

2005 BUDGET AT YEAR-END

We fell short of the \$56,856 net profit budgeted for 2005 by \$11,554 due to losses in member dues and to unforeseen expenses related to office computers as well as for travel and management training for Ken Whalen.

We did, however, realize a **net profit of \$45,302** at the end of the year which wiped out the accumulated deficit and created a **surplus balance of \$21,290** for the start of the 2006 budget year.

The 2005 year-end budget sheet is attached, and details follow:

INCOME

Regular Dues...\$391,222 budgeted, \$389,932 actual...(\$1,290 under budget)

68 newspaper members starting the year, 70 at the end of the year. 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]

Associate Dues...\$22,640 budgeted, \$16,480 actual...(\$6,160 under budget)

Failure to pay dues and dropped memberships were more prevalent than usual in 2005. 25 members starting the year, and a questionable 24 by the end.

The budget was based on increasing total membership by one, which did not happen. Haynes and Boone, LLP joined, but VISTA Magazine and UT System-News & Information dropped. Five more member firms failed to pay their 2005 dues.

[Dues adjustment breakout attached]

Interest Earned...\$200 budgeted, \$174 actual...(\$26 under budget)

Interest income came close to its 2005 goal. This is currently bank savings account interest only. A Treasury Bill will be purchased during 2006.

Sale of Materials...\$4,500 budgeted, \$3,178 actual...(\$1,322 under budget)

Sales of directories and press decals decreased more than usual, and information formerly provided by media law handbooks is now available online ending those sales.

Annual Meeting...\$1,000 budgeted, \$784 actual...(\$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. Billings to attendees were calculated conservatively to further keep costs down to TDNA members. All convention bills were paid. One registrant told us he had actually cancelled and was forgiven no-show charges.

Special Assessments...\$5,000 budgeted, \$6,000 actual...(\$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 actual...(\$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, \$4,979 actual...(\$979 overspent)

Includes accountant fees for preparing annual income tax and sales tax reports as well as payroll service. Went slightly over budget, despite a couple months free payroll service when TDNA changed from PayChex to ADP.

Automobiles...\$13,000 budgeted, \$11,573 actual...(\$1,427 underspent)

Auto lease was \$685 per month. Gasoline, repairs, tires and other auto-related expenses averaged around \$300 per month. No additional convention-related travel expenses since the 2005 convention was held in Austin.

Awards...\$0 budgeted, \$1,755 actual...(\$1,755 over budget)

This account had 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).

Bank & Credit Card Fees...\$0 budgeted, \$491 actual...(\$491 over budget)

This was a brand new budget account in 2005. After consulting with TDNA's accountant, this account was created 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 in 2005, which produces monthly charges from our credit card processor Innovative Merchant Solutions.

Board Meetings...\$600 budgeted, \$659 actual...(\$59 over budget)

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 put this account over budget for the year.

Dues & Subscriptions...\$3,300 budgeted, \$3,108 actual...(\$192 underspent)

Includes memberships to Headliners Club, Nebraska Press Association (for disability insurance), Newspaper Association Managers, and for 2005 included dues 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, \$50,815 to date...(\$1,141 underspent)

Includes full insurance coverage for Ken Whalen and his family and employee-only coverage for Darla Thompson. Health and dental insurance were paid for Phil and Judy Berkebile 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, \$9,049 actual...(\$2,801 underspent)

Lobbyist registrations, Texas Statute law book updates/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 including the November NAM legislative conference.

Miscellaneous...\$2,000 budgeted, \$2,547 to date...(\$547 overspent)

Includes pension plan administration costs (\$250 per quarter), bulk mail permit renewal, contract labor, and flowers and memorials for birthdays and funerals. Additional 2005 costs 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 actual...(as budgeted)

Awarded to Chris Borniger of *The Dallas Morning News*.

Office Equipment & Repairs...\$6,000 budgeted, \$12,688 actual...(\$6,688 overspent) Office equipment costs were double the amount budgeted due to purchases of a new desktop computer, laptop, software including QuickBooks upgrades to allow for the processing of credit card payments, and on-site assistance to network TDNA's computers after the office move. Additional hourly website maintenance was

also necessary. Also included the copier maintenance agreement, postage machine lease payments, and renewal of the *tdna.org* domain name.

Office Rent...\$28,000 budgeted, \$29,880 actual...(\$1,080 over budget)

Office rent to the Texas Press Association was budgeted at \$2,400 per month but was actually \$2,490 per month.

Payroll Taxes...\$14,400 budgeted, \$13,726 actual...(\$674 under budget)

Covers Social Security, Medicare, Unemployment and Texas Workforce Compensation payroll taxes.

Pension Trust...\$13,000 budgeted, \$12,694 actual...(\$306 under budget)

Pension plan contributions were within budget.

Postage/Freight/Mailing...\$7,500 budgeted, \$7,675 actual... (\$175 overspent)

Costs for metered mailings, bulk mailings, stamps, and overnight mail went slightly over budget.

Printing...\$11,000 budgeted, \$10,500 actual...(\$500 under budget)

This item was budgeted higher for 2005 to cover 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, \$150 actual...(\$1,850 under budget)

This account fluctuates with special projects and sometimes includes donations or gifts. No unusual expenses in 2005.

Salaries...\$181,100 budgeted, \$177,910 actual...(\$3,190 under budget)

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 \$5,000 consulting fee for handling the 2005 convention were also included in the 2005 budget.

Supplies...\$7,000 budgeted, \$5,568 actual...(\$1,432 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, \$283 actual...(\$717 underspent)

Moving the TDNA office back downtown reduced property taxes on office equipment and furniture. This budget category covers property taxes on the leased car, leased postage machine, and all office equipment and furniture.

Telephone...\$1,200 budgeted, \$2,004 actual...(\$804 overspent)

Extra expenses were the last Logix bill for the old office and Phil Berkebile's cell phone and home fax expenses while he was working on the 2005 convention.

Local and long distance service, DSL, and telephone equipment are provided by TPA as part of TDNA's lease. Conference calls and Darla Thompson's cell phone are charged to this account.

Travel & Meetings...\$7,000 budgeted, \$12,206 actual... (\$5,206 over budget)

Travel for Ken Whalen to the NAM summer conference and to a management training seminar were not budgeted. There was also more travel around the state as Ken met with Texas publishers.