



## **2008-2009 Secretary-Treasurer's Report Mark S. Cantieri, DO, FAAO**

The 2007-2008 fiscal year concluded in a positive light. Our audited income was \$1,209,335 while our budgeted amount was \$1,219,779.00. Our actual expenses were \$1,114,175 while we had budgeted \$1,211,454.46. This gave us a net income over expenses of \$95,160.

At the July BOT meeting the board authorized \$100,000 for technology upgrades, \$50,000 from the 2007-2008 budget and \$50,000 from the 2008-2009 budget. Line item 7492 was placed in the chart of accounts for technology upgrades the funds of which were withdrawn from Convention revenues (\$25,000) and \$25,000 from the Money Market Savings.

In the 2007-2008 fiscal year the AAO Board of Trustees did not receive reimbursement for their travel, hotel or other expenses other than a Saturday evening dinner and hotel expenses for the July 2008 BOT meeting in Indianapolis. This generous donation of time and monies had a significant impact on the AAO's bottom line. The Board of Trustees voted to include reimbursement for their expenses in the 2008-2009 fiscal year.

Fiscal 2008-2009 projections are not optimistic. We have invested significantly in upgrading our accounting and database software, computer equipment, and services (\$50,000 from the 2007-2008 budget). We will have expenses from our accounting firm as they set up our accounting system for compliance with new IRS regulations. The new accounting system will allow us to better track our costs and revenues. There will be new annual costs associated with regular review and updating of our accounting processes. Our accounting firm has not determined what those costs may be and negotiations continue.

We have not done well with our CME programs this year. To this date we are down \$99,958 relative to what the BOT budgeted for CME income. Expenses for the CME courses are also less, \$91,372 since the courses did not occur or had less expenses than budgeted. Our membership numbers have increased compared to this time last year and we are now tracking the expenses related to the membership campaign as a separate line item. The campaign costs were previously not allocated as membership costs. Projected budget numbers for membership placed in the AAO 2007-2008 budget were higher than the records support. Therefore we are seeing a shortfall between the revenues generated and the amount of income from membership projected in the budget. As a result we are down \$19,800 from budget neutral. Publications are not selling as well as in previous years. AAO has two new publications which will be coming out this year. The Northrup Lectures will be available at the Convocation for sale and Dr. Hollis King will be doing a book signing for the publication. The Collected Works of Dr. Greenman will be published later this year. We are awaiting final monies from the AOA for Convocation. Convocation will hopefully be as successful as Dallas was. Office expenses should be very close to the budgeted amounts. The Golden Ram Campaign has more donors this year but the total amount of contributions is \$8,500 lower than at this time last year. Other fundraising amounts are also lower than anticipated by \$12,776 at this date. Dr. DeFeo has been working to encourage members to make a contribution to bring Golden Ram and other fundraising monies to the budgeted levels by May and July respectively. Due to the

economic crisis foundations and corporations have not had monies to help to support the work of nonprofits.

At their peak market value our investments totaled nearly \$2,000,000. Their value as January 31, 2009 was \$1,384,755. This change in value is not unlike what many of us have personally experienced. Our investments are all now in the American Funds. The managers of the funds now balance the portfolio and management costs are also lower. The investment committee felt that professionals would be better suited to balance the portfolio than the BOT. This significant reduction in value of our funds markedly limits our ability to draw from these funds until they have recovered a substantial amount of their value.

The continued challenge to the AAO BOG and BOT is to reevaluate possible income streams and determine the most cost effective way to deliver CME with minimal risk and maximal profits. The Educational Committee has been charged to re-evaluate our courses including the number of courses we undertake, audiences we wish to attract, course subjects, and different mechanisms of delivery. Our financial status will drive our discussions on the creation of possible new revenue streams.

Respectfully submitted,

Mark S. Cantieri, DO, FAAO  
Secretary/Treasurer of the AAO