

Pennsylvania Dental Association
Insurance Services, Inc.

2014

ANNUAL REPORT

Presented to the

Pennsylvania Dental Association
House of Delegates

**Notice of Annual Meeting of the Shareholder
of the Pennsylvania Dental Association Insurance Services, Inc.**

To: Pennsylvania Dental Association

You are hereby notified of the call of the annual meeting of the shareholder of the above corporation to be held on Friday, April 25, 2014, at 2:00 p.m. at the Hershey Hotel, Hershey, Pennsylvania for the purpose of considering all business of the Corporation, including election of Directors, amendment of bylaws, matters of financing, and any other matter which may come before the shareholders.

For the Corporation



**Camille Kostelac-Cherry, Esq.
Secretary**

Dated: March 05, 2014



Annual Shareholders Meeting

AGENDA April 25, 2014

- I. Approval of 2013 Shareholders Meeting Minutes
- II. Chairman's Report – Dr. Jon Johnston
 - A. 2013 Review
 - B. Approve PDAIS Slate of Directors
- III. CEO Report – Gilbert Davis
 - A. 2013 Highlights
 - B. PDA Endorsed Vendors Update
 - C. 2013 Audit
- IV. Old Business
- V. New Business – Dr. Jon Johnston
 - A. Presentation of PDA Dividend
- VI. Motion to Adjourn

Pennsylvania Dental Association Insurance Services
Minutes of 2013 Shareholder Meeting

Dr. Jon Johnston called the 2013 Pennsylvania Dental Association Insurance Services (PDAIS) Shareholders Meeting to order at 3:00 p.m. on Friday, April 26, 2013. A motion was made to approve the minutes from the 2012 Shareholders Meeting. The motion was seconded and carried.

Dr. Johnston reported that PDAIS had a good year despite the multiple issues facing the insurance industry within the past few years. Dr. Johnston extended his gratitude to the members of the Board of Directors for their time and service.

Dr. Jack Aughenbaugh and Dr. Brian Christian have completed their terms of service on the Board of Directors and were nominated to serve another term. Being that there were no nominations from the floor, Dr. Aughenbaugh and Dr. Christian were elected to serve an additional term by unanimous ballot.

Gil Davis, PDAIS President and CEO, extended his thanks to all PDA members for their continued support of PDAIS. Mr. Davis also wished to thank the PDAIS Board of Directors for their time and commitment to PDAIS, as well as to PDAIS staff for all of their hard work.

PDAIS will be facing additional challenges throughout the coming year with implementation of the Affordable Healthcare Act. Mr. Davis stated that PDAIS is doing everything it can to be in the best position possible on January 1, 2014, when the act goes into effect, and that PDAIS will help members to navigate the changes that will take place as a result.

On behalf of The Dentist's Insurance Company (TDIC), Mr. Davis thanked the members for their support and for the continued relationship TDIC has with PDAIS. As of January, PDAIS successfully negotiated a 25 percent credit with TDIC to be applied to professional liability policies. Since its inception 30 years ago, TDIC has given \$480,000 back to PDA through dividends, and \$68 million to organized dentistry nationwide.

Through dividends, royalties and continuing education sponsorships, PDAIS has given a total of \$292,000 to PDA this year, for a 13 year total of 2.2 million dollars.

For 2011-2012, the Endorsed Vendor Program saw a 19 percent increase in royalties. ECCA Payroll and Business Solutions was recently added as a new endorsed vendor and offers payroll services to members.

Mr. Davis encouraged members to participate in a webinar being co-sponsored by PDA and PDAIS on May 14 that will discuss effects of the Affordable Care Act on the dental office.

PDAIS received a clean audit for 2012.

Dr. Johnston presented a dividend check in the amount of \$50,000 to Dr. Bernie Dishler, PDA President. The meeting was adjourned at 3:20 p.m.

PDAIS
2013 Year End Update
January 1, 2013 – December 31, 2013
Submitted by
Gil Davis
Chief Executive Officer

PDAIS Mission

PDAIS exists to provide competitively priced, quality insurance products to PDAIS clients, their employees and families, as charged through the endorsement of the Pennsylvania Dental Association. The **five** key measures that help us understand whether or not PDAIS is following its mission and doing its job can be defined by our ***commitment, high ethical standards, growth, customer service*** and ***quality products***. While practical measures are not necessarily indicators of health and depth of commitment, they do serve as barometers that help us ask the appropriate questions. This year-end report will attempt to highlight in abbreviated fashion the accomplishments of the past 12 months.

PDAIS 2013 Highlights:

Products/Growth

- Increased growth, for 2013, with TDIC by 11% in new client growth and 6.5% in written premium growth. TDIC also granted PDAIS for the tenth consecutive year a dividend of 8%. Mid-Atlantic Insurance Resources growth was up 15% in new client growth, but 15.7% in written premium growth and a fourth consecutive dividend of 8%. Total TDIC PDA member penetration is 13%.
- The workers compensation program with Eastern Alliance Insurance group grew by 24.5% in written premium with and a three year loss ratio of 13%.
- Our business property program, with Ohio Casualty grew by 12.9% with a three year loss ratio of 72.7%.
- The benefits department continues to struggle with new business, due to the challenges with the full implementation of the Affordable Care Act (ACA). We had a decrease in new business sales and a moderate decrease in total written premium. This is mainly due to the transferring of clients from the 21 County health insurance program, written through Capital BlueCross.
- The Liberty Mutual personal lines program was flat with a slight decrease in number of new clients (-1%), but increase in written premium of 3.3%.
- With all this growth and challenges, the agency is still able to maintain an overall retention of 94%.
- We also wrote a number of disability, life and long-term care insurance policies.

