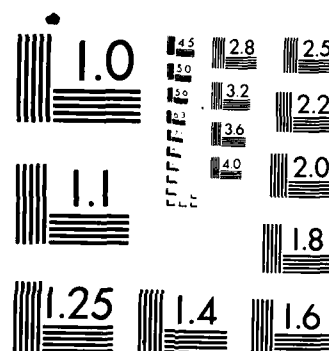


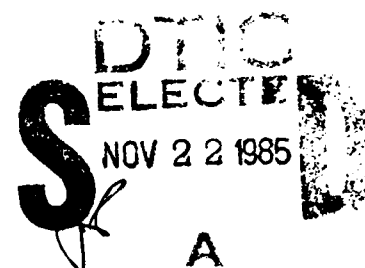
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NAVAL POSTGRADUATE SCHOOL  
Monterey, California



THESIS

FINANCIAL MODEL ANALYSIS FOR  
NAVY FLYING CLUBS

by

Barry Blane Boyd

September 1985

Thesis Advisor:

Leslie Darbyshire

Approved for public release; distribution unlimited

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Financial Model Analysis For  
Navy Flying Clubs

by

Barry Blane Boyd  
Lieutenant, United States Navy  
U.S., East Carolina University, 1973

Submitted in partial fulfillment of the  
requirements for the degree of

MASTER OF SCIENCE IN MANAGEMENT

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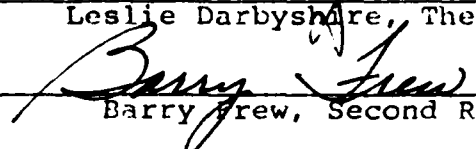
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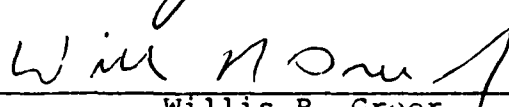
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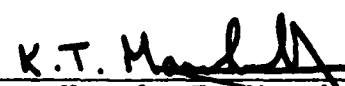
  
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# ABSTRACT

This thesis identifies the factors contributing significantly to the revenues and expenses at Navy Flying Clubs. A model illustrating the relationships among these factors is proposed. A methodology for determining the magnitude of the factors within the model is suggested.

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## I. INTRODUCTION

### A. BACKGROUND

As a part of the Navy's goal to provide low-cost, off-duty recreation for its service members, the Navy Flying Club Program has been established. There are more than thirty flying clubs in operation in the continental United States and overseas. The clubs are self supporting and are locally managed. The clubs are operated as business entities, and as is the case with any business, there is always the potential for financial disaster. Clubs that consistently fail to break even financially are faced with forced disestablishment. While some flying clubs are thriving financial concerns, others are struggling to pay their bills and are in jeopardy of insolvency. What factors differentiate the financially successful flying clubs from the clubs barely meeting their obligations to their creditors? Is there a model that adequately describes flying club financial operations, and if so, is that model being correctly applied by club management?

### B. OBJECTIVE

The objective of this thesis is to identify the model that describes the financial process within Navy flying clubs. Factors contributing significantly to the profit

earning process will be identified and their magnitudes and relationships will be investigated. Once the model has been identified, it can be utilized by flying club managers to analyze their operations and to pinpoint trouble spots that cause, or may lead to, financial difficulties.

#### C. SCOPE

Research for this thesis involved an investigation of library resources pertaining to Non-appropriated Fund activities within the Department of Defense, and to non-profit organizations in the private sector. The operational and financial data utilized was extracted from Fiscal Year 1984 Navy Flying Club Annual Reports. Copies of the reports were obtained from Commander, Naval Military Personnel, Washington, D.C. Detailed operating cost data were obtained from accounting records at the Monterey Navy Flying Club.

#### D. METHODOLOGY

Following a description of the Navy Flying Club Program, a systems study of flying club operations is conducted to identify traits of financially successful operations. Elements contributing significantly to flying club revenues and expenses are identified and incorporated into a financial model.

