

Society Board Meeting Minutes  
Spring Meeting

March 27, 2010  
Nashville, TN

**Minutes of Board of Directors Meeting  
Society for the Preservation and Encouragement of  
Barber Shop Quartet Singing in America, Incorporated  
March 27, 2010**

Called to order at 9:00 a.m. Saturday, March 27, 2010

The meeting was opened with:  
The Star Spangled Banner, directed by Gary Parker  
O Canada, directed by Greg Caetano  
The Old Songs, directed by Rod Sgrignoli  
Reading of Mission and Vision Statements by Bill Biffle  
Moment of Silent Reflection lead by Bill Biffle

**The following action was taken:**

**Quorum** – The secretary confirmed the presence of a quorum to President Biffle.

**The following were present:**

**Officers**

Society President Bill Biffle  
Society Executive Vice President Alan Lamson  
Society Treasurer Jim Lee  
CEO and Secretary Ed Watson (non-voting member)  
Society Immediate Past President Noah Funderburg

**Board Members**

Rick Ashby  
Greg Caetano  
Clarke Caldwell, Harmony Foundation President/CEO (non-voting member)  
Ted Devonshire  
Shannon Elswick  
Connie Keil  
Gary Parker  
Jim Sams  
Rod Sgrignoli  
Alan Wile

**Society Staff**

Patty Leveille, Executive Assistant/Office Manager  
Rick Spencer, Director of Operations  
Heather Verble, Director of Finance  
Paul Wietlisbach, Director of Education

**Meeting Appointments**

President Biffle appointed:  
Connie Keil as Sergeant-at-arms  
Rick Ashby as Keeper of the Keys  
Jim Warner as Parliamentarian

Chris Buechler as Assistant Parliamentarian  
Jim Sams as Parking Lot Attendant  
Alan Wile as Governance Advocate

### **Guests**

President Bill Biffle introduced the following guests:  
Larry Deters, Carolinas Task Force  
Rob Hopkins, Society Nominating Committee  
Roger Lewis, Harmony Foundation International Board of Trustees

### **OLD BUSINESS**

#### **Minutes**

Motion made and seconded to approve the minutes of the January 28-29, 2010 Board meeting.

Motion unanimously passed.

#### **Two-year International Chorus rotation**

CEO Ed Watson presented an update on the Society's attempt to gather data from its membership on the possibility of going to a two-year International Chorus competition rotation cycle. The Society has set up a Blog to allow members the opportunity to offer feedback and ask questions. An informational article was placed on Livewire pointing members to the Society's Blog which allows members to participate in a survey, make comments or ask questions. Discussion was held and the CEO will continue to seek not only individual member's thoughts but those of the Districts. Board representatives to District House of Delegates will also be a source of feedback. Both the CEO and Board are interested in how the Districts, chapters and members feel about the possibility of a two-year cycle and how Districts expect the rotation cycle might positively or negatively impact their District, their Divisions and or their chapters.

No action required or taken.

#### **Annual Planning Cycle Committee**

Motion made and seconded to receive the Annual Planning Cycle Committee's report and to hold a discussion of the report and the committee's recommendations under "new business".

Motion unanimously passed.

#### **Membership Growth Task Force**

Immediate Past President, Noah Funderburg, Chairman of the Membership Growth Task Force offered the task forces opening remarks stating that: The four mini task forces (Delivery Methods, New Chapters, External Focus and All Ages) are in the middle of important discussions and will meet this weekend with President Biffle to assure the task forces focus of charges. The four

MGTF mini task forces gave a brief update of their work to date. The Membership Growth Task Force will present their final recommendation to the Board at the June 2010 Board meeting.

### **Carolinas District**

Motion made and seconded to draft a resolution to thank Skipp Kropp for his leadership in helping to bring to fruition the new Carolinas District of SPEBSQSA Inc. via the Carolinas Task Force thus creating our 17<sup>th</sup> Society district.

Motion unanimously passed.

President Biffle reported that all requirements set forth by the Board in its resolution of October 31, 2009 to allow the creation of a 17<sup>th</sup> district have been met and the new Carolinas District will become official when all necessary filings for incorporation have been completed.

President Biffle thanked the Carolinas Task Force for their hard work and professionalism on behalf of the Society.

