

TREA's 2006 ANNUAL REPORT

by TREA Finance Committee

TREA has made significant progress during 2006 to increase revenues and decrease expenditures. Part of the savings has been generated by reorganizing committee functions and by changing or revising contracts with our vendors. Progress to date has not been easy or painless, but we are continuing to do what is necessary to ensure our long-term effectiveness. We anticipate these changes will continue to decrease expenditures, increase revenues, and improve efficiency.

JDS Professional Group conducted our combined annual audit (with TREA Senior Citizens League [TSCL]). For 2006 they also consolidated TREA Memorial Foundation on TREA's audit. JDS Professional Group concurred with our financial statements and determined that our accounting principles complied with accepted standards. JDS Professional Group issued an unqualified opinion on the 2006 audits for TREA/TSCL/TREA Memorial Foundation. The audit is available from TREA Headquarters for a copying, processing, and postage fee.

The Scholarship Committee, with assistance from TREA Memorial Foundation, continues to provide scholarships to the children, grandchildren, and great-grandchildren of our members. In 2006 the Foundation awarded two (2) scholarships for \$2000, three (3) scholarships for \$1,500 each, and fifty-three (53) scholarships at \$1,000 each. The Foundation also stands ready to assist in disaster relief and benevolent grant programs. Grant donations totaling \$20,919 were awarded during 2006. We continue to use the Armed Forces Aid Campaign fundraiser for the Foundation. They will be increasing both the frequency and effectiveness of the mailings in 2007. TREA Foundation has taken steps to reduce fees associated with this program.

TREA started the year with an asset balance negative \$611,278. During 2006 we have reduced the deficit to \$512,547. This reduction in the deficit has required a concerted effort by both the Board of Directors and by TREA staff.

TREA again reduced expenditures by declining to schedule a Congressional function this year. We felt that the expo-

sure we received did not justify the cost. Another staff position was eliminated to further reduce expenses. Even with the reduction in personnel, staff has been forced to forego COLA increases since 2004, and performance pay increases since 2005. Salaries have been frozen for three of the last six years. Their loyalty has been extraordinary.

As TREA looks to the future, we will be focusing on positive grassroots efforts to recruit and retain members. We hope that you, the members, will use the tools we can provide to recruit new members. We need your active participation and support. We are able to provide attractive marketing packages for members who are willing and able to attend military functions, including National Guard and Reserve events. With everyone working together, TREA will prosper, and that will help us preserve and protect retirement benefits for all retired military personnel.

UNITED WE STAND

TREA is a non-profit veterans service organization with an IRS Code 501(c)19, while the Memorial Foundation is a charitable organization under IRS Code 501(c)3. Donations to both are tax deductible. TREA Senior Citizens League (TSCL) is under IRS Code 501(c)4 and donations to them are not tax deductible.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION TREA/TSCL/Memorial Foundation

ASSETS

Cash/Cash Equivalents	\$1,753,214
Receivables-Trade	205,626
Promises to Give	15,000
Inventory	41,139
Investments	2,667,107
Prepayments	28,799
Property & Equipment, net	226,403
TOTAL ASSETS	\$4,937,288

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts Payable & Liabilities	1,745,735
Deferred Membership Dues	2,302,661
Capital Lease Obligations	26,494
Scholarship Payable	33,930
Total Liabilities	\$4,108,820
Net Assets	
Unrestricted	675,547
Temporarily Restricted	152,921
Total Net Assets	828,468
TOTAL LIABILITIES AND NET ASSETS	\$4,937,288

CONSOLIDATED STATEMENT OF ACTIVITY

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Membership Dues	\$ 665,412		\$ 665,412
Royalties	119,662		119,662
Fundraising	466,985	529	467,514
List Income	228,925		228,925
Donations	11,189,101	118,584	11,307,685
Convention Registration	35,319		35,319
Interests/Dividends	125,970		125,970
Realized/Unrealized Gains on Investments	112,242		112,242
Merchandise Sales	17,845		17,845
Advertising	69,509		69,509
Other Income	1,397		1,397
Net assets released from restrictions			
Satisfaction of Program	234,942	(234,942)	
Total Support and Revenue	\$13,267,309	\$(115,829)	\$13,151,480
EXPENSES			
Program Services:			
Government Affairs	\$4,336,758		\$4,336,758
Public Education	2,465,725		2,465,725
Membership:			
Services & Retention	844,368		844,368
Education & Training	105,555		105,555
The VOICE	307,920		307,920
Scholarships & Grants	253,250		253,250
Political Action Committee	140,682		140,682
Veteran Services	14,700		14,700
Total Program Services	8,468,958		8,468,958
Supporting Services:			
Fundraising	2,514,998		2,514,998
General Administrative	1,220,157		1,220,157
Membership Recruitment	182,049		182,049
Total Supporting Services	3,917,204		3,917,204
Total Expenses	12,386,162		12,386,162
CHANGE IN NET ASSETS	881,147	(115,829)	765,318
Net Assets-Beginning of Year	(205,600)	268,750	63,150
NET ASSETS-END OF YEAR	\$ 675,547	\$ 152,921	\$ 828,468