



As approved by the Board on December 14, 2017 via email.

**Meeting Minutes  
NRHS Board of Directors  
Westin Hotel Kansas City Crown Center  
Saturday, October 21, 2017**

Pursuant of notice, the Board of Directors of the National Railway Historical Society, Inc. met at the Westin Hotel Kansas City Crown Center, Kansas City, MO on Saturday, October 21, 2017.

**Call to Order - Open Session**

President Al Weber called the meeting to order at 1:30PM CDT.

**Welcome and Roll Call**

President Al Weber welcomed the Directors to this meeting. The Board attendance for this meeting was as follows:

Name	Office	Present	Absent
Al Weber	President (2014 - 2018)	1	
Joseph C. Maloney, Jr.	Vice President (2016 - 2020)	1	
David Flinn	Global Director (2014 - 2018)		U
E. Steven Barry	Global Director (2014 - 2018)		E
Walter Zullig	Global Director (2016 - 2020)	1	
Robert J. Ernst	Global Director (2016 - 2020)	1	
William Brotherton	Global Director (2016 - 2020)		E
R. Douglas Scott	District 1 Director (2014 - 2018)	1	
Tony White	District 1 Director (2016 - 2020)	1	
Harold Shaak	District 2 Director (2014 - 2018)	P	
Charles Webb	District 2 Director (2016 - 2020)	1	
Frank Fowler	District 3 Director (2014 - 2018)	P	
Ralph Robert Bitzer	District 3 Director (2016 - 2020)		E
Sanford Williamson	District 4 Director (2014 - 2018)		E
Charles S Williams	District 4 Director (2016 - 2020)	P	
Jim Pahr	District 5 Director (2014 - 2018)	1	
Wesley F. Ross	District 5 Director (2016 - 2020)	1	
John Goodman	District 6 Director (2014 - 2018)	1	

Duane Durr	District 6 Director (2016 - 2020)		U
Steven Siegerist	District 7 Director (2014 - 2018)	1	
Skip Waters	District 7 Director (2016 - 2020)		E
Jeffrey S. Smith	District A Director (2014 - 2018)		E
Wes Weis	District A Director (2016 - 2020)	1	
Jack Hilborn	District B Director (2014 - 2018)	1	
Ricky Durrant	District B Director (2016 - 2020)	1	

P = Attended via phone E=Excused Absence U=Unexcused Absence

There was a quorum present in order to conduct business.

General Counsel John Fiorilla and Asst. General Counsel Scott Andes were in attendance and Comptroller Bob Heavenrich was attending via the phone.

**Approval of June 2017 Meeting Minutes**

The minutes of the 2017 Convention Board of Directors' Meeting were approved via email and posted to the admin site on July 24, 2017.

**Reports**

**Vice President - Joe Maloney**

Joe submitted a written report prior to the meeting. (Appendix B)

**Library Committee** – Joe has been working with NLR on the movement of the remaining materials. Per his report, *Bulletins*, slides, photos and corporate records have been moved from NLR. He is waiting on notification from the DeGolyer Library that they are ready to accept delivery of the NRHS Library material.

**Electoral Committee** – The committee has canvased all current office holders subject to the next election. Responses to the canvasing are coming in. An article will be drafted for an upcoming *NRHS News* issue soliciting nominations.

**Treasurer**

President Al Weber reviewed the 2016 audit report and asked for approval by the Board. (Appendix C)

**Motion:** Joe Maloney motioned and John Goodman seconded to approve the 2016 NRHS audit as presented. Passed by voice vote.

Al gave an explanation on the 990 form for 2016. He asked the Board members to review the draft 990 form and forward any comments to Bob Bitzer and Bob Heavenrich.

Comptroller Bob Heavenrich reviewed the financial reports of the NRHS and NRHS Fund. (Appendix D.)

**Motion:** John Goodman motioned and Steven Siegerist seconded to approve the financial reports as presented and release the reports for posting to the NRHS Admin site. Passed by voice vote.

#### **Secretary - Bob Ernst**

Bob reported the minutes for the 2017 Convention BOD Meeting were posted to the NRHS Admin site on July 24, 2017.

#### **General Counsel - John Fiorilla**

John reported that he hosted a meeting of the NRHS Fund at his office in September.

There have been no new legal issues for the NRHS since the last meeting.

The insurance policies normally held by the NRHS are in place. He was able to save money for the Society by shopping the coverage. John will write up an explanation on the insurance policies held by the NRHS.

John and his office staff are handling the day-to-day mail of the NRHS. All invoices received are promptly sent to the Treasurer for processing.

#### **President's Report – Al Weber**

Al noted that he reviews all of the insurance policies with John Fiorilla and approves the purchases of the policies.

There have been no new appointments made since the last meeting. Al is seeking a volunteer to handle the Membership Awards position, currently held by Joe Maloney and an Assistant Comptroller to work with Bob Heavenrich.

Carol Ann Cornelius will handle the daily Treasurer duties while Bob Bitzer is unavailable.

Al, along with Dawn Holmberg, will investigate upgrading the NRHS website once the new database is in place. Al expects to contract with a person or company to convert the current website into a new website that is more user friendly. After the conversion the normal maintenance will be handled internally.

**Membership Records – Hugh Harris**

Hugh has been working diligently on the set-up of the new database system with the representatives at NeonCRM. Hugh reviewed this with the Board using a PowerPoint presentation.

**Advisory Council – Del Kittendorf**

The Advisory Council met earlier in the day and recommends the Board take action on the Chapter definition which was proposed at the Advisory Council meeting.

**Heritage Grants – Carl Jensen**

Carl reported the Roanoke Chapter Heritage Grants Challenge has raised \$9606.00 to date. He is encouraging Chapters and members to make additional donations as the Roanoke Chapter will continue to match the donations as outlined at the Convention.

**Publications*****NRHS Bulletin* – Jeff Smith**

Jeff submitted a written report on the current production of the *NRHS Bulletin*. (Appendix E)

***NRHS News* – Charles Williams**

The next printed issue of the *NRHS News* is at the printer and will be mailed soon. The *NRHS News* production is maintaining a regular schedule.

***NRHS Telegraph* – Valli Hoski**

Valli is in need of articles for the *NRHS Telegraph* relating to the business of the NRHS. The *Telegraph* is being published on a regular schedule.

***Bulletin* Digitalization Project – Joe Maloney**

Joe reviewed the report submitted by Jeff Smith. (Appendix F)

**RailCamp – Becky Gerstung**

Becky submitted a written report to the Board. (Appendix G) Becky noted that the deadline for 2018 RailCamp applications is April 1, 2018. Sufficient funds are available to operate RailCamp in 2018. A PowerPoint presentation of the 2017 RailCamp programs was given to the Board.

**NRHS Fund – Wes Weis**

Wes reported the NRHS Fund Trustees met earlier in the day. The Fund has new banking accounts in place. This includes checking, money market and TD investment accounts.

Wes is setting up an Investment Committee which will include James Badgley, John Fiorilla and himself. Others may be added to the committee who can help in advising on investments.

Fundraising efforts are being led by Marlin Taylor.

Four of the NRHS Fund Trustee's terms are ending. Wes has three candidates for the NRHS Board to appoint.

**Motion:** Wes Weis motioned and Tony White seconded to approve the appointment of Marlin Taylor, Jeff Smith and Wes Ross to a four year term as NRHS Fund Trustees. Passed by voice vote.

**Conventions – John Goodman**

**2017 Nashville, TN** – A final accounting is not available yet. It is estimated the convention will clear \$22,000.

**2018 Cumberland, MD** – The dates for the 2018 Convention are set for August 7 to 12, 2018. The headquarter hotel will be the Ramada Inn in Cumberland. This is the former Holiday Inn across from the Amtrak station in downtown Cumberland.