### **Global Strategy Development**

Connie Keil, Chairman of the Global Strategy Development Task Force gave his report which was followed by discussion of Affiliate Associations and their relationship to the Barbershop Harmony Society. The Global Task Force will make recommendations to the Board at its July 2010 meeting in reference to Society Board policy regarding Affiliate Associations.

### **Operations Manual/Policy Document**

CEO Ed Watson reported for Skipp Kropp, Operation Manual/Policy Documents Task Force Chairman. Watson reported that the Operations Manual has been published and sections having to do with Board policy have been removed. Sections of the old Operations Manual which referenced Board policy have recently been sent to Skipp Kropp for inclusion in the Board Policy Manual along with the new Treasurer's Job description and recent policy changes regarding Society Board member's reimbursement. The task force will include these in the Manual and review all of the sections for alignment with current Board structure and board members' responsibilities as liaisons to districts.

### **Policy Manual Section III A paragraph 7 - Board Education**

Rod Sgrignoli introduced a discussion regarding the Policy Manual Section III A paragraph 7, Board Education. Following the discussion President Biffle appointed Rod Sgrignoli to chair a new Society Board Education Task Force. Greg Caetano and Paul Wietlisbach will serve on the committee. The task force will bring their recommendations for the Board's ongoing education to the Board at the June 2010 Board meeting.

## **NEW BUSINESS**

### **REPORTS**

#### **CEO**

CEO Ed Watson presented his report to the Board which was followed by discussion. The topics of Barbershop Harmony Society employee hires, 2010 Fall Forum, Four on the Road, Tag Program, Harmony University, American Harmony The Movie, Chapter Report Tool, Singing for Life!, Archives Committee report, Operation Teams reports and the Executive Limitations were addressed by the CEO.

It was noted by the CEO that the Barbershop Harmony Society and Harmony Foundation International, Inc. will work together to reach out to chapters to enhance membership retention and growth. The first pilot program "TAG Team" will kick off this spring and last for three months.

Motion made and seconded to receive the CEO's report.

Motion unanimously passed.

#### **Harmony Foundation International Communication Campaign status report**

Clarke Caldwell, CEO/President of Harmony Foundation International, Inc. presented an overview of the Capital Campaign. Harmony Foundation International, Inc. has a new theme; "Performance of a Lifetime" (A campaign for the future of Barbershop). The campaign will focus on development of two new programs: The TAG Team Program and Four on the Road.

Motion made and seconded to receive the Harmony Foundation International Campaign report.

Motion unanimously passed.

#### **Treasurer**

Treasurer Jim Lee presented the Treasurer's report to the Board. The 2009 audit is going well and is expected to be finished by the end of May 2010.

Discussion of the repayment schedule for the Harmony Foundation Program fund loan and also quarterly cash flow was held.

Motion was made and seconded to ask the CEO to present to the Board at its June 2010 meeting, a recommendation for a cash management policy which would include: minimum number of day's cash on hand with which the Barbershop Harmony Society should operate.

Motion passed unanimously.

Discussion was held in reference to the financing of the building loan. Mr. Lee, Ms. Verble and Mr. Ashby will bring to the Board, at their June 2010 Board meeting, alternatives for refinancing of the building loan.

Motion was made and seconded to receive the Treasurer's report as presented. (Attachment 1)

Motion unanimously passed.

### Annual Planning Cycle

Alan Lamson, Shannon Elswick and Rick Ashby presented the Annual Planning Cycle Committee's proposed 2010 MPL (Minimum Performance Levels) for the Society's two Aims.

After discussion of Aim #1 a motion was made and seconded to adopt the metrics as amended during discussion as follows (amended changes are noted below):

#### 2010-2011 Aims and Minimum Performance Levels

##### Aim # 1

The Society reverses the declining membership trend, returns to positive growth, and increases the number of chapters.