## II. THE NAVY FLYING CLUB PROGRAM

The Navy Flying Club Program is designed to provide off-duty recreation for military personnel and their families. The clubs provide training in general aviation and include programs ranging from Private Pilot training to Airline Transport Pilot training. Flying clubs are non-profit organizations established to provide safe, light aircraft operations for members at the lowest possible cost.

Flying clubs are designated in NAVSO-P3520, "Nonappropriated Fund Accounting Procedures", as Category VI, morale, welfare and recreation activities. There is no central fund for the Navy Flying Club Program and flying clubs are not eligible for support or subsidies from appropriated or other nonappropriated accounts. While clubs are self supporting, off-duty activities, they are operated under the supervision of the U.S. Navy, and club assets are assets of the U.S. Government. The program manager for Navy flying clubs is the Commander, Naval Military Personnel Command, NMPC, Washington, D.C. In addition to operating within the procedures and guidelines established for nonappropriated fund instrumentalities (NAFI), clubs must also comply with procedures published by the Federal Aviation Administration (FAA) and the National Transportation Safety Board (NTSB).

Individual flying clubs are managed by a club manager and a board of directors. Flying clubs must have a

sponsoring activity. For example, the Naval Postgraduate School is the sponsoring activity for the Monterey Navy Flying Club. The commanding officer of the sponsoring activity is directly responsible for implementation of FAA policy, safety, maintenance, and flight procedures. The board of directors, elected by the club membership, ensures implementation of commanding officer's directives and guidance and ensures that the club operates in a safe, efficient and businesslike manner.

The club manager may be an employee of the club or be appointed by the commanding officer. The club manager conducts the club's daily business within the guidelines provided by applicable Department of Defense (DOD) and U.S. Navy directives and FAA and NTSB regulations. The club manager is responsible for maintaining accurate and complete financial information as the basis for ensuring that the club is self supporting. Financial statements are prepared at least annually, at the end of the fiscal year, and included in the annual report to NMPC. Club management may elect to prepare financial statements more frequently. Examples of the required financial statements are included in Appendix A.

NMPC requires that flying clubs be audited annually and that copies of the most recent audit be submitted with the

annual report. Areas specifically identified for inspection are:

1. Organization, Management and Administration
2. Aircraft, Equipment, and Supplies
3. Operations, Training, and Standardization
4. Safety and Aircraft Maintenance
5. Financial Management

Examples of items to be examined in the review of a club's financial management include:

1. Review accounts receivable and accounts payable.
2. Review pricing structure of resale items to ensure that retail prices are sufficient to cover costs of goods sold and applied overhead.
3. Ensure depreciation schedules have been derived for fixed (noncurrent) assets.
4. Ensure aircraft rental rates cover all expenses including insurance, depreciation, and reserves for overhaul.

Profitability, or at least zero losses, is a financial goal of Navy flying clubs. Flying clubs are nonprofit organizations and any profits realized are to be utilized for club improvements and the enhancement of the morale and welfare of its membership.

### III. CHARACTERISTICS OF PROFITABLE CLUBS

#### A. CLUBS SURVEYED

At the end of Fiscal Year 1984, thirty-three flying clubs submitted annual reports to NMPC. Of these thirty-three annual reports submitted, twenty-nine were completed in sufficient detail to be included in a financial analysis. Table I on page 12 lists the clubs whose annual reports are used in this financial analysis. To establish the relative sizes of the clubs, the clubs are ranked by total membership in Table I. Table II on page 13 ranks the clubs by profits earned in FY 84.

The flying clubs span a wide spectrum in terms of total membership and profits earned. Clubs range in size from eighteen members to two-hundred sixty-seven members, and in profitability from a profit of almost fifty-one thousand dollars to a loss of almost twenty-two thousand dollars. A fact brought to light by Table I and Table II is that the large clubs, in terms of total membership, are not necessarily the most profitable. For example, Key West and Dahlaren are relatively small clubs but they earned significantly higher profits than their larger counterparts, Moffett Field and Dallas.