Rail activities are planned each day Wednesday through Saturday of the convention. The Advisory Council and NRHS Board meetings will be held on Thursday. The Annual Membership meeting will be held on Friday.

**2019 – Salt Lake City** - John reported that he is still working on lodging in the Salt Lake City vicinity. To date there is no trip information available from the Union Pacific Railroad. The date at Promontory Summit is May 10, 2019.

**2020 and Beyond** – No update

**Conferences****Fall 2017 – Kansas City**

President Al Weber thanked the Kansas City Chapter for their hospitality this weekend.

**Spring 2018 – Saint Louis**

The 2018 Spring Conference will be held in St. Louis, MO in conjunction with the R&LHS Annual Meeting. The dates are Wednesday, May 30 to Sunday, June 3, 2018. All events will be

arranged by the R&LHS. All meetings of the NRHS will be held on Sunday, June 3, 2018. Times are TBD.

A handout was given to the Board and attendees outlining the planned events. (Appendix H)

### **Fall 2018 – Scranton, PA**

Anthony Verbyla, National Representative of the Lackawanna & Wyoming Valley Chapter, made a proposal to hold the Fall 2018 Conference in Scranton, PA. The dates would be October 11 – 13, 2018. The headquarter hotel is the Lackawanna Station Radisson Hotel, Scranton, PA. Activities are to be determined.

Motion: Joe Maloney motioned and Tony White seconded to accept the proposal and hold the Fall 2018 Conference in Scranton, PA. Passed by voice vote.

### **Spring 2019 – Johnson City, TN**

The George L. Carter Chapter will investigate holding a Conference in Johnson City, TN. Because of the May date for the 2019 Convention this meeting may be held in March or August.

### **Fall 2019 – Dallas, TX**

November 8-9, 2019 – No update

### **2020 and beyond**

Bob Bitzer is seeking proposals for future Conferences.

### **Unfinished Business**

#### **Actions of the Executive Committee**

The Committee approved the movement of \$200,000 from the NRHS financial accounts to the financial accounts of the NRHS Fund.

### **New Business**

#### **2018 Budget**

The NRHS Board was presented a proposed 2018 NRHS Budget. (Appendix I) President Weber outlined the items in the 2018 Budget. He noted it was a very conservative Budget, keeping expenses low and anticipating a drop in membership. The NRHS will continue to be dependent on volunteer's services.

There was discussion about the on-hand cash amounts in the NRHS accounts. The non-essential cash on-hand should be placed into the NRHS Fund accounts.

**Motion:** Steven Siegerist motioned and Wes Weis seconded to move \$200,000 from the NRHS accounts to the NRHS Fund accounts for protection and investment. Motion passed by voice vote.

**Motion:** John Goodman motioned and Jack Hilborn seconded to approve the 2018 NRHS Budget as proposed. Passed by voice vote.

### **Director / Officer Emeritus**

A proposal was distributed the Board prior to the meeting to create the title of Emeritus for past NRHS Directors or Officers. The proposal reads:

“The honorary title of Emeritus may be given to any past NRHS Board Director or Officer upon an affirmative vote of the NRHS Board of Directors. The position is a lifetime appointment as long as the Director/Officer is a member of the NRHS in good standing at the time of the vote, and remains so for the rest of his/her life.

The Director or Officer Emeritus may attend all meetings of the NRHS Board and be allowed to participate in an advisory role. The position holds no voting rights on the NRHS Board.”

**Motion:** Bob Ernst motioned and Walter Zullig seconded to accept the proposal for Emeritus Director or Officer. Passed by voice vote.

### **Chapter Definition**

Jim Pahrís outlined to the Board the recommendation for a Chapter Definition as discussed by the Advisory Council. There was additional discussion with the Board and the following definition was presented for approval.

**Motion:** Jim Pahrís motioned and Doug Scott seconded to define a NRHS Chapter as having at least ten (10) NRHS members to be established as a chapter and to have at least five (5) NRHS members to retain its charter. The NRHS National Representative of the chapter must be a NRHS member. Passed by voice vote.

This definition will require a change to the NRHS Bylaws. President Weber appointed Jim Pahrís, John Fiorilla and Walter Zullig to the Bylaws Committee. The committee will present to the Board the required changes to the NRHS Bylaws at the Spring 2018 Conference. If approved, the changes will be presented to the NRHS membership at the Annual Membership Meeting in August, 2018 for membership approval.

### ***Bulletin* Digitization Project Next Steps**

A written report (Appendix J) was provided to the Board by Jeff Smith prior to the meeting outlining the options available for the utilization of the digitized *Bulletins*. Within the report, Jeff urged the Board to accept Option #3.

Joe Maloney reviewed the report with the Board and explained the three options to the Board and also recommended the Board adopt Option #3.

**Motion:** Joe Maloney motioned and Jack Hilborn seconded to approve Option #3 as proposed in the *Bulletin* Digitization Next Steps Report. Passed by voice vote.

### **Other New Business**

A general discussion was held on NRHS accounting and would it be possible to funnel all CFC donations into the Heritage Grants Fund. Due to restrictions of CFC donations this is not possible.

The NRHS Fund is showing \$40,000 in expenses to be repaid to the NRHS. Since Treasurer Bob Bitzer was unable to attend this meeting it was noted to inform him to show the NRHS Fund returning the \$40,000 owed and then the NRHS returning the money to the Fund for protection and investment. The NRHS Fund does have the money available to pay the expenses.

### **Announcements**

General announcements were made.

### **Adjournment**

**Motion:** Steven Siegerist motioned to adjourn.

The Board meeting adjourned at 4:42PM.

Respectfully Submitted:

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Robert Ernst  
NRHS Secretary



### Appendix A Members and Guests in attendance

National Representatives    X – In Person   P – Via phone

Chapter	#	Last Name	First Name	Present
Arkansas-Boston Mountains Chapter	188	Eddy	Kenneth	<b>X</b>
Atlanta Chapter	046	Kittendorf	Delmar	<b>X</b>
Baltimore Chapter	003	Shulby	Richard	<b>X</b>
Blue Ridge Chapter	043	Leslie	Robert	<b>X</b>
Cape Cod Chapter	183	Scott	Ellen	<b>X</b>
Cincinnati Chapter	110	Andes	Scott	<b>X</b>
Connecticut Valley Chapter	012	Ballard	Roberta	<b>X</b>
Cumberland Valley Chapter	125	James	Wayne	<b>X</b>
George L. Carter	242	Pahris	Charlotte	<b>X</b>
Hoosierland Chapter	186	Harris	Hugh	<b>X</b>
Inland Empire Chapter	089	Simanton	John	<b>X</b>
Kansas City Chapter	023	De Roo	John	<b>X</b>
Kentucky Central Chapter	194	Ross	Shirley	<b>X</b>
Lackawanna & Wyoming Valley Chapter	132	Verbyla	Anthony	<b>X</b>
Lancaster Chapter	001	Kurtz	Fred	<b>X</b>
Niagara Frontier Chapter	017	Gerstung	Rebecca	<b>X</b>
North Florida Chapter	160	Fiorilla	Marjorie	<b>X</b>
Old Smoky Chapter	049	Freeman	Robert	<b>X</b>

Piedmont Carolinas Chapter	129	Shulby	Richard	X
Potomac Chapter	116	Davidson	Richard	X
Pottstown & Reading Chapter	120	Sweigart	John	X
Roanoke Chapter	036	Jensen	Carl	X
Saint Louis Chapter	064	Gawedzinski	Ron	X
Washington DC Chapter	019	Baake	Jon	X
West Jersey Chapter	018	Ciocciola	Frederick	X
Western Connecticut Chapter	030	Ballard	Roberta	X

