

## 2014 Financial Report

Financially, 2014 was a good year for ICS with a net profit of \$12,738.38 as opposed to the budgeted/anticipated loss of \$314. The significant actual versus budgeted numbers are:

- lower than anticipated membership dues (account 40100; \$7,500) due fewer members ,
- an unexpected windfall (\$4,500) of interest income from our stock market based Certificate of Deposit (account 40600),
- higher than anticipated advertising income (account 40200; \$6,000),
- lower than anticipated "Comanche Flyer" printing costs (account 60000; \$5,500),
- lower than anticipated membership management expense (account 60100; \$3,200), and
- web site operation expenses lower than anticipated (account 67000; \$4,000).

ICS membership continued its precipitous decline from 2218 in December 2013 to 2075 in December 2014; a reduction of 175 members. This decline must be arrested or ICS will not exist 10 years from now at least in its present form in my opinion.

The unexpected interest windfall occurred because the CD fund manager made some last minute transactions. ICS does not control this fund and the income did not show up until the January 2015 statement. This CD is based on the stock prices of the following companies: Verizon (VZ UN), Eli Lilly (LLY UN), Apple (APPL UQ), Intel (INTC UQ), Berkshire Hathaway (BRK/B UN), Las Vegas Sands (LVS UN), Wynn Resorts (WYNN UQ), Netflix (NFLX UQ), Questar Market Resources (QEP UN), Carefusion Corp (CFN UN). The CD was issued on 31 Dec 2010 and will mature on 29 Dec 2016. This interest represents the first actual interest paid to date. Unfortunately, ICS will have to pay income tax on this interest as it is considered 'non-relevant' income (IRS' definition) to our primary purpose.

Please see the accompanying Profit & Loss Statement and Balance Sheet for additional information. These sheets also show the 2013 data for comparison. Some of the reasons for the differences between 2013 and 2014 Profit & Loss Statements that have not been previously mentioned are:

- Inventory sales are down slightly due to reduced 'goodie' sales. Technical items sales remain good.
- ICS Convention income was up due to more profit made and shared by Mid-States Tribe.
- "Flyer" printing and membership management costs continue the downward trend started the previous year's downward trend due to increased efficiencies.
- Outgoing President's Gift increased due to late gifts to former President Grant being given this year.
- Miscellaneous Business Expenses increased principally to cover a laptop computer provided to support 'e-Flyer' editor, Pete Morse.
- ICS made a January 2014 donation to CFF of 2013, 'non-relevant' interest income to avoid paying income tax.

Some of the reasons for the differences between 2013 and 2014 Balance Sheet Statements are:

- Checking/Savings increased as income was more than outgo.
- Accounts receivable is slightly higher, but not enough to be of concern.
- Undeposited PayPal should be treated like cash as it reflects funds that haven't been transferred over to our Checking account. Unlike last year, I was able to transfer most of the December renewals into the checking account which is higher than last year.
- Inventory assets are down and this is another good thing as we try to reduce the items on hand sitting in storage.
- Current Deferred Membership reflects the remaining services ICS owes the membership for the next twelve months.
- LT (long term) deferred membership reflects the remaining services ICS owes the members for the next thirteen to twenty-four months. The larger number indicates more members are choosing to renew for two versus one year.
- Net income reflects the bottom line from the Profit & Loss which when added to the previous year's total equity (retained earnings) generates the new total equity.

Bottom line – While this year was a financial success, the next few years will be increasingly difficult as we are forced to make changes due to the reduced Comanche airframes with corresponding reduction in ICS membership, aging airframes, the Flyer cost per capita, and the transition to a more digitally oriented membership.

Respectfully Submitted,

*Patrick Donovan*

Pat Donovan, Treasurer