Before analyzing the clubs and attempting to identify traits of profitable and nonprofitable clubs, the clubs are

TABLE I  
RANK BY TOTAL MEMBERSHIP

| <u># Mem</u> | <u>Name</u>     | FY 84<br><u>Profit</u> | <u># Hrs Flown</u> |
|--------------|-----------------|------------------------|--------------------|
| 257          | Monterey        | 3,445.28               | 7,785              |
| 254          | Roosevelt Roads | 3,215.78               | 3,350              |
| 240          | Norfolk         | - 2,439.91             | 5,885              |
| 230          | Moffett Field   | - 5,957.00             | 5,107              |
| 210          | North Island    | - 6,138.32             | 4,400              |
| 207          | Memphis         | 50,828.84              | 3,709              |
| 189          | Jacksonville    | 26,257.08              | 2,430              |
| 182          | Atlanta         | -21,764.21             | 2,759              |
| 180          | U.S. Naval Acad | 10,462.59              | 2,200              |
| 160          | Dallas          | -14,922.21             | 2,101              |
| 160          | Whidbey Island  | 13,373.00              | 2,995              |
| 154          | Barbers Point   | 852.55                 | 5,686              |
| 150          | Lemoore         | 1,686.12               | 1,640              |
| 111          | Patuxent        | 13,102.42              | 1,511              |
| 98           | Rota            | - 8,524.90             | 1,526              |
| 83           | Agana           | 14,281.24              | 1,515              |
| 79           | China Lake      | - 1,038.00             | 1,498              |
| 70           | Warminster      | 3,136.78               | 936                |
| 72           | Dahlgren        | 8,873.36               | 1,706              |
| 65           | Lakehurst       | - 1,786.45             | 684                |
| 64           | New Orleans     | -11,210.00             | 780                |
| 45           | Cubi Point      | 2,558.80               | 841                |
| 39           | Key West        | 9,782.59               | 794                |
| 39           | Point Mugu      | - 408.79               | 892                |
| 30           | Kansas City     | - 6,892.00             | 272                |
| 25           | Guantanamo Bay  | - 3,485.62             | 791                |
| 22           | Trenton         | 667.11                 | 264                |
| 10           | Twin Cities     | 869.01                 | 256                |

Table 1

## RANK BY PROFITS

| FY 84      |                  |       |               |
|------------|------------------|-------|---------------|
| Profit     | Name             | # Mem | # Hours Flown |
| 50,828.84  | Memphis          | 207   | 3,709         |
| 26,257.08  | Jacksonville     | 189   | 2,430         |
| 14,281.24  | Agana            | 83    | 1,515         |
| 13,373.00  | Whidbey Island   | 160   | 2,995         |
| 13,102.42  | Patuxent         | 111   | 1,511         |
| 10,462.59  | U.S. Naval Acad. | 180   | 2,200         |
| 9,782.59   | Key West         | 39    | 794           |
| 8,873.36   | Dahlgren         | 72    | 1,706         |
| 3,445.28   | Monterey         | 267   | 7,785         |
| 3,215.78   | Roosevelt Roads  | 254   | 3,350         |
| 3,136.78   | Warminster       | 78    | 936           |
| 2,559.80   | Cubi Point       | 45    | 841           |
| 1,686.12   | Lemoore          | 150   | 1,640         |
| 869.01     | Twin Cities      | 18    | 256           |
| 852.55     | Barbers Point    | 154   | 5,686         |
| 667.11     | Trenton          | 22    | 264           |
| - 408.79   | Point Mugu       | 39    | 892           |
| - 1,038.00 | China Lake       | 79    | 1,498         |
| - 1,786.45 | Lakehurst        | 65    | 684           |
| - 2,439.91 | Norfolk          | 240   | 5,885         |
| - 3,485.62 | Guantanamo Bay   | 25    | 791           |
| - 5,957.00 | Moffett Field    | 230   | 5,107         |
| - 6,138.32 | North Island     | 219   | 4,400         |
| - 6,892.00 | Kansas City      | 30    | 272           |
| - 8,524.90 | Rota             | 98    | 1,526         |
| -11,210.00 | New Orleans      | 64    | 780           |
| -14,922.21 | Dallas           | 160   | 2,101         |
| -21,764.21 | Atlanta          | 182   | 2,759         |

segregated into groups according to total membership. Aggregation by total membership is necessary to compare operations having similar characteristics such as number of members and number of aircraft.