**Members and Guests**

**Dawn Holmberg**  
**Dan Meyer**  
**Peggy Sweigart**  
**Wayne James**  
**Carol Ann Cornelius**  
**Frank Cornelius**  
**Bob Heavenrich (Phone)**  
**Susan James**  
**David Sloan**  
**Dave Baniewicz**

**NRHS VP Notes**  
**Fall 2017 BOD Meeting Status Report**

As of 03 October 2017

- **Membership Awards**
  - Individuals
    - 2 – 70 years
    - 7 – 60 years
    - 26 – 50 years
    - 157 – 25 years
  - Chapters' Anniversaries
    - Seven Total
    - Niagara Frontier – 75 Years, Presented 18-Mar-17
    - Winchester – 50 Years, Presented 11-Mar-17
    - Charleston – 50 Years, Presented 08-Apr-17
    - Gulf Coast – 50 Years, Presented 18-Mar-17
    - Wilmington – 50 Years, Bitzer will present 03-Dec-17
    - Inland Empire – 50 Years, Presented 05-Sep-17
    - Red River Valley – 50 Years, Presented in Jul-17
  - 2018 Anniversaries
    - Seven Total
    - Horseshoe Curve – 50 Years
    - Colorado Midland – 50 Years
    - Augusta – 50 Years
    - Bucktail – 50 Years
    - Central Coast – 50 Years
    - Danville Junction – 50 Years
    - Grand Canyon – 25 Years
  
- **Library Move**
  - Working with DeGolyer to finalize schedule
  - Will meet at NLR 15 November 2017 to finalize move plans
  - Bulletins – Jeff Smith is digitizing past editions
  - Photos & 35 mm Slides – Shipped to Mitch Dakelman
  - Corporate Records – All now secured at Bitzer Storage Site

- **Film Digitizing**
  - Committee met at Phillipsburg, NJ 03-Aug-17 to review work progress
  - 8 mm – Tom Coughlin has completed digitizing the NRHS 8mm films
  - Super 8 mm – Tom Coughlin is starting this digitizing work. Very labor intensive.
  - 16mm – Call on Marlin
  
- **General Staff Work**
  - Started work on 2018 election
  - Budget submissions
  - Many Q & As

Appendix C

**NATIONAL RAILWAY HISTORICAL SOCIETY**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**WITH SUPPLEMENTARY INFORMATION**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**  
**AND**  
**INDEPENDENT AUDITOR'S REPORT**



## Padden, Guerrini & Associates P.C.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

H. David Padden, CPA  
Karin M. Guerrini, CPA, CFE, CGMA  
Stefanie M. Knaub  
Frederick A. Tabor, CPA, CGMA  
Allyson R. Hornbaker, CPA

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Rick Miller, CPA  
Ivana Smiljanec  
Nathan J. Babinsack, CPA  
Derek S. Holjes, CPA, MPA, CFE  
Linh M. Hoang, CPA  
Emerson E. Eckrote III  
Ryan Nester

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Dawn M. Myers  
Dawn M. Piper  
Angela J. Briggs  
Denise M. Knisley  
Julia Himelick

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
National Railway Historical Society

We have audited the accompanying consolidated financial statements of National Railway Historical Society, which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of National Railway Historical Society as of December 31, 2016 and 2015, and the results of their consolidated operations and their consolidated cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

***Report on Consolidating Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 11 and 12 are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Padden, Guerrini & Associates, P.C.*  
Certified Public Accountants

Mechanicsburg, Pennsylvania  
August 18, 2017

NATIONAL RAILWAY HISTORICAL SOCIETY  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2016	2015
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 453,780	\$ 246,861
Inventory	14,835	5,102
Prepaid expenses	3,250	106
Total Current Assets	471,865	252,069
Historical Collections	14,940	14,940
Fixed Assets, Net of Accumulated Depreciation	1,442	4,627
<b>TOTAL ASSETS</b>	<b>\$ 488,247</b>	<b>\$ 271,636</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	6,155	5,174
Promissory note, current portion	8,000	10,000
Deferred income	140,275	43,502
Accrued expenses	20,623	-
Total Current Liabilities	175,053	58,676
Promissory Note, long-term portion	72,000	80,000
Total Liabilities	247,053	138,676
Net Assets		
Unrestricted	115,863	16,802
Temporarily restricted	107,932	98,759
Permanently restricted	17,399	17,399
Total Net Assets	241,194	132,960
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 488,247</b>	<b>\$ 271,636</b>

See notes to the consolidated financial statements



NATIONAL RAILWAY HISTORICAL SOCIETY  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Support and Revenues</b>				
Member dues	\$ 246,316	\$ -	\$ -	\$ 246,316
Emblem sales	3,272	-	-	3,272
RailCamp	45,450	-	-	45,450
Convention	116,556	-	-	116,556
Interest and dividend	10	-	-	10
Contributions	76,606	23,312	-	99,918
Restrictions satisfied by payments	14,139	(14,139)	-	-
Miscellaneous	10	-	-	10
	<u>502,359</u>	<u>9,173</u>	<u>-</u>	<u>511,532</u>
<b>Expenses</b>				
Convention	105,587	-	-	105,587
Bulletin	45,028	-	-	45,028
Publication	17,053	-	-	17,053
Membership records	14,609	-	-	14,609
Office	3,347	-	-	3,347
Meeting and travel	4,267	-	-	4,267
Insurance	7,136	-	-	7,136
Bank and investment fees	24,885	-	-	24,885
Corporate	4,880	-	-	4,880
Professional fees	58,322	-	-	58,322
Advertising	824	-	-	824
Fundraising	1,295	-	-	1,295
Emblem sales	2,074	-	-	2,074
RailCamp	53,382	-	-	53,382
Grants and donations	35,000	-	-	35,000
Periodical and book purchases	700	-	-	700
Depreciation	2,292	-	-	2,292
Other miscellaneous	22,617	-	-	22,617
	<u>403,298</u>	<u>-</u>	<u>-</u>	<u>403,298</u>
Increase in Net Assets	99,061	9,173	-	108,234
Net Assets, Beginning of Year	<u>16,802</u>	<u>98,759</u>	<u>17,399</u>	<u>132,960</u>
Net Assets, End of Year	<u>\$ 115,863</u>	<u>\$ 107,932</u>	<u>\$ 17,399</u>	<u>\$ 241,194</u>

See notes to the consolidated financial statements

NATIONAL RAILWAY HISTORICAL SOCIETY  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Support and Revenues</b>				
Member dues	\$ 311,878	\$ -	\$ -	\$ 311,878
Emblem sales	3,168	-	-	3,168
RailCamp	46,600	-	-	46,600
Convention	273,616	-	-	273,616
Interest and dividend	33	-	-	33
Contributions	67,113	36,835	-	103,948
Restrictions satisfied by payments	20,237	(20,237)	-	-
Miscellaneous	4,981	-	-	4,981
	<u>727,626</u>	<u>16,598</u>	<u>-</u>	<u>744,224</u>
<b>Total Unrestricted Revenues</b>				
<b>Expenses</b>				
Convention	255,771	-	-	255,771
Bulletin	27,546	-	-	27,546
Publication	8,580	-	-	8,580
Membership records	13,292	-	-	13,292
Office	4,480	-	-	4,480
Meeting and travel	1,701	-	-	1,701
Rent	78	-	-	78
Insurance	8,542	-	-	8,542
Bank and investment fees	13,224	-	-	13,224
Corporate	3,139	-	-	3,139
Professional fees	70,082	-	-	70,082
Fundraising	500	-	-	500
Emblem sales	6,383	-	-	6,383
RailCamp	48,689	-	-	48,689
Grants and donations	13,285	-	-	13,285
Management fees	26,965	-	-	26,965
Depreciation	2,292	-	-	2,292
Other miscellaneous	23,177	-	-	23,177
	<u>527,726</u>	<u>-</u>	<u>-</u>	<u>527,726</u>
<b>Total Expenses</b>				
Increase in Net Assets	199,900	16,598	-	216,498
Net Assets, Beginning of Year	<u>(183,098)</u>	<u>82,161</u>	<u>17,399</u>	<u>(83,538)</u>
Net Assets, End of Year	<u>\$ 16,802</u>	<u>\$ 98,759</u>	<u>\$ 17,399</u>	<u>\$ 132,960</u>

