

NATIONAL RAILWAY



HISTORICAL SOCIETY

Internal Correspondence**Reply to : 3565 Chatham Way
Ann Arbor, Mi. 48105**

DATE: Oct. 8, 2009

FROM : Robert M. Heavenrich, Comptroller

TO : NRHS Board of Directors

SUBJECT : Sept. 2009 Financial Reports

Because of several family commitments, Diane and I, unfortunately, are unable to attend the Fall 2009 Board of Directors meeting.

The financial reports for this meeting cover the period Jan. 1, 2009 through Sept 30, 2009 and use data that has not been audited. The reports consist of a comparison of our 2009 Income and Expenses with our budget, a comparison of our Balance Sheet data for this year to date with that for year end values for the preceding seven years and two graphs comparing our income and expenses and net assets since FY2000.

The statement of operations report compares our income and expense for this year with the budget as approved by the NRHS Board at its Fall 2008 meeting. Total income for FY2009 is now above the one million dollar mark, a record for our Society. Part of the reason for this being a record year has to be attributed to the fact the 2009 NRHS Convention was operated and sponsored by the National Society, rather than, as is the usual case, one or more of our chapters.

Because we have more than one million dollars in income, we will be required to use the new version of the IRS Form 990 when we prepare and file our informational tax return for FY2009 next spring. The requirements of this new form are more stringent in some areas, but less stringent in others. In particular, IRS no longer requires to tracking and reporting of financial data for several categories including printing, postage, and telephone expenses. This, in turn, means that this fiscal year provides an opportunity for us to review and simplify our chart of accounts and this effort was started at in mid Sept. at the Finance committee meeting.

The FY2009 budget indicates net income to be \$41,000 but at a review of our 2009 data at the Finance meeting indicates our net income for this year will be well in excess of \$200,000. This data, along with projected income and expenses based on the proposed 2010 budget, is shown on the graph comparing our income and expenses since FY2000.

On the income side, major shortfalls are likely, however, for several categories including 4100 Dues, 4200 Interest and Dividends and 4400 Convention. Unrestricted donations (see account

4800) are a major exception because we have already received over \$325,000 in unrestricted donations with \$273,888.15 of this amount coming from bequests from the estates of John Marshall and Fred Houser.

Since 1998, our society has received well over \$466,000 in very generous bequests from former members. To date this year, we have also received over \$15,000 in donations received from Federal Employees via the Combined Federal Campaign and that program is proving to be a reliable source of funds. Total National Society income since 1998 has been about 6.5 million dollars, with 3.8 million of this coming in the form of dues and 1.1 million in donations and bequests.

On the expense side, with a few exceptions, our expense accounts running close to their 2009 budgeted amounts. For account 5200 *NRHS Bulletin* expenses, the current procedure is to use an estimate and make a journal entry at the beginning of each fiscal year's budgeted *Bulletin* expenses to establish a liability. Account 2300 Unpublished Bulletins is then used to track the cost of producing that year's Bulletins. As necessary, adjustments are made to this account after all of the *Bulletin* related bills for a that year have paid.

The balance sheet shows, the Sept 30, 2009 liability for unpublished Bulletins to be \$71,753 compared to a value of well over \$230,000 at the end of FY2006. This difference is consistent with the fact publication and distribution of the *Bulletin* is now 'caught up'. The balance in account 2300 now represents just an estimate of what it will cost to produce and distribute the remaining issues of this year's Bulletins.

The balance sheet (statement of condition) also shows that the year end values of our net assets decreased during FY2007 and again during FY2008, but are now projected to increase this year. This increase is also show in the graph of the Year End Net Assets. The graph also includes a projection, based on the 2010 proposed budget, that indicates at the end of 2010 we can expect to have about the same amount of net assets, as we did at the end of FY2000.

Currently, cash (bank) accounts show a balance of slightly over \$71,000 compared to over \$132,000 at the end of FY2008. We currently have two checking accounts, one at Bank of America which was used for transactions related to just this year's convention and one at Blackhawk State Bank which is used for all other income and expenses. Typically, the balances in these accounts are kept high enough to cover one month's expenses and as necessary, funds are moved to and from our Merrill Lynch Money Fund.

Diane and look forward to attending and seeing you at the next meeting of the Board of Directors in Charleston, SC.

