

Introduction

The challenging financial year is almost completed and even though we are still burning cash, we anticipate a better than predicted outcome. We are celebrating our 75th Anniversary and will continue to build positive action around such a monumental achievement. We've begun promoting a greater purpose of being a Barbershopper, and started the course for change. We are working together with District leadership to build and implement a field business plan focused on improved chapter success. We are still challenged by the declining membership numbers and heavy reliance of dues, but have developed a 2014 plan that will support membership advocacy and growth in programs within our scope.

2014 Goals and Objectives

Goal #1

BHS rebranding effort and launch. Build on the success of BHS culture and brand. Recognize we have a social responsibility to our local communities and greater society. Create a more philanthropic culture that supports the six purpose areas of the BHS bylaws where four of them emphasize the importance of serving your community.

BHS Purposes:

- To perpetuate the old American institution, the Barbershop quartet, and to promote and encourage vocal harmony and good fellowship among its members throughout the world by the formation of local chapters and districts composed of members interested in the purposes of this corporation

- To hold annual, local, district, state, national and international contests in quartet and chorus singing
- To encourage and promote the education of its members and the public in music appreciation, and
- To promote public appreciation of Barbershop quartet and chorus singing by publication and dissemination thereof;
- To initiate, promote and participate in charitable projects and to establish and maintain music scholarships and charitable foundations
- To initiate and maintain a broad program of musical education, particularly in the field of vocal harmony and the allied arts.

Objectives:

- Continue and start building upon and recognizing "gold medal" service achievements of members, quartets, chapters and districts at each of the major conventions. (Midwinter and International) Encourage districts to do the same at their regional levels.
- Continual partnership development with choral music educators, ACDA and others
- Recognize external partnerships for their collaborative efforts in a common goal, "enriching lives through singing" and "singing for a lifetime"

Goal #2

Rebalance allocation of membership dues and re-establish their “value”. While we are a dues based membership organization, BHS needs to maximize the financial impact of non-dues programs and offer broader opportunities for participation.

- Reduce dues dependency to overall BHS finance of operations
- Use dues properly – “value” is understood
- Expand the “pond” from which members can join

Objectives:

- Establish self-sustaining *existing* lines of business to reduce dues dependencies. Reduce dependencies by \$101,000 in 2014 and a total of \$120,000 by 2015. (Harmony University-week long event and Harmony Marketplace)
- Evaluate and communicate the “value” proposition
- Develop new line(s) of business for revenue generating income for the BHS that will positively impact the BHS operating budget revenue stream by 2016.
 - Maximize HQ building revenue capacity
 - Increased music sales, learning tracks, etc. (consumables)
 - Increase ways to become part of BHS

Goal #3

Build on the successful partnership with Harmony Foundation International by offering vision and plans to grow funding.

Objectives:

- Outreach activities
 - Estimated 2013 “touches” is 10,000, which will get us to over 50,000 touches in five years (2008-2013)
 - 2014 increase overall touches by 140%, by increasing Collegiate Tours into schools and communities (10,000 to 14,000 touches)
 - 2015 reduce BHS subsidizing of Outreach programs by \$300k/year and allow HFI to fund 100% of the Outreach program
 - In addition to eliminating the subsidized funding, we plan in 2015 to add a 2nd YCF and double the startup and growth funding for Camps and Workshop. This will increase touches by 8000, to bring the total to 22,000, or 157% increase. Entire outreach costs would go to \$1.263M (requested from HFI but not presented in BHS budget)

2016 increase touches by 304% to 67,000 by launching “VLQ on the road” program 14,000 to 45,000 (3 quartets, 500 touches a week/quartet, 30 weeks). Business plan is still being developed. 2014-2016 combined touches 103,000 in three years, or double the touches from 2008-2013.

Provide new BHS programs or project plans that donors may fund.

Certain projects have already been identified:

Building Assessment, Proposal and Launch
youSING

Outreach expansion with ACDA partnership

Music publications - learning tracks of identified “vault” charts

Video and audio archived content inventory
Continual improved communication and preparation between the respected organizations to allow for significant funding growth in the future.

Goal #4

Build a business plan with the districts, staff and Society board that meet the needs identified by our chapters in 2011 via the chapter visitation survey, and then begin delivering on that business plan, together.

Objectives - five areas of chapter needs:

Help with Recruiting
Provide more frequent visits from and communication with District Officers and Society staff
Provide coaching help to chapters
Help chapters plan and implement shared activities
Modernize the music and arrangements available through the BHS

Objectives (to be entered after forum completion)

BHS will dedicate a staff member to assist with project management, finance guidance and staff engagement to ensure day-to-day execution of the business plan.
Additional objectives will be identified after Leadership Forum

Indirect Objectives: (insert 2013 sub-AIM charts/graphs)

Improve retention rates of 1st year to 2nd year new members
69% all 1st year members renewing for a 2nd year
60% for members under the age of 26 renewing for a 2nd year.

