

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

NRHS 2018 Budget As Approved 10/21/17

	2018 Budget
Income	
4100 · Dues	210,000
4200 · Interest and Dividends	1,000
4300 · Sales	3,000
4400 · Convention	100,000
4450 · RailCamp Income	45,500
4600 · Other Events	0
4800 · Unrestricted Donations	25,500
4900 · Restricted Donations	20,000
4999 · Other Income	0
 Total Income	 405,000
Expense	
5100 · Convention	90,000
5200 · NRHS Bulletin	90,000
5300 · NRHS News	22,000
5350 · Misc. Publications	3,000
5400 · Membership Records	20,000
5600 · Meetings & Travel	13,000
5700 · Staff Expenses	0
5800 · Admin. Office	5,000
5950 · Financial Fees	5,000
6000 · Corporate	7,600
6050 · Accounting	25,000
6060 · Legal Fees	14,000
6090 · Insurance	8,000
6100 · Public Relations	0
6150 · Advertising	1,000
6300 · Fund Raising	1,200
6400 · Sales	2,500
6500 · Services	8,000
6600 · Library Operations	0
6650 · Rent	15,000
6700 · RailCamp	53,000
6800 · IT Systems	3,700
6900 · IT Development	3,000
6999 · Other Expenses	0
9100 · Grants	15,000
9200 · Donations	0
9300 · Library Acquisitions	0
 Total Expense	 405,000
 Net Income	 0

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>				
<b>Liabilities</b>				
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