Agenda

- Changes
- Circumstances
- Challenges
CHANGES
What’s New

- New Senior Leadership
- New Dir of Finance & senior accounting staff
- New Organization
  - Consolidation of business operations
- New Procedures
  - Grant-ready budget for 2013
- New Systems
  - Enhanced systems integration & performance
- Final Tax Status
After reviewing your inquiry dated August 29, 2012, I researched and received a letter from the IRS Department of Exempt Organizations that states the Air Force Association is exempt under Section 501 (c) (3). And under that, they are a 509 (a) (1) Public Charity.

Letter from the Office of the Taxpayer Advocate Service
Dated Aug 31 2012
Garage Repairs

- Original estimate: $326,836
- Budgeted amount: $350,000
- Authorized additional work: $13,190 (driveway/security loop)
- Unauthorized additional work: $141,766 (latent defects)
- Negotiated additional payment: $75,000.00
- Final price: $397,558
- Negotiated reduction: $84,235
CIRCUMSTANCES
2012 Results to Date

- Clean 2011 audit: an unqualified opinion
- Improved financial reporting
- Formal quarterly financial reporting to Governance
- Additional CPA on staff
- One FTE reduction in Finance Department
Accrued Pension Liability vs. Net Assets

- Accrued Pension (Asset) Liability
- Net Assets

Millions

- $0.0
- $5.0
- $10.0
- $15.0
- $20.0
- $25.0
- $30.0
- $35.0
- $40.0
- $45.0

Primary Sources of Revenue

- Air & Space Expo and Conf.
- Membership Dues
- Contributions
- Insurance
- Magazine
- Building Operations

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<th>Year</th>
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Membership Statistics

- 1-year members
- 3-year members
- Life members
* - the Air & Space Expo and Conference YTD numbers are based on cash receipts and current projections. Expo revenue is higher than 2011 and registration revenue is likely to be lower than budget due to the waiver or registration for certain attendees.
“A Perfect Storm”

- National Financial Crisis and the Debt
- Impact of the GSA Scandal
- Sequestration
- Declining Membership
- Pension Liability
Options

- Do more with less
- Significant dues increase
- Eliminate or reduce support payments
- Major reductions in programs
- Rob a large bank
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- Eliminate or reduce support payments
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- Get creative & committed!
PERSONAL CHOICES
Section 509(a)(1) organizations include:

A publicly supported organization.

An organization is a publicly supported organization if it is one that normally receives a substantial part of its support from a governmental unit or from the general public.
Value of Time or Services

- You cannot deduct the value of your time or services, including:
  - Blood donations to the Red Cross or to blood banks, and
  - The value of income lost while you work as an unpaid volunteer for a qualified organization.
Consider a planned gift
Include the AFA &/or the AFMF in your annual giving plans
Forgo reimbursement of all or part of your expenses
Recruit a new member
Recruit a Community Partner
Join AFA’s social networks
Some gave all!
All gave some!