20% of our membership use ezdues monthly payments

Eight new chapters

Reduce the time it takes from initial chapter license kit request to becoming an official chapter.

Current average is _____

Goal is _____

Stabilize membership, _____. (enter Dec 1st numbers)

Best in class leadership and training

Expanded HU brand to offer a leadership track

Continued rollout of video and distance learning of core organizational areas of chapter governance, musical excellence and administration.

2014/2015 Budget AS OF 10/01/2013

Summary of Significant Budget Assumptions and Changes:

- 1) A new format was used for the 2014/2015 budget presentation. The presentation is now more program-based, rather than discipline-based. (The summary page is also provided in the legacy format for comparison purposes.)
- 2) The 2014 budget presented currently includes two major changes from the 2014 budget presented last year.
 - a) Membership Income: The budgeted number of members was reduced from 22,800 to 21,900 (based on actual results), resulting in a net decrease of \$168K. Income reflects a \$5 dues increase over the 2013 level as was shown last year.
 - b) Harmony Foundation Income: Approximately \$40K more of program receipts from HFI are now directed outwardly, rather than internally to cover indirect program expenses.
- 3) Membership dues for 2015 are kept flat at the 2014 rate of \$120.
- 4) International Conventions
 - a) The 2014 registration price was increased by \$10 over 2013.
 - b) Attendance for Las Vegas was conservatively lowered to 6,500 from the original 7,000 shown last year; however income from Las Vegas actually increased due to additional revenue in other areas such as webcast and day passes.
 - c) The 2015 registration price was increased by \$50 over 2014, specifically due to the high cost of busing in Pittsburgh.
- 5) Salary increases for staff were budgeted at 3% for the year.
- 6) Marketplace sales (and the corresponding COGS) were budgeted to increase 10% in 2014 and 20% in 2015 over the 2013 projection.
- 7) The cash flow estimate assumes \$50K of capital expenditures in both 2014 and 2015.
- 8) A new pricing structure was implemented for Harmony University, effectively increasing the price by an average of \$50.

BARBERSHOP HARMONY SOCIETY

BUDGET SUMMARY BY PROGRAM

MEMBERSHIP SERVICES

	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 ACTUAL	2012 BUDGET	2013 Projected	2013 BUDGET	2014 BUDGET	2015 BUDGET
SUMMARY									
Income	2,152,275	2,284,713	2,196,142	2,147,779	2,282,854	2,093,082	2,277,343	2,165,227	2,056,353
Direct Expenses	208,741	295,407	240,475	215,449	267,000	315,762	403,058	234,250	185,750
Indirect Expenses									
Direct Labor	43,232	38,067	41,608	39,333	43,554	41,732	47,156	49,209	50,467
Shared Service Labor	776,746	683,939	747,564	706,690	782,526	749,790	847,241	884,133	908,143
NET INCOME (LOSS)	\$1,123,555	\$1,267,300	\$1,166,495	\$1,186,307	\$1,189,774	\$985,798	\$979,888	\$997,634	\$911,992

OUTREACH

	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 ACTUAL	2012 BUDGET	2013 Projected	2013 BUDGET	2014 BUDGET	2015 BUDGET
SUMMARY									
Income	171,867	281,470	307,380	313,995	338,700	303,825	295,500	455,060	655,060
Direct Expenses	273,878	362,664	404,287	382,896	449,460	422,434	447,760	559,260	559,260
Indirect Expenses									
Direct Labor	78,139	68,802	75,203	71,091	78,720	75,427	85,230	88,941	91,240
Shared Service Labor	58,667	51,657	56,463	53,375	59,103	56,631	63,991	66,778	68,566
NET INCOME (LOSS)	(\$238,817)	(\$201,653)	(\$228,573)	(\$193,368)	(\$248,583)	(\$250,667)	(\$301,481)	(\$259,919)	(\$64,006)

HARMONY UNIVERSITY

	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 ACTUAL	2012 BUDGET	2013 Projected	2013 BUDGET	2014 BUDGET	2015 BUDGET
SUMMARY									
Income	294,121	315,804	280,225	318,162	347,625	248,120	246,850	309,650	423,000
Direct Expenses	267,338	362,809	299,233	356,299	449,071	258,510	263,285	265,500	408,676
Indirect Expenses									
Direct Labor	197,176	173,617	189,768	179,392	198,643	190,333	215,071	224,436	229,627
Shared Service Labor	58,623	51,618	56,420	53,335	59,059	56,588	63,943	66,727	68,526
NET INCOME (LOSS)	(\$229,016)	(\$272,241)	(\$265,196)	(\$270,864)	(\$359,149)	(\$257,311)	(\$295,448)	(\$247,013)	(\$283,830)

