

**Treasurer's Report  
Board of Directors  
Soaring Society of America  
October 2005**

**Assessment of the Financial Condition of the Organization**

In my last report, I characterized the financial situation as tenuous and chaotic. My assessment at this time is that we are taking a more orderly approach to our finances but the situation remains tenuous.

For the seven months ended July, the organization reported capital provided by operations of \$19,408 compared to a budget of \$26,259, a shortfall of \$6,851. Management's forecast for the year for capital provided from operations is \$26,478 compared to a budget of \$26,451. Management's forecast for the year indicates that we expect to make the objective we set for the 2005 financial plan, to add \$26,000 to the organization's surplus, replacing funds used to refurbish the SSA headquarters building and setting aside funds to be available for unforeseen needs. (Management's forecast for 2005 is attached.) However, the financial status of the organization remains tenuous. While the forecast for 2005 shows that we will make our bottom line target, we will do so by covering short-falls in operating income with savings in administrative expenses, savings achieved by utilizing volunteer support to cover critical activities.

Operating income will fall short of plan by \$39,000. The primary contributors to this result are dues, advertising and contributions. Despite growth in membership, dues income will be \$33,000 short of plan because membership will not achieve our projections. Advertising revenue will be \$12,000 under budget. Contributions will be \$6,000 under plan.

Expense for administration is forecasted to be \$39,000 less than budget. The primary contributor to this is compensation expense, which is forecasted to be \$34,000 under plan. Two positions will have been left unfilled for most of the year including the position responsible for development and maintenance of the Society's website. Website development and maintenance has been covered by an external, volunteer resource. This is expected to continue through 2006.

In my last report, I made four recommendations for improving the financial health of the organization:

- Prepare a long-term plan that reflects the financial needs of the organization and answer the question, "What additional needs will we have for capital over-and-above day-to-day operations?"
- Build a budget and financial plan for fiscal 2006 that reflects all expenditures that we should reasonably be able to anticipate and that generates a positive bottom-line
- Publish regular and timely financial statements
- Build a surplus fund accessible to SSA management (the Executive Director and the Board of Directors), to cover future expenditures both anticipated and unanticipated.

These recommendations still apply. We have begun to publish timely financial statements. We now have a surplus fund accessible to management to deal with short-term cash flow issues and to serve as a source of funding for unexpected events. We still need to develop a long-term financial plan to help us anticipate future capital requirements. We also need to develop a fiscal 2006 financial plan that fully reflects the needs of the organization, which should include adding to the organization's surplus funds.

**Preliminary Fiscal 2006 Budget**

The preliminary budget indicates that the organization's tenuous financial condition will continue through fiscal 2006. The budget assumes that the organization will continue with the same level of services that were provided in fiscal 2005. The budget allows for no contributions to the organization's surplus funds.

It does not cover the non-cash expense of depreciation, which is an indication that we are not setting aside sufficient funds to cover future capital needs. The budget assumes that we will continue to operate with website development and support provided by volunteers.

The Board needs to consider changes to the budget and operating plan that will build a financially sound organization. The budget should add to the organization's surplus. This can only be done by a increasing operating income and reducing expense including reducing services that are not critical to the support of the membership.

