

# INTRODUCTION TO 2007 BUDGET DRAFT

## TDNA Board of Directors Meeting November 30, 2006 - Headliners Club, Austin

TDNA's surplus fund balance will exceed \$100,000 and could reach \$150,000 by the end of 2007.

The 2007 budget draft produces a \$69,623 net profit, building to a total of \$151,990 when added to profits from previous years.

The \$69,623 net profit projected by this budget draft does not reflect salary raises or the possibility of replacing TDNA's 10-year-old copier – and therefore may be a lower 2006 profit balance than shown here.

The draft budget being presented today calls for total income of **\$412,603**, expenses totaling **\$342,980**, and a 2007 budget net profit of **\$69,623**.

A line-by-line description of both the income and expenses follows:

### INCOME

**Regular Dues – \$390,623** ... There are currently 71 newspaper members, including two daily court records. One is a new member, the *Mount Pleasant Daily Tribune*. No dues increase is included. All but 10 daily newspapers in Texas are now TDNA members.

**Associate Dues – \$15,480** ... There are currently 19 associate members – 15 firms paying \$1,000 each, one free member (TPA and TDNA exchange complimentary associate memberships) and three colleges paying \$160 – which adds up to \$15,480 in dues income.

Six members have been dropped from the roster for not paying 2006 dues. No new associate members are on the horizon yet, but there will hopefully be some new associates as well as some old ones rejoining during the coming year.

**Interest Earned - \$1,500** ... Includes interest from the Frost Bank savings account and from money market investments with Frost Brokerage.

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**Sale of Materials - \$4,000** ... Increased slightly due to better directory sales during 2006. The annual directory of Texas daily newspapers was improved and the price increased by \$2 per copy.

**Annual Meeting - \$1,000** ... Same as 2006, when the convention net profit was lowered from \$10,000 to \$1,000 to help reduce costs to attendees.

**Special Assessment – \$0** ... No legislative or other assessments are anticipated for 2007.

**Miscellaneous Income – \$0** ... No income is currently anticipated for 2007. This category catches unexpected income, which is usually the late collection of bad debts from a prior year.

### **EXPENSES**

**Auditing/Accounting – \$5,000** ... Same as 2006. This category covers the preparation of yearly income tax and sales tax returns by the CPA firm Threadgill, Ryan and Associates as well as payroll and 401(k) administrative services by PayChex.

**Automobiles – \$13,000** ... This expense account includes \$685-per-month auto lease payments as well as gas, repairs, tires, license and registration.

**Awards – \$1,800** ... Covers preparation of award plaques and cash gifts to judges. Actual prize money is provided by Cox Newspapers for the Fentress intern awards and by Hartman Newspapers for the Hartman sportswriting contest. The Murphy copyediting award is funded by its own budget expense category.

**Bank & Credit Card Fees – \$1,000** ... This account includes bank service fees on checking and savings, any late payment fees, and charges by Innovative Merchant Solutions for processing credit card payments. The costs for accepting credit card payments depend primarily on the volume of money processed per month.

**Board Meetings – \$600** ... This amount has remained the same for the past several years and includes the cost of holding two board meetings per year at the Headliners Club in Austin.

**Dues & Subscriptions – \$3,300** ... Includes membership dues to NAM, Nebraska Press Association (for disability insurance), Headliners Club monthly dues, subscription to the *Austin American-Statesman*, subscription to *E&P*, cost for *E&P* yearbooks, and a few other subscriptions.

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**Insurance – \$43,900** ... This category includes the cost of maintaining the TDNA staff United HealthCare health insurance, Guardian dental group plan for staff, disability insurance, CNA AD&D policies on staff, partial payment of AARP insurance for John Murphy, workers comp, auto insurance on company car, property/commercial and fidelity bond.

Rates for health and dental coverage go up by 5% to 20% every year, and a 20% increase has been factored in. Details of 2006 and 2007 insurance costs follow this report.

**Legal/Legislative – \$10,000** ... This amount has been increased to cover additional expenses during the 2007 legislative year. Costs include LAC meeting expense, lobbyist registrations, attendance at NAM annual legislative conference, meals at Headliners Club that are legislative related, Ken Whalen's cell phone cost, attorney fees and any other meetings and travel related to legislative activity. Expenses for LAC meetings held late in 2006 in preparation for the 2007 80<sup>th</sup> Regular Session will be charged to the 2007 TDNA budget.

**Miscellaneous – \$2,500** ... Southeastern Employee Benefit Services administrative fees for TDNA's old pension plan will be replaced by PayChex administrative fees for the new 401(k) plan. This amount is anticipates similar costs.

The remainder is budgeted to cover any hourly contract labor, flowers and memorials, and TDNA's postal bulk permit renewal.

**Murphy Award – \$1,000** ... This budget expense is the cash prize for the annual Murphy copy editing award.

**Office Equipment & Repairs – \$8,000** ... This amount is based on maintaining TDNA's current office equipment and website maintenance. It includes the annual copier maintenance agreement, postage machine lease, website hosting and assistance, software, and other small purchases or repairs.

Financial data on the future purchase of a new copier is included in the Miscellaneous section of this book.

**Office Rent – \$29,880** ... TDNA's lease in the TPA building is \$2,490 per month.

**Payroll Taxes – \$13,700** ... Includes Social Security, Medicare, unemployment and workers compensation payroll taxes.

**Pension Trust – \$12,000** ... This account will fund TDNA's new 401(k) plan with Merrill Lynch and will provide 3% employer contributions on salaries for Ken and Darla. An additional amount has been included to cover any profit sharing or other contributions.

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The old Jefferson-Pilot target benefit plan will be completely closed out by the end of 2006.

**Postage/Freight/Mailing – \$7,500** ... Same as 2006. Covers postage machine, bulk mailings, stamps and overnight mail.

**Printing – \$7,300** ... Covers production of the annual directory of Texas daily newspapers, which now incorporates full-page listings for associate members and eliminates the need to print a separate associate member directory.

This budget category also includes printing 20,000 directory order form flyers, press decals, intern posters and miscellaneous Quik Print costs.

**Promotion/Sales – \$1,000** ... This budget category expenses activities associated with special projects, and miscellaneous gifts.

**Salaries – \$165,000** ... Two full-time staff members and one part-time staffer at 2006 salary and bonus levels. Reflects slightly less part-time hours, based on 2006. Does not include raises to be determined by the board.

**Supplies – \$6,000** ... Based on office supply costs for recent years. This budget item covers copier paper, printer toner, coffee, bottled water, paper towels, file folders, manila envelopes, and all other office accessories.

**Taxes-Other – \$500** ... Reduced from last year, based on 2006 property taxes. Covers property taxes on leased car, copier, computers and other office furniture and equipment.

**Telephone – \$1,000** ... Includes conference calls and Darla's cell phone. Local and long distance telephone service is provided by TPA as part of TDNA's office lease.

**Travel & Meetings – \$9,000** ... Based on expenses in the last couple of years. Includes meetings and meals as well as travel for Ken to attend the Newspaper Association Managers summer conference and to meet with Texas publishers.

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