



2012 Annual Report

Overview

Scope

- Covering National Society Only
- Audited Data Only (2012 finalized in late July)
- Report content changed from previous years

Headlines - 2012

- Started Strategic Plan Implementation
- New Governance System Inaugurated (elections, organizational meetings)
- Second RailCamp Venue
- Bad Year Financially

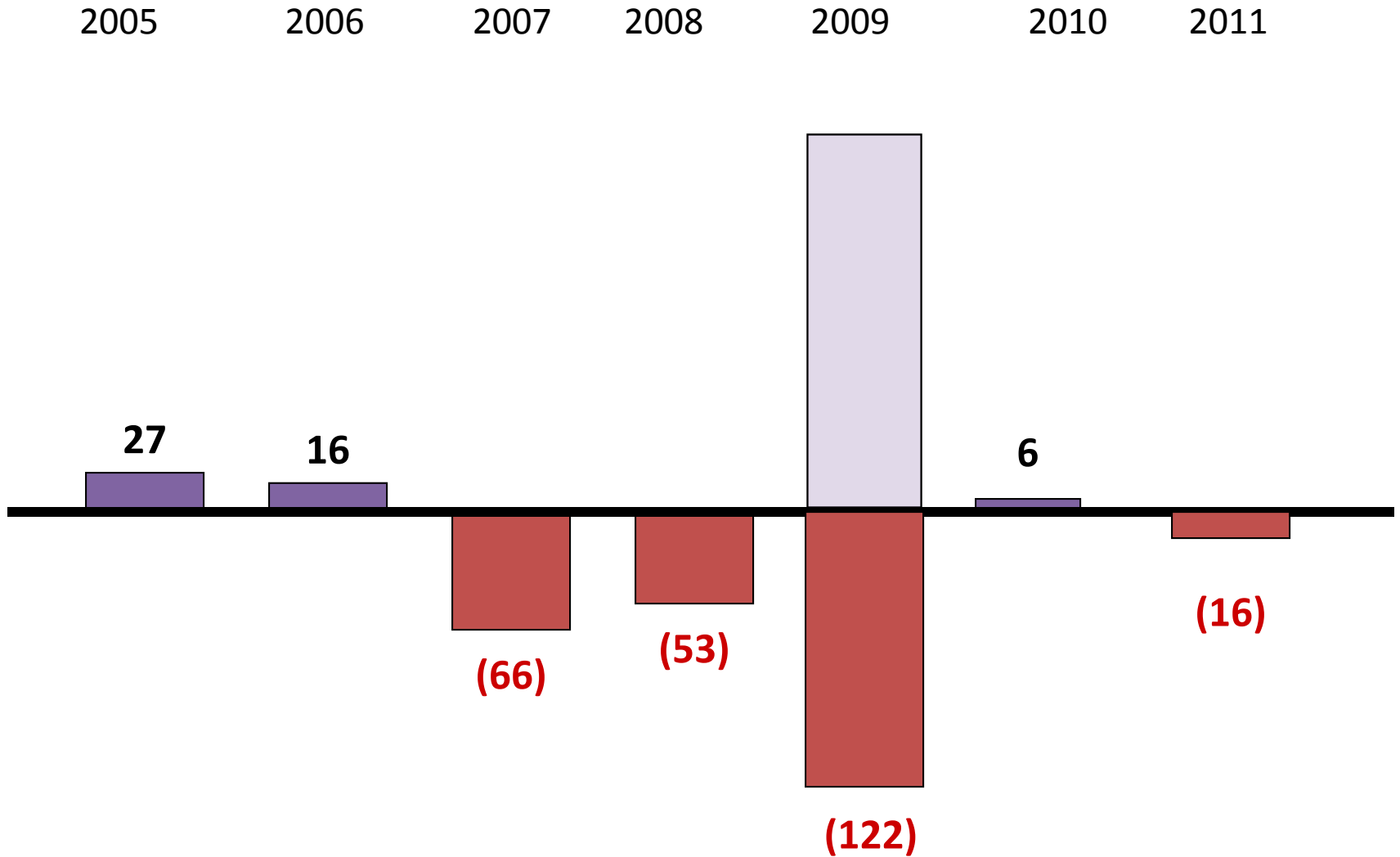
Financial Results

Fiscal Year 2012

2012 Net Income

- Actual **(\$272,000)**
- Budget **(\$66,000)**

Adjusted Net Income History



What Happened in 2012?

- Larger Financial Loss Than Expected
- A few major issues
 - Fundraising and Grants
 - Convention Results
 - Cost of Transition
 - Unplanned Issues

What Happened in 2012?