Commitment

- PDAIS completed its third year managing the PDA Endorsed programs, with **10%** increase in royalty revenue. * See the attached endorsed vendor's program report for additional information.
- PDAIS continued to provide non-dues revenue to the PDA and local dental societies with a 2013 total of **\$274,395** for a 14 year total of **\$2,480,170**.
- PDAIS sponsored and attended **64** CE, study clubs, etc. throughout the commonwealth and **three** programs in NJ.
- The PDAIS sales staff continues to do specific target market campaigns to non-PDA member dentists.
- The PDAIS benefits department is providing assistance to PDA members doing this monumental change in the health insurance environment.
- Again this year PDAIS financial support was able to contribute to the success of the PDA New Member Dentist and Student Outreach programs, supplied significant financial support to PDA's CE programs and continued its financial support of the PDA annual meeting.

Please reference the production reports and unaudited attached financial statements.
(2013 Audit will be available at the annual meeting.)

Financial Statements

As indicated on the enclosed financial statements, in 2013 we experienced an increase in overall gross revenue **6.4%**, and overall, **2013 was our most successful year for PDAIS and MAIR.** Our interest and investment income grew by .42% and an increase in our expenses by (4.5%), of which resulted in a net income, after operational expenses and before taxes, of **\$209,529.35**. Our realized and unrealized investment income generated a total net income of **\$283,151.80**. These favorable results are due to a strong focus and commitment to growth and disciplined spending. Also, remember that **\$274,000** of the PDA marketing fee and local royalty dollars would be considered as a return of profit in net income in a standard insurance agency mode, which would bring our total income to **\$474,113**.

Threat

In the year of 2015, PDAIS will experience significant decrease in its gross revenue mainly due to the dissolution of its 21 County Association health insurance plan, due to the Affordable Care Act. With full implementation of the federal health insurance exchange in 2014, all of the association will be placed in the small business pool with a totally different compensation structure. Secondly, the Medical Loss Ratio legislation stipulates that 85% of group and 80% of individual premiums must go to paying claims. Current regulations require the companies to include payments to agencies and brokers as commissions in the 15-20% administrative fee costs. Therefore, commissions have already been decreased and by 2015 with full implementation of the bill they may be reduced more. However, due to the mandate that everyone will need to purchase health insurance, we are remaining optimistic that we will be able to write new business; but the question remains, will it be enough to offset some erosion.

Pennsylvania Dental Association Insurance Services, Inc.

Board of Directors

The **current PDAIS Board of Directors:**

Dr. Jon Johnston, Chairman
Dr. Eric Shirley, Vice-Chairman
Dr. Stephen Radack, III. Treasurer
Camille Kostelac-Cherry, Esq., Secretary
Dr. Samuel Selcher, (PDA Liaison)
Dr. Nancy Koshetar, Director
Dr. Jack A. Aughenbaugh, Jr, Director
Dr. Brian D. Christian, Director
Dr. Elaine Stefanowicz, Director

PDAIS Consultants

Legal Counsel

Goldberg & Katzman
Thomas J. Weber, Esq.

Accountant

Pennsylvania Dental Association
Leo Walchak, Controller

Auditors/Tax advisors

MaherDuessel
Lisa A. Ritter, CPA, CFP

**Production Analysis
1/1/2013 - 12/31/2013**

Company Volumn	Premium	Agency Comm	Total Customers	Total Policies
Banyan Consulting LLC	12,384,637.65	705,423.12	548	974
Independence Blue Cross	2,403,178.42	119,659.62	154	285
TDIC - PDAIS	1,308,837.00	196,325.55	669	865
Liberty Mutual	889,054.00	121,934.66	320	709
American Insurance Admim	878,575.06	31,749.54	66	110
Aetna Health	766,379.60	66,497.90	95	159
Liberty PERSONAL LINES	626,578.00	6,730.96	196	515
Eastern Alliance Insurance Group	577,397.67	56,070.29	374	717
TDIC-MAIR	483,152.40	72,472.86	207	284
The Hartford/BOE, DI	261,390.76	52,278.42	209	452
ARMS Insurance Company Inc	238,703.42	29,467.45	77	110
Guardian	92,856.02	9,500.86	19	51
Partners Specialty	91,765.00	9,035.56	9	9
Woodmen of the World	90,607.93	15,454.71	54	105
Millers Mutual Group	75,877.75	14,791.63	40	54
Fortis	62,359.88	3,021.49	20	38
Philadelphia	52,005.44	7,999.53	18	22
National Fire & Marine Co.	49,080.00	3,806.00	2	2
Standard Insurance	39,118.07	7,408.86	15	44
Murray Insurance Associates	38,468.00	2,502.20	1	3
Colonial Supplemental Insurance	36,909.05	1,751.86	12	24
Meadowbrook Insurance Group	33,572.90	3,357.30	21	24
Chubb	27,842.20	2,567.74	8	16
Companion Commercial Co.	26,377.50	1,770.93	1	2
URL	21,795.76	21,795.76	175	276
MedAmerica Insurance Company	16,536.32	1,348.16	18	18
Catlin Specialty Co.	15,500.00	1,550.00	2	2
Columbia Casualty Company	13,182.00	988.65	1	1
Insurance Agents & Brokers	13,124.00	1,049.92	7	13
CNA Continental Casualty Comp	13,046.87	391.39	9	9

