

Joint APS/APRL Board Meeting
Marriott Richmond
500 E. Broad St., Richmond, VA 23219
Jefferson, Madison, & Monroe
Wednesday, August 2, 2017

GENERAL SESSION – 3 pm EDT

CALL IN: 888-537-7715

PASSCODE: 13291358#

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|-----|--------------------------------|--|
| I | Presidents' Welcome | Mick Zais/
Roger Brody |
| II | Investment Report | Hartland |
| III | Treasurers' Reports | Bruce Marsden/
Ken Nilsestuen |
| IV | Investment Fund Options | Bruce Marsden |
| V | APRL President's Report | Roger Brody |
| VI | Librarian's Report | Tara Murray |
| VII | Adjournment | |

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

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- 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**

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.

Librarian's Report to the APRL Trustees

August 4, 2017, Richmond, VA

New library

The APRL held a successful grand opening event in October 2016. Approximately 300 people attended, including dignitaries from the philatelic world and the local community.

Visitors to the library have enjoyed the additional seating options, and better spacing and lighting for accessing the stacks.

The advantages of the new space were especially apparent during Summer Seminar and Volunteer Work Week. During Summer Seminar, we had enough seating for all visitors, and thanks to the volunteer work area, were able to allow our regular volunteers and job-training participants to continue working during a week when we traditionally told them to stay home.

Journal digitization project (AP, PLR, and others)

We are on track to offer APS and APRL members online access to *The American Philatelist* from the current issue back to 1990 by December. Once that is complete, we will continue with other goals in the APS/APRL Strategic Plan: completing the *AP* back to 1886 and adding the *Philatelic Literature Review* and *Japanese Philately* (which we have received in digital format from the International Society for Japanese Philately).

We have received funding from several other societies to digitize partial or full runs of journals: Sports Philatelists International, for the *Journal of Sports Philately* and related publications, Postal History Society, for the *Postal History Journal* and its predecessors, and the American Association of Philatelic Exhibitors, for selected issues of *The Philatelic Exhibitor*. This funding has allowed us to hire an intern for the summer to complete the scanning and metadata input for these projects.

As part of the agreement with these societies, we have received permission to add them to our journal archive, with a moving wall to keep the most recent several years of issues restricted to society members.

The content management system selected for this project (CONTENTdm, from OCLC) will also be used to make other digital content available, including maps, archival material, digitized books, images, and video. Access to content can be restricted to members or open to the public on an item or collection basis.

The journal archive will be restricted to members, but the search function and sample content will be publicly accessible. Non-members attempting to access restricted content will be invited to join.

Library acquisitions and donation processing

APRL staff have reviewed donation policies and procedures and internal processes with a goal of reducing the lag between acquisition and use by the philatelic community.

As donations are received, they are reviewed and either accessioned, put into temporary storage if required by tax rules, or disposed of. Published material needed for the collection is put into a processing stream. Any publications not needed for the library are offered to other philatelic libraries or priced for sale. Philatelic material outside of the library's collection scope is given to the APS. Unpublished archival material, if accepted, is accessioned with a Deed of Gift signed by the donor and the library, and a record is created for the library catalog.

The backlog of uncataloged material in the library is material that was previously acquired but never cataloged. Most of this is audiovisual material in various formats, artifacts such as artwork and awards, non-Latin alphabet publications, and archival material. APRL staff has made significant progress in reducing this backlog. I worked with Hugh Lawrence to develop a procedure for volunteers to use in sorting through the archival backlog which we successfully piloted during Volunteer Work Week.

Staffing

The library has added one employee, a part-time paid intern funded entirely by societies as part of our journal digitization project.

We have five regular weekly volunteers who work on projects including processing archival collections, mending books, evaluating and organizing the rare book collection, maintaining the new issues collection, and shelving books. In addition, we have two job-training participants, one on a long-term assignment and one high school student on a summer placement.

Increasing awareness

We have worked with Jay Bigalke to optimize content from the library's blog for sharing on social media. We also began a new "Resource of the Month" feature for inclusion in the APS e-newsletter, which has consistently been one of the most visited links in the newsletter.

We also continue to add our holdings to OCLC's WorldCat database, and this is now a regular source of interlibrary loan requests.

The next Blount Postal History Symposium will be held Nov. 1–2, 2018, at the National Postal Museum. We have agreed to hold the symposium every other year in alternating locations (Washington, DC and Bellefonte). I am working with the museum's new research chair, Susan Smith, on arrangements. We have notified accepted presenters and are holding special sessions to help them prepare at StampShow.

I am also working with Susan on a new H-Net community dedicated to postal history. H-Net is a platform widely used by academic historians, and the new community will provide a forum for discussion among academics interested in postal aspects of history as well as discussion between postal historians in the philatelic and academic worlds.

The APRL was featured in two national publications this year. *USA Philatelic* included a feature on our collection of stamp boxes, with a mention that the boxes will be on display at StampShow. *American Libraries*, the magazine of the 30,000-member American Library Association, featured the APRL in its June issue. In addition, I was awarded Fellow status by the Special Libraries Association at its conference in June.