

FINANCE AND BUDGET

For Informational Purposes Only

Michael Richardson, MD, Chair

The Committee on Finance and Budget met via conference call on Tuesday, April 12, 2011, for the purpose of reviewing the proposed budget for the 2011-12 fiscal year. The proposed budget was approved by the Board of Trustees on April 14, 2011.

- The 2012 dues assessment will be set at \$545.00 per regular dues-paying member. (No change from prior year and includes Legal Defense Benefit)
- The 2012 dues assessment will be set at \$60.00 per member for affiliate members. (No change from prior year.)
- There will be no dues assessment in 2012 for intern-residents non-licensed in New Jersey and licensed residents, provided the individual is in a residency program entered upon within a reasonable time after his or her graduation from medical school. (No change from prior year.)
- There will be no dues assessment in 2012 for medical students. (No change from prior year.)
- The 2012 associate dues for the New Jersey Psychiatric Association will be set at \$65. (Pursuant to 3 year agreement)
- That a Task Force comprised of all the members of the Finance and Budget Committee along with a discretionary number of members be appointed by the President.

**MEDICAL SOCIETY OF NEW JERSEY
PROPOSED BUDGET
FISCAL YEAR ENDING MAY 31, 2012**

| REVENUE | Budget Y/E 5/31/2011 | Estimated 5/31/2011 | Proposed 5/31/2012 | |
|--|-------------------------|------------------------|-----------------------|------------------------|
| Membership Dues Revenue | 2,041,000 | \$ 1,872,206 | 1,900,000 | |
| Investment Income | 40,000 | 35,000 | 35,000 | |
| Equity Ownership Income LRA, LLC | 49,200 | 49,200 | 49,200 | |
| Equity Ownership Income MSNJ Insurance Agency | 250,000 | 115,000 | 125,000 | |
| Corporate Partner Income | 350,000 | 254,000 | 300,000 | |
| Claims Review Revenue | 15,000 | 16,000 | 15,000 | |
| Management Fees | 75,000 | 105,000 | 129,000 | |
| Medical Practice Mgr. Dues & Program Income | 30,000 | 30,000 | 30,000 | |
| Supplemental Income | - | - | 230,000 | (1) See Footnote Below |
| CME Fees & Registration Income | 145,000 | 141,500 | 141,500 | |
| Advertising Revenue Newsletter (reduces exp) | 20,000 | - | - | |
| Annual Meeting Sponsorship | 40,000 | 60,000 | 47,500 | |
| Advocacy Donations | 300,000 | 140,000 | 300,000 | |
| Other Income | 25,000 | 16,000 | 24,000 | |
| TOTAL REVENUE | \$ 3,380,200 | \$ 2,833,906 | \$ 3,326,200 | |
| EXPENSES | | | | |
| Councils and Committees | 369,000 | 366,100 | 369,000 | |
| Member Services | 72,000 | 66,000 | 83,500 | |
| TOTAL PROGRAM EXPENSES | 441,000 | \$ 432,100 | \$ 452,500 | |
| General and Administrative | 3,101,512 | \$ 2,918,500 | 3,111,000 | |
| TOTAL EXPENSES | 3,542,512 | \$ 3,350,600 | 3,563,500 | |
| Revenue Over Expenses (Expenses Over Revenue) | <u>(162,312)</u> | <u>(516,694)</u> | <u>(237,300)</u> | (2) See Footnote Below |

(1) Following successful collection of the outstanding balances, for accounting purposes, we are reversing the residual amount in the Medical Student Loan Fund. We now feel comfortable taking the residual balance into income for the upcoming year. While this cash has already been accounted for on the balance sheet over multiple years, it has not been recognized as revenue. This concludes any financial benefit that MSNJ will have from the MSLF less a small amount of outstanding loans receivable.

(2) This balance will be funded by MSNJ cash reserves unless additional revenue can be raised and expenses further reduced during the fiscal year ending 5/31/12

(Clearly to ensure the financial viability of the organization, through the Strategic Task Force, the structure of the organization needs to be significantly modified to meet the changing times)

