

**APS Board of Directors Meeting**  
StampShow  
Marriott Richmond  
500 E. Broad St., Richmond, VA 23219  
Jefferson, Madison, & Monroe  
Wednesday, August 2, 2017

**GENERAL SESSION – 10 am EDT**

**CALL IN:** 888-537-7715

**PASSCODE:** 13291358#

- |            |  |                  |
|------------|--|------------------|
| <b>I</b>   | <b>President's Welcome</b>                                 | <b>Mick Zais</b> |
| <br>       |  |                  |
| <b>II</b>  | <b>Approval of Minutes</b>                                 |                  |
| <br>       |  |                  |
|            | <b>1. May 2, 2017 – APS Telephonic Meeting</b>             |                  |
| <br>       |  |                  |
| <b>III</b> | <b>Reports</b>   |                  |
|            | A. Society Attorney  | Kathleen Yurchak |
|            | B. Treasurer   | Bruce Marsden    |
|            | C. Campaign for Philately                                  | Alex Haimann     |
|            | D. Executive Director                                      | Scott English    |
| <br>       |  |                  |
| <b>IV</b>  | <b>Presentations</b>                                       |                  |
|            | A. Online Education Platform                               | Cathy Brachbill  |
| <br>       |  |                  |
| <b>V</b>   | <b>New Business</b>  |                  |
|            | A. Strategic Initiatives and Technology<br>Committee Chair | Mick Zais        |
| <br>       |  |                  |
| <b>VI</b>  | <b>Old Business</b>  |                  |
|            | A. FIP Payment of Dues                                     | Mick Zais        |
|            | B. Chicago 2021  | Ken Martin       |
| <br>       |  |                  |
| <b>VII</b> | <b>Adjournment</b>   |                  |

**StampShow Events**

- A. August 2, 2017 – 5:00 pm – Tiffany Talk (James Barron), Marriott Richmond, Salons 6,7,8
- B. August 2, 2017 – 5:30 pm – 7 pm, Campaign for Philately Reception, Marriott Richmond, Salons 1,2,3
- C. August 3, 2017 – 6:30 pm – 9:30 pm – Richmond Stamp Soiree (Reservations Required), Virginia Historical Society
- D. August 4, 2017 – 2:30 pm – American Philatelic Research Library Board of Trustees Meeting, Greater Richmond Convention Center, Room E10b
- E. August 5, 2017 – 9 am – 10:30 am – APS General and Town Hall Meeting, Greater Richmond Convention Center, Room E10c
- F. August 5, 2017 – Noon – 1 pm – APS Ambassador Forum, Greater Richmond Convention Center, Room E23b
- G. August 5, 2017 – 4:15 pm – 6:15 pm – APS/APRL Honors – Medal Level Ceremony (Exhibit Medals and Society Awards), Marriott Richmond, Jefferson, Madison, &

- Monroe
- H. August 5, 2017 – 6:15 pm – 7:15 pm – Cocktail Reception, Marriott Richmond, Jefferson, Madison, & Monroe
  - I. August 5, 2017 – 7:15 pm – 9:15 pm – APS/APRL Honors – Celebration Banquet, Marriott Richmond, Capital Ballroom
  - J. August 6, 2017 – 8 am – 9:30 am Dealer Breakfast, Marriott Richmond, Salon 5
  - K. August 6, 2017 – 9 am – 10 am APS Writer’s Unit #30, Marriott Richmond, Salons 6,7,8

**For Your Information – Future Events/Dates for Your Calendar**

- A. October 24, 2017 – Joint APS/APRL Meeting, Telephonic\*\*

*\*Subject to change or cancellation*

**\*\*Consideration of the 2018 APS/APRL Budget**

Minutes for APS Board of Directors Telephonic Meeting  
Tuesday, May 2, 2017

The meeting was called to order by APS President Mick Zais at 1:01PM. EST.

**APS Board Members Present:** Mick Zais (President), Patricia Kaufmann, and Jeffrey Shapiro (Vice Presidents), Stephen D. Schumann (Secretary), Richard Drews, Michael Bloom, Peter P. McCann and Mark Schwartz (Directors) and Stephen Reinhard (Immediate Past President).

Vice-President Zeigler and Treasurer Marsden were absent.

**Staff Present:** Scott English (APS Executive Director), Ken Martin (APS Chief Operating Officer)

President Zais stated that we will now consider sending the letter regarding the FIP and called for a motion to send the letter. Richard Drews moved and it was seconded by Stephen Reinhard to send the letter.