#### B. GROUPING BY TOTAL MEMBERSHIP

Operating under the assumption that those with the same range of membership will have similar operating characteristics, the flying clubs are separated into groups designated "Large", "Medium", and "Small". Large clubs are defined as clubs having 150 or more members. Medium clubs are defined as clubs having between 50 and 149 members. Small clubs are defined as clubs having less than 50 members. These groups are presented in Table III on page 15.

#### C. A SEARCH FOR TRAITS OF PROFITABLE CLUBS

##### 1. Determining the Predictive Value of Variables

Before analyzing the financial statements, an attempt will be made to identify traits of profitable clubs that are not directly related to the financial statements. Within each group of clubs, the effectiveness of using numbers of hours flown, numbers of members per aircraft, and number of club employees as predictors of profitability will be investigated. Number of hours flown is chosen as a criterion to investigate the theory that poor profitability is directly related to reduced flying time. Numbers of members per aircraft is chosen to determine if there is an

TABLE III

## LARGE FLYING CLUBS

| # Mem | Name               | FY 84<br>Profit | # Hrs Flown |
|-------|--------------------|-----------------|-------------|
| 267   | Monterey           | 3,445.28        | 7,785       |
| 254   | Roosevelt Roads    | 3,215.78        | 3,350       |
| 240   | Norfolk            | - 2,439.91      | 5,885       |
| 229   | Moffett Field      | - 5,957.00      | 5,107       |
| 219   | North Island       | - 6,138.32      | 4,400       |
| 207   | Memphis            | 50,828.84       | 3,709       |
| 189   | Jacksonville       | 26,257.08       | 2,430       |
| 182   | Atlanta            | -21,764.21      | 2,759       |
| 180   | U.S. Naval Academy | 10,462.59       | 2,200       |
| 160   | Dallas             | -14,922.21      | 2,101       |
| 160   | Whidbey Island     | 13,373.00       | 2,995       |
| 154   | Barbers Point      | 852.55          | 5,686       |
| 150   | Lemoore            | 1,686.12        | 1,640       |

## MEDIUM FLYING CLUBS

| # Mem | Name        | FY 84<br>Profit | # Hrs Flown |
|-------|-------------|-----------------|-------------|
| 111   | Patuxent    | 13,101.42       | 1,511       |
| 98    | Pota        | - 8,524.90      | 1,526       |
| 93    | Agana       | 14,281.24       | 1,515       |
| 79    | China Lake  | - 1,038.00      | 1,498       |
| 78    | Warminster  | 3,136.78        | 936         |
| 72    | Dahlgren    | 8,873.36        | 1,706       |
| 65    | Lakehurst   | - 1,786.45      | 684         |
| 64    | New Orleans | -11,210.00      | 780         |

## SMALL FLYING CLUBS

| # Mem | Name           | FY 84<br>Profit | # Hrs Flown |
|-------|----------------|-----------------|-------------|
| 45    | Cubi Point     | 2,558.80        | 841         |
| 39    | Key West       | 9,782.59        | 794         |
| 39    | Point Mugu     | - 408.79        | 892         |
| 39    | Kansas City    | - 6,892.00      | 272         |
| 25    | Guantanamo Bay | - 3,485.62      | 791         |
| 22    | Trenton        | 667.11          | 264         |
| 18    | Twin Cities    | 869.01          | 256         |

optimal ratio of members to aircraft which is apparent in profitable operations. Finally, numbers of club employees is chosen as a criterion to determine if clubs with fewer employees are more profitable or less profitable than clubs with greater numbers of employees.

