

NATIONAL RAILWAY



HISTORICAL SOCIETY

Internal Correspondence

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

DATE: July 6, 2009

FROM : Robert M. Heavenrich, Comptroller

TO : NRHS Board of Directors

SUBJECT : June 2009 Financial Reports

Because of a scheduling conflict, Diane and I, unfortunately, are unable to attend this year's NRHS convention, only the second we have missed in three decades.

I would like to take this opportunity to thank the following volunteers whose work for NRHS has made the work I do for the Society that much easier to perform:

- John Fiorilla for the preparing and filing our tax return for the State of Maryland
- Joe Heffron for chairing the Finance Committee and his help with the external audit.
- Bob Bitzer for again serving as an Assistant Treasurer with lead responsibility for processing NRHS convention related financial transactions.
- Pat Molloy for encouraging us to apply for and receive donations through the Federal Government's Combined Federal Campaign program. So far this year, we have received over \$14,000 in donations through this program, and in recent years it has proven to be a steady source of funds.
- Dick Billings who has now provided over a quarter of a century as service as the NRHS Treasurer.

The financial reports for the summer Board meeting cover the period Jan. 1, 2009 through June 30, 2009 and use data that has not been audited. The reports consist of comparison of our Balance Sheet data for this year to date, with that for year end values for the preceding seven years, a comparison of our 2009 Income and Expenses with our budget and a month by month comparison of our dues revenue with previous years' data.

I am also attaching, for your reference and information, a governance related portion of the new IRS 990 form which we will be required to file next year. This part of the form includes several questions related to topics such as whether we have a conflict of interest policy, document retention/destruction policy and whistle blower policy. More information about this form is available at the Internal Revenue Service website, IRS.gov.

The balance sheet (statement of condition) shows that the year end values of our net assets decreased during FY2007 and again during FY2008. Currently, our cash accounts show a relatively high balance, but much of this money will be used by the time of the meeting, or shortly there after, to pay convention related or other bills. The decrease in account 1500 Investment Securities from its peak value in 2006 can be attributed to increased use of our money fund account instead of certificates of deposits for short term investments. Among the accounts listed under other assets, updates have been made so far this year for only 1400 Accounts Receivable and 1300 Prepaid Expenses. Decreases in the values of the other accounts in this series are only recorded once per year and there have been no recent purchases of inventory, investment securities or fixed assets. .

The statement of operations report compares our income and expense for this year with the budget which was approved by the NRHS Board at the Fall 2008 board meeting. This budget indicates net income for 2009 is expected to be \$41,000. Because many of our financial transactions relate to activities that occur just one time per year such as for example as the convention and RailCamp, it is premature to attempt to make a projection of the actual net income for the year.

On the expense side, nearly all accounts are currently well within their budgeted amounts. Please note that for account 5200 NRHS Bulletin expenses an estimate is used and a journal entry made at the beginning of each fiscal year based on the approved budget to establish a liability with account 2300 used to track the cost of producing that year's Bulletins. As necessary, adjustments are made after all of the Bulletin related bills for a that year have paid. The balance sheet shows, the June 30, 2009 the liability for unpublished Bulletins is currently \$85,907 compared to a value of well over \$230,000 at the end of FY2006 and this difference shows publication and distribution of the Bulletin is now 'caught up' and is no longer years behind schedule.

On the income side, however, shortfalls are likely for two accounts: namely 4100 Dues, and also for 4200 Interest and Dividends. In recent years, we have used a Merrill Lynch fund for short term investments instead of a ladder of Treasury Bills or certificates of deposits for short term investments and the interest rate we receive is much lower than what was anticipated last summer when the 2009 budget was prepared for approval by the Board.

From the dues revenue we receive each month, a first order projection of our membership numbers can be made. Because dues rates and membership numbers have changed over the years, normalized data has to be used for this analysis with the data expressed as a percent of each year's total dues revenue. For example, FY2008 dues totaled \$417,523 with \$50,951 or 12.2% of that amount processed during Nov. 2008. For 2009, \$386,735 worth of dues had been processed through the end of June or 92.6% of the 2008 total. This normalized data does not, however, take into account year to year fluctuations in numbers of members by membership classes such as regular, at large or family members etc.