A roll call vote was then taken:

Jeffrey Shapiro- yes  
Patricia Kaufmann- yes  
Stephen D. Schumann- no  
Michael Bloom- yes  
Richard Drews- yes  
Peter P. McCann- yes  
Mark Schwartz- yes  
Stephen Reinhard- yes

The motion to send the letter was approved with one dissention.

The meeting was adjourned at 1:10PM EST.

Respectfully submitted,

Stephen D. Schumann  
Secretary

# Treasurers' Report

Bruce Marsden, APS  
Ken Nilsestuen, APRL

August 2, 2017

# Review Topics

- Current Financial Results
- 2016 External Audit
- Investment Manager
- Debt and Taxes
- Cash and Investments

# Current Financial Results

Six months ended 6/30/17

- Combined APS/APRL unrestricted net assets up \$186K and total net assets up \$480K
  - Important for organizational growth and stability that these figures be positive
- Campaign for Philately gross donations were \$259K
  - \$76K fundraising costs were approximately 30%
  - Full year budget calls for \$800K donations with average 20% fundraising cost
- Results also include \$250K from APRL's inverted Jenny sale
- Additionally, overall regular operations are running better than budget

# 2016 External Audit

- External Auditors: Fiore Fedeli Snyder Carothers, LLC, State College
- Met with Finance Committee in a late spring teleconference
- Clean opinion
- No material adjustments
- Auditors very pleased with high degree of preparedness and cooperation from Rick Banks and his team
- We recommend that Boards adopt resolutions accepting the 2016 external auditors report

# Investment Manager

- In early 2017 Finance Committee met with current investment advisors to review our 2016 year-end portfolio performance
- In late spring the Committee solicited proposals from investment managers
  - Over 6 years since most recent look
- Finance Committee will present a recommendation to the joint APS/APRL Board meeting after the Hartland Group presents our first half investment performance this afternoon



# Debt and Taxes

- External debt to First National Bank at June 30 now below \$5 million reflecting pay-off of one note with part of the proceeds from the sale of the recovered McCoy inverted Jenny
- Interest rates vary from 3.47%-4.60%
  - Rates on each note reset every 5 years
  - Low interest rate environment continues

# Debt and Taxes

- Even though we are a 501(c)3 tax exempt organization, we generate “Unrelated Business Taxable Income” that is subject to tax.
  - UBTI Examples:
    - American Philatelist advertising
    - Rents of facilities financed with debt
  - Non UBTI (tax free):
    - Investment income
    - Rental of debt-free facilities

# Debt and Taxes - II

- APS currently pays UBTI taxes on American Philatelist advertising revenue
- APRL has tax loss carryforwards that shield our current rental earnings from taxes – however the carryforwards are dwindling since rental operations are currently profitable
- Once ongoing rental profits consume all of the loss carryforwards, APRL will owe taxes if the debt against the buildings is still in place
- To minimize tax liability, we should seek opportunities to extinguish the building debt as quickly as possible.

# Debt and Taxes - III

- Our tax returns are public documents
- Our Forms 990 are automatically posted on the Internet at Guidestar and other services
- As Directors and Trustees, we have a responsibility to familiarize ourselves with the contents of our Forms 990
- Form 990 is a way in which we remain accountable to the public for our tax-exempt purpose and our related tax exemption
- Rick Banks will distribute the relevant Forms 990 (separately for the APS and APRL) when they are finalized

# Cash and Investments

- The organization has a seasonal cash flow pattern resulting from annual dues collection. Cash peaks around the calendar year-end and then diminishes through October. At October 31, 2016 (the nadir) combined APS and APRL cash balances were still \$1.7 million.

| (000s)      | 10/31/16       | 12/31/16       | 6/30/17        |
|-------------|----------------|----------------|----------------|
| Cash        | \$1,719        | \$2,613        | \$2,308        |
| Investments | <u>\$3,748</u> | <u>\$3,730</u> | <u>\$3,983</u> |
| Total       | <u>\$5,467</u> | <u>\$6,343</u> | <u>\$6,291</u> |

- Notice that while not intentional, cash and investment balances exceed bank debt.

# Conclusion

- The organization is financially strong
- Well positioned to address challenges and opportunities ahead
  - Unrelated Business Taxable Income
    - Mitigation plan could involve balance sheet restructuring
  - Cash and investments provide strength
    - Some limitations from endowment restrictions, etc.



