



WORLD FLOOR COVERING ASSOCIATION

EXECUTIVE/FINANCE COMMITTEE MEETING MINUTES

September 19, 2019

Barnsley Gardens, Adairsville, GA

Attending: Jason Fromm, Chairman
Deb Degraaf, Chair Elect
Dean Howell, CFO/Treasurer
Sam O’Krent, Secretary
Jim Walters, Vice Chair
Adam Nonn, Vice Chair
Don Roberts, Vice Chair

Wendell Prescott, Finance Committee
Mitchell Brown, Finance Committee

Absent: Maryanne Adams, Immediate Past Chairman
Donny Phillips, Finance Committee

Guests: Michael Bennett John McHale
Caty Zander Sara Vineyard

Legal Counsel: Jeff King

Staff: Steve Abernathy
Scott Humphrey
Tom Jennings
Freida Staten
Robert Varden
Kaye Whitener
Kay Wiley
Lewis Davis
Andrea Blackburn

CALL TO ORDER

Fromm called the meeting to order at 9:06 am eastern time.

ANTITRUST AND FIDUCIARY RESPONSIBILITIES

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

APPROVAL OF WFCA EXECUTIVE/FINANCE COMMITTEE MEETING MINUTES from March 28, 2019, Tucson, AZ

(Becomes a permanent part of the minutes)

M/S/C O’Krent/Brown to approve the executive/finance committee meeting minutes from March 28, 2019.

FINANCIAL REPORT – 2018 Audited Financials

Abernathy reminded the committee that WFCA switched auditors and this was the first year with the new firm. The Morehouse Group dove deep into the financials. The auditors had one issue that has already been rectified. The auditors had an issue with the person opening the WFCA mail being the same person that was responsible for posting the checks to WFCA’s accounting system.

WFCA ended 2018 with \$35,903,359 in assets. After factoring in the \$566,164 in liabilities the total new assets were \$35,337,194. The WFCA revenue was negative **(1,388,383)**. The negative revenue stems primarily from the **(5,041,469)** loss of investments in the portfolio. The Morehouse Group breaks the expenditures out in categories.

Program Services:

Education	\$1,909,268
Membership	\$632,743
Technology	\$302,846
Other	\$375,374

Total Program services: \$3,220,231

WFCA spent \$1,090,179 in management and general supporting services. Abernathy stated from a non-profit stand point it's important for WFCA to spend more on the programs than the management services. For fiscal year 2018 the total net loss was \$5,698,793. The net assets at the beginning of 2018 was \$41,035,987.

WFCA had \$38,565,864 in total assets on June 30, 2019. That is an increase of 7% from the year end 2018. There were \$35,789,236 in current assets, \$115,571 in fixed assets, \$58,125 in intangible assets, \$1,550,507 in total investments and \$1,052,425 in other assets. WFCA is reporting a \$3,023,695 in profit month end June 2019. Abernathy elaborated on the \$1,025,000 under the long-term receivable section on the statement of financial position schedules; saying \$25,000 of those funds were from David Romano's monthly installments and the \$1,000,000 is from the investment WFCA made in Prana which is earning at a 9% rate of return.

Abernathy reported WFCA is tracking under target on operating revenue through June 2019. The WFCA membership dues are coming in at \$664,358 which is less than the prior year to date amount of \$762,698. The training revenue is down also. Sponsorships are doing better but still not at the budgeted amount. The CFI convention registration is above what was originally budgeted for. The operating revenue is running \$312,786 under the budgeted amount for the first half of 2019. The net of the operating activity (Operating Revenue Less Operating Expenses) puts WFCA right on target according to budget. The total investment gain for the first half of 2019 is \$3,753,773. That equates to a return of just over 11% YTD through the second quarter.

ACCEPTANCE OF FINANCIAL STATEMENTS – Ended June 30, 2019

M/S/C Howell/Walters to accept the financials and financial statements ended June 30, 2019.

Year to date WFCA has awarded 219 trade scholarships. That number is up from 187 same time last year. The average award is also up. The total YTD awards is \$75,000 versus \$49,092 last year. CFI is the largest user of trade scholarship funds thus far in 2019. CFI members were signing up with WFCA to be able to use the trade scholarship funds to attend the CFI convention as well as training events. Due to increased usage of trade scholarships WFCA has exhausted the original budgeted amount as well as an extra \$50,000 that was approved to add to the trade scholarship funds. WFCA has \$8,000 being held in the trade scholarship fund to complete 2019. WFCA is entertaining the idea of saving those funds to accommodate regular long time WFCA members with their trade scholarship needs. There are CFI trade scholarship applications pending and being held to accommodate regular WFCA member scholarships that may be submitted for reimbursement. The executive/finance committee felt that was not the right thing to do. The executive/finance committee agreed to allow up to \$25,000 additional dollars be transferred to accommodate all qualifying trade scholarship applications, CFI and WFCA, through 2019.