See notes to the consolidated financial statements

NATIONAL RAILWAY HISTORICAL SOCIETY  
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2016	2015
Cash Flows From Operating Activities		
Change in net assets	\$ 108,234	\$ 216,498
Adjustments to reconcile changed in net assets to net cash provided by operating activities:		
Depreciation	2,292	2,292
Amortization	893	1,894
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	-	1,554
Inventories	(9,733)	8,278
Prepaid expenses	(3,144)	43,131
Increase (decrease) in:		
Accounts payable	981	(69,019)
Deferred income	96,773	(227,134)
Accrued expenses	20,623	-
	216,919	(22,506)
Net Cash Provided by (Used in) Operating Activities		
Cash Flows From Financing Activities		
Promissary note, net	(10,000)	(10,000)
Net Cash Used in Financing Activities	(10,000)	(10,000)
Net Increase (Decrease) in Cash	206,919	(32,506)
Cash and Cash Equivalents, Beginning of Year	246,861	279,367
Cash and Cash Equivalents, End of Year	\$ 453,780	\$ 246,861

See notes to the consolidated financial statements

NATIONAL RAILWAY HISTORICAL SOCIETY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

1. Nature of Business and Summary of Significant Accounting Policies

Nature of Activities

The National Railway Historical Society, Inc. (the Society) was founded in 1935 and incorporated in Maryland in 1937. The Society is dedicated to the interpretation and preservation of railway education and history. Members of the Society receive various publications throughout the year in exchange for an annual dues payment. The Society is supported primarily through this dues payment, donor contributions and special event revenues. There are local chapters of the Society located in the United States, Canada, and Japan. All officers and directors serve voluntarily and without remuneration.

The National Railway Historical Society Fund (the Fund) was founded in 2014. The Fund was founded for soliciting donations to support the Society, to provide funds to support the Society's train, railway and station preservation projects, and to provide funds to support the educational programs, photographic archives, events, publications, standards definitions and shared resources of the Society. All officers and trustees serve voluntarily, without remuneration and are appointed by the Society.

Summary of Significant Accounting Policies

This summary is presented to assist in understanding the Society's financial statements. The consolidated financial statements and notes are representations of the Society's management who is responsible for the integrity and objectivity of the consolidated financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the consolidated financial statements.

*Principles of Consolidation* – The consolidated financial statements include the accounts of National Railway Historical Society, Inc. and National Railway Historical Society Fund a controlled affiliate of the National Railway Historical Society. Intercompany balances and transactions between National Railway Historical Society, Inc. and National Railway Historical Society Fund have been eliminated in the presentation of the combined financial statements.

*Use of Estimates* - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Financial Statement Presentation* - The Society adopted the provisions of FASC 958-205, "Presentation of Financial Statements for Not-for-Profit Entities." Under FASC 958-205, the Society is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the standard, the Society does not use fund accounting.

*Contributions* - The Society also adopted the provisions of FASC 958-605, "Revenue Recognition for Not-for-Profit Entities." Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

NATIONAL RAILWAY HISTORICAL SOCIETY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2016 AND 2015

1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Summary of Significant Accounting Policies (Continued)

*Cash and Cash Equivalents* - For the purposes of the consolidated statement of cash flows, the Society consider all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

*Income Taxes* - The Society is exempt from all federal and state income taxes, in accordance with Section 501(c)(3) of the Internal Revenue Code.

The Society reviewed the impact of FASC 740-10-05 on the consolidated financial statements and has determined there is no material uncertain tax positions or unrecognized tax benefits and there is no material impact on the statements of financial position, statements of operations and changes in net assets or cash flows.

The IRS Form 990 for the years ended December 31, 2015, 2014 and 2013 remain open for an examination by the IRS.

*Inventories* - Inventories consist primarily of member length of service award pins. Inventories are stated at cost determined at the time of purchase.

*Fixed Assets* - Furniture, equipment and leasehold improvements are capitalized at cost. It is the Society's policy to capitalize expenditures for those items in excess of \$1,000. Lesser amounts are expensed. Furniture, equipment and improvements are being depreciated over estimated useful lives of three to ten years using a straight-line method. Expenditures for maintenance and repair of equipment are charged to expense as incurred.

*Collections* - The collections consist of film and photographs, which were acquired through purchases and contributions since the Society's inception, are not recognized as assets on the consolidated statements of financial position. Purchases of collection items are recorded as decreases in unrestricted net assets in the year in which the items are acquired or as temporarily or permanently restricted net assets if the assets used to purchase the items are restricted by donors. Contributed collection items are not reflected on the consolidated financial statements. As of December 31, 2016 and 2015, collections consisting of historical paintings are reflected on the consolidated financial statements and valued at fair market value.

*Subsequent Events* - The date to which events occurring after December 31, 2016, the date of the most recent consolidated statement of financial position, have been evaluated for possible adjustments to the consolidated financial statements or disclosure is August 18, 2017, which is the date on which the consolidated financial statements were available to be issued.

2. Disclosure of Cash Balances in Excess of Federally Insured Amounts

The Society and the Fund maintain cash in bank deposit accounts that, at times, may exceed federally insured limits. The Society and the Fund also maintain separate PayPal accounts which are uninsured. The Society and the Fund have not experienced any losses in such account. The Society and the Fund believe they are not exposed to any significant credit risk on cash and cash equivalents.

NATIONAL RAILWAY HISTORICAL SOCIETY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2016 AND 2015

3. Advertising Costs

The Society expenses advertising costs as they are incurred. Advertising expense for the years ended December 31, 2016 and 2015 was \$824 and zero dollars, respectively.

4. Functional Expenses

Functional expenses for the years ended December 31 are as follows:

	2016	2015
Program Services	\$ 328,101	\$ 422,316
Management and General	59,146	97,047
Fundraising	16,051	8,363
	\$ 403,298	\$ 527,726

5. Related Party Transactions

National Railway Historical Society Fund is under common ownership with National Railway Historical Society, Inc. Working capital loans are made between the two entities when needed. At December 31, 2016 and 2015, the net receivable from National Railway Historical Society Fund totaled \$86,834 and \$72,407, respectively.

6. Promissory Note

During 2014, the Society signed a non-interest bearing promissory note as a result of a settlement of a lawsuit in the amount of \$100,000. Under the note, twelve annual payments are due through 2026.

