

AOAC INTERNATIONAL Research Institute

Board of Directors

April 30, 2009

Official Minutes

Members Present

Mark Coleman, Chair
Bert Popping, Vice Chair
James Bradford, Secretary-Treasurer
Adrian Burns, Member
Ronald Johnson, Member
Frank Ross, Member

Members Absent (with regrets)

Paul In't Veld, Member

Guests

Darryl Sullivan, President of AOAC INTERNATIONAL

Staff Present

James Bradford, Executive Director of AOAC INTERNATIONAL
Scott Coates, Managing Director of the Research Institute
Nora Marshall, Administrative Coordinator
Alicia Meiklejohn, Executive Assistant
Garlon Riegler, Senior Director
Joyce Schumacher, Chief Financial Officer

Call to Order

Chairman Coleman called the meeting to order at 11:00 A.M., and asked if all had the relevant documents at hand. These were the minutes of the RI planning meeting held in March, the RI travel proposal summary, the RI financial document (comparing 2007, 2008, and 2009), and the RI financial statement of cash position. All responded in the affirmative.

Presentation of the Agenda

Coleman proposed the following agenda items and, with no dissent, established these as the topics for this meeting.

- 1) Review of the minutes from the March planning meeting.
- 2) Review of the RI travel plans for 2009
- 3) Review of the RI financial position

Review of the Minutes from March 2009

Coleman asked for comments on the minutes and, after it became apparent that many changes were required, asked that all corrections be sent to Nora Marshall. James Bradford said that, once the minutes were in order, they should be approved by the Board and then signed by the secretary-treasurer and entered into a permanent record, just like the minutes of the AOAC INTERNATIONAL Board are handled.

RI Travel Plans for 2009

Coleman asked Bradford to summarize the issues surrounding the travel plans for the RI. Bradford explained that the RI had overspent its travel budget for 2008 by 150% and had overspent its casual labor (consultants) budget by 70%. Bradford said that the RI budget for 2009 was the same as its budget for 2008, at RI management's request, and that to significantly overspend the budget again was unwise for several reasons. First, he said, the coming year is exceedingly dangerous in financial terms, as he believes that every business is going to suffer revenue shortfalls because of the global recession. Secondly, he mentioned that the external auditors had questioned the overspending in 2008 by the RI and that he thought it possible that the RI could incur a reportable condition (something that appears to be out of management control) on its 2009 audit if travel and casual labor were to be overspent again.

Bradford said that the RI Board may misunderstand what fiduciary responsibility means. Every Board member (of any board) has three primary duties—the duty of care (pay attention, prepare, and understand), the duty of loyalty (work only in the best interests of the organization), and the duty of obedience (accept the full board's decisions even if you personally disagree). According to Bradford, fiduciary responsibility falls under the duty of care and it means that the RI Board should participate in planning a budget and should maintain oversight of that budget. However, fiduciary responsibility does not ever include the execution of a budget. That has to be a staff function, otherwise staff cannot be held accountable. Essentially, Bradford maintains that the RI Board would have acted with fiduciary responsibility had it exercised oversight of the 2008 RI budget and helped staff plan for the 2009 budget prior to 2009, like all other parts of AOAC.

Bradford also addressed the issue of staff and consultant compensation, saying that more than 50% of the RI's compensation in 2008 was legitimately billed to government contracts. With the end of the DOD contract, the amount of billing has dropped to less than 20%, and this difference will considerably increase the RI expenses in 2009.

Because of the RI overspending in 2008, coupled with the clear intention of the RI overspending again in 2009, Bradford indicated that he, as the executive director, would assume all authority for travel of the staff and consultants in the RI.

Status of Travel Requests for 2009

Bradford indicated that he had just approved the travel for Scott Coates to go to Amsterdam in the next week. He said that the two requests for domestic travel (IAFP and AOAC) would be considered but that the other trips (Japan, Brussels, and Barcelona) were not likely to be approved. Coleman made the point that AOAC would almost

certainly offend the Japan Section by cancelling that trip. Bradford agreed but said that was not a compelling enough reason to endanger AOAC's finances.

Budgeting for 2010

Coleman asked for clarification on the budgeting cycle for AOAC. Bradford said that budget discussions are held in October and early November of each year and that a final budget is prepared for presentation at the December meeting of the International Board of Directors. Coleman said that the RI Board has gotten a very early head start on the 2010 budget.

Financial Position of the RI

Joyce Schumacher reviewed the current position of the RI both in terms of the accrued statement from February and the cash statement from March. Schumacher said that there is no financial crisis at this time for either the RI or AOAC but she agrees with the strategy of preserving cash for the coming months as no one knows if the recession will abate or worsen. Bradford said that it is prudent to conserve cash now and not wait until there is a crisis to find out that the RI and AOAC will have cash shortfalls.

Bradford said that the RI and AOAC must operate together in terms of cash flow. He stated emphatically that his job is to preserve AOAC as an association and that he would do that even if AOAC had to use the assets of the RI to survive. Thus, the RI's financial condition needs to be strong in terms of availability of cash, just like AOAC's condition needs to be strong in terms of availability of cash.

Moving Forward

Bradford indicated that he is much in favor of the RI Board becoming more active and activist in nature. He said that it would be good for the RI Board to engage with the AOAC Board on a regular basis. Coleman stated that he, too, was in favor of a closer relationship between the RI and AOAC.

Adjournment

Coleman adjourned the meeting at 12:03 p.m.

Submitted by:



E. James Bradford, Secretary-Treasurer

5/12/09

Date

**Approved by the RI Board of Directors
June 24, 2009**