The results are shown on two graphs and there is data table for each graph.. One shows normalized dues income on a per month and the other a cumulative basis. Clearly, for all years analyzed, FY2009 dues were processed at a record breaking pace during the months of October, November and December. By March, however, the cumulative normalized totals for 2009 dues had fallen behind both the 2008 pace and the average for 1997 to 2007 and may indicate a small decline in NRHS membership could occur this year.

Attachments

National Railway Historical Society, Inc.

Preliminary Statement of Condition (Unaudited)

	06/30/2009	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	\$224,025	\$132,147	\$73,030	\$67,313	\$26,751	\$92,385	\$64,963	\$25,291
1050 Money Fund	315,888	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	\$560,423	\$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	20,360	20,360	14,101	12,579	14,941	21,378	14,782	15,145
1300 Prepaid Expenses	10,746	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	\$68,378	\$92,053	\$116,791	\$473,059	\$411,937	\$316,857	\$254,947	\$160,620
TOTAL ASSETS	\$628,801	\$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	1,685	229,297	152,312	53,430	14,970	123,702	51,096	94,917
2300 Unpublished Bulletins	85,807	99,657	155,544	233,103	160,133	140,698	86,835	68,200
TOTAL LIABILITIES	\$87,492	\$335,031	\$315,212	\$285,929	\$207,275	\$267,560	\$145,212	\$167,920
NET ASSETS								
3100 Unrestricted Assets	\$304,395	\$192,982	\$220,876	\$291,831	\$272,205	\$246,928	\$250,875	\$250,379
3200 Temporarily Restricted Assets	30,061	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	\$351,855	\$233,753	\$285,686	\$353,895	\$334,042	\$308,709	\$315,124	\$316,801
TOTAL LIABILITIES & NET ASSETS	\$628,801	\$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

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

	Approved Budget	Actual	Budget Minus Actual	Percent of Budget
Income				
4100 · Dues	\$430,000	386,735	\$43,265	90%
4200 · Interest and Dividends	24,000	2,210	21,790	9%
4300 · Sales	9,000	802	8,198	9%
4400 · Convention	311,000	228,862	82,138	74%
4450 · RailCamp	50,000	34,400	15,600	69%
4500 · Capital Gains	1,000	0	1,000	0%
4700 · Non Operating	2,000	0	2,000	0%
4800 · Unrestricted Donations	85,000	51,461	33,539	61%
4900 · Restricted Donations	10,000	1,943	8,058	19%
4999 · Other Income	0	4,777	(4,777)	
Total Income	\$922,000	711,190	\$215,587	77%
Expense				
5100 · Convention	\$259,000	\$56,205	\$202,795	22%
5200 · NRHS Bulletin	172,000	171,224	776	100%
5300 · Other Publications	24,000	13,033	10,967	54%
5400 · Membership Records	20,000	7,331	12,669	37%
5500 · Staff Expenses	15,000	3,657	11,343	24%
5600 · Administrative Meetings	14,000	18,073	(4,073)	129%
5700 · Rent	6,000	3,282	2,718	55%
5800 · Admin. Office	9,000	3,586	5,414	40%
5950 · Financial Fees	4,000	2,071	1,929	52%
5960 · Insurance	7,000	6,778	222	97%
6000 · Corporate	3,000	5,314	(2,314)	177%
6050 · Accounting	9,000	8,140	860	90%
6060 · Legal Fees	7,000	297	6,703	4%
6100 · Public Relations	30,000	23,303	6,697	78%
6200 · Planning and Development	2,000	0	2,000	0%
6400 · Emblem Sales	2,000	130	1,870	6%
6500 · Services	22,000	2,722	19,278	12%
6600 · Library Operations	500	333	167	67%
6640 · Heritage Film	500	0	500	0%
6700 · RailCamp	50,000	2,941	47,059	6%
6700 · IT Systems	31,000	0	31,000	0%
7000 · Administrative Mgmt. Support	146,000	73,000	73,000	50%
8000 · Depreciation	3,000	0	3,000	0%
9100 · Grants	40,000	0	40,000	0%
9150 · Donations	1,000	0	1,000	0%
9200 · Non Operating	2,000	694	1,306	35%
9300 · Library Acquisitions	2,000	0	2,000	0%
Total Expense	\$881,000	\$402,114	\$478,886	46%
Net Income	\$41,000	\$309,076		

