



INTERNATIONAL RIGHT OF WAY ASSOCIATION

IRWA Budget Narrative: FY 2008-2009

The purpose of the budget narrative is to provide a descriptive guide that captures the assumptions used to create the 2008-2009 IRWA budget as well as to assist in making comparisons to past budgets where line items have been discontinued or merged into others. This narrative helps to assure that allocations are made consistently according to the design of the budget and provides continuity for key association decision makers responsible for monitoring and modifying the budget.

2008-9 IRWA Revenues:

40 Education Income:

40-410 Total Course Revenue: Total course revenue is projected multiplying the total anticipated number of students for the 2008-9 year times,6840, times the percentage of students in one, two, three or four/five day courses in the past 12 months times the income received per length of course. The percentages reflect actual percentages over the previous 12 months prior to creating the budget. The fees reflect a \$5 per day increase from the fees established July 1, 2006. We have stated that course fees will remain stable for two years and only be raised at the beginning of even number years. The anticipated number of students is based upon 380 classes with an average enrollment of 18.8 students per class. This represents the actual number of classes in 2007 and .3 students less on average than the actual of 19.1 experienced in 2007.

Length of Course:	Number of Students:	Fees:
One Day:	2,943	\$138
Two-Day:	3,543	\$217
Three-Day:	131	\$297
Four/Five Day:	522	\$397

40 Educational Income-Other:

40-4955 Course Revenue/Miscellaneous. Miscellaneous income from education sources, no income budgeted

40-4970 Facilitator’s Clinic: Fees earned from holding the two Facilitator’s Clinics, one at PRES, the second at the annual education conference. Determined by multiplying anticipated attendance times the approved fees, including \$100 facilitator fee, assumes 12 participants at each clinic.

40-4975 Online Seminars: Based upon anticipated number of users paying for e-seminars multiplied times \$20 fee

40-4985 SR/WA and Certification Revenue: Income from SR/WA designation and certification programs, including application fees and renewal fees. Calculated through sub-budget created by Director of Region/Chapter Relations and CFO.

40-4990 Textbooks/Optional Sales: Sales of *Principles of Right of Way* textbook and similar items not required in courses, assumes 50 textbooks sold at \$50 per textbook

New Online Learning Center: Income anticipated from the sale of non-IRWA courses through the new Online Learning Center. Should be monitored closes as this will be the first year of this program.

New SR/WA Study Session: Income from SR/WA study sessions previously grouped into SR/WA general income and now separated.

41 Advertising Income:

41-4010 · Advertising-Magazine: Based upon estimates of advertising with input from the Publisher of the Right of Way magazine. Estimates based upon total pages of advertising anticipated and rates being charged.

Investment Income:

43-4020 · Interest & Dividend Income: Based upon anticipated income as projected by the Chief Financial Officer based upon available capital and projected interest rates earned.

44 Membership Income:

44-4031: Membership Dues/Affiliates: Income from Japanese and South African affiliates, calculated based upon their reported membership and the contracts in place. The fee used will be \$15 for the JCCA and South African affiliates based upon the existing contract. The JCCA is billed annually in late June with a wire transaction depositing funds into the IRWA account.

44-4033: Membership Dues/Agency Members: We anticipate one federal agency participating in the program in 2008-9. The income is shown as a net since we share \$15 with chapters for each of the 20 members in the agency membership. The fee for 2008 will be \$4,000 per agency and \$4,200 for 2009.

44-4035: Membership Dues/Application Fee-New Members: Based upon the anticipated number of new members to be recruited in the 12 month period, multiplied times the \$20 new member application. Predicated upon new members, 740, recruited in 2008 and 2009 equally attrition to create a stable membership of that period. .

44-4037: Membership Dues/Late Fee: Fees collected from late fees on 2008 and 2009 renewals. Will increase from previous year's experience as transition to AVECTRA in 2007 caused us to defer collection because of lockbox delays.

44-4039: Membership Dues/New Member: Calculated by estimating the number of new members during the second half of 2008 and first six months of 2009. New member recruiting calculated to be equal to attrition for 2008 and 2009. Note that we discount the anticipated revenue by 75% reflecting the lower income from new members joining later in the year and pro rata dues being earned.

