

**Meeting of Board of Directors, Midwest Region, NMRA, November 2024**

To: Board of Directors

From: Bob McGeever

Date: 10/30/2024

Subject: Financial Report

This will not be the normal financial report. Those of you who dislike reports filled with tables of numbers are going to hate this report.

In my new role as the acting treasurer, I have dug into the financial history of the Region to get some perspective on where we have been and where we are going financially.

Because of my background, I think about things like cost centers and restricted funds. A cost center is a matching of revenue and expenses for an activity. A restricted fund is dedicated to some purpose and all expenditure of funds must be compliant with that purpose.

I have made a first pass at reporting our activities from this perspective.

This report raises some issues the BOD will have to address. We are not in any immediate financial difficulty but could get there if we don't make some changes.

**Financial Reporting Structure:**

The MWR has three cost centers we should be looking at:

- Regional Operations – anything not directly tied to the Waybill and Conventions cost centers
- The Waybill – all the income and expenses of publishing our quarterly newsletter.
- Regional Conventions – now that the Region is the financial center for the conventions, we will need to track this activity as a cost center.

The MWR has one restricted fund. It is for youth activities.

I have a Cash on Hand report, Regional Operations report and a Waybill report with history going back to 2014.

**Cash on Hand:**

We are a cash-based organization. We have no other assets of any significance.

Cash on hand as of 10/25/2024 is:

Checking	18271.46
Saving	5037.26
CD	15585.72
Total	38894.44
Youth Fund	6560.74

Note that some of our cash is a restricted fund that is to be used to support youth activities. Of the \$38,894 we have on hand, only \$32,333 is available to operate the division, publish the Waybill and support conventions.

Our cash history back to 2014 is:

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Checking	43336.46	44954.66	46042.24	48023.2	44802.6	46716.95	45973.65	43399.21	39580.11	43926.14	38417.3
Saving											
CD											
Total Jan 1st	43336.46	44954.66	46042.24	48023.2	44802.6	46716.95	45973.65	43399.21	39580.11	43926.14	38417.3
Youth Fund Jan 1st	7130.42	7130.42	7130.42	7130.42	7130.42	7130.42	7130.42	6560.74	6560.74	6560.74	6560.74

We have a definite downward trend in our cash on hand.

Back around 2017 it was thought that we had too much cash on hand and that we should share some of it with the Divisions. One of our income sources is a “rebate” from the NMRA based on the membership of our divisions. It was decided to pass 100% of the rebate to the Divisions in order to reduce our cash on hand. I think it is time to reconsider this. More on this in the Income/Expense section.

**Waybill Cost Center:**

The history of the Waybill Income and Expense since 2014 is as follows:

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Waybill Income											
Subscriptions	3985.72	3910.51	3232.58	4201.73	3072.65	2994.11	3375.09	3198.97	3209.94	3195.08	712.37
Advertising	125	25		12	35						
total	4110.72	3935.51	3232.58	4213.73	3107.65	2994.11	3375.09	3198.97	3209.94	3195.08	712.37
Waybill Expense											
Postage	671.59	1628.15	702.88	1143.59	356.01	507.91	1024.28	771.22	738.47	790.16	457.87
Printing	1420.44	3915.41	1759.87	3626.94	1081.11	1510.19	3229.08	2323.8	3746.14	4036.41	2043.03
other					361.19						
total	2092.03	5543.56	2462.75	4770.53	1798.31	2018.1	4253.36	3095.02	4484.61	4826.57	2500.9
Waybill Net	2018.69	-1608.05	769.83	-556.8	1309.34	976.01	-878.27	103.95	-1274.67	-1631.49	-1788.53
rolling net	2018.69	410.64	1180.47	623.67	1933.01	2909.02	2030.75	2134.7	860.03	-771.46	-2559.99

From 2014 to 2021, the Waybill was a positive income stream. The rolling net shows that it generated a net income of about \$2,100 for the region.

Something changed in 2022. It appears printing costs went up and subscription income did not.

Subscription income has collapsed in 2024.

I have hard copies of the invoices for the printing and mailing of the Waybill going back many years. So, we have the data we need to figure out what has changed. But digging through it may not be worth the effort.

We are one of the last regions that collects the newsletter subscriptions through the membership system run by the National. National is going to stop collecting subscriptions for us real soon. If we want to continue to offer a subscription based hard copy newsletter, we are going to have to build our own subscription service. If we don't, then the only option is to drop the hard copy newsletter and just distribute it as a PDF.