Company Volumn	Premium	Agency Comm	Total Customers	Total Policies
Dearborn National Life Insurance Company	11,766.00	2,941.50	7	14
Admiral Insurance	11,401.00	1,140.10	2	2
Union Central	11,325.76	673.60	3	5
United Concordia	10,742.43	1,229.96	7	9
Selective Insurance Company of America	10,137.00	1,520.55	3	5
Humana	7,964.32	318.60	1	4
Gerber Life Insurance Company	6,961.46	986.38	5	9
Travelers Casualty & Surety	5,732.00	573.20	3	5
ACE American Insurance Company	5,390.00	404.25	2	2
American General Life Insurance Company	4,847.60	3,878.08	3	3
Harleysville	4,390.00	439.00	1	4
Principal Financial Group	4,367.00	531.09	1	3
Genworth	4,172.58	1,403.30	6	6
Cigna	3,375.12	3,375.12	104	176
Evanston	2,660.00	266.00	1	1
Savings Bank Life Insurance Company of Massachusetts	2,332.62	1,941.11	6	6
American Medical Security	1,938.92	99.43	1	2
International Medical Group	1,699.40	220.92	8	12
Wells Fargo Special Risks, Inc.	1,323.00	132.30	1	1
Brokers National	1,123.40	134.85	2	4
Banner Life	696.00	487.20	1	1
Zenith Marketing Group	440.36	264.40	2	2
Maxum Indemnity Company	395.00	19.75	1	2
<hr/> Ranking Totals <hr/>				
	21,743,090.64	1,591,684.00	3,519	6,171

Pennsylvania Dental Association Insurance Services, Inc.

Board of Directors Nominations

2014 - 2015

Below are list of the current PDAIS Board of Directors:

	District	*Term Expiration
Dr. Jack A. Aughenbaugh, Jr.	4	2017
Dr. Brian D. Christian	7	2017
Camille Kostelac-Cherry		Unlimited
Dr. Samuel Selcher (PDA Liaison)	5	Unlimited
Dr. Jon Johnston	8	2016
Dr. Stephen T. Radack	9	2014
Dr. Nancy Koshetar	2	2019
Dr. Eric L. Shirley	5	2018
Dr. Elaine Stefanowicz	1	2016

The Directors shall be elected by the shareholder at the annual meeting of the shareholder of the corporation, and each Director shall be elected for a term of two years, but shall not be allowed to serve more than six consecutive years.

Slate of directors up for reelection is:

- **Dr. Jon Johnston**
- **Dr. Eric Shirley**
- **Dr. Elaine Stefanowicz**

****Term Expiration* represents the final year of the Directors' 6-year term if re-elected by the House of Delegates every 2 years.**

PDAIS
Balance Sheet Comparison
As of DECEMBER 31, 2013

	12 / 31 / 2013	12 / 31 / 2012	\$ Variance	% Change
Assets				
Current Assets:				
Orrstown - General Checking	174,576.89	120,768.12	53,808.77	44.56
Orrstown - Mid Atlantic	9,831.86	60,907.51	(51,075.65)	(83.86)
Orrstown - Health Billing	873,166.76	1,102,905.07	(229,738.31)	(20.83)
Orrstown - DI Group Billing	55,405.42	96,479.90	(41,074.48)	(42.57)
Accounts Receivable	1,600.00	22,046.99	(20,446.99)	(92.74)
Endorsed Vendor Royalty Receiv	15,248.34	12,202.05	3,046.29	24.97
Premium Receivable	307,834.27	272,821.15	35,013.12	12.83
Commissions Receivable	75,744.04	57,600.80	18,143.24	31.50
COBRA Receivables	986.54	.00	986.54	.00
Prepaid Expense	13,919.19	10,149.70	3,769.49	37.14
Prepaid State Income Tax	9,072.00	9,072.00	.00	.00
Prepaid Postage	255.08	491.33	(236.25)	(48.08)
Total Current Assets	1,537,640.39	1,765,444.62	(227,804.23)	(12.90)
Fixed Assets:				
Equipment	205,690.50	163,093.01	42,597.49	26.12
A/D - Equipment	(141,630.49)	(125,761.22)	(15,869.27)	12.62
Furniture/Fixtures	6,089.09	6,089.09	.00	.00
A/D - Furniture/Fixtures	(2,975.40)	(2,102.81)	(872.59)	41.50
Software	64,721.45	64,721.45	.00	.00
A/D - Software	(64,721.45)	(64,721.45)	.00	.00
Leasehold Improvements	1,214.81	1,214.81	.00	.00
A/D - Leasehold Improvements	(1,214.81)	(1,208.20)	(6.61)	.55
Total Fixed Assets	67,173.70	41,324.68	25,849.02	62.55
Other Assets				
Lee Munder Investments	1,560,369.14	1,401,784.77	158,584.37	11.31
Total Other Assets	1,560,369.14	1,401,784.77	158,584.37	11.31
Total Assets	3,165,183.23	3,208,554.07	(43,370.84)	(1.35)
Liabilities and Equity				
Current Liabilities:				
Accounts Payable	146,087.37	73,650.86	72,436.51	98.35
Deferred Revenue	76,616.71	88,139.52	(11,522.81)	(13.07)
Agency Bill Payable	.00	19,700.18	(19,700.18)	(100.00)
Accrued Salaries	31,972.46	38,191.78	(6,219.32)	(16.28)
Payroll Liabilities	775.00	.00	775.00	.00
Dividend Payable	60,000.00	50,000.00	10,000.00	20.00
Accrued Vacation	10,123.24	5,901.55	4,221.69	71.54
PDAIS Insurance Claims	.00	10,000.00	(10,000.00)	(100.00)
Tek Collect Marketing	665.08	1,374.94	(709.86)	(51.63)
Premium Variance - Banyan Cons	(45,526.43)	4,339.41	(49,865.84)	(1,149.14)
Premium Variance - Highmark	(11.72)	3,519.08	(3,530.80)	(100.33)
Premium Variance - United Conc	938.69	200.18	738.51	368.92
Accrued Payroll Taxes	4,227.11	3,801.73	425.38	11.19
SBC Group Billing Payable	906,842.94	1,122,510.65	(215,667.71)	(19.21)
Cobra	560.63	.00	560.63	.00
Accrued Federal Income Tax	2,121.00	56,752.00	(54,631.00)	(96.26)
Accrued PA CNI Tax	(4,000.00)	.00	(4,000.00)	.00
Accrue Pa State Income Tax	(13,000.00)	.00	(13,000.00)	.00
Accrued NJ Tax	.00	1,454.00	(1,454.00)	(100.00)
Premiums Prepaid	108,599.12	84,330.98	24,268.14	28.78
Deferred Tax Liability-Federal	4,775.00	4,775.00	.00	.00
Deferred Tax Liability-State	1,390.00	1,390.00	.00	.00
Lease Payable	13,255.94	2,930.86	10,325.08	352.29
401K Withheld	.00	(.01)	.01	(100.00)
Employee Short Term Disability	27.93	.00	27.93	.00
IRS Tax Payable	2,917.52	2,917.52	.00	.00
Total Current Liabilities	1,309,357.59	1,575,880.23	(266,522.64)	(16.91)
Total Liabilities	1,309,357.59	1,575,880.23	(266,522.64)	(16.91)
Equity:				

