

## Financial Report for Fiscal Year 2016

**I**n this issue, we provide our annual financial report. This report covers our Fiscal Year 2016, which includes October 1, 2015, through September 30, 2016.

Following are highlights and more in-depth explanation of some line items.

### Revenue

1. Overall revenue increased by just under \$22,000 when considering the reduction in Cost of Goods Sold due in large part to our new music distribution agreement with The Lorenz Company.
2. Total income was down by \$2,250. However, consider that Fiscal Year 2015 includes a \$25,000 settlement from the Hilton Anatole for the cancellation of our event contract for National Seminar. Removing this settlement from 2015 would show an overall increase of \$22,749 in revenue.
3. Primary areas of increase are in Membership Dues and Contributions to General Operating.
4. Additionally, when considering the change in our distribution agreement, the gross profit (sales less cost of goods sold) in Music Publishing increased by approximately \$7,000.
5. We eliminated the Spring Area Leadership Meeting and moved it to coincide with National Seminar, resulting in savings in Board Meetings and Committee Meetings. Additional savings in board meetings resulted from shortening the meetings by one day and more closely evaluating meeting sites to find the most cost-effective location options.
6. Selecting a new printer and changing the type of paper used to print *Overtones* brought a slight savings on that line-item.

### Expenses

1. Overall expenses were reduced by almost \$64,000.
2. The largest area of reduction is in Event Expenses. This is the result of several items:
  - Fiscal Year 2015 included additional expenses related to moving National Seminar to a new venue after the Hilton Anatole canceled our contract.
  - We had a more favorable arrangement with the Rochester convention center for National Seminar 2016, including lower rent, no catering minimum, and items included in the rent that are normally charged separately.
  - There was no Master Series event this year, eliminating those related expenses.
  - We negotiated a new contract for the mobile event app used at National Seminar.
3. The reduction in personnel costs is due to transitions in the regional membership coord-

inator positions and adjustments in personnel benefits.

4. We improved our efficiency in supporting the Back to Bells workshops, resulting in savings in the Membership Marketing line item. Additionally, we cut back on staff travel to Area events, which also affects this line item.
5. We eliminated the Spring Area Leadership Meeting and moved it to coincide with National Seminar, resulting in savings in Board Meetings and Committee Meetings. Additional savings in board meetings resulted from shortening the meetings by one day and more closely evaluating meeting sites to find the most cost-effective location options.
6. Selecting a new printer and changing the type of paper used to print *Overtones* brought a slight savings on that line-item.

### Bottom Line

Despite improvements in revenue and reductions in expenses totaling a net positive change of over \$86,000, we still ended the year with a loss of \$24,310.

### Other Income/Expense

As a reminder, these are items that affect our balance sheet, but do not impact the operating cash position of the organization. The largest changes here are related to the sale of our condo and the change in our distribution agreement with Lorenz.

1. Loss on Disposition of Asset results in a negative entry in Other Expenses, which leads to a positive hit to the bottom line. This is a journal entry to reflect the sale of the major asset that was our office condominium.
2. Inventory Adjustment under Other Cost of Goods Sold is a journal entry to account for the sale of our music inventory to the Lorenz



Company. Under our new distribution agreement, Lorenz maintains ownership of the music inventory while the ownership of the copyrights remain with Handbell Musicians of America.

Overall, with the above adjustments and a good year in investment earnings, our total net income for Fiscal Year 2016 was \$93,000.

Questions regarding this financial report may be directed to Jennifer Cauhorn at [jcauhorn@handbellmusicians.org](mailto:jcauhorn@handbellmusicians.org) or to the national board at [board@handbellmusicians.org](mailto:board@handbellmusicians.org).

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## Handbell Musicians of America Profit & Loss

		FY2015	FY2016	Variance
<b>Income</b>				
	<b>Membership Dues</b>	341,794.00	349,345.75	7,551.75
	<b>Misc Administrative</b>	27,405.38	26,513.93	(891.45)
	<b>Music Publishing</b>	111,987.20	96,478.37	(15,508.83)
	<b>Event Registrations</b>	207,679.00	209,914.50	2,235.50
	<b>Event Sponsorships</b>	3,690.00	4,800.00	1,110.00
	<b>Event Other Income</b>	32,983.00	11,668.05	(21,314.95)
	<b>Contributions to Operating Investment Income</b>	24,018.30	48,585.79	24,567.49
<b>Total Income</b>		749,556.88	747,306.39	(2,250.49)
<b>Cost of Goods Sold</b>				
	<b>Cost of Goods Sold</b>	30,876.88	6,636.23	(24,240.65)
<b>Total COGS</b>		30,876.88	6,636.23	(24,240.65)
<b>Gross Profit</b>		718,680.00	740,670.16	21,990.16
<b>Expense</b>				
	<b>Personnel Costs</b>	342,223.25	338,119.46	(4,103.79)
	<b>Office Operations</b>	49,987.56	49,407.87	(579.69)
	<b>Marketing Expenses</b>	11,951.38	6,944.44	(5,006.94)
	<b>Membership Services</b>	47,412.25	47,682.16	269.91
	<b>Overtones</b>	38,849.97	37,827.77	(1,022.20)
	<b>Board of Directors</b>	19,045.46	19,296.87	251.41
	<b>Past Presidents/Honorary Life Committees</b>	1,570.72	2,256.56	685.84
	<b>Depreciation Expenses</b>	12,147.67	8,858.80	(3,288.87)
	<b>Royalties</b>	26,546.36	27,588.46	1,042.10
	<b>Music Publishing</b>	24,459.55	27,429.80	2,970.25
	<b>Event Expenses</b>	239,826.80	187,805.90	(52,020.90)
	<b>General Fundraising</b>	2,106.27	3,938.84	1,832.57
<b>Total Expense</b>		828,921.37	764,979.94	(63,941.43)
<b>Net Ordinary Income</b>		<b>(110,241.37)</b>	<b>(24,309.78)</b>	<b>85,931.59</b>
	<b>Other Income &amp; Expense Not Reported Above</b>			
<b>Other Income</b>	<b>Donations</b>	52,181.74	19,707.77	(32,473.97)
	<b>Investment Income</b>	(3,214.08)	43,401.62	46,615.70
<b>Total Other Income</b>		<b>48,967.66</b>	<b>63,109.39</b>	<b>14,141.73</b>
<b>Other COGS</b>	<b>Inventory Adjustment</b>	-	<b>32,492.94</b>	<b>32,492.94</b>
<b>Other Expense</b>	<b>Grants &amp; Scholarships Given</b>	10,819.94	8,517.72	(2,302.22)
	<b>Investment Fees</b>	4,565.68	5,996.44	1,430.76
	<b>Loss on Disposition of Asset</b>	-	(101,208.19)	(101,208.19)
<b>Total Other Expense</b>		<b>15,385.62</b>	<b>(86,694.03)</b>	<b>(102,079.65)</b>
<b>Net Other Income</b>		<b>33,582.04</b>	<b>117,310.48</b>	<b>83,728.44</b>