Notes:

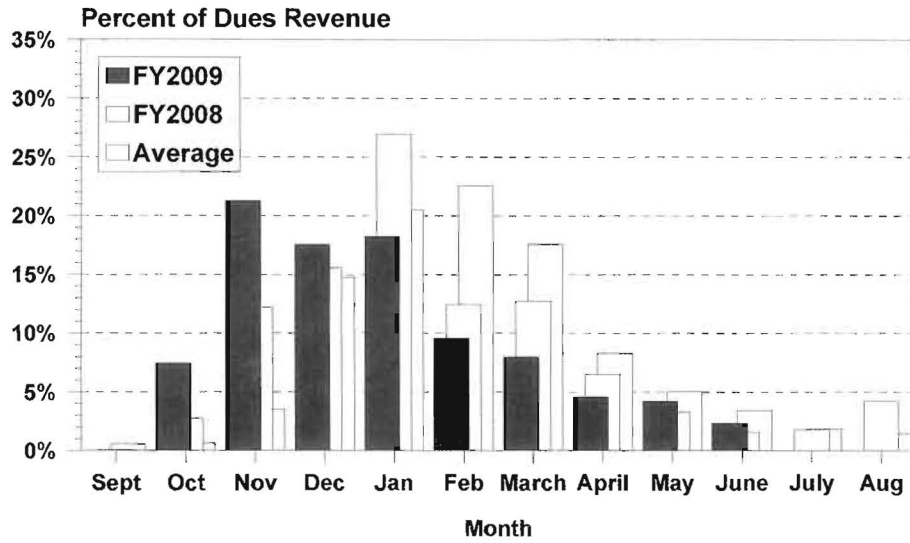
Some totals may not add up exactly due to rounding.

Capital Gains include unrealized gains per FASB 124.

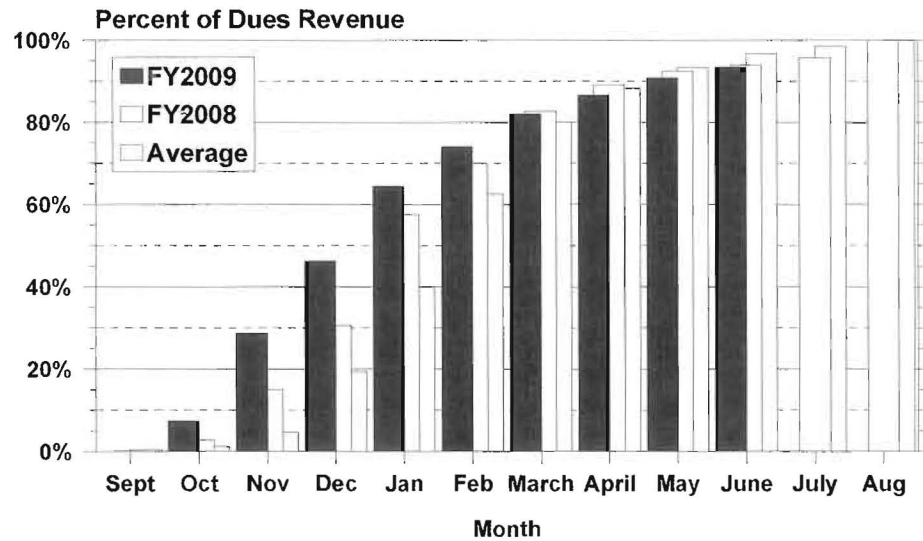
Bulletin expenses include estimates for FY2009 Bulletins and exclude adjustments for prior years,

Not all convention or RailCamp transactions have been processed.