Metric 1: Increase the number of chapters

2010 Increase the total number of chapters with 12 or more members by 5 to 816 over the 12/31/09 base number of 811 as of 12/31/10

2011 Increase the total number of chapters with 12 or more members by 10 over the 12/31/10 base number as of 12/31/11

Metric 2: Total annual net membership change (said membership metric shall be based on new members and renewal of members of chapters within the United States and Canada)

2010 Decrease the net loss of membership to 600 from 12/1/09 to 12/1/10

2011 Have a positive net gain in membership by 12/1/11

Metric 3: Develop and promulgate a plan to address membership growth

2010 Prepare a written Society membership growth plan by April 15, 2010 for the balance of the year ending December 2010 and provide a copy to the Board for information only

a. Include programs, budgets, responsibilities, deadlines, and measurable performance criteria

2011 Prepare a written Society membership growth plan by October 15, 2010 and for the year ending December 2011 and provide a copy to the Board for information only

a. Include programs, budgets, responsibilities, deadlines, and measurable performance criteria

Metric 4: Provide reports to the Society Board on progress toward Aim (monitoring)

2010 Provide a report to the Society Board on progress of Metrics 1 and 2 on a monthly basis

2011 Provide a report to the Society Board on progress of Metrics 1 and 2 on a monthly basis

Motion unanimously passed.

After discussion of Aim #2 a motion was made and seconded to adopt the metrics as amended during discussion as follows (amended changes are noted below):

Aim # 2

Chapters enrich lives through singing in community service

Metric 1: Increase the number of chapters reporting community service

2010 Establish a base line by year end of the chapters participating in 'community service' defined as those activities of a chorus, quartet or chapter member which 1) make a difference in the community; 2) bring joy to others or 3) add to the community fabric in a positive way and which are done by donating time, talent and/or money and are not primarily for the chapter's, quartet's or members' benefit.

2011 Get an additional 5% of Society chapters reporting that they have provided 'community service' defined as those activities of a chorus, quartet or chapter member which 1) make a difference in the community; 2) bring joy to others or 3) add to the community fabric in a positive way ad which are done by donating time, talent and/or money and are not primarily for the chapter's quartet's or members' benefit.

Metric 2: Develop a program to provide for meaningful reporting by chapters

2010 The improved reporting program shall be in place and implemented in time to secure the best possible data by December 31, 2010 (to facilitate the 2010 year-end report).

2011 The program shall be maintained and modified as necessary to provide the best possible data throughout the year and on an ongoing basis after that.

Motion unanimously passed.

A tabular depiction of the Annual Planning Cycle is attached to these minutes. (Attachment # 2)

Motion made and seconded to adopt changes to the Board Policy Manual section III. Policy Type: Governance Process F. Policy Title: Annual Board Planning Cycle as follows:

To accomplish its work with a governance style consistent with Board policies, the Board will develop and follow an annual plan that (1) includes an exploration of Aims policies, (2) seeks continually to improve Board performance with special attention to input and deliberation, and (3) seeks input from the CEO relative to the development of and adoption of AIMS and metrics.

The CEO, supported by the staff and Operations Team facilitates accomplishment of the Board's annual Aims.

1. The CEO has the following duties:
  - a. Create the annual work plan
  - b. Analyze the progress toward achievement of the Board's annual Aims, and create and distribute summary reports to the Board at least two weeks prior to each board meeting throughout the year.
  - c. Discover the barriers that prevent the districts and the Society as a whole from being successful in achieving established goals.
  - d. Recommend solutions to any barriers, coordinate the implementation of these solutions among the members of the OT, and track the results of the implementation
  - e. At each Board meeting and in discussions with the Annual Planning Cycle Committee, the CEO shall provide input regarding his insights, suggestions and ideas that may impact achievement of or modify the current or anticipated AIMS and metrics.
2. At its fall meeting, the Board finalizes not only a three-year rolling outlook of Aims but also a specific listing of Aims and their measurement criteria for the two years that being a year after the following January 1; this information is provided to the CEO by December
3. In January the CEO starts work on a two-year work plan that would begin the following January; the work of compiling the plan and reviewing it with the Operations Team continues throughout the first five months of the year.
4. At the midwinter Board Meeting, the Board reviews and votes on any amendments proposed by the CEO to the adopted budget for the current year which affect the overall budget figure for each of the mission areas.
5. At its spring planning meeting the Board begins work on the next three-year rolling plan
6. By June 1 the CEO presents to the Board a compiled work plan with budget estimates for the ensuing two calendar years; in June the CEO has the Operations Team review the proposed work plan
7. At its international convention meeting the Board finalizes the draft three-year rolling plan
8. By September 15<sup>th</sup>, the CEO completes a draft budget for the ensuing two calendar years and sends it to the OT, Society Treasurer, the Society President and the Society President-elect for in-depth review, which is completed by October 1
9. On October 15 (or two weeks before the Fall Board meeting) the final work plan and budget, with executive summary, for the ensuing two calendar years is presented by the

Society Treasurer and CEO to the Board; the Board reviews and approves the overall budget figure for each of the mission areas at its fall meeting for the ensuing two years.