Principal maturities for the next 5 years and in the aggregate are as follows:

2017	\$	8,000
2018		8,000
2019		8,000
2020		8,000
2021		8,000
Thereafter		40,000
	\$	80,000

**CONSOLIDATING INFORMATION**

NATIONAL RAILWAY HISTORICAL SOCIETY  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2016  
(See Independent Auditor's Report)

ASSETS

	Society	Fund	Eliminations	Consolidated Total
<b>Current Assets</b>				
Cash and cash equivalents	\$ 394,928	\$ 58,852	\$ -	\$ 453,780
Accounts receivable	36,834	-	(36,834)	-
Inventory	14,835	-	-	14,835
Prepaid expenses	3,250	-	-	3,250
Loan to the Fund	50,000	-	(50,000)	-
Total Current Assets	499,847	58,852	(86,834)	471,865
Historical Collections	14,940	-	-	14,940
<b>Fixed Assets, Net of Accumulated Depreciation</b>				
	-	1,442	-	\$ 1,442
<b>TOTAL ASSETS</b>	<b>\$ 514,787</b>	<b>\$ 60,294</b>	<b>\$ (86,834)</b>	<b>\$ 488,247</b>

LIABILITIES AND NET ASSETS

	Society	Fund	Eliminations	Consolidated Total
<b>Current Liabilities</b>				
Accounts payable	6,155	36,834	(36,834)	6,155
Promissory note, current portion	8,000	-	-	8,000
Deferred income	140,275	-	-	140,275
Accrued expenses	20,623	-	-	20,623
Loan payable to the Society	-	50,000	(50,000)	-
Total Current Liabilities	175,053	86,834	(86,834)	175,053
Promissory Note, Long-Term Portion	72,000	-	-	72,000
Total Liabilities	247,053	-	-	247,053
<b>Net Assets</b>				
Unrestricted	161,277	(45,414)	-	115,863
Temporarily restricted	89,058	18,874	-	107,932
Permanently restricted	17,399	-	-	17,399
Total Net Assets	267,734	(26,540)	-	241,194
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 514,787</b>	<b>\$ 60,294</b>	<b>\$ (86,834)</b>	<b>\$ 488,247</b>



NATIONAL RAILWAY HISTORICAL SOCIETY  
CONSOLIDATING STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2016  
(See Independent Auditor's Report)

	<u>Society</u>	<u>Fund</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
Support and Revenues				
Member dues	\$ 246,316	\$ -	\$ -	\$ 246,316
Emblem sales	3,272	-	-	3,272
RailCamp	45,450	-	-	45,450
Convention	116,556	-	-	116,556
Interest and dividend	7	3	-	10
Contributions	85,521	14,397	-	99,918
Miscellaneous	10	-	-	10
	<u>497,132</u>	<u>14,400</u>	<u>-</u>	<u>511,532</u>
Total Unrestricted Revenues				
Expenses				
Convention	105,587	-	-	105,587
Bulletin	45,028	-	-	45,028
Publication	17,053	-	-	17,053
Membership records	14,609	-	-	14,609
Office	3,347	-	-	3,347
Meeting and travel	4,267	-	-	4,267
Insurance	7,136	-	-	7,136
Bank and investment fees	24,141	744	-	24,885
Corporate	4,880	-	-	4,880
Professional fees	43,566	14,756	-	58,322
Advertising	824	-	-	824
Fundraising	-	1,295	-	1,295
Emblem sales	2,074	-	-	2,074
RailCamp	51,072	2,310	-	53,382
Grants and donations	35,000	-	-	35,000
Periodical and book purchases	700	-	-	700
Depreciation	-	2,292	-	2,292
Other miscellaneous	22,617	-	-	22,617
	<u>381,901</u>	<u>21,397</u>	<u>-</u>	<u>403,298</u>
Total Expenses				
Increase (Decrease) in Net Assets	115,231	(6,997)	-	108,234
Net Assets, Beginning of Year	<u>152,503</u>	<u>(19,543)</u>	<u>-</u>	<u>132,960</u>
Net Assets, End of Year	<u>\$ 267,734</u>	<u>\$ (26,540)</u>	<u>\$ -</u>	<u>\$ 241,194</u>

## Appendix D

### NRHS Preliminary Balance Sheet Comparison

	Aug 31, 17 Unaudited	Aug 31, 16 Audited	\$ Change
<b>ASSETS</b>			
1000 · Cash Accounts	520,103	301,044	219,059
1180 · US Treasury Securities	35,000	0	35,000
1200 · Inventory	14,835	8,575	6,260
1462 · NRHS Fund Receivable	40,093	34,372	5,720
1700 · Loan to NRHS Fund	0	50,000	-50,000
1600 · Historical Items	14,940	14,940	0
<b>TOTAL ASSETS</b>	<b>624,971</b>	<b>408,932</b>	<b>216,039</b>
<b>LIABILITIES &amp; EQUITY</b>			
<b>Liabilities</b>			
Accounts Payable	0	2,919	-2,919
2200 · Deferred Income	500	550	-50
2950 · Litigation Settlement	72,000	80,000	-8,000
<b>Total Liabilities</b>	<b>72,500</b>	<b>83,469</b>	<b>-10,969</b>
<b>Equity</b>			
3100 · Unrestricted Assets	533,469	311,339	222,130
3200 · Temporarily Restricted Assets	91,502	80,194	11,309
3300 · Permanently Restricted Assets	0	17,399	-17,399
<b>Total 3000 · Net Assets</b>	<b>624,971</b>	<b>141,307</b>	<b>483,664</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>624,971</b>	<b>408,932</b>	<b>216,039</b>

NRHS Preliminary Unaudited Budget vs Actual Report!

	Jan - Aug 17	Budget	\$ Over Budget	% of Budget
<b>Income</b>				
4100 · Dues	219,035	225,000	-6,565	97%
4200 · Interest and Dividends	213	0	213	
4300 · Sales	3,403	3,500	-98	97%
4400 · Convention	114,570	110,000	4,570	104%
4450 · RailCamp	45,440	45,500	-60	100%
4600 · Other Events	418	0	418	
4800 · Unrestricted Donations	215,715	46,000	169,715	469%
4900 · Restricted Donations	7,289	30,000	-22,711	24%
<b>Total Income</b>	<b>606,082</b>	<b>460,000</b>	<b>145,482</b>	<b>32%</b>
<b>Expense</b>				
5100 · Convention	90,786	100,000	-9,214	91%
5200 · NRHS Bulletin	22,404	60,000	-37,596	37%
5300 · NRHS News	10,933	33,000	-22,067	33%
5350 · Misc. Publication Expense	600	3,000	-2,400	20%
5400 · Membership Records	8,183	17,000	-8,817	48%
5600 · Meetings & Travel	16,835	5,000	11,835	337%
5800 · Admin. Office	2,528	8,000	-5,472	32%
5950 · Financial Fees	1,027	30,000	-28,973	3%
6000 · Corporate	3,469	5,000	-1,531	69%
6050 · Accounting	14,324	30,000	-15,676	48%
6060 · Legal Fees	9,666	11,000	-1,334	88%
6090 · Insurance	3,441	8,000	-4,560	43%
6150 · Advertising	0	4,000	-4,000	0%
6300 · Fund Raising	1,125	10,000	-8,875	11%
6400 · Emblem Sales	2,358	3,000	-642	79%
6500 · Services	3,101	10,000	-6,899	31%
6600 · Library Operations	3,988	0	3,988	
6650 · Rent	9,400	14,000	-4,600	67%
6700 · RailCamp	44,745	48,000	-3,255	93%
9100 · Grants	20,000	16,000	4,000	125%
9200 · Donations	50,000	0	50,000	
9300 · Library Acquisitions	2,434	0	2,434	
<b>Total Expense</b>	<b>321,347</b>	<b>415,000</b>	<b>-93,653</b>	<b>77%</b>
<b>Net Income</b>	<b>284,735</b>	<b>45,000</b>	<b>239,735</b>	<b>633%</b>