# AMERICAN PHILATELIC SOCIETY

100 Match Factory Place • Bellefonte, PA 16823-1367  
Phone: 814-933-3803 • Fax: 814-933-6128 • [www.stamps.org](http://www.stamps.org)

TO: Board of Directors, American Philatelic Society

FROM: Scott D. English, Executive Director

DATE: 31 July 2017

RE: Executive Director Report, StampShow Richmond

---

Welcome to all of you and thank you for joining us for StampShow Richmond. There are quite a few events planned throughout the show and I hope all of you get a chance to visit with APS members on the floor and please be sure to stop by and thank the dealers for supporting the show. As a reminder, we will be holding a General Membership Meeting on Saturday morning at 9 am, followed by a Town Hall meeting. I would like to touch on some highlights and as always welcome any questions or comments.

## **2017 Budget**

Bruce presented a great overview of where we stand financially. Overall, we have a total surplus of \$52,000, which is \$51,000 better than budgeted for the year (a substantial improvement from -\$10,000 at the end of the 1Q). In the first half of the year, our revenues continue to underperform, at \$32,000 behind budget for the year. We have slowed this challenge from the end of the 1Q and will continue to work on reversing it for the remainder of the year. We remain conservative in spending, spending \$69,000 less than budgeted (an improvement from \$18,500 at the end of 1Q).

At the end of the first quarter, our biggest concern was Circuit Sales, but thanks to the leadership of Wendy Masorti, we have posted some strong sales months and have more circuit books out than we have in years. We are now performing \$6,700 better than budgeted for the year, with an actual positive cash flow of \$9,500. We also started slow with advertising revenue of The American Philatelist, but end the first half doing \$4,800 better than budgeted. Helen Bruno has been working tirelessly with our advertisers and her work is starting to show.

Our weakest performer is Shows and Exhibitions, where higher than expected spending in Reno has us currently at \$10,700 greater than budgeted for the year. This is being partially offset by the vacant Shows Manager position which is slowly reducing our budgeting gap for the year. The other weak performer is the Website where unbudgeted depreciation expenses have us at \$6,300 greater than budgeted for the year. The costs of website improvements for 2016 were not fully realized in the approved 2017 budget.

Overall, I want to thank the APS and APRL team for serving our membership and the hobby as financially responsible as possible.

## **Membership**

**The APS/APRL are non-profit organizations, 501(c)(3) under the Internal Revenue Code**

At the end of June, APS membership was at 28,836, 1,011 less than the same time last year. For the meeting, I will be able to provide you with numbers through the end of July. In the first half of 2016, we were the beneficiaries of prospecting off of the Linn's subscriber list and that yielded positive results for us. We have been using the NY 2016 registration in two ways to solicit members. First was an email offer in March to 3,400 names – which yielded only 12 new members. We also identified several members who had given different email addresses to NY 2016 than we had on file. We have also started prospecting the mailing addresses, sending out 1,000 at the end of June and 2,800 just over a week ago. We are experiencing the same phenomenon with 20 new applications and identifying members with different information. We are halfway through the list and will complete it, along with other prospects over the next two months. We will also have a cleaner list of prospect for another offer at some point in the future.

Going forward, we are going to work with Linn's on another list swap for prospecting once the NY 2016 list has been completed. It also underscores the importance of the modernization initiative that we are working on to build a better presence online for those who are active in the hobby, but not active in the APS.

### **Campaign for Philately**

To date, the Campaign for Philately has raised \$259,000 through the end of June. This is higher than the 2016 mid-year mark of \$197,000 and the 2015 mid-year mark of \$215,000. The support of the APS membership makes a difference. The Mighty Buck program, which performs strongly every year allowed the APS to put in a new single wifi system in the American Philatelic Center in 2016, with the opening of the new library. Funds will also be going to support new library scanners. Our campaign to modernize the website, member outreach continues as we near the \$100,000 mark of the \$150,000 goal.

This year, the Campaign for Philately also changed our typical Thursday night dinner at StampShow with the Richmond Stamp Soiree. To date, five Dinner Sponsors: Michael Bloom, Alfredo Frohlich, Alex Haimann, Wade Saadi, and Scott Trepel, along with 11 Dinner Patrons have contributed \$31,000 to support the evenings events and the proceeds go to supporting the technology match.

### **Council on Postal Collectors**

The Council has met and the Outreach Committee, chaired by Dale Smith and Trish Kaufmann have assembled a talented group of writers who are working on article development and placement all on a volunteer basis. There is also a new committee that has been formed, chaired by Dan Piazza of the National Postal Museum, and we are assembling younger members of the hobby to focus on the New Collector Experience and ways we can recruit and attract that key 30 - 50 demographic to engage with organized philately. We will update you at the October meeting and I expect a progress report by year's end.

