2014 ASA FINANCIAL STATEMENTS AND 2015 FINANCIAL PROJECTIONS

Attached as Table 1 are the ASA's Income Statement for the year 2014 and the Balance Sheet as of December 31, 2013 and December 31, 2014. The first column of figures on the Income Statement is presented on a consolidated basis for the ASA. It shows total income for the year of $34,762, total expenses for the year of $21,519, and income in excess of expenses was $13,244. The Balance Sheet shows that total assets increased from $159,232 to $172,475 and that we had no liabilities at the end of 2013 and $ at the end of 2014. The great majority of the ASA's assets are investments. The total value of the Operating Fund was $12,011, the value of the Endowment Fund was $73,028, and the value of the Research Fund was $87,437.

The consolidated financial statements are becoming less meaningful every year, because of the growth of the Research Fund whose assets may only be used for research grants and thus are not available for operating expenses and other purposes. Therefore, the ASA's Income Statement is presented in columns 2 and 3 of Table 1 broken into two segments, the ASA excluding the Research Fund and the Research Fund, respectively. Those columns are analyzed in the following paragraphs, and projections for 2015 are presented for the ASA excluding the Research Fund.

The ASA excluding the Research Fund had total income of $20,864 and total expenses of $21,519 in 2014, and thus had a net gain of $654 for the year, as shown in column 2 of Table 1. The cost of editing, printing, and mailing The Azalean totaled $17,778 during 2014, or 83 percent of expenses and nearly $4,500 per issue. These figures include publishing and paying for three issues of The Azalean during 2014. At the end of 2013 we still owed our members two issues, as we fell one issue behind during 2010 and another issue behind during 2014. Dues income totaled $16,137 in 2013, or 77 percent of total income. We experienced the benefit of the higher annual dues rate of $30 for dues payments received in 2014 and approximately half of dues payments during 2013. Gift income totaled $3,885 for the year, including $1,185 of dues payments in excess of regular annual dues ("Excess Dues"). Interest on investments totaled $1,335, far less than in years as recently as 2011, due to lower interest rates available and the expiration and refunding of certificates of deposits taken out in earlier years when interest rates

were much higher. We also have not yet collected for about half of the advertisements in the Azalean during the years 2011 and later, due to not billing advertisers during those years.

The Operating Fund, which is available for operating expenses, decreased by $2,557 during the year to $12,011, and the Endowment increased by $1,903 to $73,028. All earnings on the Endowment and Operating Funds go into the Operating Fund, as do all revenues except payments for Life Memberships. Major purposes of the Endowment Fund include assuring that the ASA has sufficient funds available to pay for The Azalean and other services to life members throughout their lifetimes, and in general to assure that the ASA has a cushion to see it through any hard times. At present, we have 67 life members and one partial life member; at the new life membership rate of $600, a generous estimate of our future obligation to life members is approximately $40,500.

Projections for 2015 income and expenses of the Operating Fund plus the Endowment Fund, plus actual figures for the four years 2011 – 2014 are presented in Table 2. These figures assume no extraordinary or unusual events during the year and a continuation of trends of recent years with the following exceptions: the assumption that we will publish six issues of the Azalean during 2015 and thus catch up on our publishing schedule; and collection for advertising for recent years during 2015; and payment by the ASA of $1,000 of the prospective $3,000 fee to be required if the ASA decides to file with the IRS for a "Group Exemption" to provide all of the chapters explicit tax-exempt status. Based on the above, the projections for 2015 indicate a surplus of income over expenses of $573, with the Operating Fund decreasing by $928 and the Endowment fund increasing by $1,500.

The Research Fund has grown steadily in recent years, from $20,889 at the end of 2010 to $87,437 at the end of 2014, as shown in Table 3. Gift income during 2014 totaled $5,040, including a grant of $16,000 in stock from a late member. $2,000 in research grants were funded during 2014. The ARF had modest investment income of ___ during 2014, as the value of one of its two stock investments increased and the other decreased during the year.

Respectfully submitted,
Dan Krabill, Treasurer
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