EVENTS

	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 ACTUAL	2012 BUDGET	2013 Projected	2013 BUDGET	2014 BUDGET	2015 BUDGET
SUMMARY									
Income	1,329,566	1,452,250	1,398,317	1,159,325	1,195,910	1,500,202	1,607,665	1,900,900	2,066,850
Direct Expenses	895,169	885,914	981,445	641,460	747,800	1,272,716	1,355,655	877,930	1,426,754
Indirect Expenses									
Direct Labor	121,713	107,171	117,140	110,736	122,619	117,489	132,759	138,540	142,244
Shared Service Labor	136,254	119,974	131,135	123,965	137,268	131,525	148,620	155,091	159,291
NET INCOME (LOSS)	\$176,430	\$339,191	\$168,597	\$283,165	\$188,223	(\$21,528)	(\$29,369)	\$729,338	\$338,561

HARMONY MARKETPLACE

	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 ACTUAL	2012 BUDGET	2013 Projected	2013 BUDGET	2014 BUDGET	2015 BUDGET
SUMMARY									
Income	1,129,078	1,028,320	970,022	886,439	1,028,320	858,564	906,045	944,420	1,030,277
Direct Expenses	619,221	550,250	460,975	463,882	558,930	410,850	448,809	459,851	507,310
Indirect Expenses									
Direct Labor	166,689	146,773	160,426	151,655	167,929	160,904	181,817	189,734	194,635
Shared Service Labor	251,627	221,562	242,173	228,932	253,499	242,894	274,463	286,415	293,803
NET INCOME (LOSS)	\$91,541	\$109,735	\$106,447	\$41,970	\$47,961	\$43,915	\$956	\$8,421	\$34,529

SHARED SERVICES

	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 ACTUAL	2012 BUDGET	2013 Projected	2013 BUDGET	2014 BUDGET	2015 BUDGET
SUMMARY									
Income	531,509	545,116	253,992	464,976	422,425	266,839	258,670	257,200	264,200
Direct Expenses	1,212,498	1,091,245	994,390	977,513	969,321	1,079,062	1,059,704	1,069,039	1,069,639
Indirect Expenses									
Direct Labor	1,545,479	1,360,823	1,487,416	1,406,090	1,556,979	1,491,845	1,685,741	1,759,145	1,806,090
Allocated Labor	(1,281,916)	(1,128,751)	(1,233,755)	(1,166,298)	(1,291,455)	(1,237,429)	(1,398,258)	(1,459,144)	(1,498,330)
NET INCOME (LOSS)	(\$944,552)	(\$778,201)	(\$994,059)	(\$752,329)	(\$812,420)	(\$1,066,640)	(\$1,088,517)	(\$1,111,840)	(\$1,113,199)

	TOTAL								
	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 ACTUAL	2012 BUDGET	2013 Projected	2013 BUDGET	2014 BUDGET	2015 BUDGET
SUMMARY									
Income	5,608,415	5,907,672	5,406,078	5,290,676	5,615,833	5,270,632	5,592,073	6,032,457	6,495,739
Direct Expenses	3,476,846	3,548,288	3,380,805	3,037,498	3,441,582	3,759,333	3,978,271	3,465,829	4,157,389
Indirect Expenses	0	0	0	0	0	0	0	0	0
Direct Labor	2,152,428	1,895,252	2,071,562	1,958,297	2,168,445	2,077,731	2,347,774	2,450,007	2,514,303
Shared Service Labor	0	0	0	0	0	0	0	0	0
NET INCOME (LOSS)	(\$20,859)	\$464,132	(\$46,289)	\$294,881	\$5,806	(\$566,433)	(\$733,972)	\$116,621	(\$175,953)

2014/2015 Budget
(2013 format)

AS OF 10/01/2013

Barbershop Harmony Society

Comparative Statement of Activities (old format)