- Fundraising & Grants
 - Fell short of ambitious goal by \$100k
 - Budget from years earlier without professional input – too ambitious
 - Systems and fundable projects just not ready yet
 - Still developing infrastructure for serious fundraising
 - Still developing culture for serious fundraising

What Happened in 2012?

- Convention Lost \$50k vs. Planned Gain of \$50k
 - Program matched customer input
 - High fixed costs to run main line trains
 - Serious decline in attendance outside of Midwest
 - Reduced interest in premium space
 - Initial sales curve matched history
 - Cancellation would have lost more
 - All events operated and covered direct costs
 - Need to change the business model for the future

What Happened in 2012?

- Cost of Transition was even higher than budgeted
 - Already anticipated \$70k loss
 - First national elections
 - New governance system
 - Second RailCamp venue
 - Ramping up programs for new business model

What Happened in 2012?

- Additional Unplanned Problems
 - Operated one officer short much of year
 - Work issues and medical issues for key volunteers
 - Legal and insurance issues
 - One-year loss of CFC funds

Membership

2012 Trends

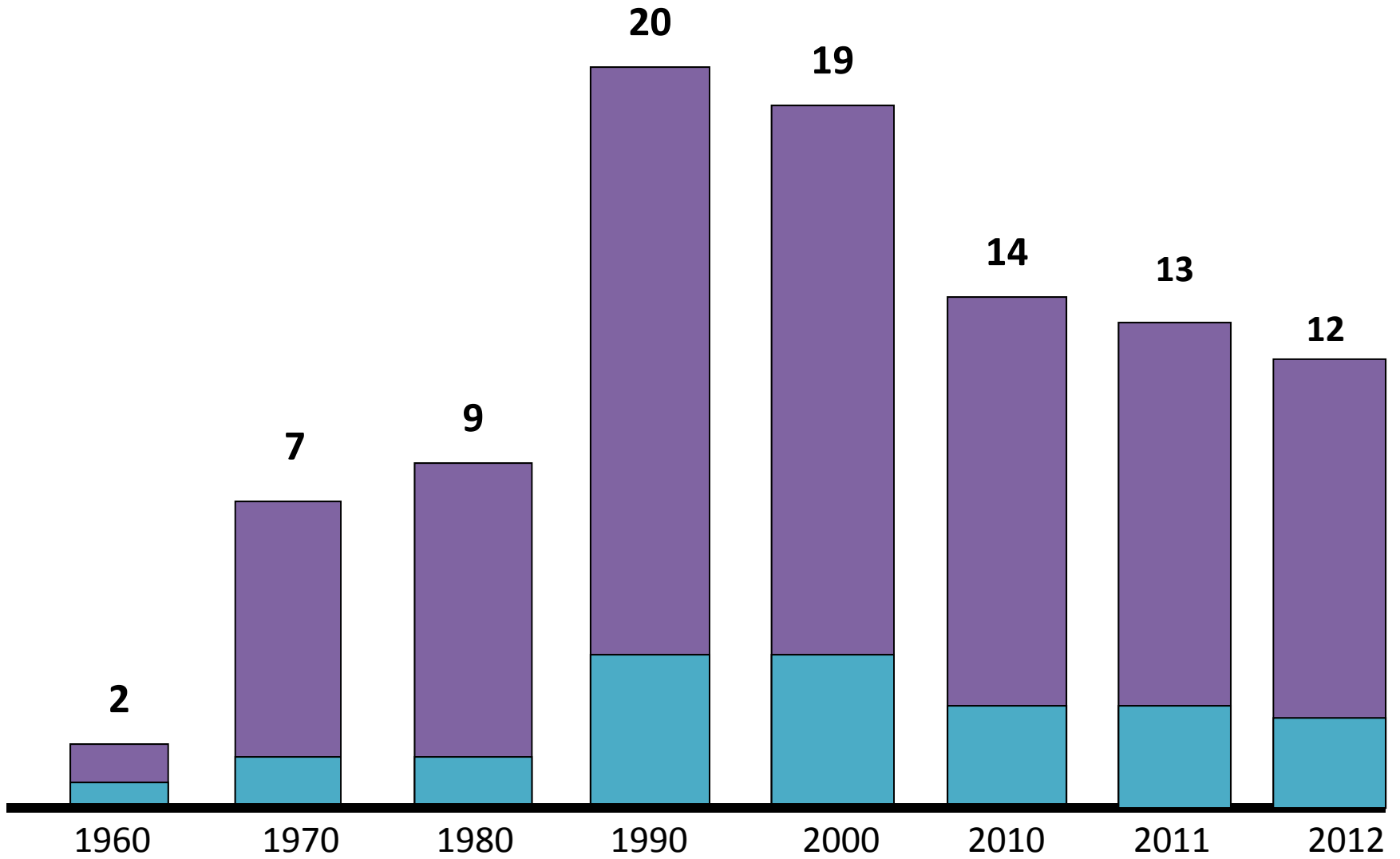
Membership October 1, 2012

Primary Chapter	7,673	(5.6%)
Primary At-Large	2,310	(7.1)%
Family	2,448	(5.2%)
Total	12,431	(5.8%)