Attachments

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National Railway Historical Society, Inc.
Preliminary Statement of Operations (Unaudited)
January 1, 2009 to Sept. 30, 2009

	Approved Budget	Actual	Budget Minus Actual	Percent of Budget
Income				
4100 · Dues	\$430,000	\$391,349	\$38,651	91%
4200 · Interest and Dividends	24,000	2,776	21,224	12%
4300 · Sales	9,000	2,588	6,412	29%
4400 · Convention	311,000	249,524	61,476	80%
4450 · RailCamp	50,000	53,041	(3,041)	106%
4500 · Capital Gains	1,000	0	1,000	0%
4700 · Non Operating	2,000	0	2,000	0%
4800 · Unrestricted Donations	85,000	327,954	(242,954)	386%
4900 · Restricted Donations	10,000	3,461	6,540	35%
4999 · Other Income	0	4,807	(4,807)	
Total Income	\$922,000	\$1,035,499	(\$108,692)	112%
Expense				
5100 · Convention	\$259,000	\$257,618	\$1,382	99%
5200 · NRHS Bulletin	172,000	176,306	(4,306)	103%
5300 · Other Publications	24,000	21,708	2,292	90%
5400 · Membership Records	20,000	14,146	5,854	71%
5500 · Staff Expenses	15,000	10,763	4,237	72%
5600 · Administrative Meetings	14,000	22,424	(8,424)	160%
5700 · Rent	6,000	4,695	1,305	78%
5800 · Admin. Office	9,000	6,537	2,463	73%
5950 · Financial Fees	4,000	3,194	806	80%
5960 · Insurance	7,000	7,035	(35)	101%
6000 · Corporate	3,000	8,045	(5,045)	268%
6050 · Accounting	9,000	15,796	(6,796)	176%
6060 · Legal Fees	7,000	580	6,420	8%
6100 · Public Relations	30,000	25,482	4,518	85%
6200 · Planning and Development	2,000	0	2,000	0%
6400 · Emblem Sales	2,000	328	1,672	16%
6500 · Services	22,000	9,235	12,765	42%
6600 · Library Operations	500	430	70	86%
6640 · Heritage Film	500	0	500	0%
6700 · RailCamp	50,000	37,948	12,052	76%
6700 · IT Systems	31,000	487	30,513	2%
7000 · Administrative Mgmt. Support	146,000	112,160	33,840	77%
8000 · Depreciation	3,000	0	3,000	0%
9100 · Grants	40,000	40,060	(60)	100%
9150 · Donations	1,000	0	1,000	0%
9200 · Non Operating	2,000	0	2,000	0%
9300 · Library Acquisitions	2,000	0	2,000	0%
Total Expense	\$881,000	\$774,975	\$106,025	88%
Net Income	\$41,000	\$260,524		

Notes:

Some totals may not add up exactly due to rounding.

Bulletin expenses include estimates for FY2009 Bulletins

Not all convention or RailCamp transactions have been processed.

National Railway Historical Society, Inc.

Preliminary Statement of Condition (Unaudited)

	09/30/2009	12/31/2008	12/31/2007	12/31/2006	12/31/2005	12/31/2004	12/31/2003	12/31/2002
ASSETS								
Cash On Hand and In Banks								
1000 Cash Accounts	\$71,315	\$132,147	\$73,030	\$67,313	\$26,751	\$92,385	\$64,963	\$25,291
1050 Money Fund	441,098	323,919	390,425	78,802	82,121	131,746	25,184	118,810
1100 Certificates of Deposit	20,510	20,666	20,653	20,651	20,510	35,282	35,242	50,000
1180 Treasury Bills	0	0	0	0	0	0	80,000	130,000
TOTAL Cash On Hand and In Banks	\$532,922	\$476,732	\$484,107	\$166,765	\$129,381	\$259,413	\$205,389	\$324,101
Other Assets								
1400 Accounts Receivable	\$0	\$11,524	\$0	\$214	\$0	\$6,624	\$2,717	\$1,042
1200 Inventory	23,939	20,360	14,101	12,579	14,941	21,378	14,782	15,145
1300 Prepaid Expenses	1,442	22,897	2,719	17,461	18,625	9,203	2,428	5,828
1500 Investment Securities	33,796	33,796	92,009	430,736	364,670	263,748	230,460	132,337
1800 Furniture/Fixtures/Equipment	3,476	3,476	7,962	12,068	13,701	15,905	4,561	6,269
TOTAL Other Assets	\$62,653	\$92,053	\$116,791	\$473,059	\$411,937	\$316,857	\$254,947	\$160,620
TOTAL ASSETS	\$595,575	\$568,785	\$600,898	\$639,824	\$541,318	\$576,270	\$460,337	\$484,721
LIABILITIES								
2100 Accounts Payable	\$0	\$6,077	\$7,356	(\$604)	\$32,173	\$3,161	\$7,280	\$4,803
2200 Deferred Income	3,664	229,297	152,312	53,430	14,970	123,702	51,096	94,917
2300 Unpublished Bulletins	71,754	99,657	155,544	233,103	160,133	140,698	86,835	68,200
TOTAL LIABILITIES	\$75,418	\$335,031	\$315,212	\$285,929	\$207,275	\$267,560	\$145,212	\$167,920
NET ASSETS								
3100 Unrestricted Assets	\$450,797	\$192,982	\$220,876	\$291,831	\$272,205	\$246,926	\$250,875	\$250,379
3200 Temporarily Restricted Assets	24,561	23,372	48,436	46,815	47,688	49,160	52,726	56,422
3300 Permanently Restricted Assets	17,399	17,399	16,374	15,249	14,149	12,623	11,523	10,000
TOTAL NET ASSETS	\$492,757	\$233,753	\$285,686	\$353,895	\$334,042	\$308,709	\$315,124	\$316,801
TOTAL LIABILITIES & NET ASSETS	\$595,575	\$568,785	\$600,898	\$639,824	\$541,318	\$576,270	\$562,497	\$574,010