Preliminary NRHS Convention Financial Results

	Springdale	Rutland	Denver	Nashville
	2014	2015	2016	2017
	Audited	Audited	Unaudited	Unaudited*
Income				
4400 Convention Income	166,415	274,495	116,556	114,570
Expenses				
5110 · Printing	15,215	10,060	939	660
5120 · Distribution	1,012	5,668	0	0
5125 · Association Management Support	17,434	15,834	0	0
5130 · Convention Staff Travel	2,899	2,496	7,335	7,151
5155 · Financial Fees	7,410	10,848	5,590	5,545
5160 · Transportation	74,499	191,000	60,730	57,006
5170 · Insurance	15,346	23,907	10,867	5,175
5180 · Supplies / Meals	31,403	22,434	19,785	11,806
5190 · Other Convention Expense	2,179	2,450	3,051	5,148
Total Expenses	167,397	284,696	108,296	92,490
Net Income	-982	-10,201	8,657	22,080
Percent Net Income	-0.6%	-3.7%	7.4%	19.3%

\* 2017 excludes \$3,639 and \$2,218 for meeting room and "Meet the Officer's" expenses

NRHS Fund Preliminary Balance Sheet Comparison

	Aug 31, 17 Unaudited	Aug 31, 16 Audited	\$ Change	% Change
<b>ASSETS</b>				
1000 · Cash Accounts	75,631	49,748	-25,883	52%
1800 · Furniture and Equipment	0	2,206	2,206	-100%
<b>TOTAL ASSETS</b>	<b>75,631</b>	<b>51,954</b>	<b>23,677</b>	<b>46%</b>
<b>LIABILITIES &amp; EQUITY</b>				
Liabilities				
2100 · Bills Paid to NRHS	40,093	34,555	-5,538	17%
2200 · Loan From NRHS	0	50,000	50,000	-100%
<b>Total Liabilities</b>	<b>40,093</b>	<b>84,556</b>	<b>44,463</b>	<b>-53%</b>
<b>Total Equity</b>	<b>35,538</b>	<b>-32,601</b>	<b>68,140</b>	<b>209%</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>75,631</b>	<b>51,954</b>	<b>23,677</b>	<b>46%</b>

NRHS Fund Preliminary Income / Expense Comparison

	2014 Audited	2015 Audited	2016 Audited	Jan - Aug 17 Unaudited	TOTAL Unaudited
Income					
4200 · Interest and Dividends	5	2	3	9	19
4800 · Unrestricted Donations	7,620	9,869	2,887	60,363	80,739
4900 · Restricted Donations					
4910 · Library	0	55	125	0	180
4911 · Film and Video Library	20,000	0	5,000	2,560	27,560
4920 · Grants to by issued by NRHS	0	1,810	2,676	8,197	12,682
4940 · RailCamp	0	208	2,309	580	3,097
4950 · RailCamp Scholarships	0	0	200	0	200
4990 · Other Restricted Donations	200	0	1,200	50	1,450
Total 4900 · Restricted Donations	20,200	2,073	11,510	11,387	45,169
Total Income	27,825	11,944	14,400	71,759	125,928
Expense					
5700 · Office Expenses	0	73	0	250	323
5950 · Financial Fees	346	306	744	717	2,113
5990 · Interest Expense	6	0	0	0	6
6050 · Accounting Fees	0	7,570	9,825	5,332	22,727
6060 · Legal Fees	7,474	293	4,931	1,940	14,638
6300 · Fundraising Fees	31,846	0	1,295	0	33,140
6500 · Program Services	0	0	2,310	0	2,310
8000 · Depreciation FFE	850	2,292	2,292	1,442	6,876
9311 · Film Preservation	8,056	0	0	0	8,056
Total Expense	48,577	10,534	21,396	9,682	90,189
Net Income	-20,752	1,410	-6,997	62,077	35,738

## Appendix E

### **NRHS *Bulletin* Update**

The NRHS *Bulletin* continues to be on track to publish 3 issue in 2017. The first, Vol. 80 No. 1, was delivered earlier this year. The second, Vol. 80 No. 2 is being printed as I prepare this report and is anticipated to be mailed on October 20<sup>th</sup>. This issue has one article containing an in-depth look at the Railway Post Office. The last issue of 2017, Vol. 80 No. 3, is in layout now and I anticipate it being in the mail toward the middle of December. No. 3 contains two articles; one on the photography of Victor Hand and the second on streetcars in New Orleans.

We are planning to publish 4 issues in 2018 and are currently evaluating content and developing the production schedule. Some exciting topics are on the editorial calendar including a unique article on UP Steam, an article on O. Winston Link's color photography including images never published before, and an in-depth article on Maine's narrow gauge gem – the Wiscasset, Waterville, and Farmington (WW&F) Railway.

If you or someone in your Chapter has an idea for an article, please reach out to me at [bulletin@nrhs.com](mailto:bulletin@nrhs.com). I am always looking for *Bulletin* articles.

Jeff Smith  
Editor, NRHS *Bulletin*

## Appendix F

### ***Bulletin* Digitization Project**

The *Bulletin* digitization project is moving forward quickly and I expect to have the scanning and optical character recognition work done by the end of 2017. Currently most issues from 1935 to 1981 have been scanned. The issues for the years 1982-1997 remain to be scanned and we have a few lingering issues to resolve with a handful of the early scans. For issues from 1998 to present, I will be generating the files directly from the Quark and InDesign files used to produce the magazine. I have completed roughly half of those conversions. I expect to have the remainder done by the end of the year.

The project took a bit of extra time to get off the ground because it took me two months of working with the vendor to get the quality scans that we need. I was finally able to get them to produce scans with the pages straight and the color reproduction consistent throughout. As a result of the extra time needed to get the consistency we were looking for, the price per page increased to 65 cents from 50 cents. Despite the increase, I am confident that the total cost of the project will come in under the \$15K that the Board authorized.

The files are currently stored in two locations for safe keeping. One location is the file server in my home (a RAID 5 NAS device that also stores all *Bulletin* production files). It is secured behind a firewall and password protected. Additionally, all the files have been uploaded to a Cloud storage service (business version of Dropbox) should anything happen to my house.

The next step in this process is to determine what the NRHS wants to do with the scans once they are complete. In a separate new business item, I will be asking the Board for a directional decision so that I can develop a specific proposal for the Board to consider in the spring.

If you have any questions or comments, please reach out to me at [bulletin@nrhs.com](mailto:bulletin@nrhs.com).

Jeff Smith  
Editor, NRHS *Bulletin*



## Appendix G

RailCamp 2017  
Report to Board of Directors  
October 21, 2017

RailCamp 2017 was a total success again this year. Both camps were full with waiting lists. The programs for each were basically the same as previous years. We have found a good balance of history, preservation, current operations and career opportunities.

This year we had 36 campers from 22 states. Full and partial scholarships were received from: the Bluewater Michigan, Cape Cod, Horseshoe Curve, Lackawanna & Wyoming Valley, Pottstown & Reading, Roanoke and Washington DC Chapters, the Florida East Coast Railway Society, the TriState Railway Historical Society, the Railway Passenger Car Alliance, the Somerset County 4-H Trainmasters and Hugh Ryan. The Pacific Northwest, Columbia River and Tacoma Chapters and the Pennsylvania Railroad Technical and Historical Society made donations to RailCamp.

We came in slightly over the \$48,000 budget this year. Insurance continues to be the most expensive item. We can eliminate some expenses for 2018. ATTRM invited us to present information on RailCamp along with four other groups at their meeting in Savannah. Bud Thompson took a power point presentation, brochures and information on becoming a sponsor. We received no requests for information from potential sponsors or campers as a result. We did learn that our program is by far the best. We are looking for more counselors for Northwest to eliminate the expense of sending people across the country. The tuition will remain \$1,290 for 2018.