It was **M/S/C Brown/Degraaf** to approve up to an additional \$25,000 to satisfy trade scholarships grants through 2019.

Brown suggested WFCA research the three levels of membership and offer different trade scholarship amounts to each level. O'Krent suggested the trade scholarship amounts be equal to the membership fees. It was decided that this discussion be continued in depth later to come to a fair and sensible solution. Kaye Whitener and Robert Varden to get a committee together to work towards this solution for 2020.

FCIF-

Blackbourn began her report stating that grant applications are up for 2019. There were 96 applications submitted in 2018 from applicants all over the country asking for assistance. There have been 108 applications submitted through August 2019. The amount given to each applicant is down slightly with the average being \$8,000 per family. The FCIF board of directors is proud they were able to disburse \$608,000 in 2018 which was up \$185,000 over LY totals. The budgeted amount for 2019 is \$725,000. These grants would not be possible without the generous donations from the flooring industry partners. Blackbourn reviewed the list of major donations from the manufacturing partners.

CCA Global Partners presented the foundation with a check in the amount of \$140,000. This money was raised via the annual Alan Greenberg Memorial Golf Tournament that was held on September 18th at Barnsley Gardens Resort. Blackbourn made the executive committee aware that the \$140,000 was \$20,000 less than the budgeted amount.

FCIF is having a Gala that is scheduled for May 2, 2020 in New York City. FCIF hosts this special event every five years and it is an opportunity for leaders in the industry to gather for fellowship and recognize those who have made substantial contributions to the floor covering industry. The main purpose for this event is fund raising but it also creates an opportunity for all the industry leaders to gather and network.

Membership

Kaye Whitener presented the WFCA membership report beginning with the total number of members. WFCA has 1,099 members not including branches or Life Members. Humphrey announced that NFA corporate has committed to paying the WFCA membership fee for all their members. Effective January 1, 2020 WFCA will add 20 additional members. Humphrey added that Deb Degraaf was responsible for this addition of NFA members.

Whitener thanked Dean Howell and Deb Degraaf for referring Podium to WFCA. Podium is a company that offers a webchat system which allows people to send a text to WFCA requesting information. The message is directed to a WFCA team member to respond. Since July 80 conversations were initiated via Podium. Some of the inquiries are from regular members but many are from potential members. Whitener negotiated a 10% discount with Podium for WFCA members that utilize Podium for their business needs.

WFCA launched a call campaign to reach out to past members who failed to renew membership with WFCA. This gave the WFCA staff an opportunity to speak with past members to either re-instate them or gather research information on reasons why they chose not to re-instate. Unfortunately, many of the members had gone out of business.

fcB2B

Abernathy introduced Lewis Davis to the executive/finance committee. Davis made the committee aware the fcB2B annual meeting will be take place October 15-17 in Atlanta, Ga. There are currently 45 attendees registered. Topics that will be covered at the annual meeting will be certification process, status of SFTP and version 3 and the need for a standard shipping label.

There are currently 65 members utilizing fbB2B. Davis stated the membership goal for 2019 is 70. New members for 2019 include; Divine Flooring, Floorscapes Inc, Gato Flooring, LLC, InteriorWorx, Master's Craft Corporation and Republic Floor. The fcB2B membership consists of distributors (23), associations (6), retailers (17), software providers (9) and manufacturers (10).

WFCA created a mobile app that is in the process of being tested by two retailers to determine if any enhancements are needed. Davis reinitiated the conversation regarding the WFCA/CFI installer app with Bookit Software Ltd. Davis is currently reviewing the market to determine if this app is still needed.

Prescott requested a list of manufacturers that fcB2B was targeting for membership. He mentioned some of our board members have relationships with manufacturers and could possible help convince them to join.

PROFESSIONAL DEVELOPMENT

Jennings stated the online university is an ongoing point of contingency. There are currently 35 online subscriptions which equates to 462 users. The university will be adding twelve new modules covering products and their applications. These new modules will be available fall 2019.

On-site custom trainings are in high demand. Jennings is currently scheduled into March 2020. Jennings will also be presenting at industry events on Education Days. WFCA has 40 new Tom's Tips scheduled for production in November 2019.

MARKETING/COMMUNICATIONS

Staten announced a new marketing/membership campaign. P⁴ = Passion, Peers, Purpose and Power...Growing our Community.