PDAIS
Balance Sheet Comparison
As of DECEMBER 31, 2013

	<u>12 / 31 / 2013</u>	<u>12 / 31 / 2012</u>	<u>\$ Variance</u>	<u>% Change</u>
Common Stock	1.00	1.00	.00	.00
Paid in Capital	296,109.00	296,109.00	.00	.00
Dividends	(187,600.00)	(127,600.00)	(60,000.00)	47.02
Retained Earnings	1,464,163.84	1,250,137.05	214,026.79	17.12
Retained Earnings-Current Year	283,151.80	214,026.79	69,125.01	32.30
Total Equity	<u>1,855,825.64</u>	<u>1,632,673.84</u>	<u>223,151.80</u>	<u>13.67</u>
Total Liabilities and Equity	<u>3,165,183.23</u>	<u>3,208,554.07</u>	<u>(43,370.84)</u>	<u>(1.35)</u>

PDAIS
Profit & Loss Budget vs. Actual
As of DECEMBER 31, 2013

	12 / 31 / 2013	Budget	\$ Over/(Under) Budget	% Change
Revenue:				
Ins. Commission	931,215.52	820,000.00	111,215.52	13.56
Administrative Fee	720,368.93	760,000.00	(39,631.07)	(5.21)
Late Fees	37,382.99	28,000.00	9,382.99	33.51
Seminar Registration	1,130.00	.00	1,130.00	.00
Endorsed Vendor Program	41,751.59	32,000.00	9,751.59	30.47
Revenue:	1,731,849.03	1,640,000.00	91,849.03	5.60
Other Income				
Interest Income	2,639.87	.00	2,639.87	.00
Investment Income	37,994.63	30,000.00	7,994.63	26.65
Total Other Income:	40,634.50	30,000.00	10,634.50	35.45
Total Revenue:	1,772,483.53	1,670,000.00	102,483.53	6.14
Expenses:				
Wages and Payroll Tax Expenses	870,548.76	833,000.00	37,548.76	4.51
Medical	126,857.55	130,000.00	(3,142.45)	(2.42)
Dental	6,834.40	8,000.00	(1,165.60)	(14.57)
Life Ins/Disability Benefits	4,609.00	3,600.00	1,009.00	28.03
Continuing Education - Staff	906.35	2,000.00	(1,093.65)	(54.68)
Staff Appreciation	896.07	2,500.00	(1,603.93)	(64.16)
Advertising	6,474.00	19,000.00	(12,526.00)	(65.93)
PDA Advertising	7,325.00	8,000.00	(675.00)	(8.44)
Marketing	32,852.49	40,000.00	(7,147.51)	(17.87)
PDA Marketing	51,720.70	123,000.00	(71,279.30)	(57.95)
Investment Fees	14,486.24	16,500.00	(2,013.76)	(12.20)
Bank Fees	95.00	.00	95.00	.00
Consulting Fees	1,300.00	1,200.00	100.00	8.33
Commissions Expense	.00	1,000.00	(1,000.00)	(100.00)
Licensing Fees	2,118.77	1,500.00	618.77	41.25
Professional Fees	51,224.83	35,000.00	16,224.83	46.36
Copier Lease - Delage	522.25	1,000.00	(477.75)	(47.78)
Banyan Billing Fees	65,173.50	80,000.00	(14,826.50)	(18.53)
Reimbursement Services	.00	10,000.00	(10,000.00)	(100.00)
IT Back-up Fees	2,334.36	1,700.00	634.36	37.32
IT Consultants	16,205.25	15,000.00	1,205.25	8.04
AMS 360 Database Management Se	28,026.99	24,500.00	3,526.99	14.40
Printing and Reproduction	8,700.56	5,000.00	3,700.56	74.01
Staffing Services	9,309.97	.00	9,309.97	.00
Partial Occupancy Cost	42,000.00	36,000.00	6,000.00	16.67
Telephone	20,801.33	18,000.00	2,801.33	15.56
Insurance	20,344.06	19,500.00	844.06	4.33
Office Supplies	9,307.59	10,000.00	(692.41)	(6.92)
Office Equipment	9,258.52	4,000.00	5,258.52	131.46
Depreciation Expense	16,748.47	10,000.00	6,748.47	67.48
Dues and Subscriptions	4,824.80	3,800.00	1,024.80	26.97
Donations	2,500.00	250.00	2,250.00	900.00
Client Relations	1,972.97	2,000.00	(27.03)	(1.35)
Postage	10,360.69	10,000.00	360.69	3.61
Board Expenses	7,352.11	7,000.00	352.11	5.03
Staff Expenses	21,419.54	28,000.00	(6,580.46)	(23.50)
Endorsed Vendor Expenses	12,968.60	13,000.00	(31.40)	(.24)
Royalty	83,682.00	92,000.00	(8,318.00)	(9.04)
PDAIS Insurance Claims	(10,000.00)	.00	(10,000.00)	.00
Seminar Expense	633.75	.00	633.75	.00
Miscellaneous	257.71	250.00	7.71	3.08
Total Expenses:	1,562,954.18	1,615,300.00	(52,345.82)	(3.24)
Earnings Before Income Tax	209,529.35	54,700.00	154,829.35	283.05

