



# WORLD FLOOR COVERING ASSOCIATION

## EXECUTIVE/FINANCE COMMITTEE MEETING MINUTES

October 25, 2018

Hilton, Southlake, Texas

Attending: Maryanne Adams, Chairman  
Nick Freadreacea, Immediate Past Chairman  
Jason Fromm, Chair Elect  
Deb Degraaf, CFO/Treasurer  
Dean Howell, Secretary  
Jim Walters, Vice Chair  
Sam O’Krent, Vice Chair  
  
Wendell Prescott, Finance Committee  
Mitchell Brown, Finance Committee  
Donny Phillips, Finance Committee

Legal Counsel: Jeff King

Staff: Steve Abernathy  
Scott Humphrey  
Tom Jennings  
Freida Staten  
Robert Varden  
Kaye Whitener  
Kay Wiley  
Phil Zolan

Guest: Don Roberts, WFCOA Board Member

### CALL TO ORDER

Adams called the meeting to order at 10:00 am central time.

### ANTITRUST AND FIDUCIARY RESPONSIBILITIES

Legal Counsel, Jeff King, discussed the fiduciary responsibilities of the executive/finance committee members

**APPROVAL OF WFCOA EXECUTIVE/FINANCE COMMITTEE MEETING MINUTES from May 17, 2018, Orlando, FL** (Becomes a permanent part of the minutes)

**M/S/C O’Krent/Brown** to approve the executive/finance committee meeting minutes from May 17, 2018.

### FINANCIAL REPORT – 2017 Audited Financials

Abernathy began with the 2017 audited financials saying WFCOA had a good, clean audit. WFCOA ended 2017 with \$41,734,130 in total assets.

#### Assets:

Cash and Cash Equivalents	\$669,234
Investments	\$39,996,718
Prepaid Expenses	\$68,142
Trademarks	\$58,455
Other investments	\$668,992
Deposits	\$5,610
Property, Plant and Equipment	\$296,979

## **Liabilities**

Accounts Payables	\$26,184
Deferred Dues	\$506,354

WFCA ended 2017 with a \$2,006,994 net increase in assets. The IRS has required WFCA to break out their expenses by functional programs. Abernathy has broken these expenses down to three program services. The programs are education, membership and technology.

## **FINANCE STATEMENTS**

The financials Abernathy provided and reported from were through June 30, 2018. WFCA had \$39,820,988 in total assets through June 2018. WFCA ended 2017 with \$41,734,130 in net assets. That equates to a decrease of \$1,913,143 through the first half of 2018. That is a 5% decrease directly related to the portfolio performance. The net income indicates a loss of \$1,380,746 through June 2018 versus the prior year of \$2,006,994 profit. Those numbers reflect a negative swing of \$3,387,741. The statement of activities reflects a total operating revenue of \$1,227,720 through June 2018. Dues were tracking above budget through mid- year 2018. CFI training revenue is under performing against budget thus far. Abernathy added the university is struggling significantly to generate profit as well. WFCA is at or under budget in every category regarding the total operating expense amount of \$2,459,489. Abernathy supplied the executive/financial committee with a statement of activities by detail report that drills down to each department. Phillips suggested WFCA true up allocated percentages in each category. Freadreacea suggested the categories be trued up once per year for every category bucket.

Abernathy presented the trade scholarship report ending June 30, 2018. Through June 30<sup>th</sup> WFCA has awarded 187 trade scholarships compared to 201 same time last year. The average award is \$263 versus the same time last year average award of \$277. CCA continues to be the number one utilizer of the WFCA trade scholarships.

## **INVESTMENT PORTFOLIO UPDATE**

As of June 2018 the total investment gains (losses) were negative \$334,859 against a budgeted amount of \$1,294,998 and compared to \$2,791,612 same time last year. Abernathy gave a snapshot of the finance reporting through the end of third quarter. The portfolio through the end of September indicates an investment gain of \$57,000.

## **WFCA PROPOSED 2019 BUDGET**

Abernathy reviewed the 2019 budget suggestions with the executive/finance committee members. WFCA is projecting total operating revenue of \$1,810,205 through December 31, 2019. The projected total operating expense through December 31, 2019 is \$4,656,376. This total operating expense indicates a reduction of \$329,566 or 6.6% versus the 2018 year end budget. Abernathy reported the WFCA department leaders reduced the 2019 budget by 15% per his request.

The WFCA 60<sup>th</sup> Anniversary celebration being held in September 2019 is estimated to cost \$350,000. Prescott voiced his opinion regarding eliminating the 60<sup>th</sup> celebration due to the current financial status of the WFCA portfolio. Adams mentioned it would be poor judgement by management to have an expensive celebration party and then be forced to make unpopular employee cuts later in the year. O'Krent mentioned WFCA could ride out a lot of things with the current money in the bank to avoid panic that would cause WFCA to start cutting events and or employees. Abernathy stated the WFCA current financial model does not work and is not set up to sustain long term.

WFCA did not present an official proposed budget for 2019 due to many changes that will be made following budget discussions. There will be a conference call conducted at a later date after the fall board meeting to discuss the changes and propose a final 2019 budget for approval.

## **ACCEPTANCE OF FINANCIAL STATEMENTS – Ended June 30, 2018**

**M/S/C O’Krent/Phillips** to accept the financials and financial statements ended June 30, 2018.

## **MEMBERSHIP**

Whitener reported WFCA had 1,216 primary/associate members through the end of June 2018. She added both categories are still growing. There are currently six affiliate members with healthy numbers. The six affiliate members are Associates F/C, Chicago FCA, Connecticut FCA, Minnesota, FCA, Utah FCA and Wisconsin FCA. Minnesota is the only FCA that has shown growth in 2018. Humphrey stated WFCA will have to determine how long they were willing to prop the affiliates up in the future.