### **StampShow 2018 – APS/ATA Partnership**

In June, I traveled to Milwaukee for the National Topical Stamp Show to formally sign an agreement with the American Topical Association to co-host StampShow 2018 in Columbus,



Ohio. This agreement is a direct result of the Council on Postal Collectors and is, hopefully, a sign of things to come. It is a challenge, not only to our friends at the ATA, but also other national affiliates, such as the American First Day Cover Society, American Stamp Dealers Association, and others, to recognize our hobby will be stronger together. At one time, it may have been appropriate for various national organizations to host their stamp shows at different times and different locations. However, with an aging and shrinking member and dealer base, we should take this opportunity to leverage our resources together to promote all aspects of the hobby. The AFDCS has commitments for 2017 and 2018, but we will be working with them and the ATA to strengthen the summer show by locating them together. We should extend our thanks to the Board of the ATA for taking the lead on a different model. I look forward to joining them in Columbus next year and I believe our collective membership will appreciate not having to choose between the two shows.

### **Dealer Advisory Council**

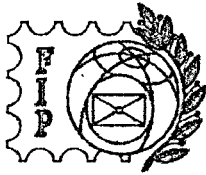
The Dealer Advisory Council met on 2 June 2017 in an organizational meeting and planned next steps. The Council agreed that a Dealer Survey to be mailed from the APS would be a good first step toward evaluating and deliberating. A draft survey is currently being circulated and a final version will be in the mail in August. We agreed that while show dealers are the most visible to all of us in the hobby, we cannot overlook dealers who sell online. The survey is crafted to understand the dealer force, how they are operating and how they see the future of the business.

### **Upgrade of the Member Relations Application**

In the 2017 budget, the Board approved upgrading the Member Relations application, which goes by the brand name, iMIS. The kickoff for that project started on 6 July 2017 and work is already underway. We expect portions of the system to be live in the next few weeks and staff training to be underway. The whole system conversion will be completed by the second week of September.

### **Website Upgrade**

One of the elements of the iMIS upgrade is a web content manager application that will us to better manage our website. Following StampShow, APS staff will begin the process of evaluating the website and designing the new look.



# FÉDÉRATION INTERNATIONALE DE PHILATÉLIE

PRESIDENT: TAY PENG HIAH AMN RDP

21A, RUE DES 7 ARPEL'S

L-1139 LUXEMBOURG

TEL: +352 43 66 37

EMAIL: TPHPHILATELY@YAHOO.COM

12 July 2017

Mr. Mitchell M. Zais  
President  
American Philatelic Society  
100 Match Factory Place,  
Bellefonte. PA. 16823 -1367  
USA

Dear Mr Zais,

I refer to your letter of the 5 May 2017.

The Board has instructed me to respond to each of the issues raised in your correspondence and I welcome this opportunity to respond and in some instances "set the record straight".

I ought to point out that of the seven FIP Directors, four are also members of the APS and two are former APS members.

## 1. The fairness and Quality of FIP Jury Members

This is and always will be a subjective assessment and subject to personal opinions. It is therefore impossible to state that Exhibits that have achieved 96 points or more by one Jury Team, could be "clearly undeserved" for a Grand Prix when assessed by the whole Jury.

It is impossible to state that a Grand Prix winner's exhibit is patently inferior to that of another losing candidate. No correspondence has been delivered by any Exhibitor, from any member country, during my two terms as President boycotting or threatening to boycott FIP Exhibitors. In addition, the number of US exhibits entered in FIP International World Exhibitions or those with FIP recognition does not support your contention.

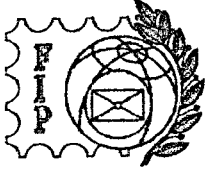
Considering however that your letter was distributed to all member Federations, I am sure that any future Jury will take into account your concerns when considering Grand Prix candidates and their votes.

The Board will consider whether the final number of Grand Prix candidates ought to be limited.

## 2. The Selection of FIP Jury Members

All qualified FIP Jurors are eligible for selection for to a Jury. It needs to be remembered that the FIP does not select the Jury. Article 30 of the FIP GREX clearly states that the FIP Board via the Consultant only select 25% of the Jury; 25% are selected by the Organising Committee from their National Jurors; and 50% by the Organising Committee from the names submitted by member Federations.

