

Treasurer's Report
 Winter 2012 Board Meeting
 February 3, 2012

I am happy to report that the financial condition of the SSA is stable given the economic realities of 2011. Year to Date November 30, 2011 we have a \$118,500 Net Capital Increase on Operating Revenues of \$915,000. \$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 that are 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 \$13,500.

Director Diane Black-Nixon arranged for a \$1,000,000 anonymous donation to 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.

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 November, our membership was 10,524 vs. 10,885 in November 2010. This represents a 331 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)
Sep	10,648	10,754	(106)	10,846	(198)
Oct	10,594	10,754	(160)	10,834	(240)
Nov	10,524	10,754	(230)	10,855	(331)

The decline in membership continues to be the most significant problem facing the SSA. Membership growth starts US. Each of us needs to push our local clubs to be much more proactive in attracting new members to our sport.

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

Revenue

Total revenue for the period ended November 30, 2011 is \$915,000 against a budget of \$856,000 a favorable variance of \$59,000. The major drivers are Contributions from the Foundation is \$113,000 (\$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. This favorable variance is offset by Philadelphia Conference cost overruns of \$30,000 and Merchandise shortfall of \$10,000, Dues Income shortfall of \$12,000.

Expenses

Total Operating Expenses were \$783,000 against a budget of \$876,000 a \$93,000 favorable variance. Printing cost of \$93,000 is \$33,000 under budget. This is a result of the change our Editor recommended in printer for Soaring Magazine. Postage is \$102,000 is \$23,000 under budget. The budget included \$22,000 in US Team sanction fees that were not paid, generating a \$22,000 favorable. As you review the November 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 \$118,500 is \$152,000 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 \$13,500 Net Capital Increase a \$47,500 over budget.

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.

Accounting Manager Misty LeBreton has identified about \$8,000 of uncollectable accounts receivable and will establish a reserve for these receivables in December.

2011 Forecast

Attached is the latest 2011 Forecast. SSA Operations break even not including the onetime \$105,000 donation.

Audit

The audit of December 2010 is complete. 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.

In October the Board approved that the SSA engage Johnson & Miller Company to perform the annual audit of the books and records of the SSA and the SSA Foundation for 2011. During the week between Christmas and New Years the annual audited physical inventory of merchandise inventory will occur.

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.

Unfortunately, business obligations prevented me from attending the December 16, 2011 NAA Board Meeting.

2012 Budget

The 2012 Budget is attached for your review. The only change from the draft budget that you reviewed for our October Board meeting is that Dues Income has been reduced to reflect the continuing decline in membership. Our results will be largely driven by the success of the Reno Convention in 2012.

I recommend that the Board approve the attached 2012 SSA Operations Budget.

Other

Accounting System Recommendation

Accounting Manager Misty LeBreton is in the process of completing a requirements study to use as a basis for comparing accounting system replacements for our Peachtree software. I would expect a recommendation for accounting software will be forwarded to the ExCom late in the First or early in the Second Quarter of 2012.

Merchandise Analysis

Accounting Manager Misty LeBreton will review the results of the merchandise inventory in an effort to determine how much slow moving merchandise we have. From this we can determine if we need to provide a inventory reserve for slow moving merchandise.

Accounts Receivable

Accounting Manager Misty LeBreton in addition to identifying uncollectable receivables mentioned above, she continues to drive a collections effort by various Hobbs staff to ensure timely collection of our receivables.

Respectively submitted,

David H. Pixton
Director at large
SSA Treasurer

Attachments:

November SSA Operations Profit and Loss Statement

November SSA Operations Balance Sheet

2011 Forecast

2012 Budget

2012 Reno Convention Budget

2012 Membership Metrics