## **MARKETING/COMMUNICATIONS**

Staten supplied the attendees with a handout to follow during her presentation. She began with a list of initiatives WFCA has accomplished in 2018. In addition to creating new marketing materials there were also numerous communications sent out via Tom’s Tips, E-Newsletters, Blogs, Webinars, WFCA University/Training Courses, Trade ads, Press Releases, Social Media and the PFR Magazine. WFCA also launched a membership campaign titled OneMore Voice. Staten also supported CFI, MBS and FCIF with marketing/re-branding efforts. Humphrey stated the marketing communications tended to lean heavily towards MBS in the past and promised more WFCA focused marketing in the future. Brown commented the educational training event held in San Antonio was very well done even though the attendance wasn’t at the desired level. Howell encouraged WFCA to look at ways to cut the cost and still continue the educational events because all the feedback was positive and the content was well worth the travel time for attendees.

Staten made everyone aware WFCA will be focused more on engagement in 2019. The communications will be geared toward marketing WFCA’s unique purpose. WFCA’s purpose will be communicated in a way that is easily understood. The tone of the communications will shift from membership to belong and support versus join to name a few. There will be a social media campaign focused solely on WFCA’s culture of purpose. WFCA will focus heavily on Advocacy with more action focused material via customized and personalized awareness of issues by state. WFCA will launch the Paul Pumphrey Advocacy Fund to create a personal targeted focus on various issues. WFCA will utilize video tools to communicate in 2019 to encourage engagement via alternative sources.

## **EDUCATION**

Jennings commended Paul Johnson for allowing WFCA to utilize a portion of one of his store locations for video recording. It is fully equipped with green screens and audio/visual equipment. WFCA’s online university currently has 331 users. Comments received indicate the content is not flooring specific enough. Jennings proposed a third category of 15 modules regarding product types and their applications be added to the online university. Jonathon Varden will be utilized to add an installer perspective and also attempt to attract a younger audience. Examples of product knowledge offerings are: Attributes of Carpet and Fiber, Trims and Transition Applications, Moisture Related Issues, Why Grout is Necessary and When, Where and Why to use Hardwood Flooring. The modules will be offered at \$199 per year or \$499 per year for all three, Leadership, Product knowledge and Sales. Jennings will also host interactive monthly Q&A webinars exclusively for members that are enrolled in online training programs. There will be 50 new “Tom’s Tips” episodes rolling out in 2019. Onsite customized training is still being offered. These are two day customized onsite training sessions and the fee is \$3,950 for WFCA board members and \$4,750 for WFCA non board members.

## **CFI**

Varden reported CFI is currently focused on recruiting, training and placement. The first six week program will be held in Detroit. CFI has been attending more regional job fairs but certification programs in all categories are still being offered. CFI plans on expanding their presence internationally in 2019. That expansion includes China, Eastern Canada, Western Canada, Brazil, South Africa and India.

The CFI convention was a successful event. The number of attendees was up, the number of booths was up and the convention generated revenue after all expenses were paid.

Varden set up individual meetings with manufacturers in Dalton, since the S600 is no longer an issue. As a result of these meetings Mohawk has agreed to sponsor 1/3 of the cost of a five week training opportunity. CFI was also invited to participate in Mohawks convention with comped booth space. Nourison agreed to add a label to the back of their samples stating, "We recommend this product be installed by a CFI Certified Professional with an R2 designation or equivalent". TISE will be conducting the installation competition again in 2019. CFI began communications with the Build My Future organization to create a Build My Future Flooring Edition that will begin in May 2019. Varden is seeking support from Informa, H.B. A. Texas Workforce Development.

### **fcB2B**

Zolan stated there are currently 76 fcB2B members. That number is up 13 members compared to the same time last year. NAFCD has been a great partner to work with and is publishing articles on behalf of fcB2B. Zolan will be attending the NAFCD convention. Zolan is still working with large suppliers to encourage participation. The annual fcB2B meeting was held in Atlanta and had 65 people in attendance which represented 34 companies. Initiatives for 2018 include transitioning from the old EDI standards to the new EDI standards. A new web service, Order Status, was implemented and deployed in 2018. The number one call manufacturer customer service centers receive is pertaining to order status. Zolan mentioned the WFCA App will be launched in 2019. The app has four features: membership capabilities, sign up capabilities for CFI classes, sign up for WFCA online educational courses, and web services. There is also an installer app in process to offer retailers a tool to schedule installers and also serve as an invoicing tool. This app will also roll out at TISE in 2019.

### **MBS**

Humphrey gave a brief presentation on MBS adding he was glad to spend more time at lunch answering any questions the executive/finance committee members had. There are four licensed manufacturers on board with MBS. The four manufacturers are Metroflor, Floorfolio, Kaili Carpet and Zongyi Stone. There are two distributors signed with MBS and they are T&A Distributors (Northwest USA) and DD&F Distributors (Southcentral USA). Humphrey informed the executive/finance committee that Michael Bennett has been hired as VP of Sales for MBS.

No old business to discuss.

No new business to discuss.

With no further business to discuss, it was **M/S/C Phillips/Howell** to adjourn the executive/finance committee meeting at 3:17 pm central time.

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By Kay Wiley  
Recording Secretary

<p><b>Next WFCA Executive Committee Meeting</b> <b>Date: Mach 28, 2019</b> <b>Location: Lowes Ventana Canyon, Tucson, AZ</b></p>
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