PDAIS
Profit & Loss Budget vs. Actual
As of DECEMBER 31, 2013

	12 / 31 / 2013	Budget	\$ Over/(Under) Budget	% Change
Other Expenses:				
Federal Income Tax	52,167.04	15,000.00	37,167.04	247.78
PA Corporate Net Income Tax	5,700.00	9,000.00	(3,300.00)	(36.67)
Capital Stock Tax	1,998.00	1,000.00	998.00	99.80
NJ Taxes	1,588.49	1,000.00	588.49	58.85
Total Other Expenses:	<u>61,453.53</u>	<u>26,000.00</u>	<u>35,453.53</u>	<u>136.36</u>
Net Income/(Loss) before Investments:	<u>148,075.82</u>	<u>28,700.00</u>	<u>119,375.82</u>	<u>415.94</u>
Investments:				
Realized Investment Income	42,571.04	.00	42,571.04	.00
Unrealized Investment Income	92,504.94	.00	92,504.94	.00
Total Investments:	<u>135,075.98</u>	<u>.00</u>	<u>135,075.98</u>	<u>.00</u>
Total Net Income/(Loss)	<u><u>283,151.80</u></u>	<u><u>28,700.00</u></u>	<u><u>254,451.80</u></u>	<u><u>886.59</u></u>

PDAIS
Profit & Loss Previous Year Comparison
As of DECEMBER 31, 2013

	12 / 31 / 2013	12 / 31 / 2012	\$ Change	% Change
Revenue:				
Ins. Commission	931,215.52	823,360.85	107,854.67	13.10
Administrative Fee	720,368.93	728,327.25	(7,958.32)	(1.09)
Late Fees	37,382.99	32,391.91	4,991.08	15.41
ADA Conference	.00	3,040.00	(3,040.00)	(100.00)
Seminar Registration	1,130.00	.00	1,130.00	.00
Endorsed Vendor Programs	41,751.59	37,790.89	3,960.70	10.48
Revenue:	1,731,849.03	1,624,910.90	106,938.13	6.58
Other Income:				
Interest Income	2,639.87	2,766.91	(127.04)	(4.59)
Investment Income	37,994.63	37,837.01	157.62	.42
Total Other Income:	40,634.50	40,603.92	30.58	.08
Total Revenue:	1,772,483.53	1,665,514.82	106,968.71	6.42
Expenses:				
Payroll Expenses	870,548.76	781,821.78	88,726.98	11.35
Medical	126,857.55	136,870.60	(10,013.05)	(7.32)
Dental	6,834.40	11,414.44	(4,580.04)	(40.12)
Life Ins/Disability Benefits	4,609.00	3,523.39	1,085.61	30.81
Continuing Education - Staff	906.35	853.80	52.55	6.15
Staff Appreciation	896.07	1,429.55	(533.48)	(37.32)
Advertising	6,474.00	17,052.75	(10,578.75)	(62.04)
PDA Advertising	7,325.00	7,842.48	(517.48)	(6.60)
Marketing	32,852.49	27,679.40	5,173.09	18.69
PDA Marketing	51,720.70	71,878.18	(20,157.48)	(28.04)
Investment Fees	14,486.24	13,418.97	1,067.27	7.95
Bank Fees	95.00	(138.00)	233.00	(168.84)
Finance Charge	.00	1.00	(1.00)	(100.00)
Consulting Fees	1,300.00	5,000.00	(3,700.00)	(74.00)
Commissions Expense	.00	210.28	(210.28)	(100.00)
Licensing Fees	2,118.77	1,480.24	638.53	43.14
Professional Fees	51,224.83	39,628.29	11,596.54	29.26
Copier Lease - Delage	522.25	831.76	(309.51)	(37.21)
Banyan Billing Fees	65,173.50	72,306.00	(7,132.50)	(9.86)
Reimbursement Services	.00	2,047.09	(2,047.09)	(100.00)
IT Back-up Fees	2,334.36	.00	2,334.36	.00
IT Consultants	16,205.25	14,093.75	2,111.50	14.98
AMS 360 Database Management Se	28,026.99	23,781.18	4,245.81	17.85
Printing and Reproduction	8,700.56	6,464.60	2,235.96	34.59
Staffing Services	9,309.97	2,023.66	7,286.31	360.06
Partial Occupancy Cost	42,000.00	36,000.00	6,000.00	16.67
Telephone	20,801.33	18,130.56	2,670.77	14.73
Insurance	20,344.06	19,855.66	488.40	2.46
Office Supplies	9,307.59	8,241.39	1,066.20	12.94
Office Equipment	9,258.52	773.46	8,485.06	1,097.03
Refund	.00	(694.00)	694.00	(100.00)
Depreciation Expense	16,748.47	3,410.15	13,338.32	391.14
Dues and Subscriptions	4,824.80	5,582.54	(757.74)	(13.57)
Donations	2,500.00	.00	2,500.00	.00
Client Relations	1,972.97	1,737.84	235.13	13.53
Postage	10,360.69	8,709.62	1,651.07	18.96
Board Expenses	7,352.11	5,945.68	1,406.43	23.65
Staff Expenses	21,419.54	17,935.17	3,484.37	19.43
Endorsed Vendor Expenses	12,968.60	12,063.74	904.86	7.50
Royalty	83,682.00	99,969.75	(16,287.75)	(16.29)
PDAIS Insurance Claims	(10,000.00)	10,000.00	(20,000.00)	(200.00)
ADA Conference	.00	1,683.48	(1,683.48)	(100.00)
Seminar Expense	633.75	600.00	33.75	5.63
Bad debt expense	.00	1,080.63	(1,080.63)	(100.00)
PA Income tax expense - new #7	.00	2,333.00	(2,333.00)	(100.00)