To investigate the predictive ability of numbers of hours flown, data for large flying clubs from Table III is rearranged in the following cross-tabulated matrix:

|                               | Number of Hours Flown (thousands) |     |     |     |    | total |
|-------------------------------|-----------------------------------|-----|-----|-----|----|-------|
|                               | 1.5-2                             | 2-3 | 3-5 | 5-7 | >7 |       |
| No. of profitable large clubs | 1                                 | 3   | 2   | 1   | 1  | 8     |
| No. nonprofitable large clubs | 0                                 | 2   | 1   | 2   | 0  | 4     |

The methodology utilized to assess predictability is based on modal prediction properties. [Ref. 1] A measure of predictability, lambda, will be determined which will indicate how well knowing the number of hours flown serves to predict whether or not a club will be profitable. A lambda equal to zero indicates no predictive value and a lambda equal to one indicates perfect predictive value. Lambda is determined as follows:

$$\text{Lambda} = \frac{\text{No. of errors without knowledge of no. hrs flown} - \text{no. of errors with knowledge of no. hrs flown}}{\text{no. errors with knowledge of no. hrs flown [Ref. 2]}}$$

$$\text{Lambda} = \frac{4 - 4}{4} = 0$$

The number of hours flown by itself does not predict the potential for profitability for large flying clubs. To illustrate the finding, observe that Norfolk and Moffett field each flew more than 5000 hours and experienced losses whereas Jacksonville experienced the lowest number of hours flown for a large club and earned the second largest profit.

## 2. Analysis of the Predictive Value of Variables

Utilizing data from Appendix B, lambda calculations for measuring the ability of the number of hours flown, the number of members per aircraft, and the number of club employees, to predict flying club profitability are contained in Appendix C. The calculations are summarized in Table IV.

TABLE IV  
LAMBDA CALCULATIONS FOR MEDIUM AND SMALL CLUBS

|                          | <u>Large</u> | <u>Medium</u> | <u>Small</u> |
|--------------------------|--------------|---------------|--------------|
| No. of Hours Flown       | 0            | .5            | .67          |
| No. Members per Aircraft | .4           | .25           | .67          |
| No. of Club Employees    | .5           | 0             | NA           |

Knowing the members to aircraft ratio has low predictive value for predicting the potential for profitability in large flying clubs. The number of employees has moderate predictive value in predicting the potential for

profitability in large flying clubs. Of particular interest is that large clubs with no employees or two employees are always profitable in this sample. Flying clubs usually have a club manager and a club mechanic. These positions or functions can be performed by club employees (2 employees) or performed by contract (0 employees). Two positions either filled by club employees or by contract exhibit the greatest frequency for profitability.

No strong predictors of potential for profitability emerge in the lambda calculations for Medium and Small flying clubs. Only one Small flying club had employees, thus invalidating lambda calculation for the number of club employees as a predictor of profitability.

Knowing the number of hours flown, the members to aircraft ratio, or the number of employees does not provide an effective predictor of potential profitability in flying clubs. Predicting the potential for profitability requires more detailed analysis of club financial operations utilizing past performance as a starting point for predicting future performance.

## D. FINANCIAL STATEMENT ANALYSIS

### 1. Financial Statement Format

Appendix A contains examples of financial statements as required for annual reports to NMPC. The balance sheet is standard in that it accounts for current and noncurrent

assets, liabilities, and net worth of flying clubs. The key divisions of the NMPC drafted income statement are:

|                                                     |
|-----------------------------------------------------|
| Sales (Flight Supplies)                             |
| Sales of Services (Aircraft rental and instruction) |
| Total Sales                                         |
| Direct Expenses                                     |
| Other Direct (expenses)                             |
| Depreciation                                        |
| Total Direct Expenses                               |
| Other Revenue (Membership dues)                     |
| Other Expenses                                      |
| Net Income                                          |

The financial model implied by the income statement format is that Sales and Services are to be matched against all expenses listed under Direct and Depreciation whereas Other Expenses are to be matched against Other Revenue. For ease of reference, Sales plus Sales of Services minus Direct Expenses and Depreciation is defined as Income from Operations. Other Revenue minus Other Expenses is defined as Other Income.

Appendix D contains the FY 84 financial statements for the flying clubs surveyed. Each club's financial statements have been compressed into a single column for ease of presentation and spreadsheet analysis. Subtotals for Income from Operations and Other Income, not found on the NMPC income statement format, have been included in the income statements in Appendix D.