Given the short time frames it is impossible to refer back to Federations for alternate candidates (if they have such candidates) to fill Jury positions in the likely event that those submitted cannot be



# FÉDÉRATION INTERNATIONALE DE PHILATÉLIE

PRESIDENT: TAY PENG HIAN AMN RDP

21A, RUE DES 7 ARPHITS  
L-1139 LUXEMBOURG  
TEL: +352 43 65 53  
EMAIL: FIPPHILATELY@YAHOO.COM

accommodated. There does need to be a balance between Jury members from each of the members in the three Continental Federations; the additional requirement to appoint capable Team Leaders, which may not be nominated by the members; and the representation on the Jury of those members from whom a large number of entries are accepted. However, this should not be used to exclude jurors from those members who do not have the same number of entries. The ultimate aim should be to select a competent Jury, and to provide a vehicle for Novice Jurors to achieve experience.

### 3. The growing Expense of FIP Exhibiting

Our Board is well aware of the cost of staging International Exhibitions. We are actively considering how we can financially assist the holding of more Exhibitions, and have appointed a sub-Committee for this purpose. However, it must be appreciated that our income is received from three sources:

- (a) Annual Membership Fees
- (b) Exhibition and Recognition Fees
- (c) Income from Investments

If we reduce our Capital then it follows that we also reduce our income from Investments. This measure would limit, if not totally restrict, our available funds for promoting philately.

The New York Exhibitions was the first such Exhibition where the FIP paid all airfares and accommodation for all FIP Board Jury so that the Exhibition would not run at a loss. This contribution reduced the FIP bottom line by approximately 38,000 CHF, excluding my airfare and accommodation costs, which was borne by myself.

Please keep in mind that the FIP neither sets nor controls the Frame Fees of an Exhibition. These are set by the Organising Committee for each Exhibition.

### 4. Fostering Friendly Relationships and Co-operation among Philatelists

We would prefer to spend CHF100, 000 promoting Philately than the same amount promoting the FIP. The Board does not agree that spending CHF30, 000 for an Exhibitors Lounge is the proper way forward.

## GOVERNANCE

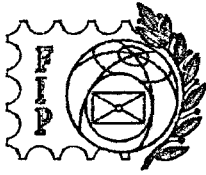
We are unable to identify any corrupt practice with in the FIP or its Board. We are happy to investigate these complaints if you provide specific examples.

#### 1. Policies for Electing the FIP president

The methodology of electing the FIP President is one for the members not the Board. Ultimately however, the aim ought to be the election of the most competent candidate, not the region from which he or she resides.

#### 2. Composition of the Vice Presidents (in the Board)

Again the methodology of elections for the Vice President is a question for the members, not the Board. This proposal requires a three quarters majority to pass. It was a resolution submitted to the previous Congress in Seoul by the APS and was soundly defeated by a majority of the 92 members. i.e. Over three quarters of the members voting against the



# FÉDÉRATION INTERNATIONALE DE PHILATÉLIE

PRESIDENT: TAY PENG HIAN AMN RDP

21A, RUE DES 7 ARBRETS  
L-1139 LUXEMBOURG  
TEL: +352 43 66 53  
EMAIL: TIPHILATELY@YAPUN.LU

proposal. The FIP Board took no position on this Motion. [Any amendment to the FIP Statutes require 3/4 of the members present in person or by proxy to vote for the proposal to pass; and require 2/3 of the members present voting.]

### 3. Management of the FIP's Financial Assets

The assets of the FIP are managed by myself as Treasurer with the approval of the FIP Board. No family member of any Board member is involved in the management or ownership of any FIP funds. The Financial Reports are tabled at every Congress and are open to inspection and questions from any Member. My investigation of the employment of a Financial Adviser indicates that the quantum of our fund is insufficient. Additionally, even if we employed a competent adviser, the cost of such adviser would drain a minimum of CHF30, 000 per annum from our funds; and hence could not be considered cost effective.

I'm sure you are also aware that not all Financial Advisers are successful for their clients. However, if any member is dissatisfied with the financial reporting it can move a specific motion at the next Congress.

### 4. Voting Procedures for Grand Prix Awards

You make no alternate proposals. The Board would be concerned with the removal of Secret Ballot. You do not propose any other method to maintain confidentiality. The Board will consider your submission in more detail; consider other voting methods; and consider if the Swedish system is appropriate or may be adapted to FIP Exhibitions (You may have had this in mind). However, this is not a matter into which we would be rushing as the current method of secret ballot has been in existence for over 30 years. It certainly could not be altered without a full debate with all stakeholders. Further details of your proposals are welcome.

A change in the voting procedure would require the approval of the next FIP Congress.

### Finally

The Board is subject to the wishes and direction of its members.

Might I also add that my door is also open for consultation and discussion with the APS as it is for any member of the FIP.

We recognize the active promotion of Philately and stamp collecting by the APS and commend you and your Board on it.

Your sincerely,

Tay Peng Hian AMN RDP  
President  
Federation Internationale de Philatelie