



NATIONAL TREASURER
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FMCA's Financial Status

Following is my report to you on the financial status of our organization. Accompanying this article are the audited Family Motor Coach Association and Subsidiary Consolidated Statements of Financial Position at December 31, 2008, and December 31, 2007, and Consolidated Statements of Activities for the years ended December 31, 2008, and December 31, 2007. The audit was conducted by the certified public accounting firm Plattenburg and Associates.

As indicated in the table below, 2008 was one of the most challenging

the securities markets, FMCA's cash and investment balance declined by \$3,367,774 from December 31, 2007, to December 31, 2008. With the global economic situation in total disarray, the next few years, particularly 2009, will also be difficult for FMCA.

Although expenses for 2008 were almost \$1.4 million under budget, revenues were under budget by over \$2.6 million. With the economic troubles in the RV industry, magazine revenues have declined by \$2.5 million from 2005 to 2008, with \$1.4 million of that decline in 2008. Magazine revenues for 2008 were almost \$1.4

Year	2008	2007	Change
Operations, pre-tax	(\$1,295,651)	(\$392,227)	(\$903,424)
Investments, pre-tax	(\$1,827,483)	\$ 952,165	(\$2,779,648)
Change in net assets	(\$2,122,964)	\$ 177,077	(\$2,300,041)

years FMCA has ever experienced. The negative economic pressure on the RV industry was becoming clearer last year at this time, with major manufacturers closing down or dramatically cutting back production; however, the securities markets, while volatile, had not yet plummeted. As I cautioned last year, we cannot continue to consume cash on operating losses, hoping investments will bail us out. As a result of the losses and the severe downturn of

million under budget.

Membership revenues for 2008 were under budget by just over \$600,000. While membership dues are the major revenue contributor, other revenues in this classification include commercial membership dues, logo merchandise sales, and commissions, all of which were under budget. Membership revenues have declined almost \$700,000 from 2005

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FAMILY MOTOR COACH ASSOCIATION, INC. AND SUBSIDIARY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31, 2008	December 31, 2007
ASSETS		
Cash and cash equivalents	\$ 844,976	\$ 1,077,118
Accounts receivable, net of allowance	271,406	225,682
Merchandise inventory	149,498	147,254
Prepaid expenses	1,373,918	1,946,087
Investments	8,370,646	11,506,278
Refundable income taxes	0	72,900
Deferred income taxes	1,820,900	488,100
Property and equipment, net	1,610,504	1,749,550
Total Assets	\$ 14,441,848	\$ 17,212,969
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 130,599	\$ 207,296
Accrued payroll and taxes	104,453	112,815
Income taxes payable	3,070	206,736
Member mail-forwarding deposits	89,605	70,015
Convention deposits	481,852	841,055
Magazine deposits	37,046	49,286
Contributions payable	58,583	68,017
Deferred membership dues	1,529,938	1,506,140
Deferred life member dues	382,347	404,290
Total Liabilities	2,817,493	3,465,650
Net Assets		
Unrestricted - board designated		
Current operations	3,579,244	2,075,127
Building and equipment	1,610,504	1,749,550
Building reserve	4,312,248	4,967,674
Operating reserve	4,312,248	4,967,674
Market value adjustment	(2,189,889)	(12,706)
Total Net Assets	11,624,355	13,747,319
Total Liabilities and Net Assets	\$ 14,441,848	\$ 17,212,969

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TREASURER'S COMMENTS

to 2008, with almost one-half of that from 2007 to 2008. Total family memberships at the end of 2008 were 107,355, a net decline from the prior year of 8,690.

Conventions are considered a member benefit. As such, they are budgeted to provide a small margin, with a risk factor added to cover lower-than-estimated attendance and/or added costs. Convention revenues for 2008 were \$672,000 lower than budget, while costs were \$222,000 under budget. Record fuel prices in 2008 adversely affected attendance.

At its November 2008 meetings, the Executive Board took several decisive steps to address the operating losses and decline in cash and investments. These steps were completed by the end of January 2009 with resulting cost cuts totaling in excess of \$859,000 and budget reductions in excess of \$148,000. The major cost cuts were significant reductions in Executive Board travel reimbursements and reductions in workforce. Total staff at the end of March 2009 was 47 full-time employees and two part-time employees, down from 54 full-time and 10 part-time at the end of 2008.

In summary, FMCA remains financially strong, notwithstanding the 2008 losses. Year-end cash and investments exceeded \$9.2 million; FMCA has no debt; and the current ratio (current assets divided by current liabilities) is 4.55 and 4.46, at December 31, 2008 and 2007, respectively (2.0 or better is considered good). However, let us not forget that revenues in 2009 continue to decline and the economy is extremely unsettled; we need to protect reserves while looking for opportunities to invest in our future. FMCA must not only survive, it must be positioned to thrive when the economy recovers: strong reserve balances will enable FMCA to take advantage of available opportunities that further its position as the premier motorhome organization. **FMC**

FAMILY MOTOR COACH ASSOCIATION, INC. AND SUBSIDIARY CONSOLIDATED STATEMENTS OF ACTIVITIES For the Years Ended December 31, 2008, and December 31, 2007

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
REVENUES		
Membership revenue	\$ 3,352,876	\$ 3,573,348
Magazine revenue	5,371,339	6,750,508
Convention revenue	2,582,704	3,303,793
Commissions	48,009	93,310
Road atlas	63,281	60,953
Miscellaneous	<u>158,735</u>	<u>131,640</u>
Total Revenues	11,576,944	13,913,552
OPERATING EXPENSES	12,872,595	14,305,779
CHANGE IN NET ASSETS FROM OPERATIONS	(1,295,651)	(392,227)
OTHER INCOME (EXPENSE)		
Interest and dividend income	326,642	297,518
Net realized gains (losses) on investments	26,752	629,068
Net unrealized gains (losses) on investments	(2,180,812)	86,420
Investment fees	<u>(65)</u>	<u>(60,841)</u>
Total Other Income (Expense)	(1,827,483)	952,165
CHANGE IN NET ASSETS BEFORE INCOME TAXES	(3,123,134)	559,938
PROVISION FOR INCOME TAXES	(1,000,170)	382,861
CHANGE IN NET ASSETS	(2,122,964)	177,077
NET ASSETS, BEGINNING OF YEAR	<u>13,747,319</u>	<u>13,570,242</u>
NET ASSETS, END OF YEAR	\$ <u>11,624,355</u>	\$ <u>13,747,319</u>