PDAIS
Profit & Loss Previous Year Comparison
As of DECEMBER 31, 2013

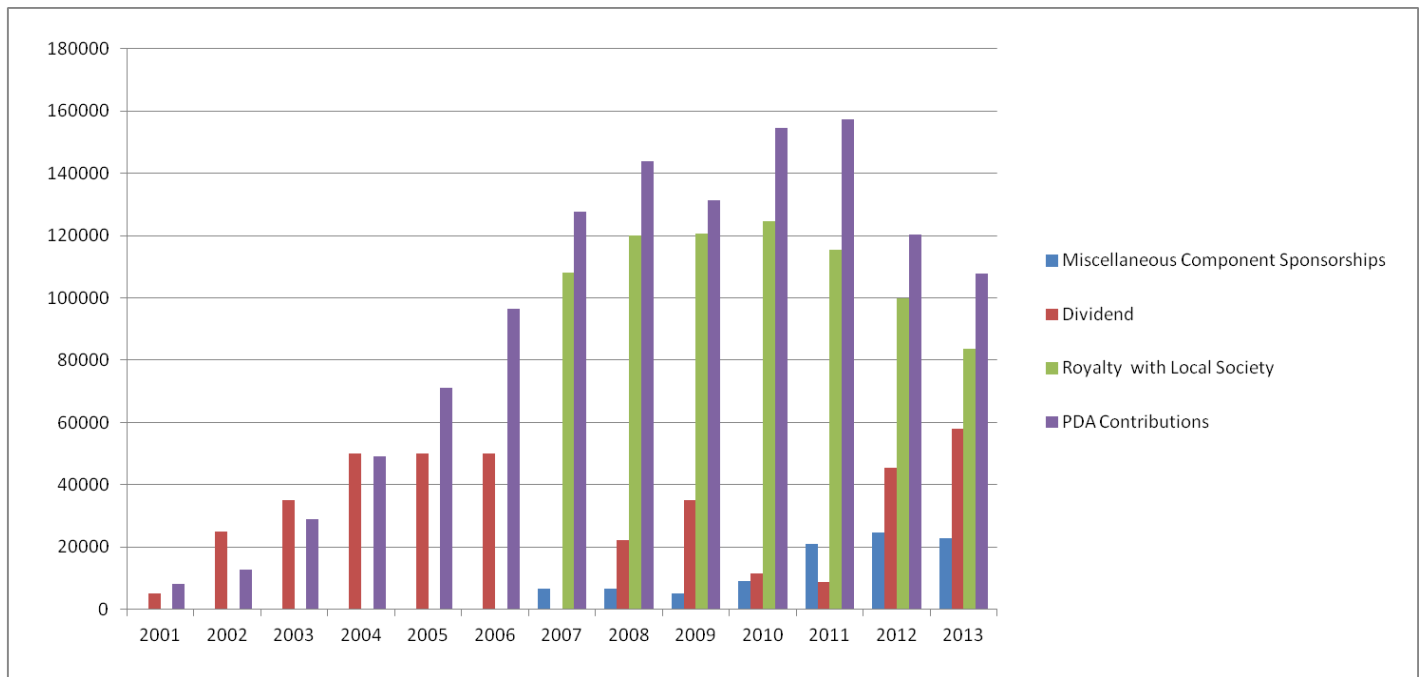
	12 / 31 / 2013	12 / 31 / 2012	\$ Change	% Change
Miscellaneous	257.71	144.00	113.71	78.97
Total Expenses:	1,562,954.18	1,495,017.86	67,936.32	4.54
Earnings Before Income Tax	209,529.35	170,496.96	39,032.39	22.89
Other Expenses:				
Federal Income Tax	52,167.04	56,752.00	(4,584.96)	(8.08)
PA Corporate Net Income Tax	5,700.00	9,834.00	(4,134.00)	(42.04)
Capital Stock Tax	1,998.00	.00	1,998.00	.00
NJ Taxes	1,588.49	513.00	1,075.49	209.65
Total Other Expenses:	61,453.53	67,099.00	(5,645.47)	(8.41)
Net Income/(Loss) before Investmens:	148,075.82	103,397.96	44,677.86	43.21
Investments:				
Realized Investment Income	42,571.04	12,818.04	29,753.00	232.12
Unrealized Investment Income	92,504.94	76,175.79	16,329.15	21.44
Total Investments:	135,075.98	88,993.83	46,082.15	51.78
Total Net Income/(Loss)	283,151.80	192,391.79	90,760.01	47.17