	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 ACTUAL	2012 BUDGET	2013 Thru July	2013 Projected	2013 BUDGET	2014 BUDGET	2015 BUDGET
INCOME										
Education	527,438	692,044	643,576	688,507	735,200	225,915	646,335	647,400	817,650	1,123,500
Membership	2,148,673	2,234,798	2,187,957	2,145,648	2,281,054	1,276,019	2,038,625	2,220,643	2,135,927	2,054,553
Marketing	3,602	1,765	1,939	3,531	1,800	12,394	12,957	10,800	24,800	11,800
Events	1,329,566	1,452,250	1,398,317	1,159,325	1,195,910	1,500,202	1,500,202	1,607,665	1,900,900	2,066,850
Finance and Administration	473,912	514,407	359,995	418,045	417,425	32,909	249,137	239,670	244,200	244,200
Marketplace	1,129,078	1,028,320	970,022	886,439	1,028,320	521,662	858,564	906,045	944,420	1,030,277
Governance	0	0	0	0	0	0	0	0	0	0
Total	\$5,612,268	\$5,923,583	\$5,561,806	\$5,301,495	\$5,659,708	\$3,569,102	\$5,305,820	\$5,632,223	\$6,067,897	\$6,531,179
WAGES AND FRINGE BENEFITS										
Education	291,165	395,777	415,986	394,004	430,370	190,690	326,897	466,916	432,954	444,354
Membership	470,511	264,599	288,737	291,133	292,289	171,331	293,711	297,035	303,723	311,992
Marketing	75,259	166,327	201,292	208,613	206,219	129,431	221,881	219,975	221,617	227,460
Events	206,866	120,695	125,071	128,745	147,581	77,848	133,453	151,365	156,036	159,730
Finance and Administration	808,696	723,296	815,619	702,016	821,134	470,111	849,905	947,160	1,053,076	1,080,993
Marketplace	223,402	224,558	224,857	233,786	270,852	146,932	251,884	265,322	282,601	289,774
Governance	76,529	0	0	0	0	0	0	0	0	0
Total	\$2,152,428	\$1,895,252	\$2,071,562	\$1,958,297	\$2,168,445	\$1,186,343	\$2,077,731	\$2,347,774	\$2,450,007	\$2,514,303

EXPENSES

Education	528,069	776,009	676,451	714,524	867,846	322,348	742,137	823,760	805,440	932,616
Membership	187,097	196,316	213,394	192,023	248,000	111,075	197,657	240,333	178,250	165,750
Marketing	34,472	21,100	24,839	34,914	59,000	119,631	179,733	129,500	146,000	126,000
Events	986,729	977,474	1,073,005	733,020	839,360	1,189,420	1,364,276	1,447,215	969,490	1,518,314
Finance and Administration	1,069,058	1,000,077	881,298	764,560	808,661	443,512	795,523	821,044	840,379	840,979
Marketplace	611,262	542,700	456,382	459,204	548,930	194,176	401,591	440,409	452,051	499,510
Governance	121,609	81,232	105,161	195,603	118,660	93,815	120,306	126,160	119,660	119,660
Total	\$3,538,296	\$3,594,908	\$3,430,530	\$3,093,848	\$3,490,457	\$2,473,978	\$3,801,223	\$4,028,421	\$3,511,269	\$4,202,829

**NET INCOME
(LOSS) FROM
OPERATIONS**

	\$ (78,456)	\$ 433,423	\$ 59,714	\$ 249,350	\$ 806	\$ (91,219)	\$(573,135)	\$(743,972)	\$ 106,621	\$(185,953)
Dividends	26,945	20,080	10,895	30,303	5,000	3,351	6,702	10,000	10,000	10,000
Realized Gains and Losses	(14,663)	324	(109,500)	6,829	0	0	0	0	0	0
Unrealized Gains and Losses	45,315	10,305	(7,398)	8,399	0	0	0	0	0	0
Transferred-Held by Harmony Foundation										
Total	\$ 57,597	\$ 30,709	\$(106,003)	\$ 45,531	\$ 5,000	\$ 3,351	\$ 6,702	\$ 10,000	\$ 10,000	\$ 10,000

**NET INCOME
(LOSS)**

\$ (20,859)	\$ 464,132	\$ (46,289)	\$ 294,881	\$ 5,806	\$ (87,868)	\$(566,433)	\$(733,972)	\$ 116,621	\$(175,953)
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Projected Statements of Cash Flow For Years 2013-2016			
	2013	2014	2015
Cash Flows from Operating Activities			
NET INCOME			
(LOSS)	\$(733,972)	\$ 116,621	\$(175,953)
Adjustments from Operating Activities:			
Depreciation	196,529	201,364	201,364
Change in HFI Receivable	357,959	-	-
Change in Accrued Expenses	(65,000)	-	-
Cash Provided By (Used In) Operating Activities	\$ (244,484)	\$ 317,985	\$ 25,411
Purchases of Capital Assets	(120,000)	(50,000)	(50,000)
Purchases of Investments (Reinvested Dividends)	(10,000)	(10,000)	(10,000)
Payments on Long-Term Debt (Mortgage)	(111,879)	(111,879)	(111,879)
NET INCREASE (DECREASE) IN CASH	\$ (486,363)	\$ 146,106	\$ (146,468)
Cash Beginning of Year	\$ 1,029,550	\$ 543,187	\$ 689,293
Cash End of Year	\$ 543,187	\$ 689,293	\$ 542,825