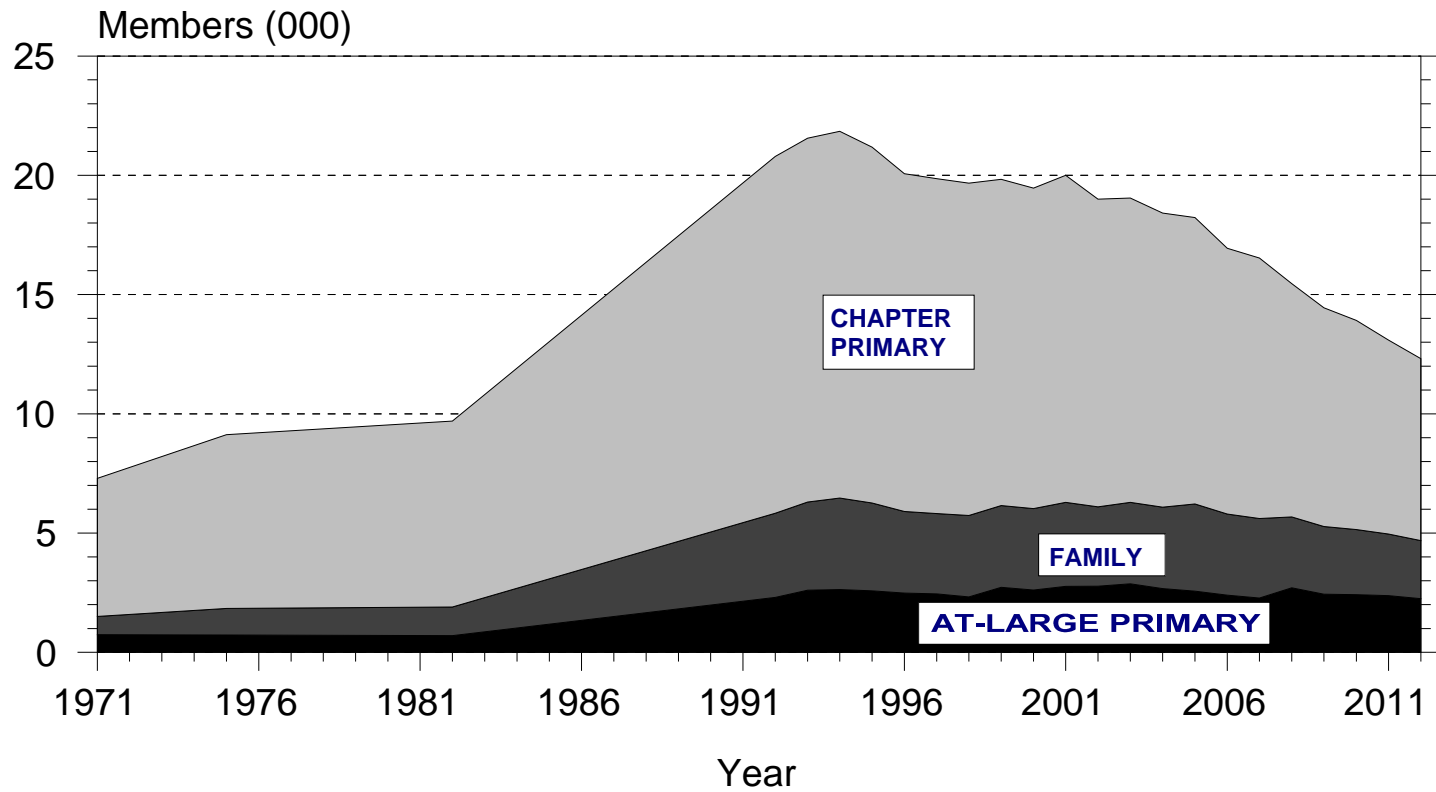
2012 Membership

- **(5.8%)** vs. **(5.1%)** in 2011
- Was Budgeted for 5% Decrease
- Still Primary Source of Operating Income
- 9th Consecutive Annual Decrease