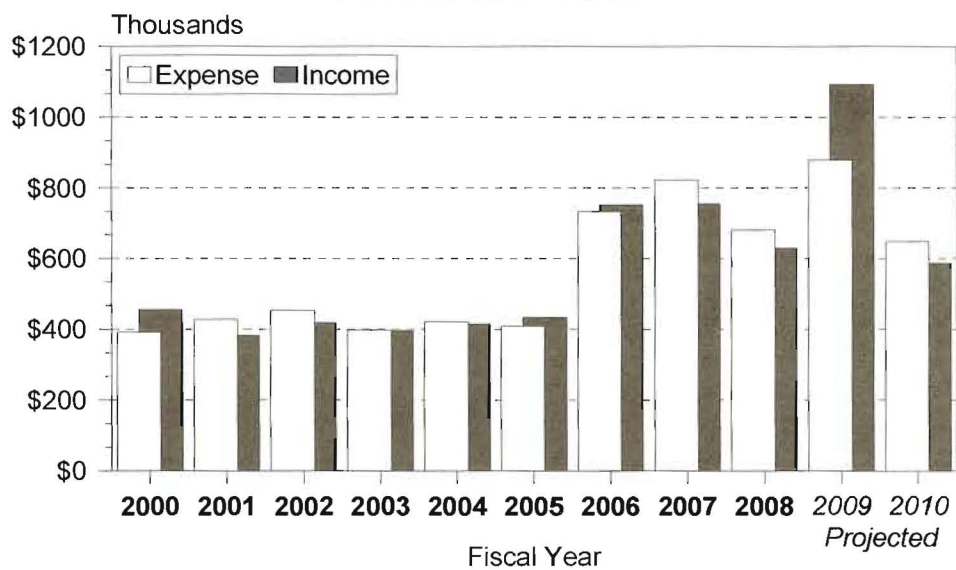
Notes: Some totals may not add up exactly due to rounding

Prepaid expenses includes overpayments to some vendors.

Deferred income includes dues and contributions for the next fiscal year.

Unpaid Bulletins include some estimates

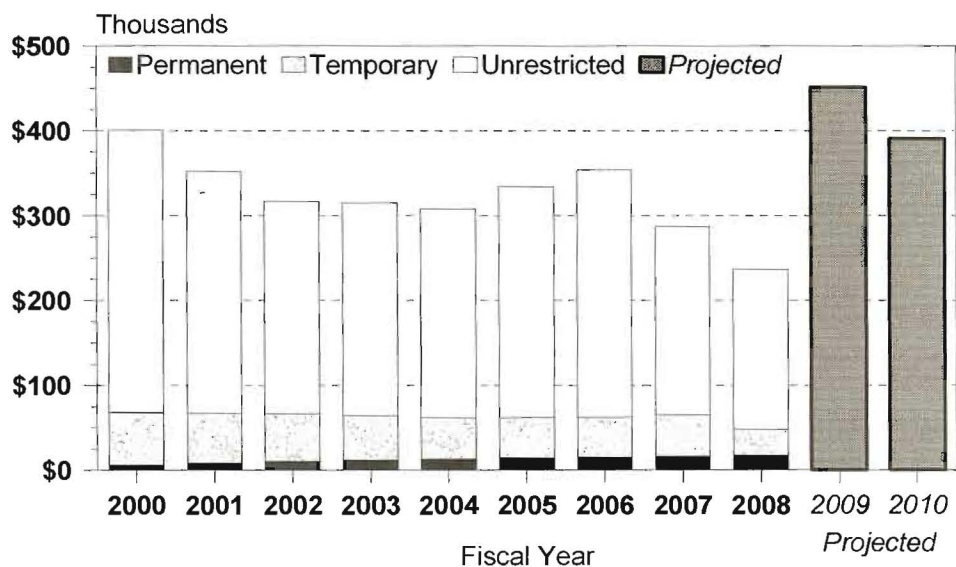
NRHS Income and Expenses FY2000 to FY2010



FY2010 per Budget Proposed by Finance Committee

2006, 2007 and 2009 Conventions were run by the National Society

Year End NRHS Net Assets FY2000 to FY2010



FY2010 is per proposed budget