

Financial Summary

January 10, 2015

FRRS Board of Directors Meeting

Available Cash: As of December 31, 2014 the general operating account contained \$64,136.20 (this includes \$5,000.00 of restricted funds for the WP 1503 restorations and \$750.00 for the CCT 24), the temporarily restricted account contained \$16,536.00 and the BofA internet account contained \$12,676.65 for a total of \$93,668.85 (\$80,672.20 not including the temporarily restricted balance). This is one of the best available bank balances for the “dry season” we have had in many years. Kudos to all of you for being fiscally conservative and responsible with spending.

Credit Card Balance: Previous balance \$9,787.58 and current balance is \$4,422.11 (including current charges from mid-November to mid-December). We continue to pay all new charges, all current finance charges and an additional \$500.00 toward the bill each month. The balance, not including any new charges is approximately \$3,625.76 and will drop to approximately \$3,125.76 next billing cycle. As previously recommended, as the balance drops to between \$3,000-\$5,000, depending on our cash flow at that time, we should consider paying the balance to avoid continuing to pay interest. However, I would recommend that we continue on the current plan until March 2015 (minimum) at which time cash inflow should allow us to pay in full without too much strain on our cash position.

Memberships: Membership dues are down by 8.1% over this time last year (New memberships down 38.2% - \$2,220.00 vs. \$3,594.09, Renewals down by 3.1% - \$21,210.00 vs. \$21,893.38).

Profit & Loss, year to date: We have booked revenue of \$298,737.70 and have expended \$269,991.37 (compared to \$268,453.52 and \$277,750.00 respectively this time last year). The result is net income of \$28,726.33 compared to -\$9,296.48 last year at this time.

Gift shop revenues are up by 8.7% over this time last year (\$39,611.59 vs. \$36,444.26) with expenses nearly the same (up 1.5% - \$36,995.65 vs. \$36,461.95), RAL revenue is up by 3.9% (\$39,446.00 vs. \$37,954.50) and museum admissions are up by 13.4% (\$28,220.50 vs. \$24,876.25).

Overall, a pretty good year coming off a long economic downturn. This year’s economic growth is potentially a good thing for us with the cost of gasoline at a low compared to this time last year. Time will tell.

I had concerns about the low net profit in the gift shop due to day to day impressions regarding revenue and sales, and took a closer look at the reasons. As best as can be determined, we spent the first two years after the departure of our paid manager trying to build up and refine the merchandise in the gift shop as he had been instructed in his first year to slow spending dramatically and there was relatively little stock available due to same. We currently are in a good position with inventory and was able to spend approximately \$12,000.00 for merchandise in 2014 that normally would be delayed until late February or March 2015. This means we can focus on new product lines in 2015 as a means to increase revenue without having to spend on staple goods such as shirts and toys. If that money had not been spent in 2014, we would have booked an approximate net income of approximately \$15,000.00 rather than the approximate \$3,600.00 showing in the P&L, indicating a slow but progressive improvement in gift shop operations despite having to pay employees rather than rely on volunteers.

RECOMMENDATIONS: Consider payoff of credit cards in March or April. Focus on advertising in the Reno/Sparks/Carson City/Truckee/Tahoe areas to increase visitorship and RAL bookings. Utilize the convention as a way to increase membership. Keep up the fiscal conservative approach and focus on responsible spending. Work on increasing fundraising through personal appeals and develop other channels of increasing cash flow. Complete the restoration of at least one locomotive to show progress in preserving the collection and encouraging donations. Adopt the position of purchasing at least one set of locomotive batteries per year with two sets to be purchased in 2015.