One new counselor came onboard, Rick Davidson. Greg Gerstung was the designated photographer for both camps. All other staff members were seasoned veterans of the program: John Holloway, John Cox, Tim O'Malley, Frank Fowler, Erica and Melissa Bauer and Ellen Scott.

Tony White served as Director for East. He made initial contacts, met with our partners, finalized the schedule and took care of everything during camp. He is willing to continue in this role for 2018. While dates have not been finalized, he has verbal commitments from all partners. One interesting thing this year was having past campers part of the Amtrak and PRR Museum presentations.

Bud Thompson served as Director for Northwest. He also made contacts, followed up with meetings, finalized the schedule and took care of all details during the week. He will be replaced as Director in 2018 by John Cox. John is a retired BNSF engineer with rail experience and contacts in the industry. Bud will assist John at meetings and serve as a counselor next year. All partners expressed interest in having us back in 2018. No firm dates have been decided.

Thankyou letters have gone out to all the partners. They were, without exception, more than helpful and cooperative providing these kids with this learning experience. Each had their specific program and brought something different each day. Personnel from the various venues were very knowledgeable and giving of their time and expertise.

Charles Williams included an article in the August issue of the NEWS. There will be another article and additional information during the year. We will have the application available January 1, 2018, on the NRHS website. The dates for both camps will be posted on the website as soon as they are confirmed.

2018 marks 20 years of RailCamp. It is a signature program of the Society and we ask for the continued support of the Board and chapters.

## The 2018 NRHS Spring Conference in conjunction with the R&LHS Annual Meeting

The St. Louis Chapter NRHS invites the Board of Directors, the Advisory Council and members to attend their Spring 2018 Conference in conjunction with the Railway & Locomotive Historical Society (R&LHS), who will be holding its 2018 Annual Meeting in St. Louis, Missouri. Save the dates of Wednesday, May 30 to Sunday, June 3 on your calendars for what promises to be a great event. The NRHS Registration form will be available in the public section of the NRHS web site (<https://admin.nrhs.com>) in the near future.

The R&LHS Annual Meeting and NRHS Conference hotel is the historic St. Louis Union Station Hotel, 1820 Market Street, St. Louis, Missouri 63103. For reservations, please contact the hotel directly, phone 314 -231-1234. For the special group rate of \$139 per night, be sure to mention the event name "Railway and Locomotive Historical Society Annual Meeting." Applicable state and local taxes are not included in the stated rate. The St. Louis Union Station Hotel room reservation cut-off date is May 2, 2018.

The St. Louis area is served by major airlines at the St. Louis Lambert International Airport (20 miles distant.) Metrolink light rail service runs every 20 minutes from the airport to the Union Station stop. Fare is \$4.00. Amtrak's downtown station is located approximately five (5) blocks from the Hotel entrance. There is no Hotel shuttle service.

R&LHS is planning several events to take place. Proposed activities include:

- Tour of the John W. Barriger III National Railroad Library at the University of Missouri, St. Louis.
- Visit to the National Museum of Transportation, the nation's premier railroad research library.
- Visit to the Monticello Railway Museum in Monticello, Illinois. A train trip is planned, also.
- Train excursion, a circle tour of the Terminal Railroad Association of St. Louis (TRRA) trackage starting from St. Louis Union Station Hotel.
- Visit the Union Pacific RR Intermodal Facility at Dupou, Illinois.
- The R&LHS registration package will include the above as well as three (3) breakfasts and three (3) dinners.

**R&LHS is handling all registrations for their Annual Meeting.** We encourage you to go to their website (<http://rlhs.org/Meetings/Current/>) for more information. The registration is not open as of this date. The St. Louis Chapter NRHS registration form will be available in the future in the public section of the NRHS web site (<https://admin.nrhs.com>).

### **VERY IMPORTANT!!!!**

Each NRHS member who wants to attend **both** the R&LHS annual meeting events and the NRHS BOD and Advisory Council meetings **must register** with R&LHS **and** St. Louis Chapter NRHS. Registration forms will be available in the future. Each registration is processed separately

If a NRHS member does not want to attend the R&LHS annual meeting, and is only attending the NRHS BOD and AC meetings they **must register** with the St. Louis Chapter NRHS. No exceptions. NRHS BOD, AC and Fund meetings will tentatively be held on Sunday, June 3 pending final resolution of the rest of the schedule. Looking forward to seeing you in St. Louis in 2018!

Issued 10/21/17

10/11/2017

## 2018 Proposed NRHS Budget

To the Board of Directors of the National Railway Historical Society:

Attached is a spreadsheet for the 2018 proposed NRHS Budget. It includes unaudited financial data for 2017, with projections through December 31<sup>st</sup> to be used for comparison against the 2018 budget draft. The audited financial summary for 2016 has been included as well.

In addition to the budget proposals, there are five financial documents which are being provided both for the NRHS and the NRHS Fund. These are:

- NRHS Balance Sheet
- NRHS Budget vs. Actual
- Convention results
- NRHS Fund Balance Sheet
- NRHS Fund Income / Expenses

I would like to thank our Comptroller, Bob Heavenrich, the NRHS Officers and Service Directors for their work in putting the Budget spreadsheet together with both current and prior year data and most importantly providing budget recommendations for 2018

Based on the projections for the remainder of 2017, it is anticipated that we will end up with a positive cash flow to our net income at year end. The primary reasons for these increases were due to two large bequests totaling in excess of \$200,000.00 which were made to the Society, and the operation of a very successful convention in Nashville, TN

The 2018 Budget has been developed using conservative management of our financial resources while continuing to provide support and expanded services to our membership, chapters and other individuals and organizations through our educational and grant programs. It is a balanced budget.

We are expanding our long range financial planning efforts. The Society has been working with the NRHS Fund to establish an Investment Committee. This process has begun and should be functional by year end. The NRHS has also established a Treasury bill investment program. The goals of these investments are to insure that the Society has funding for future preservation and educational programs.

Much of the complex management work of the Society continues to be performed by a small cadre of dedicated volunteers. This volunteer work force must be expanded for several reasons. The first is to assist in the reduction of costs to operate our non-profit educational organization, and secondly to ensure that there are volunteers being trained to continue to do the work of the Society, both now and in the future.

A recap of the budget highlights for 2018.....

### Income:

1. Membership is projected to decline. This has become a very disturbing trend. We have reduced our dues income for 2018. The NRHS must develop strategies to both preserve its existing membership as well as increase its membership base in 2018.

2. The 2017 convention in Nashville, TN generated a positive cash flow. Smaller more conservative conventions with shorter schedules and a varied mix of activities are the business model the Society will be using again for the 2018 convention in Cumberland, MD. 2018 convention income is projected at a conservative \$10,000.
3. We are planning for some decreases in donations in 2018. However, both the Society and the Fund are exploring new methods of fund raising.

**Expenses:**

1. In 2018 we plan to issue four printed NRHS Bulletins. Budget has been increased to \$90,000 based on projected costs provided by the Bulletin Editor.
2. 2018 will have election expenses.
3. The 2018 Budget worksheet also shows Non-expense cash requirements (separate from the budget) for the Litigation Settlement, Award Pin Inventory and Administrative expenses for the NRHS Fund.
4. We also have provided our Restricted Fund balances both in the NRHS and the NRHS Fund.

This budget will be presented at the Board of Director's meeting for discussion and approval at the Fall Conference in Kansas City, MO on Saturday, October 21, 2017. Questions can be directed to the Treasurer at [treasurer@nrhs.com](mailto:treasurer@nrhs.com).

