



## WFCA BOARD OF DIRECTORS MEETING MINUTES

Friday, September 20, 2019

Adairsville, GA

### **CALL TO ORDER**

Fromm called the meeting to order at 8:04 am eastern.

### **ROLL CALL**

O’Krent performed the roll call (becomes a permanent part of the minutes).

### **ANTITRUST AND FIDUCIARY RESPONSIBILITIES**

Legal Counsel, Jeff King, reviewed the fiduciary responsibilities of the board of directors with those present.

### **APPROVAL OF WFCA BOARD OF DIRECTORS MEETING MINUTES DATED 03/29/2019**

It was **M/S/C Degraaf/Walters** to approve the minutes from the WFCA board of directors meeting that was held in Tucson, AZ on March 29, 2019.

### **APPROVAL OF THE MINUTES AND APPROVAL OF ACTIONS OF THE EXECUTIVE COMMITTEE DATED 03/28/2019**

It was **M/S/C Jacobi/Howell** to approve the minutes from the executive committee meeting on March 28, 2019.

Humphrey presented a plaque to Tony Buckhardt as recognition for his service on the WFCA board. He also honored Jason Fromm with a chairman jacket and plaque for serving as chairman in 2019 on the WFCA board.

### **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, 2018**

It was M/S/C Degraaf/Nonn to accept the financials and financial statements ended June 30, 2019.

#### **ACCEPTANCE OF AUDITED FINANCIALS**

It was M/S/C Bowler/Lewis to accept the audited financials as presented.

#### **WFCA SERVICES, INC.**

Services Inc is the for-profit arm of WFCA. The election of officers that was conducted during the Services Inc meeting and this election needed WFCA full board ratification.

#### **ELECTION OF OFFICERS:**

Jennings presented the slate of board members for the official election of officers.

Tom Jennings – Chairman – 2020, 2021 and 2022

Carl Biggs – Vice-Chair – 2020 and 2021

Brooks Mancini – Secretary – 2020, 2021 and 2022

Todd Norris – Board Member – 2020 and 2021

Ted Roper – Board Member – 2020

It was M/S/C O'Krent/Fromm to approve to ratify the selection of officers to the Services Inc board.

#### **FCIF (Floor Covering Industry Foundation)**

Humphrey reported that grant applications are up for 2019. There were 96 applications submitted in 2018 from applicants all over the country requesting 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.

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 18<sup>th</sup> at Barnsley Gardens Resort.

FCIF is hosting 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.

Humphrey received an anonymous note at lunch during the full board meeting stating someone would match any amount of money raised by the board on that day up to \$5,000. Board members immediately began raising their hands to donate to the FCIF.

### **FLOOR COVERING BUSINESS TO BUSINESS**

Humphrey made the board aware the fcB2B annual meeting would 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 fcB2B. 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.

### **MEMBERSHIP**

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.

WFCA recently added Podium to their benefit offerings. 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.

### **EDUCATION/TRAINING**

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/COMMUNICATION**

Humphrey made the board aware he had changed shirts during the break. The shirt Humphrey had on was a P<sup>4</sup> shirt. Staten had these shirts made to launch a new marketing/membership campaign. P<sup>4</sup> = 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.

O'Krent suggested we market the PFR magazine as a WFCA magazine. Fromm added the WFCA logo is very small and needs to be modified to make sure recipients know the magazine comes from WFCA.

#### **CFI UPDATE**

Humphrey presented pictures from a recent event CFI hosted. The event was titled Build My Future: Flooring Edition. We are looking at hosting several of these events around the country to help address the Installation Labor Crisis.

Attendance to the CFI convention was similar to the 2018 convention with the exception of more vendors attending. There were several first time vendors in attendance. There will be a small profit of approximately \$10,000. CFI signed an agreement with Thailand to open a CFI installation school.

Many young adults do not pursue careers in the installation field because they do not know the facts about the trade. CFI hired James Logan to interview multiple successful installers and trainers to help entice people to consider installation as viable option for healthy careers. The goal is to distribute this video to guidance counselors in high schools throughout the U.S.

CFI is working with Tidewater Community College to offer training programs. Tidewater has agreed to hire a certified installer to lead this program. Career One Stop now offers CFI's certification programs and the program is accredited by the US DOL.

#### **MAGNETIC BUILDING SOLUTIONS**

Humphrey introduced Michael Bennett and Caty Zander to the full board. He stated the revenue stream hasn't been as well as we'd hoped but it is picking up steam. In 2019 the MBS patent was issued at the end of January. This patent covers the floors, walls and ceilings. New partners have been added to expand the manufacturing of the product with the MBS system. American OEM will be producing a hard wood product utilizing the magnetic underlayment. It is a wood for walls application.