Motion unanimously passed.

President Biffle asked the Annual Planning Cycle Committee to submit to the Board, within 30 days, metrics for years three and four of Society Aims 1 and 2.

### **CEO Executive Limitations**

Ed Watson presented his response to the Executive Limitations. The following Executive Limitations were reviewed: Financial Condition, Asset Protection, Compensation and Benefits, and Membership Trends. Board members signed the CEO Monitoring Report indicating their acceptance of the report.

### **Governance Process**

As called for in the Board Policy Manual, the following Governance Process policies were reviewed and it was determined by the Board that the Board was in compliance with these policies:

- Governing Style
- Board Job Description
- The Role of the Society President as Chairman
- The Board Committee Principle
- Board Committee Structure
- Annual Board Planning Cycle

### **Board-CEO Relationship**

As called for in the Board Policy Manual, the Governance Process policy (IV.A. Delegation to the CEO) was reviewed and it was determined by the Board that the Board was in compliance with the policy.

## **CLOSING**

### **Governance Advocate**

Alan Wile reported that the Board continues to improve their adherence to the governance process as defined in the Policy Manual.

### **Parking Lot**

Jim Sams reported the following Parking Lot items:

- Repayment schedule for the Harmony Foundation Program fund loan
- Study the effect of the dues mix (R vs Youth vs SL) in future years for budgeting purposes
- Ops Manual/Policy Document Task Force still needs to update the Document to reflect actions from the October 2009 Society Board meeting
  - BMAL responsibilities



- Pecuniary responsibilities
  - Treasurer's job description
- Recommendation to C&J Committee regarding 2 year International Chorus rotation task force
- Updates from current task forces:
  - BHS Global Strategy Development Task
  - Membership Growth Task Force
  - Board Education Task Force
- Update on carrying forward of the decision of vendor selection for the completion of the SING project (6/30/09) Partnering for Funding.
- Update on Capital Campaign migration to a communications campaign and progress on funding TAG and Four on the Road.
- Update on a recommended policy for cash management to establish a set number of days for cash on hand.
- Update on the financing of the building loan.

**Sergeant-at-arms**

Connie Keil presented to the Board a humorous, thoughtful, and thorough report.

**Special Recognition**

CEO Ed Watson acknowledged the outstanding work of our 2009 Treasurer, Jim Lee. Treasurer Jim Lee graciously accepted a token of appreciation from CEO, Ed Watson.

**Adjournment**

The meeting was adjourned with the singing of Keep the Whole World Singing, directed by Shannon Elswick.

Respectfully submitted,

E. D. Watson

# **BARBERSHOP HARMONY SOCIETY**

## **TREASURER'S REPORT**

**MARCH 27, 2010**

### **Year-End Financial Statements and Audit**

The audit of the financial statements for the year ended December 31, 2009, is substantially completed and a working draft of the report should be ready to distribute to the Audit Committee by March 31<sup>st</sup>. While it is expected that all significant audit issues will be surfaced prior to the review by the Audit Committee, it is anticipated final sign-off on the audit will be delayed until May 31<sup>st</sup>, partially because of auditor staffing problems.

### **2010 Operations**

Condensed financial statements for two months ended February 28, 2010, are attached to this report. Included is a comparison of actual operations with 2010 budget, and 2009 unaudited actual. You have previously received detailed financial statements as of February 28, 2010, from CFO Heather Verble. I specifically draw your attention to the first four pages of Heather's report, wherein the variances in asset and liability accounts since year-end and issues concerning our budget compared to actual operations are discussed. As you can see, income and expenses are basically on plan for the first two months of 2010. The positive variance in membership income, while encouraging, might be partially due to the imprecision of spreading budgeted income during the interim months of a quarter. We are anticipating a positive variance from plan in the Philadelphia International convention registrations, however, it is anticipated that convention labor expenses will be about \$75,000 over plan.