DIVIDENDS AND CONTRIBUTIONS TO THE PDA

The graph below illustrates the dividends and contributions to the PDA. Also, the additional contributions by PDAIS allow important issues/events to be held without the potential dues assessment or the possibility of not having the events.

We are facing some financial challenges in 2015 that could significantly affect our royalty payments. However, if we can obtain more participation of the PDA leadership and members in PDAIS' programs, we can minimize the financial impact. The additional business will allow us to continue to maintain the payments at the same level or strengthen our ability to increase contributions to the PDA.

Total PDA Contributions



TOTAL FOR THE 14 YEARS \$2,480,170

Pennsylvania Dental Association Insurance Services

Board of Directors

PDAIS would like to express its sincere appreciation and thanks to the Board of Directors for their years of distinguished service.

CURRENT BOARD MEMBERS

Dr. Jon J. Johnston, Chairman
Dr. Eric L. Shirley, Vice-Chairman
Dr. Stephen T. Radack, III, Treasurer
Ms. Camille Kostelac-Cherry, Esq. Secretary
Dr. Jack A. Aughenbaugh, Jr., Director
Dr. Brian D. Christian, Director
Dr. Samuel E. Selcher, Director
Dr. Elaine D. Stefanowicz, Director
Dr. Nancy Koshetar, Director

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Dr. Henry J. Bitar
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Dr. Donald C. Sarandria
Dr. Robert D. Stainbrook
Dr. J. Brian Straka
Dr. Stanley P. Toplan
Dr. John J. Tully

*Deceased



**PDA Endorsed Programs
As of February 28, 2014**

PDA Endorsed Vendor – EOY 2012/2013 Comparisons

Vendor	Total 2012 EOY	Total 2013 EOY	Difference +/-
Bank of America - Cards	\$66,376	\$64,554	(\$1,822)
Bank of America – Practice Solutions	49,352	72,940	23,588
Care Credit	44,444	49,596	5,152
CES	20	881	861
D-MMEX	3,405	2,396	(1,009)
Demandforce	1,400	2,200	800
Elavon (Termed Agreement)	7,837	1,147	(6,690)
Energy Plus	755	2,019	1,264
First Data	0	1,273	1,273
ProSites	5,537	4,888	(649)
TekCollect	10,000	7,500	(2,500)
Total Year-to-date	\$189,126	\$209,394	\$20,268

Support Commitment from Endorsed Vendors as of March 7, 2014

Vendor	2011 PDA Journal/ eNews	2012 PDA Journal/ eNews	2013 PDA Journal/ eNews	2014 PDA Journal/ eNews	Total
CareCredit	\$ 650	\$ 0	\$ 0	\$ 1,400	\$ 2,050
Demandforce	0	8,730	5,820	850	15,400
Bank of America	0	0	0	1,400	1,400
Elavon	495	0	0	0	495
D-MMEX	565	2,630	3,945	0	7,140
ProSites	4,550	7,050	7,050	7,050	25,700
TekCollect	1,400	1,400	1,400	0	4,200
eNews			575		575
PDAIS – Vendor Spotlight	0	1,450	1,450	1,560	4,460
Subtotal	\$ 7,660	\$ 21,260	\$ 20,240	\$ 12,260	\$ 61,420
PDA CE/Annual Session					
First Data	500	0	500	0	1,000
			Reading		
DemandForce	0	0	0	4,000	4,000
Presidents Circle					
ProSites – Annual Session	0	2,000	0	0	2,000
Trustee Circle					
ProSites – Annual Session	0	0	500	0	500
Member’s Circle					
TekCollect – PDA CE	0	0	500	0	500
			Bedford		
TekCollect – Annual Session	0	0	2,000	0	2,000
Trustee Circle					
TOTAL	\$ 8,160	\$ 23,260	\$ 23,740	\$ 16,260	\$ 71,420

PDAIS INSURANCE PROGRAMS AND COMPANIES

Professional Liability and General Liability Insurance through

- **The Dentists Insurance Company (TDIC)**

Business Property Insurance available through

- **The Dentists Insurance Company (TDIC)**
- **Ohio Casualty Insurance Company**
- **Millers Mutual**

Business Overhead Expense Insurance

- Group offered through **Hartford Life Insurance Company**
- Individual offered through **Union Central Life with a 15% PDA member discount**

Workers Compensation

- **Eastern Alliance Insurance Group**
- **Ohio Casualty Insurance Company**

Employment Practice Liability Insurance (EPLI)

- **TDIC**
- **Philadelphia Insurance Company**

Flood Insurance

- **Selective Insurance Company**

Health Insurance (Group & Individual)

- **Capital BlueCross, Independence Blue Cross, Health America, Aetna, Highmark, Geisinger and UPMC**