## 2. Key Ratios

Continuing the search for properties inherent to profitable flying clubs, several key ratios from the financial statements are presented in Table V. The current, quick, and total debt to total net worth (TD/TNW) ratios are presented to determine if a club's debt structure affects its profitability. Also, a determination can be made as to whether clubs holding high inventories, as evidenced by the difference between the current and quick ratios, are more or less likely to be profitable. The fixed assets to total net worth ratio (FA/TNW) provides insight as to whether high fixed assets, usually in the form of club owned aircraft, affects profitability.

The large clubs key ratios in Table V indicates two clubs which stand out from the other large clubs. Both Memphis and Monterey have minimal current debt, which accounts for their extraordinarily high current and quick ratios, and no long term debt. The remainder of the profitable clubs, with the exception of Lemoore, have current ratios of greater than 3.0 whereas the nonprofitable clubs, with the exception of Norfolk, have current ratios of less than 2.0. On the average, large flying clubs having a current ratio of 3.0 or greater are more likely to be a profitable entity.

The total debt to tangible net worth ratio is not as revealing. With the exception of North Island, Memphis,

TABLE V

## FISCAL YEAR 84 KEY RATIOS

## Large Clubs

| <u>Profit</u> | <u>Name</u>    | <u>Curr</u> | <u>Quick</u> | <u>TD/TNW</u> | <u>FA/TNW</u> |
|---------------|----------------|-------------|--------------|---------------|---------------|
| 50,828.84     | Memphis        | 26.23       | 24.48        | 0.03          | 0.17          |
| 26,257.08     | Jacksonville   | 5.73        | 4.58         | 0.19          | 0.39          |
| 12,372.00     | Whidbey Island | 3.73        | 3.29         | 0.33          | 0.10          |
| 10,462.59     | Naval Academy  | 9.89        | 9.89         | 0.11          | 0.01          |
| 3,445.28      | Monterey       | 24.25       | 22.55        | 0.02          | 0.47          |
| 3,215.78      | Roosevelt Rds  | 3.31        | 1.43         | 0.66          | 0.60          |
| 1,686.12      | Lemoore        | 2.27        | 2.00         | 0.74          | 0.05          |
| 852.55        | Barbers Point  | 4.03        | 2.98         | 0.30          | 0.10          |
| - 2,429.91    | Norfolk        | 4.55        | 2.53         | 0.15          | 0.46          |
| - 5,957.00    | Moffett Field  | 1.90        | 1.82         | 0.48          | 0.53          |
| - 6,138.32    | North Island   | 1.35        | 0.81         | 2.06          | 0.28          |
| -14,922.21    | Dallas         |             |              |               | 0.08          |
| -21,764.21    | Atlanta        | 1.67        | 1.67         | 0.31          | 0.84          |

## Medium Clubs

|            |             |       |      |       |       |
|------------|-------------|-------|------|-------|-------|
| 14,281.24  | Agana       | 14.70 | 2.78 | 0.04  | 0.39  |
| 12,102.42  | Patuxent    | 2.92  | 1.51 | 0.43  | 0.17  |
| 8,873.36   | Dahlgren    | 3.97  | 2.99 | 0.15  | 0.44  |
| 3,136.78   | Warminster  | 9.34  | 9.34 | 0.12  | 0.00  |
| - 1,038.00 | China Lake  | 1.80  | 1.72 | 3.36  | 0.00  |
| - 1,786.45 | Lakehurst   | 1.53  | 0.92 | 0.55  | 0.68  |
| - 8,524.90 | Rota        | 2.57  | 1.44 | 0.42  | -3.00 |
| -11,210.00 | New Orleans | 0.55  | 0.55 | -2.38 | -0.06 |

## Small Clubs

|            |                |        |        |       |       |
|------------|----------------|--------|--------|-------|-------|
| 0,782.59   | Key West       | 9.24   | 9.24   | 0.09  | 0.47  |
| 2,558.80   | Cubi Point     | 1.71   | 0.77   | 1.00  | 0.18  |
| 869.01     | Twin Cities    | 2.02   | 2.02   | 20.35 | 18.50 |
| 567.11     | Trenton        | 195.91 | 191.20 | 0.34  | 0.38  |
| - 408.79   | Point Mugu     | 2.97   | 2.66   | 0.51  | 0.00  |
| - 3,485.62 | Guantanamo Bay | 0.57   | 0.57   | 1.54  | 2.11  |
| - 6,892.00 | Kansas City    | 0.44   | 0.37   | -1.77 | 0.00  |

and Monterey, the large flying clubs do not exhibit a trend in total debt to tangible net worth which identifies them as profitable or nonprofitable.