Percent of NRHS Dues Received by Month
 FY2008 and FY2009 Compared to Average for FY1997-2007



Cumulative Percent of NRHS Dues Received by Month
 FY2008 and FY2009 Compared to Average for FY1997-2007



NRHS Dues Analysis

Cumulative Per Cent of Total Dues Receipts by Month

	Month	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	July	Aug	Notes
1	FY1993	1.2%	3.3%	16.8%	39.7%	62.1%	79.3%	89.1%	94.8%	96.4%	98.4%	99.3%	100.0%	
2	FY1994	1.2%	7.3%	18.1%	43.0%	67.4%	79.4%	89.3%	94.9%	96.7%	98.5%	99.3%	100.0%	
3	FY1995	1.2%	2.0%	18.3%	38.8%	65.8%	81.4%	89.5%	94.3%	97.2%	98.4%	99.5%	100.0%	1
4	FY1996	0.5%	1.7%	2.8%	3.2%	12.4%	57.5%	74.2%	91.1%	94.5%	94.5%	99.5%	100.0%	2
5	FY1997	0.1%	0.4%	0.4%	12.4%	38.8%	60.9%	75.6%	83.3%	92.3%	95.9%	97.2%	100.0%	3
6	FY1998	0.0%	0.9%	10.2%	30.0%	54.1%	66.7%	80.9%	91.3%	93.9%	97.8%	98.8%	100.0%	
7	FY1999	0.1%	1.0%	2.4%	9.4%	30.5%	59.3%	82.9%	91.1%	93.6%	96.7%	98.7%	100.0%	
8	FY2000	0.7%	1.2%	13.6%	27.5%	54.0%	69.8%	84.5%	90.4%	95.8%	97.6%	99.1%	100.0%	
9	FY2001	0.0%	0.5%	6.0%	22.7%	42.0%	65.4%	84.9%	88.5%	94.9%	98.2%	99.2%	100.0%	
10	FY2002	0.0%	0.8%	9.1%	19.6%	50.1%	60.2%	79.6%	90.6%	96.0%	98.1%	100.0%	100.0%	
11	FY2003	1.6%	2.2%	2.5%	26.3%	42.2%	67.5%	75.2%	89.3%	91.5%	93.2%	98.5%	100.0%	
12	FY2004	2.0%	2.6%	2.6%	15.4%	36.9%	68.0%	87.4%	90.7%	95.0%	98.5%	99.5%	100.0%	
13	FY2005	1.0%	1.0%	1.9%	37.5%	44.6%	75.3%	85.6%	89.3%	93.9%	97.1%	99.4%	100.0%	
14	FY2006	0.1%	1.3%	1.7%	3.2%	3.9%	30.3%	65.2%	78.1%	86.3%	94.6%	95.5%	100.0%	
15	FY2007	0.1%	0.7%	1.0%	9.6%	42.0%	63.5%	78.4%	88.6%	93.3%	96.3%	98.0%	100.0%	
16	FY2008	0.1%	2.8%	15.0%	30.6%	57.6%	70.0%	82.7%	89.2%	92.5%	94.0%	95.8%	100.0%	4
17	FY2009	0.0%	7.4%	28.7%	46.3%	64.5%	74.0%	82.0%	86.6%	90.3%	92.6%			
	Avg	0.6%	2.2%	8.9%	24.4%	45.2%	66.4%	81.6%	89.5%	94.0%	96.7%	98.6%		
	std	0.6%	2.1%	8.0%	13.5%	17.2%	11.5%	6.3%	4.0%	2.6%	1.7%	1.3%		
	min	0.0%	0.4%	0.4%	3.2%	3.9%	30.3%	65.2%	78.1%	86.3%	93.2%	95.5%		
	max	2.0%	7.4%	28.7%	46.3%	67.4%	81.4%	89.5%	94.9%	97.2%	98.5%	100.0%	100.0%	

Notes:

- 1) Last Year with Lloyd Publicity
- 2) Last Year Allan Vaughn chaired membership records
- 3) Data processing performed by Circular Advertising
- 4) First year with Fernley & Fernley.