MEDICAL SOCIETY OF NEW JERSEY
Proposed Budget for Fiscal Year Ending 5/31/12

| | Budget Y/E 5/31/11 | Estimated Actual Y/E 5/31/11 | Proposed Budget Y/E 5/31/2012 | Change |
|--|-------------------------|---------------------------------|-------------------------------------|------------------|
| COMPENSATION | | | | |
| Salaries | 1,491,012 | 1,450,000 | 1,515,000 | 2% |
| Personnel Insurance | 269,000 | 248,000 | 300,000 | 12% |
| Payroll Taxes | 121,000 | 121,000 | 125,000 | 3% |
| 401K Plan | 57,000 | 55,000 | 60,000 | 5% |
| Pension Plan Contribution | 200,000 | 200,000 | 200,000 | 0% |
| | <u>2,138,012</u> | <u>2,074,000</u> | <u>2,200,000</u> | <u>3%</u> |
| PROFESSIONAL FEES | | | | |
| Audit | 30,000 | 30,000 | 30,000 | 0% |
| Legal | 95,000 | 90,000 | 95,000 | 0% |
| Actuarial | 15,000 | 20,000 | 15,000 | 0% |
| Special Consultants | 50,000 | 44,000 | 67,000 | 34% |
| Claims Review | 6,000 | 5,000 | 5,000 | -17% |
| | <u>196,000</u> | <u>189,000</u> | <u>212,000</u> | <u>8%</u> |
| COUNCILS & COMMITTEES | | | | |
| Communications | 50,000 | 50,000 | 50,000 | 0% |
| MSNJ Website | 10,000 | 6,100 | 10,000 | 0% |
| Legislation | 95,000 | 90,000 | 90,000 | -5% |
| President & Presidential Officers | 5,000 | 6,000 | 5,000 | 0% |
| AMA Delegates | 28,000 | 28,000 | 28,000 | 0% |
| Young Physician Delegate | 1,000 | 1,000 | 1,000 | 0% |
| Medical Education | 45,000 | 45,000 | 50,000 | 11% |
| Board of Trustees | 15,000 | 21,000 | 15,000 | 0% |
| Other Councils & Committees | 15,000 | 16,000 | 15,000 | 0% |
| Medical Student Association | 10,000 | 10,000 | 10,000 | 0% |
| Membership Recruitment & Retention | 75,000 | 75,000 | 75,000 | 0% |
| Medical Practice Manager Section | 20,000 | 18,000 | 20,000 | 0% |
| | <u>369,000</u> | <u>366,100</u> | <u>369,000</u> | <u>0%</u> |
| MEMBER SERVICES | | | | |
| Annual Business Meeting | 32,000 | 32,000 | 47,500 | 48% |
| Newsletter | 40,000 | 34,000 | 36,000 | -10% |
| | <u>72,000</u> | <u>66,000</u> | <u>83,500</u> | <u>16%</u> |
| BUILDING OPERATIONS | | | | |
| Depreciation | 50,000 | 47,000 | 53,000 | 6% |
| Rent | 282,000 | 282,000 | 282,000 | 0% |
| Light, Heat, & Power | 42,000 | 34,000 | 40,000 | -5% |
| Building Maintenance | 22,000 | 18,000 | 20,000 | -9% |
| | <u>396,000</u> | <u>381,000</u> | <u>395,000</u> | <u>0%</u> |
| GENERAL ADMINISTRATIVE & OPERATING EXPENSES | | | | |
| Postage | 15,000 | 8,500 | 10,000 | -33% |
| Stationery & Supplies | 36,000 | 20,000 | 25,000 | -31% |
| Telephone | 30,000 | 24,000 | 30,000 | 0% |
| Rent & Service Equipment | 20,000 | 16,000 | 15,000 | -25% |
| Printing | 35,000 | 30,000 | 30,000 | -14% |
| Membership Dues | 3,000 | 3,000 | 3,000 | 0% |
| Subscriptions & Services | 3,500 | 1,000 | 1,000 | -71% |
| Miscellaneous Expenses | 8,000 | 8,000 | 8,000 | 0% |
| Dues Rebates | 15,000 | 15,000 | 15,000 | 0% |
| Travel & Education | 45,000 | 30,000 | 40,000 | -11% |
| 401K Administrative Fees | 6,000 | 13,000 | 12,000 | 100% |
| Financial Fees | 55,000 | 53,000 | 55,000 | 0% |
| Temporary Help | 10,000 | 3,000 | 5,000 | -50% |
| Corporate Insurance | 90,000 | 50,000 | 55,000 | -39% |
| | <u>371,500</u> | <u>274,500</u> | <u>304,000</u> | <u>-18%</u> |
| TOTAL | <u><u>3,542,512</u></u> | <u><u>3,350,600</u></u> | <u><u>3,563,500</u></u> | <u><u>1%</u></u> |