44-4041: Membership Dues/Renewal: This number is determined by taking the anticipated numbers of senior, regular and retired members in the various categories for the second half of 2008 and first half of 2009 and multiplying times the applicable membership rates and dividing by two.

Category:	2008:	2009:	Estimate:
Regular	\$185	\$195	6729
Senior	\$200	\$210	1610
Retired with Magazine	\$45	\$50	319
Retired without Magazine	\$25	\$30	149

45 Sale of Merchandise:

45-4490 Sales of Merchandise: Income for IRWA logo items such as shirts, hats, pens, purchased through the online merchandise store. This should increase significantly on a gross basis in the next year because of the new online merchandise store but show a corresponding increase in expenses and reduction of inventory.

46 Other Income:

46-4045: Magazine Subscription Income: Income from non-members subscribing to the *Right of Way Magazine*.

46-4050: Miscellaneous Income: Income not shown in other accounts.

47 Seminars and Conferences:

47-950 International Conference: A separate detailed sub-budget has been created for the annual conference by the COO and is interactive with this budget. For 2009 in Indianapolis, IN, we are using the actual enrollment patterns experienced in Sacramento, CA in 2007..

47-4680 Public Real Estate Education Symposium: All income, including registrations, exhibits and sponsorships from the January 2009 PRES scheduled for the Las Vegas, NV. A separate detailed sub-budget has been created for the PRES and is interactive with this budget.

New Online Learning Center: Based upon estimated income from Online Learning Center in partnership with Business Learning Library. Predicated upon 250 units sold to members and 125 to non-members.

New IRWA Study Session: Gross revenues from holding IRWA study sessions based upon projections from Director of Region/Chapter Relations.

New Sponsored Course Income: Gross income from IRWA courses sponsored by International at annual conference/PRES, etc. Represents gross income above that received as if it was a normal class.

EXPENSES:

50 Cost Of Goods Sold

50-5001 · Merchandise: Depletion of inventory for items sold for the online merchandise store. Merchandise includes shirts, hats, mugs, etc. This area will need to be reviewed carefully in 2008-9 as this will be the first year of operation for the online merchandise store outsourced to

501 Education Expenses/Courses: Expenses for the course using the following assumptions: 380 courses held, 25 books shipped per course held, a unit cost of \$17 per book shipped for printing and shipping. The \$17 is determined by reviewing actual expenses from the printing and fulfillment partner. Includes \$27,000 to cover USPAP, engineering tools, dictionaries, etc. This component is calculated by the CFO and Director of Region/Chapter Relations. An overage factor of 1.1 has been included to address the need for duplicate shipments and for the additional expenses of courses with more than 25 students.

Courses Held	380
Book Printing	25
Unit Costs Average	\$ 17.00
USPAP/Other	\$27,6000
Overage Factor	1.1

59 Educational Expenses/Other:

59-5006 Appraisal Certification: Fees for having IRWA appraisal and valuation courses approved by Appraisal Foundation.

59-5010 Course Development Expenses: Expenses for course development of new courses that will not be reimbursed by the Foundations or that exceed the Foundation funding

59-5012 Course Expenses-Miscellaneous: Miscellaneous, not included in other itemized accounts

59-5014 Course Revision Expenses: Expenses for revision of existing courses not to be reimbursed by the Foundations.

59-5034 Facilitator's Clinic Expenses: Direct expenses for the facilitator's clinic held at annual conference and PRES. Sub-budget to be developed by Director of Chapter/Region Relations

59-5036 Facilitator's Material: Providing updated versions of manuals to facilitators, assumes 500 units at \$50 per unit for printing and handling.

59-5050 Marketing Expenses for Courses: Expenses associated with marketing IRWA courses to potential participants and stakeholders

59-5060 Online Seminars/News Services: Expenses for e-seminars through BlueSky audio and video taping and the online news service for the IRWA website. In 2008-9, these expenses will be reimbursed by the Foundations as part of the Educational Summit funding. This will be the last year for that reimbursement.

59-5066 Postage/Printing/Shipping for Education: Postage, printing and shipping expenses not related to class formation but related to education and professional development in general. .

59-5068 PROW Expenses: Direct expenses with producing Principles of Right of Way textbooks. Based upon \$35 for each PROW sold.

59-5070 SR/WA/Certification Expenses: All expenses for the SR/WA and Certification Programs

New Online Learning Center: Anticipated expenses to provide courses for income generated above and paid to Business Training Library.