The goals of this new marketing campaign are to:

1. Reinforce the #cultureofpurpose
2. Grow our membership community
3. Increase engagement of membership through meaningful, inspirational shared values and stories
4. Boost social media engagement
5. Embrace a new focus: **Belong** vs. Membership and **Support** vs. Join
6. TISE/Surfaces 2020 increased awareness and attendance

WFCA will be sending out new membership welcome kits. These welcome kits will include cookies. There will be quarterly mailings that will include program/benefit information and a small gift as a token of appreciation. You will see more personal notes to all WFCA members. This new campaign will come with unique PR and trade publication ads. WFCA will also begin personal member recognition for members to include their tenure with the association.

Staten presented a sneak peek of the new design for the WFCA booth at TISE. The new design will be broken into four different spaces that will include "lounge and learn" type educational sessions.

LEGISLATIVE

King submitted an amicus brief to the National Labor Relations board on behalf of WFCA members regarding independent contractors. The argument was that misclassifying employees as independent contractors should not alone be a violation of the NLRA. This would limit opportunities for workers to establish their own businesses and would be unfair given that there are multiple standards for determining whether a contractor is independent or an employee. In reversing the judge's decision and finding that misclassification is not a NLRA violation, the board adopted those arguments. This is a significant victory for employers and WFCA's efforts to protect its members.

King is currently working on multiple regulatory matters such as: association health plans, association retirement plans, joint employer regulations, NLRB joint employer, NLRB independent contractors, management overtime, crystalline silica and apprentice programs.

CFI

Varden introduced John McHale to the executive/finance committee. CFI just recently wrapped up their annual convention that was held in August. Varden expressed he was disappointed with the attendance as he was expecting more attendees than last year. There were more vendors in attendance this year compared to last year. Varden estimated profit from the convention would be approximately \$10,000.

Varden made the executive/finance committee aware that CFI hired a new employee named Mikayla Greathouse. Mikayla replaced Erica Ozymy who resigned to pursue a better opportunity.

Varden expressed the training side of CFI has been successful so far in 2019. CFI has been working with many different community colleges such as Tidewater Community College which will be a technical program. Tidewater intends on hiring a certified trainer to lead this initiative. This program will provide general knowledge of all flooring types. The CFI certification programs are now accredited and sponsored by the US DOL. A CFI installation school is now open in Detroit and Dallas. An installation training school is being opened in Thailand.

CFI is heavily involved in the Floor Covering Leadership Council. (FCLC) Their current mission/directive directly aligns with CFI's goal to recruit the next generation. The last FCLC meeting was held in conjunction with the CFI convention and was well attended.

MBS

Humphrey introduced Michael Bennett and Caty Zander to the group. Bennett was hired as VP of MBS and Caty Zander was hired as Bennett's assistant. Bennett began with stating the patent was a huge accomplishment for MBS. Manufacturing has been expanded internationally and domestically. MBS products are currently being or will be manufactured in China, Viet Nam, Thailand, Pakistan, India and Mexico. The domestic manufacturing company for underlayment is Nuforce Magnetics. Nuforce is performing tests as well. Nuforce also produces PET vinyl wallpaper which is a truly Made in The USA product.

MBS is currently working on a project with Dalton State College. Metroflor distributors are in the process of shipping 100 MBS displays to the field. Bennett had a meeting with William Byrd and trained twelve of their employees. MBS is in the process of developing two different acoustical underlayment products. The underlayment products have already been manufactured and are currently being tested for use. Bennett has two companies that claim they can manufacture a flexible magnet utilizing this new underlayment. Orders are coming in and Bennett expects MBS to take off soon. Floorfolio's spec list is growing and Horton Properties promises to be a tremendous opportunity for MBS. Some of the projects will be handled by MBS directly and some will be handled through Metroflor by necessity.

Challenges include lack of full support staff. Additional staff will be needed once MBS successfully takes off. The MBS website is in the process of being re-vamped. MBS has developed a sample folder that can be customized with any product to send out to potential customers.

No old business to discuss.

New Business

Abernathy gave a summary on the Life Member classification. The Life Membership benefits are for individuals and not business entities. The Life Member benefits do not extend to the business entity the Life Member represents. The Life membership classification was designed to recognize individual contributions to WFCA and the flooring covering industry.

With no further business to discuss, it was **M/S/C O'Krent/Degraaf** to adjourn the executive/finance committee meeting at 2:35 pm eastern time.

By Kay Wiley
Recording Secretary

<p style="text-align: center;">Next WFCA Executive/Finance Committee Meeting Date: April 24, 2020 Location: Hotel Valencia Riverwalk, San Antonio, TX</p>
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