The quick ratio and the percent reduction of the current ratio by removing the inventory (figures not presented) does not provide evidence that the size of a club's inventory has a direct bearing on profitability.

The fixed assets to tangible net worth ratio does indicate a possible relationship between fixed assets and profitability. An examination of the balance sheets in Appendix D indicates that the majority of club assets is in the form of club owned aircraft. Clubs owning more of the aircraft on their flight line exhibit a higher fixed asset to tangible net worth ratio than clubs leasing the majority of the aircraft on their flight line. The fixed asset to tangible net worth ratio for large clubs shown in Table V indicates that clubs with FA/TNW ratios of approximately .4 or more are less likely to be profitable than clubs with FA/TNW ratios of more than .4. Of the large and profitable clubs, 62% had FA/TNW ratios of .4 or less whereas 80% of the nonprofitable clubs had FA/TNW ratios of .4 or greater.

To further substantiate that the higher FA/TNW ratios associated with nonprofitable clubs are attributable to a higher proportion of club owned aircraft, Table VI provides the percentage of club owned aircraft for large clubs.

Table VI provides moderate support for the theory that clubs with a higher proportion of leaseback aircraft to club aircraft are more likely to be profitable than clubs owning the majority of the aircraft on their flight line. Only three of the eight profitable large clubs, 38%, owned more than half of their aircraft whereas three of the five nonprofitable clubs, 60%, owned more than half of their aircraft. The data suggests that a large flying club is

TABLE VI  
PERCENTAGE OF AIRCRAFT OWNED BY LARGE CLUBS

| <u>Profit</u> | <u>Name</u>   | <u>% Club Owned</u> <u>A/C</u> |
|---------------|---------------|--------------------------------|
| 50,828.84     | Memphis       | 100                            |
| 26,257.08     | Jacksonville  | 21                             |
| 13,373.00     | Whidby Island | 17                             |
| 10,462.59     | Naval Academy | 0                              |
| 3,445.28      | Monterey      | 52                             |
| 1,686.12      | Lemoore       | 23                             |
| 852.55        | Barbers Point | 36                             |
| - 2,429.91    | Norfolk       | 56                             |
| - 5,957.00    | Moffett Field | 0                              |
| - 6,138.32    | North Island  | 6                              |
| -14,922.21    | Dallas        | 73                             |
| -21,764.21    | Atlanta       | 56                             |

Source: FY 84 Annual Reports

more likely to be profitable if the majority of the aircraft on its flight line are leasebacks. An obvious exception appears to be Memphis. A closer examination of its balance sheet reveals extraordinary revenue of \$62,000 in FY84. Forty thousand dollars is attributable to the sale of club

owned aircraft and aircraft simulators, and another six thousand dollars is attributable to an insurance settlement (Ref. 31). Although Memphis is a profitable large flying club owning more than fifty percent of its aircraft, FY 84 profits were a qualified fifteen thousand dollars instead of the unqualified fifty thousand reported on the income statement.

Table V also provides key ratios for medium and small flying clubs. Looking first at the current ratios, medium clubs also support the theory that clubs with a current ratio of 3.0 or greater are more likely to be profitable than clubs having current ratios of less than 3.0. Small clubs are more likely to be profitable if their current ratio is approximately 2.0 or greater.

The quick ratio for both medium and small clubs does not reveal any tendency for the inventory level of medium or small clubs to directly affect profitability.

The total debt to tangible net worth ratio for medium clubs indicates that a medium size club is more likely to be profitable if it keeps a very low TD/TNW ratio. Seventy-five percent of the profitable medium clubs have a TD/TNW ratio of less than .2 whereas one-hundred percent of the nonprofitable, medium size clubs have a TD/TNW ratio of .4 or greater. The TD/TNW ratio for small clubs does not reveal any information about propensities for profitability.