Membership History



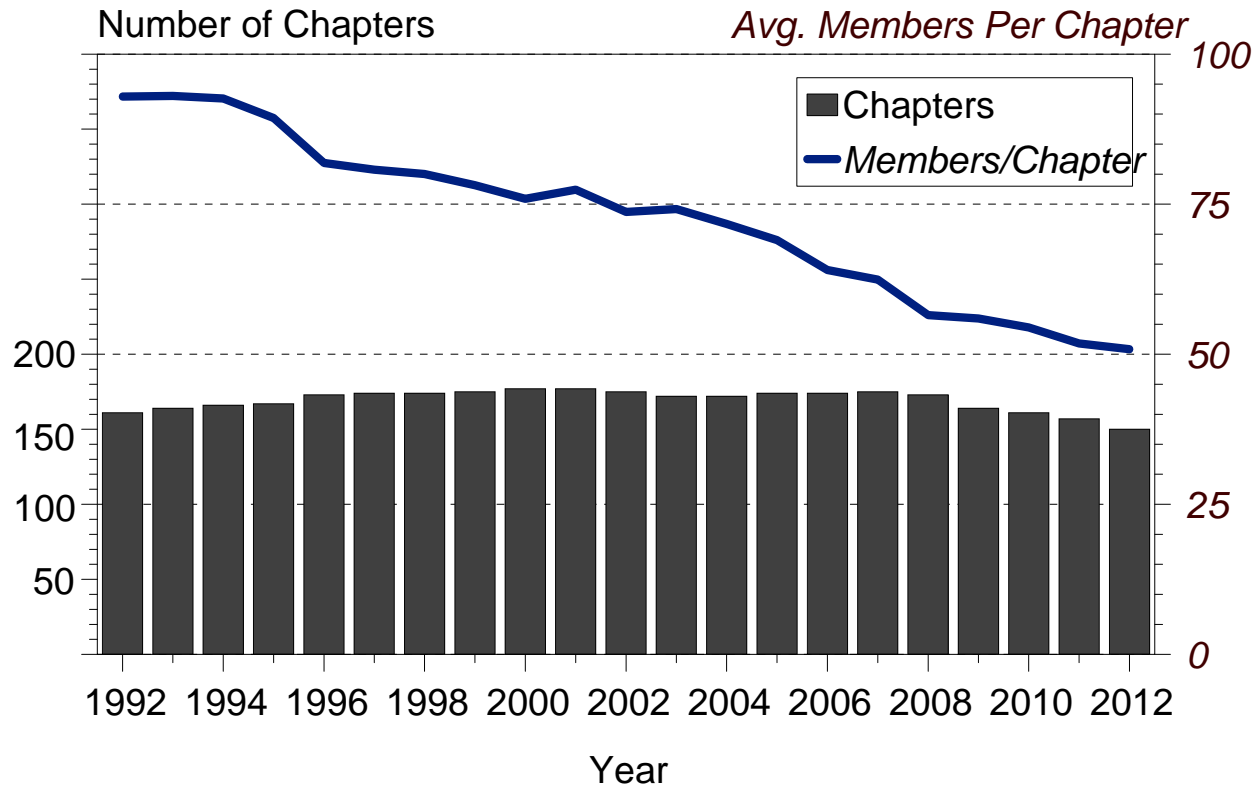
NRHS Membership



Chapters - 2012

- Added
 - Rochester (dropped in 2011; reinstated April 26, 2012)
- Dropped
 - Ozarks
 - Alabama Gulf
 - Marble Valley
 - Pittsburgh
 - Robert R. Young
- 152 Chartered Chapters at end of 2012

Chapter Primary Members per NRHS Chapter



Excludes Family Members

Chapters – 2013 To Date

- Added
 - Southern Kentucky
 - Bradford, Ohio (Reinstatement)
- Dropped
 - Central Florida
 - Bluebonnet
 - Chiloquin
 - North Alabama
- 150 Chartered Chapters as of September 2013 (One new charter pending)

What's Next?

Current Business

- Continuing Operations
- 2013 Budget Approved
- Set 2014 Dues
- Working on 2014 Priorities and Budget – October & November Meetings

Reinventing NRHS

- Four Strategic Planning Committees
- Integrate Plans & Budgets
- Communications Systems Improvements
- Most Urgent Implementation Begins in 2014

Dealing With Uncertainty

- Biggest Cash Flows in Last Quarter
- Chapter/National Relationship
- Chapter Support for Improved Communications
- Litigation
- Issues Facing Non-Profits in All Areas



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