

SSA TREASURER'S REPORT
RICHARD M. MALEADY
February 19, 2018

I. YEAR END RESULTS FOR 2017

Preliminary (unaudited) financial results for SSA Core Operations for 2017 are shown in **Attachment A** (Statement of Revenues and Expenses) and Attachment B (Statement of Assets, Liabilities and Fund Equity).

Highlights include:

- Net Operating Revenues were \$785,070, or \$4,051 less than budgeted.
- Net operating expenses were \$739,397, or \$40,734 less than budgeted.
- Net operating income before amortization, depreciation and other non-cash adjustments and accruals (Capital Provided by Operations) was a positive \$45,673, which was \$36,683 better than the expected results.

It would be quite difficult not to view these results in an extremely positive manner. Our membership decline appears to have slowed significantly, resulting in an increase of \$26,382 in membership revenue. While we had \$42,000 of income due from the General Endowment, we only used \$15,000 of that amount. The balance of \$27,000 will remain in the General Endowment Available Funds.

Individual line items varied, both over and under budget, as would be expected. One significant variance occurred in the Eagle Fund Contribution amount. While we budgeted \$55,075 in contributions, we only received \$37,671. This is an area that is being addressed.

I will continue to include as Attachments to this report, the SSA Foundation Year End Income Statement (Attachment C), SSA Foundation Year End Balance Sheet (Attachment D) and the "Fund Tracker" Spreadsheet (Attachment E). This will enable you to see the funds available to SSA Operations from funding sources in the Foundation. Those include the General Endowment Available Fund, the Life Member Trust and the Kunda Operating Reserve. The balances in these Funds as of 12/31/2017 are as follows:

General Endowment Available Fund - \$80,363

Life Member Trust - \$147,467

Kunda Operating Reserve - \$732,608

II. Financial Projections & Budget for 2018

The final budget for 2018 (Version 5.b) is included with this report as Attachment F. A draft of this budget was presented to the full Board at the Fall Meeting, and the final 2018 budget was approved by the Board acting through the ExComm at that group's telephone conference on

January 23, 2018. Therefore, no action is required on the budget by the full Board at this Spring's Board Meeting.

A. Critical Revenue Assumptions for 2018

1. Dues Revenue

Due to an anticipated ongoing loss in membership, we are budgeting total Dues & Subscription revenue of \$551,525, which is only slightly less than the revenue collected in 2017. This budget can be met if we are able to continue to reduce the decline in membership that was evidenced in 2017.

2. Foundation Distributions

The SSA Foundation Trustees have authorized the use of \$47,382.06 from the General Endowment Fund and \$8,550 from the Life Member Fund in 2018. We have also budgeted \$91,750 to be withdrawn from the Kunda Operating Reserve. \$30,000 of this amount is budgeted for Growth and Promotion activities and \$46,750 is budgeted for the SSAF Planned Giving Initiative. If we use all of these funds, as we have shown in the budget, and we achieve all of our other budget projections, we will end 2018 with a \$50,585 cash operating surplus--Capital Provided by Operations.

B. Cost and Expense Assumptions behind 2018 Budget

Denise and the Staff in Hobbs do an excellent job of estimating and controlling administrative costs for Operations. Therefore, I would expect the budgeted expenses to be accurate for 2018. In our efforts to reduce costs in Hobbs, it appears we may have cut our staffing to levels that are not sustainable. We have included funds in the budget to accommodate any staffing increases determined to be necessary to maintain optimal efficiency.

III. Other Financial Issues and Concerns

A. Audit of 2017 Financial Statements

We have once again engaged the accounting firm of Johnson Miller to conduct a full audit of our books for 2017. They have already begun their work, having participated in the yearend inventory count in December 2017. The expected charge by Johnson Miller should once again be about \$37,000, although that cost includes some non-audit related accounting work that Johnson Miller also does for SSA.

IV. Summary

The SSA appears to be in excellent financial shape. While we have budgeted significant withdrawals from the funds available in the SSA Foundation General Endowment Available Fund over time, we have actually withdrawn only a small portion of the funds available. The balance continues to grow. We withdraw funds from the Life Member Trust--which was set up to fund Life Member membership costs--as would be expected. That balance also continues to grow. We have benefitted greatly from the investment performance of our funds, as managed by the SSAF. And we have benefitted greatly by the performance of Denise and her staff in controlling our costs. This, coupled with our two recent dues increases, appears to have put the SSA well on track to covering our normal operating expenses with our normal operating revenues.

With regard to the Kunda Operating Reserve, we have a current balance in excess of \$700,000. We plan to use a portion of those funds in 2018 for Growth & Retention and the Planned Giving Initiative. The money budgeted for Growth & Retention rarely gets spent. Funding for Junior's initiatives is being undertaken at this time and will continue. We need other ideas for effective use of these funds. If you have thoughts regarding this, please bring them up with Chairman Sorenson, or our Growth & Retention Chairman, Christopher Schrader.

Sincerely,

Richard M. Maleady

Richard M. Maleady
SSA Treasurer

Attachments to 2-2018 Treasurer's Report

- A. Preliminary (unaudited) Statement of Revenues and Expenses for SSA Core Operations for the twelve months ended December 31, 2017
- B. Preliminary (unaudited) Balance Sheet for SSA Operations as of December 31, 2016
- C. Preliminary (unaudited) Statement of Revenues and Expenses for SSA Foundation for the twelve months ended December 31, 2017
- D. Preliminary (unaudited) Balance Sheet for SSA Foundation as of December 31, 2016
- E. "Tracker" worksheet for SSA Foundation funds as of December 31, 2016
- F. Final Budget for SSA Operations for calendar year 2018 (Version 5.b)