New IRWA Course Expenses: Expenses and fees for facilitators and facilities for IRWA-sponsored courses at Annual Conference/PRES and other venues.

60 Payroll and Benefits

60-6020 Payroll: Total anticipated salaries for full time employees as of creation of budget plus the new education employee approved in November 2007. Anticipates a 3.5 percent raise plus a special pool to address salary inequities per strategic plan to bring salaries inline with market. The 2008-9 salary budget anticipates the new EVP hired at the current salary.

60-6030 401-K Plan: Funding for safe harbor 401-K plan contributions estimated at 3% of payroll.

60-6040 Taxes/Benefits/Administaff; Anticipated expenses for Administaff equal to payroll times 22 percent per contract as calculated by CFO.

65 International Conference:

All expenses shown in sub budget for 2009 Annual Conference in Indianapolis, IN are interactive with this budget.

70 Other Seminar and Conferences:

PRES Expenses: All expenses are for the 2009 PRES in Las Vegas, NV. The sub-budget is created by the COO and is interactive with this budget.

74 Travel Regions: Each region will receive the same allocation based upon a sub-budget developed by the EVP annually and approved by the IEC in November of the previous year. \$10,300 for 2008-9

74-6501 Region 1

74-6502 Region 2

74-6503 Region 3

74-6504 Region 4

74-6505 Region 5

74-6506 Region 6

74-6507 Region 7

74-6508 Region 8

74-6509 Region 9

74-6510 Region 10

74-6520 Regional Governance: Direct expenses for flying region chairs to meet with IEC in September and January each year, includes meals and hotels and for vice chairs becoming region chairs the following year in January 2009 for the meeting at PRES.

75 Travel Education Committees: Each of the committees below will meet once in conjunction with PRES and the Annual Conference. A sub-budget for each will be developed by the EVP and approved by the IEC in November of the previous year. A roughly three percent increase has been scheduled for the committees, except for Local Public Agencies which will have additional vice chairs in 2008-9.

75-6605 Asset Management Committee:

75-6615 Environment Committee:

75-6640 Public Agency Committee:

75-6650 Relocation Assistance Committee:

75-6655 Surveying Committee:

75-6660 Transportation Committee:

75-6665 Utilities Committee:

75-6670 Valuation Committee:

75-6520: Special Committee Funding Direct expenses for special committee requests beyond the meeting expenses outlined above such as exhibits at other allied industry meetings, additional meetings, etc. Approved annually as part of the budgeting process.

76 Travel for Service Committees: All expenses for these committees will be based upon a sub-budget created annually by the EVP and approved by the IEC in November.

76-6675 Ethics Committee: Expenses associated with one meeting per year at the annual conference for the chair and vice chair.

76-6680 Communications and Marketing; Expenses for two meetings per year for a committee of ten or less.

76-6685 Nomination and Election Committee: Expenses for one meeting per year for the entire committee and reimbursement of the chair and vice chair for attendance at the annual conference as well as at the meeting with the Region Chairs at PRES.

76-6690 Professional Development Committee: Expenses for three meetings per year and one conference call

77 Travel Other:

6710 Agency Liaison: Expenses associated with meeting with federal agencies and maintaining and creating partnership agreements.

6720 Allied Organizations: Expenses associated with attending allied organization meetings, usually the IRWA president and president elect

6730 Appraisal Foundation: Expenses to reimburse IRWA representatives to the Appraisal Foundation where they serve as our representatives.

6750 Committee Chair/Vice Chair Meeting: Hotel rooms, meals, audiovisuals, etc for inviting the education committee chairs and vice chairs to participate in a meeting with the IEC after PRES. Note: Airfare to be charged back to the committee itself.

New 75th Anniversary Task Force: Expenses for conference calls to support task force discussions.

78 Travel Executive Committee:

78-6810 IEC Meetings: Expenses for the IEC members to attend five IEC meetings in July, September, November, February and April, including spouse travel for the April meeting per the Association policies.

78-6815 Region Meetings: Expenses for the IEC members to attend ten region forums in the spring of the 2009 year.

78-6820 Committee Liaison: Expenses for the IEC to attend approved meetings for committees that they are liaison to, including IPDC meetings.

