

Treasurer's Report
Board of Directors
Soaring Society of America
February 2005

Assessment of the Financial Condition of the Organization

As I assume the role of Treasurer of the Soaring Society and write this, I am not sure how to evaluate our current financial situation. The words tenuous and chaotic come to mind; tenuous because, while we did bring in more than we spent this year and exceeded our financial targets, we did so only because of a large, unexpected donation; chaotic because we have not demonstrated the ability to plan for significant financial events. Adding to the sense of chaos is the relationship between the operating arm of the organization and the SSA Foundation, a relationship that leaves us with poorly defined and ambiguous rules for accessing the Society's surplus funds. In this relationship, we find ourselves in a situation where the surplus funds on which the organization is dependent are controlled by a body that is not responsible for the Society's operations and the services it provides its members.

During the year we found that we had to spend funds on new telephone and computer equipment; expenditures that were unforeseen six months earlier when the budget was prepared. We also discovered that the SSA building in Hobbs needed immediate and significant repairs estimated at \$75,000 or more. Yet, we had no funds to cover this need and no clear understanding of how to access the surplus funds held in the foundation. Rome burned while we fiddled. Twice during the year we had to borrow against the line of credit with no clear idea of how or when it would be repaid.

Aside from managing to the budget for fiscal 05, we need to do several additional things if we are to place the organization on a sound financial footing:

- Prepare a long-term plan that reflects the financial needs of the organization and answers the question, "What additional needs will we have for capital over-and-above day-to-day operations?"
- Build a budget and financial plan for 06 that fully 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

Fiscal 04 Operating Results

Operating results surpassed the budget only because the Society received a large and unanticipated donation of \$190,000. Without that donation, income before depreciation and amortization was \$30,257 against a budget of \$36,325. Included in 2004 operating results were unplanned expenditures totaling \$15,000 for computer and telephone equipment

Fiscal 2005 Budget

An interim budget was submitted for approval at the December 11, 2004 Executive Committee meeting. Subsequent to that meeting minor changes have been made to the budget proposal, which is included in Agenda Item 4.1. The Budget and Finance Committee, at the on-set of the development of the budget, set out the objective of having a positive net income target that would add to the capital of the organization and be available for future expenditures, such as further infrastructure improvements. The Committee views as untenable the situation in which the Society found itself in 2004 where critical maintenance to the facility in Hobbs was required but for which no funds were available. Avoiding this requires that the Society build an accessible surplus to handle these types of expenditures. In line with this need, the fiscal 05 budget provides for a net income before depreciation and amortization of \$26,000.

Respectively submitted,

John Volkober
Treasurer