Thank you for your continued support of the National Railway Historical Society.

*Bob Bitzer*

NRHS Treasurer

# Appendix I

## NRHS 2018 Budget Worksheet

	2016 Audited	Preliminary Unaudited 2017 Results / Projections					Proposed 2018 Budget	Comment	
		Actual to 8/31	Expected Sept-Dec	Projected Total	2017 Budget	\$ Over Budget			Pct of Budget
<b>Income</b>									
4100 · Dues	246,314	219,035	465	219,500	225,000	-5,500	98%	210,000	Decline continues
4200 · Interest and Dividends	7	213	187	400	0	400		1,000	Mainly T'bills
4300 · Sales	3,272	3,403	298	3,700	3,500	200	106%	3,000	Includes back issues
4400 · Convention	116,556	114,570	0	114,570	110,000	4,570	104%	100,000	Nashville Net \$22k
4450 · RailCamp Income	45,450	45,440	0	45,440	45,500	-60	100%	45,500	No tuition change
4600 · Other Events	0	418	0	418	0	418		0	Spring conf.. 2017
4800 · Unrestricted Donations	56,893	215,715	24,285	240,000	46,000	194,000	522%	25,500	Incl. Bequests 2017
4900 · Restricted Donations	28,628	7,289	23,711	31,000	30,000	1,000	103%	20,000	Mainly from Fund
4999 · Other Income	10	0	0	0	0	0		0	
<b>Total Income</b>	<b>497,130</b>	<b>606,082</b>	<b>48,945</b>	<b>655,028</b>	<b>460,000</b>	<b>195,028</b>	<b>142%</b>	<b>405,000</b>	
<b>Expense</b>									
5100 · Convention	111,176	90,786	3,214	94,000	100,000	-6,000	94%	90,000	Includes 2018 planning
5200 · NRHS Bulletin	45,028	22,404	44,596	67,000	60,000	7,000	112%	90,000	4 issues 2018
5300 · NRHS News	15,853	10,933	11,067	22,000	33,000	-11,000	67%	22,000	Some printed copies
5350 · Misc. Publications	1,200	600	2,400	3,000	3,000	0	100%	3,000	Facebook page
5400 · Membership Records	14,609	8,183	12,817	21,000	17,000	4,000	124%	20,000	Mail cards separately
5600 · Meetings & Travel	4,267	16,835	3,165	20,000	5,000	15,000	400%	13,000	Increased travel 2017
5700 · Staff Expenses	0	0	0	0	5,000	-5,000	0%	0	Retire account
5800 · Admin. Office	3,347	2,528	1,472	4,000	3,000	1,000	133%	5,000	Includes staff expense
5950 · Financial Fees	18,551	1,027	2,934	3,961	30,000	-26,039	13%	5,000	3.5 % of gross
6000 · Corporate	4,880	3,469	0	3,469	5,000	-1,531	69%	7,600	Ballots 2018
6050 · Accounting	29,335	14,324	7,676	22,000	30,000	-8,000	73%	25,000	FASB 16-14
6060 · Legal Fees	14,230	9,666	4,334	14,000	11,000	3,000	127%	14,000	No increase
6090 · Insurance	7,136	3,441	3,560	7,000	8,000	-1,000	88%	8,000	No increase
6100 · Public Relations	0	0	0	0	0	0		0	No activity
6150 · Advertising	824	0	0	0	4,000	-4,000	0%	1,000	One ad 2018
6300 · Fund Raising	0	1,125	0	1,125	10,000	-8,875	11%	1,200	CFC fees
6400 · Sales	2,096	2,358	227	2,585	3,000	-415	86%	2,500	Now cash basis
6500 · Services	7,617	3,101	4,799	7,900	10,000	-2,100	79%	8,000	No increase
6600 · Library Operations	126	3,988	0	3,988	0	3,988		0	Moving expense 2017
6650 · Rent	13,114	9,400	0	9,400	14,000	-4,600	67%	15,000	Minor increase
6700 · RailCamp	51,072	44,745	7,255	52,000	48,000	4,000	108%	53,000	Apply donations
6800 · IT Systems	0	0	0	0	0	0		3,700	Web page fees
6900 · IT Development	893	0	0	0	0	0		3,000	New web page
6999 · Other Expenses	835	0	0	0	0	0		0	No activity
9100 · Grants	35,000	20,000	0	20,000	16,000	4,000	125%	15,000	May increase later
9200 · Donations	0	50,000	200,000	250,000	0	250,000		0	Transfers to Fund
9300 · Library Acquisitions	700	2,434.09	9,566	12,000	0	12,000		0	Bulletin PDF project
<b>Total Expense</b>	<b>381,899</b>	<b>321,347</b>	<b>319,081</b>	<b>640,428</b>	<b>415,000</b>	<b>225,428</b>	<b>154%</b>	<b>405,000</b>	
<b>Net Income</b>	<b>115,231</b>	<b>284,735</b>	<b>-270,136</b>	<b>14,600</b>	<b>45,000</b>	<b>-30,400</b>		<b>0</b>	

Restricted Fund Balances as of 12/31/16

	NRHS	Fund	Total
3210 Library	13,843	180	14,023
3211 Film Project	0	13,802	13,802
3220 Grants	0	2,175	2,175
3240 RailCamp	50,326	2,517	52,843
3250 RailCamp Scholarships	27,334	200	27,534
<b>Total</b>	<b>91,502</b>	<b>18,874</b>	<b>110,377</b>

Non Expense Cash Requirements

- 8,000 Litigation Settlement
- 1,000 Award Pin Inventory
- 0 Loan to Fund for Admin. Expenses

9,000 Total

## Appendix J

### ***Bulletin Digitization Next Steps***

As covered in other reports, the *NRHS Bulletin* will be fully digitized by the end of the year. The next step in the process is to determine what we want to do with the scanned Bulletin's. This report outlines three strategic options I am asking the NRHS to consider regarding how to use the digitized versions of the Bulletin.

**Option 1: Do Nothing.** The NRHS can treat the scanned copies of the *NRHS Bulletin* as a library archival product and not circulate them to the public.

**Option 2: Release to the public domain.** The NRHS can release all issue of the *NRHS Bulletin* to the public on the Internet as PDFs. This would mean the *NRHS Bulletin* would be in the public domain. As a result the NRHS would no longer be able to enforce copyright or have any practical ability to sell electronic issues in the future. It is important to realize that once released to the public domain, the NRHS can never reverse that decision.

**Option 3: Sell electronic copies of the *NRHS Bulletin*.** This option would allow the *NRHS Bulletin* to be sold as single issues or as a monthly/yearly subscription to the entire archive. To protect our intellectual property, NRHS would not sell PDFs of the magazines. Instead we would sell access to the PDFs through a computer application (tablet or computer based) that would allow the purchaser to view the PDF but not download or redistribute it. NRHS would use a service such as Zinio or built its own app.

NRHS management recommends that the society adopt option 3 as it provides a balance between making the material accessible with controlling the intellectual property of the NRHS. The Board should not expect that selling individual magazines or archive subscriptions will result in a significant revenue stream. The demand for an electronic copies of the *NRHS Bulletin* is likely fairly limited.

Also note that there are some issues of the magazine (many published post-1998) that could not be released in the public domain due to the licensing of images and other content used in the magazine. Bottom line is that a lot of that material is not ours to release.

I am asking this Board to provide me direction on which strategy I should follow in developing a more specific proposal for the Spring meeting. The specific proposal will cover the several options for how it will work, the timing for implementation, what the costs will be, and what revenue we might expected.

Jeff Smith  
Editor, *NRHS Bulletin*