. We will try in the fall of 2011 to hold combined tradeshow and networking event in Phila and Pittsburgh.

RACG – The Regional Affiliate Certification Group is six affiliates who combined to offer group FSC certification for members whose sales are under \$5,000,000. We have six members in the group. Two members joined GAA to be eligible to join the group.

Neographics – Sponsorships, entry fees, and dinner income expected from the annual NEO event, May 5, 2011 (based on 2010 event adjusted actuals). Sponsorship is level with 2010.

Golf Outing – Sponsorships, entry fees, and dinner income expected from golf event scheduled for spring 2011. This excludes \$ which will go a charity chosen by the Golf Committee.

Expenses

Personnel – Salaries for four full-time and two part-time employees.

Benefits and Fringe – Payroll taxes, health insurance, life insurance, long-term disability, and 401(k) retirement plan benefits for GAA staff.

Staff Development – Continuing education courses, conferences, workshops and seminars for GAA staff. All travel and meeting attendance will be reduced.

Occupancy – Building rent and estimated utilities and maintenance expenses, based on signed lease.

Insurance – Property and general liability insurance, directors and officers liability, and workers compensation insurance, based on premiums for 09/10.

Dues and Subscriptions – Professional memberships and publication subscriptions, for GAA. This also include Experian Report, PrintAccess and SlowPay expenses.

Travel – Travel reimbursement for staff use of personal vehicles at the IRS allowed rate; airline and train fare to and from conferences and seminars; reimbursement of staff parking, tolls, and meals.

Meetings – Meals and refreshments for committee, board and annual meetings, rental of space for events and meetings, postage, printing and associated expenses (audio visual, etc.), based on 2010/11 actuals.

Seminars – Food and refreshments, rental of space, speakers/teachers/trainers fees, textbooks and materials, printing, postage and associated expenses for GAA sponsored seminars, workshops, night school offerings and conferences (based on 2010/11 actuals).

Pro-legal – Professional fees for per service legal counsel for GAA. Estimated costs based on adjusted 2010/11 actual use by GAA.

Pro-other – Consultant and independent auditor fees for accounting and other professional services to GAA. Based on adjusted actuals from 2010/11.

IT – Fees for IT maintenance, new software and hardware.

Update – Costs for producing the monthly newsletter. Includes \$300/month for printing costs four members have again agreed to print the newsletter for 3 months at this price, \$125 for mailing and \$465/month for postage.

Copiers and office equipment - \$475/month in lease payments and \$1200 per quarter estimate color usage.

Printing – includes printing of member certificates, invoice forms and office letterhead.

Supplies – general office supplies, printer cartridges and computer supplies, and other office tools and equipment with a useful life of one year or less. Also includes bank charges, payroll processing charges, and credit card processing charges. Based on 2010/11 adjusted actuals.

Telephone – Includes GAA voicemail system maintenance, reimbursement for staff mobile phone usage, and long distance, local, and regional telephone service; and DSL connection based on 2010/11 adjusted actuals.

Postage – Includes postage meter lease and mailing costs of day-to-day business correspondence. Based on 2010/11 actuals.

Taxes – Estimated Bensalem Twp. Business Taxes and any federal income tax due on credit and collections income.

Classified advertising – employment referral resume advertising, staff recruitment advertising.

Marketing – Includes costs for development of new marketing and promotional materials, and anticipated printing and postage expenses for implementation.

Trade Shows – Includes estimated expenses. Expenses include space rental, speaker fees, catering, design, paper, printing, postage.

Neographics – Includes expenses associated with the May 3, 2008 Neo event: rental of the Union League, judges' honoraria, cost of dinner and entertainment, trophies, etc. Based on 2010 event actuals.

Golf Outing – Includes expenses associated with annual golf outing: rental of golf course, dinner, prizes, postage, marketing, travel, etc. Based on 2010 actuals.