Health Savings Accounts

- **Fortis, Health America, Highmark, Capital BlueCross and Aetna**

Long Term Care Insurance

- **Med America 10% discount**
- **John Hancock at 5% discount**
- **Mass Mutual at 10% discount**

Long Term Disability Insurance

- Group offered through **Hartford Life Insurance Company**
- Individual through **Guardian, Principal & Standard with a 10% PDA member discount**

Group and Individual Term and Permanent Life Insurance

- Group offered through **Fort Dearborn Life**
- Individual through **Prudential, First Colony, Empire General and others**

Personal Auto, Homeowners and Personal Umbrella Liability

- **Liberty Mutual Auto 20% discount and homeowners 10% discount for all PDA members**

PDAIS INSURANCE PROGRAMS AND COMPANIES

Estate, Financial Planning

- **uFinancial (formerly Wienken & Associates)**
- **PDA Member 401k plan through Great West Retirement Services**

Medicare Supplement including Medicare D products

- **Capital BlueCross, Highmark, Aetna, Cigna, Independence Blue Cross and Woodmen's Insurance Group**

Supplement Insurance (Voluntary Benefit Insurance products for the Dental Staff)

- **Colonial Life and Accident Insurance Company**
 - **Short Term Disability**
 - **Long Term Disability**
 - **Accident**
 - **Cancer and Critical Illness**

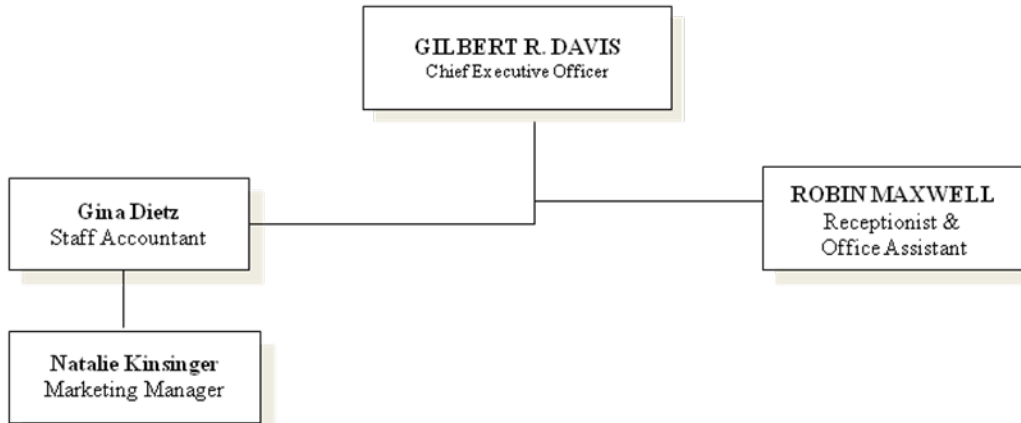
Pet Insurance (15% discount for PDA members)

- **Offered through Petplan Insurance Company**

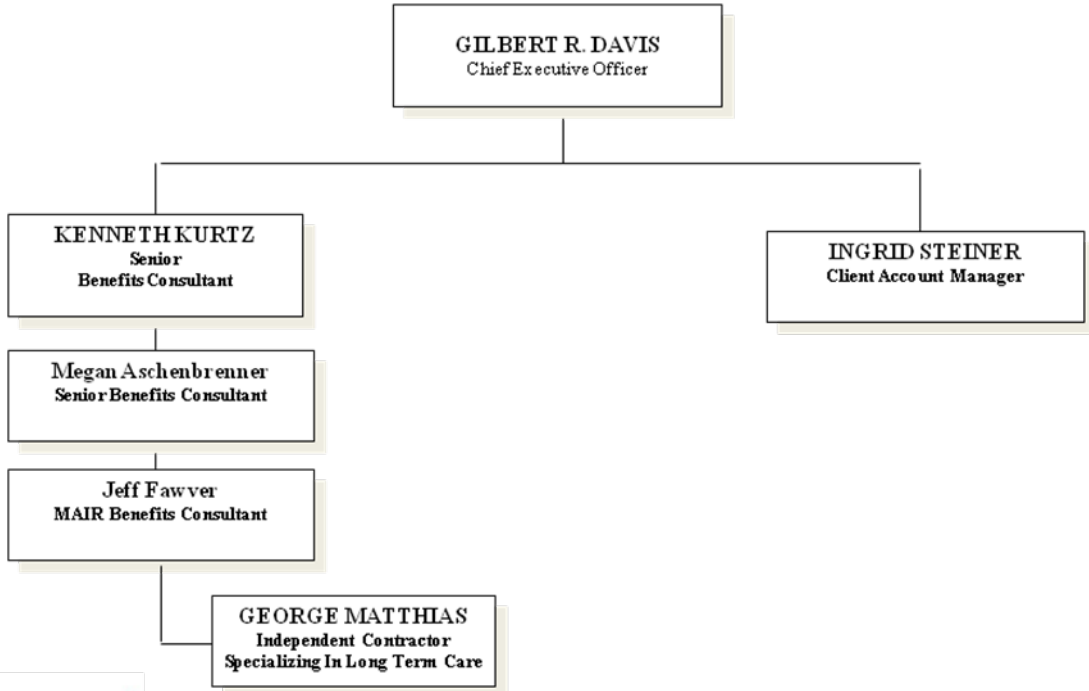
ORGANIZATIONAL CHART



ADMINISTRATION DEPARTMENT & ENDORSED VENDORS DEPARTEMENT



BENEFITS DEPARTMENT



PROPERTY & CASUALTY DEPARTMENT

