I. 2018 Year End Results

Preliminary (unaudited) financial results for SSA Core Operations for 2018 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 $755,592, or $147,457 less than budgeted. $100,000 of this shortfall was a contribution of $100,000 to the Kunda Fund.
• Net operating expenses were $820,031, or $47,556 less than budgeted.
• Net operating income before amortization, depreciation and other non-cash adjustments and accruals (Capital Provided by Operations) was a negative $64,439. Taking the $100,000 contribution to Kunda into account, Operations provided Capital of $35,561, which was $99 better than budgeted.

I view these results as quite positive. Our membership decline appears to have slowed somewhat, resulting in a year over year increase in membership dues of $4891.

We budgeted a General Endowment distribution of $47,382 and a Kunda distribution of $65,420. We used $42,827 from the General Endowment Fund and $26,330 from the Kunda Fund, or $43,645 less than budgeted. $15,840 was withdrawn from the Life Member Trust as approved by the Board and the Foundation last September.

Individual line items varied, both over and under budget, as would be expected.

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 12/31/2018 are as follows:

General Endowment Available Fund - $79,477
Life Member Trust - $139,151
Kunda Operating Reserve - $770,155
II. Financial Projections & Budget for 2018

The Final Budget for 2019 is included with this report as Attachment F. A preliminary draft of this budget was presented to the full Board at the Fall 2018 Meeting, and the final 2019 budget was approved by the Board acting through the ExCom at that group's telephone conference on December 20, 2019. Therefore, no action is required on the budget by the full Board at this Board Meeting.

A. Critical Revenue Assumptions for 2018

1. Dues Revenue
   As a result of the dues increase approved by the Board in September, dues revenue is projected to be $620,718, which is an increase of $18,237 over 2018.

2. Foundation Distributions
   The SSA Foundation Trustees have authorized the use of $51,248.82 from the General Endowment Fund and $15,919 from the Life Member Fund in 2019. We have also budgeted $88,861 to be withdrawn from the Kunda Operating Reserve. $30,000 of this amount is budgeted for Growth and Promotion activities, as well as $14,400 for Social Media.

   $31,461 is budgeted for the SSAF Planned Giving Initiative. It should be noted that the money budgeted for Planned Giving is the balance of the original $50,000 that was approved by the Board in 2017 for that purpose. It is not an ongoing expense item.

   If we use all these distributions and achieve our other budget projections, Operations will provide capital in the amount of $47,731.

B. Cost and Expense Assumptions behind 2018 Budget

Denise and the staff in Hobbs continue to do a good job of budgeting and controlling expenses. I anticipate that we should be able to achieve favorable results for 2019.

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 2018. They have already begun their work, having participated in the yearend inventory count in December 2018. The expected
charge by Johnson Miller should be about $41,000, although that cost includes some non-audit related accounting work that Johnson Miller also does for SSA.

B. Membership Statistics

I have done a review of our membership numbers over the years for which I have data and would like to present some of that information for your review. These numbers are exclusive of Life Members.

From 2009 through 2018 our average yearly membership has declined at the rate of 1.39% per year. In the 4 years in which we have increased dues, our membership has declined an average of 1.34% per year, and in the last two years our membership has declined an average of .8% per year.

In 2014 we had dues income of $555,655, and that grew to $602,481 in 2018.

These numbers would seem to indicate that gradual dues increases do not severely impact membership. They may also be an indication that our Growth and Promotion efforts are having a beneficial effect.

IV. Summary

The SSA continues to be in excellent financial shape. While we have budgeted significant withdrawals from the General Endowment Available Fund over time, we have withdrawn only a portion of those funds. Our balance in Available funds is virtually identical to the December 2017 balance, even with the significant December losses in the investment portfolio.

With regards to the Kunda Operating Reserve, we have a current balance in excess of $770,000. We plan to use a portion of those funds in 2019 for Growth & Retention and the Planned Giving Initiative. Funding for Junior's initiatives is being undertaken at this time and will continue.

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, 2018
B. Preliminary (unaudited) Balance Sheet for SSA Operations as of December 31, 2018
C. Preliminary (unaudited) Statement of Revenues and Expenses for SSA Foundation for the twelve months ended December 31, 2018
D. Preliminary (unaudited) Balance Sheet for SSA Foundation as of December 31, 2018
E. "Tracker" worksheet for SSA Foundation funds as of December 31, 2018
F. Final Budget for SSA Operations for calendar year 2019