78-6825 Annual Conference: Expenses for the IEC to attend the annual education conference per policy. Predicated upon sub-budget created by EVP for approval by the IEC.

78-6830 Other Expenses: Other IEC travel expenses not allocated above but approved by the President.

New Chapter Celebrations: Expenses for President to attend chapter 50th anniversary celebrations. Calculated based upon the number of chapters celebrating anniversaries.

79 Travel/IRWA Staff:

79-6860 IEC Meetings: Expenses for EVP to attend the IEC meetings.

79-6865 Region Meetings: Expenses for EVP or other staff to attend the region forums as assigned. Anticipates new EVP attending a few region meetings in spring and fall of 2008-9.

79-6870 Committee Liaison: Expenses for staff to attend meetings such as the IPDC, ICMC and similar meetings where they serve as staff liaison.

79-6875 Chapter Meetings: Assigned visits to specific chapter where expenses are not reimbursed by the chapter.

79-6880: Other Expenses: Other misc. staff travel expenses not allocated above.

80 Administrative Expenses:

80-7010 Assets Costing Less than \$250: Items too inexpensive to be capitalized.

80-7020 Awards and Recognition: Purchase of plaques, cash awards for various awards, etc. including awards presented at the annual conference, except the gifts for the regional chair/vice chairs, and committee chairs, vice chairs, including new Jourdan Award. Holiday gifts for chairs and advertisers.

80-7050 Bad Debt Expenses: Write off of any bad debt from chapter, based upon recommendation of Chief Financial Officer.

80-7100 Bank Charges and Credit Card Fees: General bank and credit card fees and charges, calculated annually by estimating the amount of credit card transactions and fees as determined by the Chief Financial Officer.

80-7110: BLM Sponsorship-Pipeline Committee: Sponsorship of BLM course held in April/May in Durango, CO and coordinated by the Pipeline Committee.

80-7120 Board of Directors Package: Expenses associated with mailing board of directors materials for the annual meeting each May, reduced in anticipation of greater use of online delivery of source materials for Austin meeting in 2008.

80-7150 Chapter Development/Assistance: Chapter funds to be reimbursed for education and continuing education as approved by the regions for Calendar Year 2007. Checks to be written in December each year.

80-7160 Constant Contact Email: Monthly fees to maintain HTML-based newsletters, billed monthly to AMEX. Currently \$155 per month.

80-7200 Depreciation/Amortization: Estimated depreciation of furniture, fixtures, equipment, computer hardware and software annually by Chief Financial Officer.

80-7250 Dues for Appraisal Foundation: IRWA dues in support of the Appraisal Foundation based upon annual formula.

80-7275 Dues for NACAO: IRWA dues to participate in the North American Council of Appraisal Organizations annual meeting in January but not including travel to participate.

80-7260 Educational Summit Implementation: Expenses associated with the implementation of the Educational Summit recommendations. Last year of commitment.

80-7310 Insurance/D&O: Directors and officers insurance covering IRWA international and regional operations

80-7320 Insurance/D&O Chapters: Additional cost of adding chapters to IRWA policies.

80-7330 Insurance/Fidelity Bond: Bond to cover IRWA employees handling cash funds.

80-7340 Insurance/General Liability: General liability insurance for association operations.

80-7350 Inventory Obsolescence: Annual write off of obsolete or spoiled inventory.

80-7380 Leadership Development: A leadership development program for fall 2007 to be delivered as part of the fall region forums.

80-7390 Lease Postage Equipment: Pitney Bowes leased postage meter and service agreement. Note that purchase of equipment from Pitney Bowes in January 2005 is being expensed through depreciation.

80-7400 Lease-Printing Equipment: Docusource photocopy equipment in Torrance, CA for networked digital printer and cost of overages.

80-7440 Magazine-Right of Way Printing: All direct expenses associated with preparing and printing the Right of Way magazine six times per year.

80-7450 Magazine-Postage: All expenses associated with distribution of the Right of Way magazine

80-7460 Magazine-Artwork/Photos/: All expenses associated with acquiring graphic artwork for the Right of Way Magazine.

80-7470 Magazine-Other: All other expenses associated with the publishing of the magazine not allocated above.

80-7480 Maintenance: Association Management Software: Estimated expenses for annual association software

80-7485 Maintenance Computer & Peripheral: Maintenance contract for computers, printers, scanners, etc

80-7490 Maintenance-Equipment/Office: For color printers, telephone equipment and Docu-source photocopiers.

