

Treasurer's Report
Fall 2011 Board Meeting
October 21, 2011

I am happy to report that the financial condition of the SSA is stable given the economic realities of 2011. Year to Date August 31, 2011 we have a \$144,500 Net Capital Increase on Operating Revenues of \$691,500. \$105,000 of the Net Capital Increase is part of the large anonymous donation Director Dianne Black-Nixon arranged for the SSA to cover office and office automation improvements and marketing efforts yet to be decided. Again as in past years our Chief Administrative Officer Denise Layton has done a terrific job in cost control. Excluding the \$105,000 donated cash, the Net Capital Increase is \$39,500.

Director Diane Black-Nixon arranged for a \$1,000,000 anonymous donation for the SSA and the SSA Foundation. This generous donation has been allocated \$105,000 to the SSA general operating accounts, \$75,000 to the 2012 Worlds accounts and \$820,000 to various SSA Foundation buckets. Later in the agenda you will find a motion to memorize the allocation of this donation. I will propose that this motion be approved by the Board.

Membership Statistics

Membership growth and retention continues to be a problem for which we seem not to have found a solution. As of the end of August, our membership was 10,652 vs. 10,865 August 2010. This represents a 213 member decrease year over year. Below is the summary of the membership for the year against budget and last year.

	Actual	Budget	VB	Prior Year	VPR
Jan	10,804	10,754	50	10,940	(136)
Feb	10,732	10,754	(22)	10,856	(124)
Mar	10,767	10,754	13	10,802	(35)
Apr	10,785	10,754	31	10,826	(41)
May	10,793	10,754	39	10,837	(44)
Jun	10,793	10,754	39	10,935	(142)
Jul	10,690	10,754	(64)	10,849	(159)
Aug	10,652	10,754	(102)	10,865	(213)

P&L Summary & Analysis – Year to Date August 2011

Revenue

Total revenue for the period ended August 31, 2011 is \$691,500 against a budget of \$619,000 a favorable variance of \$72,500. The major drivers are Contributions are Eagle Fund is \$28,000 (\$10,000 over budget) and Contributions from Foundation is \$110,000 (\$105,000 over budget). \$105,000 of this contribution is from the anonymous donation arranged by Director Dianne Black-Nixon. This contribution is for office renovations, upgrade office automation and future marketing efforts. These

favorable variances are offset by Philadelphia Conference cost overruns of \$30,000 and Merchandise shortfall of \$12,000.

Expenses

Total Operating Expenses were \$537,000 against a budget of \$623,000 a \$86,000 favorable variance. You will note that the Printing cost of \$66,000 is \$26,000 under budget. This is a result of the change our Editor recommended in printer for Soaring Magazine. Postage is \$77,000 is \$12,000 under budget. The budget included \$12,000 in US Team sanction fees that were not paid, generating a \$12,000 favorable variance and the 2010 annual audit fee has not been paid generating a \$23,000 favorable variance. As you review the August 2011 Profit and Loss statement you will see many expense lines with favorable variances. Again, Chief Administrative Officer Denise Layton is doing tremendous job of controlling costs.

Net Capital Increase of \$144,500 is \$159,000 over budget. \$105,000 of this increase is a result of the anonymous donation allocated to SSA Operations. Not considering this SSA Operations would have had a \$39,500 Net Capital Increase a \$54,000 budget variance.

Balance Sheet

There are two additional liabilities added to our balance sheet this year as a result of the 2010 audit. A Vacation Accrual was added totaling \$20,300 representing the liability of earned but not taken vacation in accordance with SSA Vacation Policy, and Unredeemed FAST Packages was added totaling \$32,500 representing the liability of FAST certificates that have been sold but not redeemed. These liabilities represent the December 31, 2010 amount and will be adjusted in December 2011.

2011 Forecast

Attached is the latest 2011 Forecast. This forecast assumes reduced Dues Income in the September to December period and shows that SSA Operations will complete the year with a \$5,800 Net Capital Increase not including the onetime \$105,000 donation.

Audit

The audit of December 2010 is complete. Copies will be available for you at the Board meeting. Two adjustment of note from the audit are: Vacation Accrual of \$20,000 and Unredeemed FAST Packages of \$32,500. Past FAST Certificates have not had an expiration date and this created the contingent liability. Any FAST Certificates issued now have an expiration date.

As an action item from the January Board meeting, I was asked to determine if we needed to change audit companies. The office staff and I reviewed a number of companies in Hobbs and larger regional firms that do not have offices in Hobbs. There are no other firms in Hobbs with the expertise to take on our audit without significant increase in audit work (translates into cost) and while the large regional firms do have the expertise, our costs would increase due to travel expenses and additional field work time to become familiar with the SSA during the audit.

Therefore I continue to recommend that the SSA engage Johnson & Miller Company to perform the annual audit of the books and records of the SSA and the SSA Foundation.

NAA Board Meeting

I attended the July NAA Board meeting and luncheon following the meeting. It is interesting to note that the NAA Board is made up of, in addition to the air sports, senior managers, often the CEO of major companies in the aerospace industry. Only one other air sport representative to attend was the Executive Director of the United State Parachute Association Ed Scott. The Board meeting covered the normal NAA business topics.

Former FAA Administrator and Chairman of the NTSB Marion Blakey was awarded the prestigious Cliff Henderson Trophy. The Cliff Henderson Trophy, which resides at the Smithsonian's National Air and Space Museum, was established in 1960 by the National Aviation Club (now part of NAA) to honor the creator and Managing Director of the world-renowned National Air Races from 1928-1939. His work in our industry stimulated a generation's interest in aviation and challenged the state of the art in aviation development. Ms. Blakey was awarded this trophy for her work on Next Gen while FAA Administrator.

2012 Budget

The draft of the 2012 Budget is attached for your review. Denise and I look forward to your comments, additions and suggested changes. The process is that we will review any requested changes and present the final budget for approval in Reno at the January 2012 Board meeting. The budget includes a detailed budget for the Reno Convention and Membership Metrics.

Respectively submitted,

David H. Pixton
Director at large
SSA Treasurer

Attachments:

August SSA Operations Profit and Loss Statement
August SSA Operations Balance Sheet
2011 Forecast
2012 Draft Budget
2012 Reno Convention Budget
2012 Membership Metrics