### **Program Fund Loan**

During the second quarter of 2009, the Board approved a request for a \$500,000 loan from the Program Fund in order to make pre-Anaheim deposits/payments of about \$600,000. It was anticipated that the loan would be partially repaid by year-end 2009, and from all outward appearances, our cash balance has improved to the point where a partial repayment would have been possible. We do, however, have substantial deposits due for the Philadelphia convention during the first quarter of 2010. Our preference is to wait until the 2010 International convention income picture is clearer, before making a payment on the Program Fund loan. If the Philadelphia bottom line is at least \$100,000 better than plan, we anticipate that a program fund loan repayment of \$200,000 will be possible in 2010, with the remainder being paid in 2011 and 2012.

## Liquidity Requirement

Our SunTrust Bank mortgage loan agreement requires that, at all times during the term of the loan, a minimum of \$1,500,000 of cash and liquid investments must be maintained by the consolidation of the Barbershop Harmony Society and Harmony Foundation International. Following are the unaudited February 28, 2010, figures for the consolidated organization (in thousands of dollars), showing that liquidity is in excess of the minimum requirement:

○ BHS Cash and Equivalent	\$ 602
○ BHS Liquid Investments	275
○ HFI Cash and Equivalent	78
○ HFI Liquid Investments	<u>1,230</u>
Total liquidity	<u>\$2,185</u>

# Barbershop Harmony Society

## Income Statement

	Two Months Ended February 28,	
	<u>2010 Actual</u>	<u>2009 Actual</u>
	(in thousands)	
<b><u>INCOME</u></b>		
Musical Experience	81	90
Membership	535	452
Image	-	-
Events	-	-
Revenue Enhancements	139	196
<b>Total Income</b>	<b>755</b>	<b>738</b>
<b><u>EXPENSES</u></b>		
Wages and Benefits	309	354
Musical Experience	41	50
Membership	30	30
Events	3	1
Revenue Enhancements	34	69
Image	2	4
Governance	5	5
Overhead	165	163
<b>Total Expenses</b>	<b>589</b>	<b>681</b>
<b>Operating Income</b>	<b>166</b>	<b>57</b>
<b><u>NON-OPERATING INCOME (EXPENSE)</u></b>		
Interest	(13)	(15)
Other Non-Operating income (expense)	-	-
<b>Total Non-Operating</b>	<b>(13)</b>	<b>(15)</b>
<b><u>NET INCOME</u></b>	<b>153</b>	<b>42</b>

# Barbershop Harmony Society

## Balance Sheet

	<u>February 28,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
	(in thousands)	
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash and Equivalent	434	398
Short-Term Investments	168	168
Accounts Receivable	670	480
Inventories	369	384
Other Current Assets	495	82
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Total Current Assets	<b>2,136</b>	<b>1,512</b>
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Nashville Building	4,825	4,850
Long-Term Investments	275	275
Other Fixed Assets	446	487
Program Fund	1,351	1,351
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Total Assets	<b>9,033</b>	<b>8,475</b>
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<b><u>LIABILITIES AND NET WORTH</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts Payable	734	903
Accrued Liabilities	67	66
Current Maturities of Long-Term Debt	234	228
Deferred Income	2,405	1,795
Program Fund Loan	500	500
Other Current Liabilities		-
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Total Current Liabilities	<b>3,940</b>	<b>3,492</b>
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<b><u>Deferred Income</u></b>		
Deferred Income	66	66
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<b><u>Long-Term Debt (less current maturities)</u></b>		
Building Mortgage	1,186	1,202
Bank Loan	10	37
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<b><u>Net Worth</u></b>		
Restricted	-	-
Unrestricted-		
Retained Earning - Beg of year	3,678	3,722
Current Year Income (Loss)	153	(44)
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Total Net Worth	<b>3,831</b>	<b>3,678</b>
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Total Liabilities and Net Worth	<b>9,033</b>	<b>8,475</b>
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