The underlayment is now being produced in the USA. MBS has been researching new adhesives that will hold up long enough for the consumer to get multiple installations on the wall. One of the new partners has developed an adhesive that can resolve the challenge.

The MBS system has won many awards in 2019. Those awards include: Good Design Award, Best of Show Innovation Award at Neocon, Best of Neocon Award and Buildings Product Innovation Award. MBS also received a positive scope ruling on underlayment with a PVC layer coming in from China.

Walters asked the status of the relationship between Golconda and WFCA. Humphrey responded the group recently has a positive meeting in Dalton and the relationship was good. The MBS board membership has changed to add Melinda LeBlanc to the board and remove Shane LeBlanc.

## **NOMINATING COMMITTEE REPORT**

### **ELECTION OF DIRECTORS**

Five of the six open board positions for 2020 will be filled by incumbents.

Deb Degraaf – 2 year term  
Degraaf Interiors - Hudsonville, MI

Jason Fromm – 1 year term  
Carpet Spectrum Inc - Lomita, CA

Dean Howell – 3 year term  
Moda Floors and Interiors - Atlanta, GA

Sam O’Krent – 3 year term  
O’Krent’s Abbey Flooring Center - San Antonio, TX

Don Roberts – 3 year term  
Wheat’s and Don’s Carpet One - Tuscaloosa, AL

#### **New Director for a three year term:**

David Garden  
Installation Services, LLC - Troy, MI

**It was M/S/C Bowler/Degraaf** to approve to ratify the selection of officers to the WFCA board of directors.

Dean Howell was placed into nomination to serve as Chairman-Elect until December 31, 2020.

**It was M/S/C Voit/Nonn** to approve the selection of Dean Howell as Chairman-Elect to the WFCA board of directors.

#### **The 2020 Executive Committee members are:**

- Deb Degraaf - Chairman
- Jason Fromm - Immediate Past Chairman
- Dean Howell – Chair- elect
- Don Roberts – Secretary
- Sam O’Krent – CFO/Treasurer
- Jim Walters – Vice Chair
- Adam Nonn – Vice Chair

**It was M/S/C Clifton/Lewis** to approve the selection of 2020 Executive Committee members of the WFCA board of directors.

## **LEGAL/LEGISLATIVE REPORT**

King began his presentation saying it has been a busy year with regulatory matters, legislative issues, CFI, administrative issues, contracts, articles and presentations.

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 in 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. King mentioned bylaw changes are necessary to find a solution to the life time membership benefits. Humphrey suggested a procedure change to grand-father in past chairmen to use trade scholarship through 2019.

**It was M/S/C O’Krent/Degraaf** to approve to allow past chairmen to utilize trade scholarships through the end of 2020.

Brown suggested to refund membership fees to the past chairmen that have already paid for 2019. He then suggested the refund be transferred into FCIF as a donation.

**It was M/S/C Degraaf/O’Krent** to approve for the 2019 membership refund to be donated to FCIF and allow past chairmen to have free membership for 2020 at the leader level.

### **PAST CHAIRMAN’S COUNCIL REPORT**

Alton performed the past chairman’s report. The past chairman’s council stated they would like to see regular board members staying for the duration of the meeting as opposed to leaving early/after lunch. The council would also like to keep having two physical meetings per year if financially possible. It was also mentioned that the board of director packets be sent out sooner in the future. New board member orientations need to be taking place with supporting materials that include job descriptions and roles of each board member. The council also felt that a key staffer needs to make a face to face visit with the oncoming board member. Freadreacea suggested the new member be invited to attend an executive committee meeting also. Voit suggested the new board members could arrive early to each meeting to be given an overview prior to their first board meeting. Pirner mentioned the process of voting and making motions is very important for the new board member to understand. Voit expressed the need for board members to get home on Fridays to be with their families and normal lives. She suggested the board meetings taking place on Thursdays. O’Krent suggested easier locations near airports. Roberts suggested we make the agenda smaller to allow the board to get deeper into important issues rather than try to cover too many topics.

### **HISTORICAL COMMITTEE**

Blake encouraged the board members to consider donating any old equipment or tools to the WFCA to have on display in the WFCA history museum.

### **EDUCATION COMMITTEE**

Jacobi informed the board of director’s the online university currently has 35 active subscriptions adding there should be many more. The total number of users participating in the online university is 462. The online university is in the process of creating 12 new training modules. Toms Tips are published weekly and are short, brief and informative. Jacobi mentioned there area only five board members utilizing the trainings offered via the WFCA University.

### **CONTINUING BUSINESS**

No continuing business to discuss.

### **NEW BUSINESS**

No new business to discuss.

### **ADJOURNMENT**

There being no further business to discuss. It was **M/S/C Jacobi/Howell** to adjourn the WFCA board of director’s meeting at 2:01 pm eastern.

Respectfully submitted,  
Kay Wiley