80-7505 Marketing and Development: All general expenses associated with marketing not allocated against specific projects such as the annual conference, PRES or similar events.

80-7515 Membership Appreciation Program: Expenses associated with the \$25 per sponsor coupon for individuals who sponsor a new member. Anticipates that 70% of the MAP coupons actually used. Varies upon number of new members recruited

80-7520 Membership Benefits Brochure: Printing and/or inventory reduction of IRWA membership benefits brochures. Estimate provided by the Chief Marketing Officer/Publisher annually.

80-7530 Membership Certificate and Pins: Costs associated with providing complimentary pins and certificates to new members. Based upon projected new members in 2008 and 2009 multiplied \$10 for the pins and certificates.

80-7550 Membership Renewal Mailings: Direct expenses for the printing and postage associated with annual membership renewals.

80-7600 Miscellaneous Expenses: Unanticipated but minor expenses incurred

80-7650 · Postage/Shipping: All unallocated postage and shipping costs.

80-7660 Printing: General printing not allocated against specific projects, letterhead, envelopes, etc.

80-7670 Professional Audit: Expenses associated with annual audit and tax preparation for IRWA finances, including consolidated tax return for all chapters. Estimate to come annually from Chief Financial Officer

80-7680 Professional Canadian Accounting: Accounting fees incurred from the collecting and payment of Canadian taxes for Canadian chapters.

80-7700 Professional-Legal: Outside legal expenses not provided by General Counsel or Administaff

80-7790: Rent-Office: Rent for Torrance headquarters. To be calculated annually by Chief Financial Officer based upon terms of existing contract.

80-7800 Rent-Storage: Expenses for rental of offsite storage in Torrance, CA. (Note: no anticipated expenses in 2008-9 as this has site has been eliminated)

80-7810 Reserve-Computer: Annually earmarked reserve fund for computer upgrades of \$25,000 per year.

80-7820 Staff –Recruitment: Expenses for staff recruitment not covered by Administaff contract. Mainly for newspaper advertisements and online placements

80-7840 Supplies-Kitchen: Coffee, tea, cleaning supplies, etc for IRWA headquarters during the year.

80-7850 Supplies-Office: General office supplies including staples, markers, paper clips, folders, etc.

80-7870 Taxes & License: Taxes and licenses as required by California and Federal laws in the United States and Canada.

80-7890 Telephone: Unallocated expenses associated with Torrance, CA headquarters staff for telephone and fax transmission. Conference calls will be allocated against specific committees and functions when the committees initiate the conference calls.

80-7910 Employee-Temporary Help: Expenses for temporary staff at Torrance, CA headquarters not allocated against a specific project.

80-7930 Staff Training and Development: Staff training expenses not reimbursed by Administaff as well as annual picnic, holiday party and staff luncheon expenses.

80-7970 Accrued Vacation Expenses: Annual adjustment at year end for accrued vacations, if any, calculated by the Chief Financial Officer

80-7990 WEB Site-irwaonline.org: Expenses necessary to maintain IRWA website and content management software. Assumes no major expansion of the website other than already scheduled and funded.

New Computer Consulting Services: Additional outside consulting fees for specialized projects to enhance Avector/NetForum capabilities.

Other Income: Items in this area represent zero-sum transactions where IRWA receives income and expenses on the behalf of committees or chapters.

48 Pipeline Committee Revenue: Voluntary dues and other sources of revenue collected by the Pipeline Committee.

4090 Brochure Income-Pass Through: IRWA charges to chapters for cost of printing and mailing brochures. Anticipates \$500 per brochure with 40% of the chapters opting to mail

4095 Facilitator Income-Pass Through: IRWA charges to chapters to reimburse paying the fees of facilitators for courses they have instructed. Assumes average of \$500 per day, 1.7 day average per class and the anticipated number of classes in 2007-8.

Other Expenses:

72-6470 Pipeline Committee Expenses: Expenses incurred by the Pipeline Committee

8200-Brochure Expense-Pass Through: Expenses paid to Work Force One to pay for course brochures and mailing. See assumption above on income.

8400-Facilitator Expense-Pass Through: Fees paid by IRWA to facilitators for courses conducted on behalf of chapters. See assumptions above on income.