**Regional Operations:**

The history of the Regional Operations Income and Expense since 2014 is as follows:

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Income											
NMRA Revenue Sharing	2789	2738	2767	2705	2573	2488	2404	2274	2248	2133	2081
Convention		1678.73		354.04	2342.19	2229	654		6933		12683.27
Investment Income											622.98
total	2789	4416.73	2767	3059.04	4915.19	4717	3058	2274	9181	2133	15387.25
Expenses											
Conventions	742.06	295.45		2245.75	538.9	3229	1500	2685			12718.01
Rebate to Divisions	1054	684.5	673	2833	2573	2417	2404	2274	2248	2133	1042
Other w/o Youth	866.3	624.63		644.09	1198.28	790.32	280.49	1181.05	1312.3	1877.35	1575.4
Youth	500	100	279.19				569.68				
total	3162.36	1704.58	952.19	5722.84	4310.18	6436.32	4754.17	6140.05	3560.3	4010.35	15335.41
Ops net	-373.36	2712.15	1814.81	-2663.8	605.01	-1719.32	-1696.17	-3866.05	5620.7	-1877.35	51.84
rolling net	-373.36	2338.79	4153.6	1489.8	2094.81	375.49	-1320.68	-5186.73	433.97	-1443.38	-1391.54

Note that the NMRA rebate has been trending down. The region has less dues paying members, so the rebate has decreased. I believe we have received the full rebate payment for 2024. Only half of it has been sent to the divisions.

The Convention income line is a bit misleading. Our bookkeeping system was set up prior to when the region was providing the seed money for conventions. The seed money is booked as a convention expense and the repayment of the seed money is booked as convention income. In 2020 and 2021, we sent a total of \$3,500 in seed money to the Indy Junction convention. We got it all back plus some profit in 2022.

We pretty much broke even on the 2024 convention. We got a \$3,500 tourism grant to hold the convention. Without that grant we would have lost money on the convention.

The Other expense line is mostly BOD activity. The major contribution to the increased costs since 2020 appears to be the cost of holding the BOD meetings live at different locations around the region. We won't have that expense going forward.

To disentangle the convention from our BOD operations, I split them into two reports.

The Operations Report is:

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Income											
NMRA Revunue Sharing	2789	2738	2767	2705	2573	2488	2404	2274	2248	2133	2081
Investment Income											622.98
total	2789	2738	2767	2705	2573	2488	2404	2274	2248	2133	2703.98
Expenses											
Rebate to Divisions	1054	684.5	673	2833	2573	2417	2404	2274	2248	2133	1042
Other w/o Youth	866.3	624.63		644.09	1198.28	790.32	280.49	1181.05	1312.3	1877.35	1575.4
Youth	500	100	279.19				569.68				
total	2420.3	1409.13	952.19	3477.09	3771.28	3207.32	3254.17	3455.05	3560.3	4010.35	2617.4
Ops net	368.7	1328.87	1814.81	-772.09	-1198.28	-719.32	-850.17	-1181.05	-1312.3	-1877.35	86.58
rolling net	368.7	1697.57	3512.38	2740.29	1542.01	822.69	-27.48	-1208.53	-2520.83	-4398.18	-4311.6

It shows we were running the region on the NMRA rebate prior to 2017. We have been losing money since then because we are not keeping any of the rebate for the region. We have succeeded at running down our cash on hand and sharing it with the divisions.

The Conventions Report is:

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Convention Income		1678.73		354.04	2342.19	2229	654		6933		12683.27
Conventions Expense	742.06	295.45		2245.75	538.9	3229	1500	2685			12718.01
Convnetion net	-742.06	1383.28	0	-1891.71	1803.29	-1000	-846	-2685	6933	0	-34.74
rolling net	-742.06	641.22	641.22	-1250.49	552.8	-447.2	-1293.2	-3978.2	2954.8	2954.8	2920.06

Without Indy Junction, we would have lost about \$500 on conventions since 2014.

## **Conclusions:**

- We need to get the Waybill operating at least as a break-even operation. If we can figure out how to collect subscriptions at a rate that will support the distribution of a hardcopy newsletter then we can carry on as is. If not, we will have to convert to a PDF only distribution system. It would be financially prudent to have this worked out in the next few months.
- We probably need to learn to run the Region on the NMRA rebate income. It is the only firm income stream we have.
- We have some real work to do regarding the financing of the Regional Conventions. They are not a reliable income stream for the Region.
- We should reactivate the Youth Fund.