

Addendum #1



7th Division PNR NMRA

Annual Financial Report for the year ended October 31, 2011

The 7th Division remained in solid financial condition for another year. Cash and near-cash investments make up all of the \$12,579 in assets. There are currently no outstanding invoices to be paid.

The Money Market GIC held with TD Canada Trust matures on November 16, 2011. Being a money market instrument, its rate of return is directly tied to the general rates of return. Given that general rates are near-zero, and have been for several years, the GIC is earning on ly 1.50% per annum. Assuming the 7th Division Board has no immediate plans for expenditures, the writer recommends that the investment be increased to \$10,000 and placed in a 3-year Security GIC Plus, having the potential to earn greater returns, while guaranteeing the principal.

Revenue is down \$188 (15.9%) in the category of PNR Membership Rebates, as the PNR provided a smaller share of its NMRA rebate to the divisions. It is anticipated that the rebate proportion will continue into future years. Revenue is down \$1,400 (58.3%) in the category of Donations-Shows, because the donation by the Shuswap Rails 2010 naturally did not recur. There were no revenues from the Video Library in fiscal 2011.

Expenses continued to trend downward by \$671 (42.9%) overall, creating a net gain of \$1,225 for fiscal 2011. The primary expense remains the publishing and distribution of the Bulletin Board and the annual election ballot. Because more members are electing to receive the Bulletin Board electronically, printing costs are down \$40 (6.4%) and distribution costs are down \$388 (72.8%). That being said, the writer suspects there are unclaimed mailing expenses to be submitted. The Division may be nearing the saturation point for reduction of printing and distribution costs for the Bulletin Board.

L.A. (Larry) Sebelley
Treasurer



7th Division PNR NMRA

Annual Financial Report

Comparative Income Statement

	For the Year Ended October 31, 2011	For the Year Ended October 31, 2010
Revenue		
PNR Membership Rebates	\$ 994	\$ 1,182
Donations - Shows	1,000	2,400
Donations - Members	43	135
Advertising	-	101
Video Library	-	-
Bank Interest	83	65
Miscellaneous Revenue	-	-
Total Revenue	<u>\$ 2,120</u>	<u>\$ 3,883</u>
Expenses		
Bulletin Board Printing	\$ 590	\$ 630
Bulletin Board Mailing	145	533
Achievement Program Mailing	24	19
Awards	-	84
Video Library	135	-
Legal Expenses	-	25
Advertising Expenses	-	50
Office Supplies	-	116
Bank Charges	-	-
Miscellaneous Expenses	-	108
Total Expenses	<u>\$ 894</u>	<u>\$ 1,565</u>
Net Profit	<u><u>\$ 1,225</u></u>	<u><u>\$ 2,318</u></u>



7th Division PNR NMRA

Annual Financial Report

Comparative Balance Sheet

	October 31, 2011	October 31, 2010
Assets		
Current Assets		
Operating Bank	\$ 7,079	\$ 6,225
Investments (Note 1)	5,500	5,500
Accounts Receivable	-	-
Total Assets	<u><u>\$ 12,579</u></u>	<u><u>\$ 11,725</u></u>
Liabilities		
Current Liabilities		
Accounts Payable	\$ -	\$ 371
Total Liabilities	<u>\$ -</u>	<u>\$ 371</u>
Equity		
Retained Earnings - Prior Years	\$ 11,354	\$ 9,036
Current Earnings	1,225	2,318
Total Equity	<u>\$ 12,579</u>	<u>\$ 11,354</u>
Total Liabilities and Equity	<u><u>\$ 12,579</u></u>	<u><u>\$ 11,725</u></u>

Note 1: Investments

Money Market GIC held at TD Canada Trust. Principal value \$5,500. Earning 1.50% per annum. Matures on November 16, 2011.



7th Division PNR NMRA

Annual Budget

Income Statement

	2008	2009	2010	2011	Average	Budget
Revenue						
PNR Membership Rebates (Note 1)	\$ 570	\$ 583	\$ 1,182	\$ 994	\$ 832	\$ 1,000
Donations - Shows (Note 2)	2,392	1,780	2,400	1,000	1,893	2,000
Donations - Members	345	225	135	43	187	-
Advertising	-	66	101	-	42	-
Video Library	145	-	-	-	36	-
Bank Interest	195	162	65	83	126	100
Miscellaneous Revenue	-	-	-	-	-	-
Total Revenue	\$ 3,647	\$ 2,816	\$ 3,883	\$ 2,120	\$ 3,117	\$ 3,100
Expenses						
Bulletin Board Printing (Note 3)	\$ 1,338	\$ 859	\$ 630	\$ 590	\$ 854	\$ 600
Bulletin Board Mailing (Note 3)	1,072	625	533	145	594	500
Executive Travel (Note 4)	-	-	-	-	-	500
Achievement Program Mailing (Note 5)	-	-	19	24	11	20
Awards	55	-	84	-	35	50
Video Library (Note 6)	40	-	-	135	44	300
Legal Expenses	48	25	25	-	25	25
Advertising and Promotion Expenses	-	-	50	-	13	100
Office Supplies	5	141	116	-	66	100
Bank Charges	-	-	-	-	-	-
Miscellaneous Expenses	-	18	108	-	31	-
Total Expenses	\$ 2,558	\$ 1,668	\$ 1,565	\$ 894	\$ 1,671	\$ 2,195
Net Profit	\$ 1,089	\$ 1,148	\$ 2,318	\$ 1,226	\$ 1,445	\$ 905

Notes:

- 1 PNR membership rebates were doubled in 2010. It is anticipated that they remain at approximately this level.
- 2 Donations from shows are consistently in the \$2,000 range.
- 3 The production and distribution costs of the Bulletin Board have been trending downward, as more members accept the electronic version. We may be approaching the saturation point.
- 4 New budget item to offset some of the costs executives incur while travelling on 7D business.
- 5 New budget item to cover the costs of mailing AP materials.
- 6 Annual allowance to purchase new DVDs for the Video Library