Respectfully submitted,

John Volkober  
Treasurer

**SOARING SOCIETY OF AMERICA INC**  
**STATEMENT OF REVENUE AND EXPENSES**  
**Projected FY05 Results**

	FY05 Projected	FY05 Budget	Variance Favorable/(Unfavorable)
<b>Cash Provided from Operations</b>			
<b>OPERATING REVENUE</b>			
Dues			
Gross Dues	665,720	705,800	(40,080)
Rebates & Refunds	(24,422)	(30,800)	6,378
Dues - Net	<b>641,298</b>	<b>675,000</b>	<b>(33,702)</b>
Convention			
Revenue	117,950	116,975	975
Expense	(82,735)	(81,975)	(760)
Convention Revenue - Net	<b>35,215</b>	<b>35,000</b>	<b>215</b>
Magazine Advertising			
Classified	26,820	30,000	(3,180)
Display Advertising	141,143	150,000	(8,857)
Magazine Advertising - Total	<b>167,963</b>	<b>180,000</b>	<b>(12,037)</b>
Contributions			
Contributions - Eagle Fund	46,832	50,000	(3,168)
Contributions - Other	0	0	0
Contributions From Restricted Foundation Fund	9,000	9,000	0
Fund Raising Expense	(12,273)	(9,000)	(3,273)
Contributions Net of Expense	<b>43,559</b>	<b>50,000</b>	<b>(6,441)</b>
Merchandise Income			
Merchandise Sales	194,696	215,000	(20,304)
Shipping and Handling Charges	25,196	21,200	3,996
Cost of Goods Sold	(123,659)	(139,125)	15,466
Merchandise Gross Revenue	<b>96,233</b>	<b>97,075</b>	<b>(842)</b>
Subscriptions	<b>23,578</b>	<b>24,000</b>	<b>(422)</b>
Contest Fees	<b>23,360</b>	<b>21,000</b>	<b>2,360</b>
Accounting Services	<b>13,535</b>	<b>5,000</b>	<b>8,535</b>
Interest	<b>435</b>	<b>600</b>	<b>(165)</b>
LCSB Cash Back Program	<b>2,004</b>	<b>1,750</b>	<b>254</b>
Miscellaneous	<b>4,500</b>	<b>1,500</b>	<b>3,000</b>
<b>NET OPERATING REVENUE</b>	<b>1,051,680</b>	<b>1,090,925</b>	<b>(39,245)</b>
<b>ADMINISTRATIVE EXPENSE</b>			
Compensation			
Wages	336,757	357,538	20,781
Insurance - Health	40,276	45,000	4,724
Pension Contribution	0	7,200	7,200
Taxes - Payroll	25,964	27,566	1,602
Compensation, Benefits and Taxes	<b>402,997</b>	<b>437,304</b>	<b>34,307</b>
Advertising	<b>880</b>	<b>600</b>	<b>(280)</b>
Bad Debts Expense	<b>1,200</b>	<b>1,200</b>	<b>0</b>
Badge & Records	<b>8,500</b>	<b>10,000</b>	<b>1,500</b>
Bank Charges	<b>1,790</b>	<b>1,800</b>	<b>10</b>
Computer Maintenance Expense	<b>19,439</b>	<b>16,750</b>	<b>(2,689)</b>
Contract Labor	<b>45,469</b>	<b>39,700</b>	<b>(5,769)</b>
Credit Card Fees	<b>14,660</b>	<b>15,500</b>	<b>840</b>
Education - Staff	<b>500</b>	<b>3,000</b>	<b>2,500</b>
Electronic Communication	<b>14,863</b>	<b>14,000</b>	<b>(863)</b>
Equipment Rental/Maintenance	<b>20,285</b>	<b>16,800</b>	<b>(3,485)</b>
Insurance - Other	<b>12,440</b>	<b>11,670</b>	<b>(770)</b>
Interest Expense	<b>1,000</b>	<b>0</b>	<b>(1,000)</b>
Maintenance - Building & Grounds	<b>18,910</b>	<b>21,500</b>	<b>2,590</b>
Meeting Support	<b>5,500</b>	<b>6,000</b>	<b>500</b>
NAA Dues	<b>12,832</b>	<b>14,000</b>	<b>1,168</b>
Postage	<b>141,391</b>	<b>150,000</b>	<b>8,609</b>
Printing	<b>174,761</b>	<b>168,000</b>	<b>(6,761)</b>
Professional Dues	<b>2,927</b>	<b>2,500</b>	<b>(427)</b>
Professional Services	<b>11,500</b>	<b>12,000</b>	<b>500</b>
SSA - Promotion	<b>10,740</b>	<b>10,000</b>	<b>(740)</b>

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	FY05 Projected	FY05 Budget	Variance Favorable/(Unfavorable)
<b>Cash Provided from Operations</b>			
SSA - Growth	9,869	10,500	631
Supplies	23,239	20,000	(3,239)
Taxes - Miscellaneous	270	150	(120)
Telecommunications	14,754	17,000	2,246
Travel	24,440	32,000	7,560
Trophies/Awards	13,834	15,000	1,166
Utilities	16,212	17,500	1,288
<b>TOTAL ADMINISTRATIVE EXPENSE</b>	<u>1,025,202</u>	<u>1,064,474</u>	<u>39,272</u>
<b>CAPITAL PROVIDED BY OPERATIONS</b>	26,478	26,451	27
Amortization Building and Land	7,020	7,020	0
Depreciation	7,596	7,596	0
	<u>14,616</u>	<u>14,616</u>	<u>0</u>
<b>NET CAPITAL INCREASE (DECREASE)</b>	<u><u>11,862</u></u>	<u><u>11,835</u></u>	<u><u>27</u></u>