Per Cent of Total Dues Receipts by Month

	Month	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	July	Aug
1	FY1993	1.2%	2.1%	13.5%	22.9%	22.4%	17.2%	9.7%	5.7%	1.6%	2.1%	0.9%	0.7%
2	FY1994	1.2%	6.2%	10.7%	24.9%	24.4%	12.0%	9.9%	5.6%	1.7%	1.8%	0.8%	0.7%
3	FY1995	1.2%	0.8%	16.3%	20.5%	27.0%	15.7%	8.1%	4.8%	2.9%	1.2%	1.1%	0.5%
4	FY1996	0.5%	1.2%	1.1%	0.4%	9.2%	45.1%	16.8%	16.9%	3.4%	0.0%	5.0%	0.5%
5	FY1997	0.1%	0.3%	0.0%	12.1%	26.3%	22.2%	14.7%	7.7%	8.9%	3.7%	1.2%	2.8%
6	FY1998	0.0%	0.9%	9.3%	19.8%	24.1%	12.6%	14.2%	10.4%	2.7%	3.8%	1.0%	1.2%
7	FY1999	0.1%	0.8%	1.4%	7.1%	21.1%	28.8%	23.6%	8.2%	2.5%	3.1%	2.1%	1.3%
8	FY2000	0.7%	0.5%	12.4%	13.9%	26.4%	15.8%	14.7%	5.9%	5.4%	1.8%	1.5%	0.9%
9	FY2001	-0.0%	0.5%	5.5%	16.7%	19.3%	23.4%	19.5%	3.6%	6.4%	3.3%	1.1%	0.8%
10	FY2002	0.0%	0.8%	8.3%	10.6%	30.5%	10.1%	19.4%	11.0%	5.4%	2.1%	1.9%	0.0%
11	FY2003	1.6%	0.5%	0.3%	23.8%	15.9%	25.3%	7.7%	14.1%	2.2%	1.7%	5.3%	1.5%
12	FY2004	2.0%	0.6%	0.0%	12.7%	21.6%	31.1%	19.4%	3.3%	4.3%	3.5%	1.0%	0.5%
13	FY2005	1.0%	0.0%	0.9%	35.6%	7.0%	30.7%	10.3%	3.8%	4.5%	3.2%	2.4%	0.6%
14	FY2006	0.1%	1.3%	0.4%	1.5%	0.7%	26.5%	34.9%	12.9%	8.1%	8.3%	0.9%	4.5%
15	FY2007	0.1%	0.6%	0.3%	8.6%	32.4%	21.6%	14.8%	10.3%	4.6%	3.0%	1.8%	2.0%
16	FY2008	0.1%	2.8%	12.2%	15.6%	27.0%	12.4%	12.7%	6.5%	3.3%	1.6%	1.8%	4.2%
17	FY2009	0.0%	7.4%	21.3%	17.5%	18.2%	9.6%	8.0%	4.6%	3.7%	2.3%		
	Average	0.6%	1.6%	6.7%	15.5%	20.8%	21.2%	15.2%	7.9%	4.2%	2.8%	1.9%	1.4%
	Std	0.6%	2.0%	6.6%	8.6%	8.2%	9.2%	6.7%	3.9%	2.0%	1.8%	1.3%	1.3%
	Min	-0.0%	0.0%	0.0%	0.4%	0.7%	9.6%	7.7%	3.3%	1.6%	0.0%	0.8%	0.0%
	Max	2.0%	7.4%	21.3%	35.6%	32.4%	45.1%	34.9%	16.9%	8.9%	8.3%	5.3%	4.5%