The fixed asset to tangible net worth ratios for medium and small clubs do not provide any insight into predicting profitability. Table VII, Medium/Small Club Percentage of Aircraft Owned, does present some insight into predicting profitability. Seventy-five percent of the profitable, medium size clubs owned the majority of their aircraft as opposed to twenty-five percent of the nonprofitable medium clubs. One-hundred percent of the profitable small clubs owned the majority of their aircraft as opposed to thirty-three of the nonprofitable small clubs. For medium and small size flying clubs, profitable clubs are more likely to own the majority of their aircraft.

Table VIII summarizes the characteristics of profitable flying clubs exhibited in the FY 84 annual reports.

TABLE VII  
MEDIUM/SMALL CLUB PERCENTAGE OF AIRCRAFT OWNED

| Medium Clubs  |             |                     |            |
|---------------|-------------|---------------------|------------|
| <u>Profit</u> | <u>Name</u> | <u>% Club owned</u> | <u>A/C</u> |
| 14,781.24     | Agana       |                     | 100        |
| 12,102.42     | Patuxent    |                     | 25         |
| 8,873.36      | Dahlgren    |                     | 67         |
| 3,136.78      | Warminster  |                     | 100        |
| - 1,038.00    | China Lake  |                     | 17         |
| - 1,786.45    | Lakehurst   |                     | 100        |
| - 8,524.90    | Rota        |                     | 43         |
| -11,210.00    | New Orleans |                     | 0          |

| Small Clubs |                |  |     |
|-------------|----------------|--|-----|
| 9,782.59    | Key West       |  | 100 |
| 2,558.80    | Cubi Point     |  | 80  |
| 869.01      | Twin Cities    |  | 100 |
| 667.11      | Trenton        |  | 100 |
| - 408.79    | Point Mugu     |  | 14  |
| - 3,485.62  | Guantanamo Bay |  | 67  |
| - 6,892.00  | Kansas City    |  | 50  |

Source: FY 84 Annual Reports

TABLE VIII  
PROFITABLE CLUB CHARACTERISTICS

|              | <u>Current Ratio</u> | <u>Club owned aircraft (C)<br/>vs Leaseback (L)</u> |
|--------------|----------------------|-----------------------------------------------------|
| Large Clubs  | 3.0 or greater       | L                                                   |
| Medium Clubs | 3.0 or greater       | C                                                   |
| Small Clubs  | 2.0 or greater       | C                                                   |

#### IV. FINANCIAL MODEL ANALYSIS

##### A. THE EXISTING MODEL

The existing financial model as prescribed by the NMPC income statement segments the flying clubs into two distinct financial subdivisions, "Operations" and "Other". Revenue from aircraft rental constitutes the largest source of revenue and is added to the sale of merchandise revenue and flight instruction revenue to yield total sales, or operations revenue. Direct, general and administrative, operating expenses and depreciation are subtracted from operations revenue to yield operations income. Dues plus miscellaneous other revenue minus other expenses yield other income. Operations income plus other income equals net income or loss on the balance sheet required for use by NMPC. An example is contained in Appendix A.

The financial model prescribed by NMPC renders financial management at the flying clubs difficult because it fails to match expenses against appropriate sources of revenue to give a true picture of the financial performance of each of the financial entities. For example, observe the operations income total on the financial statements contained in Appendix D. Operations income is a subtotal not required on the NMPC income statement but the subtotal is implied by the format. All twenty-eight clubs listed indicate a loss in

operations. This indicates that all of the clubs have financial difficulties in the operations area, or that the income statement fails to accurately describe the financial performance of club operations. Note that the flying clubs showing an overall net profit were clubs with sufficient "other income" to offset the loss realized in operations income.

The problem with the existing model is that making a profit in operations seems impossible and that determining how much of a loss can be endured in the operations, area while maintaining a profit, overall is difficult. All administrative expenses, both direct and indirect are, being applied against operations revenue masking the true financial performance of flight operations. Applying direct and indirect administrative expenses to operations is commonplace in the private sector, however, private entities are not usually favored with a significant fixed source of secondary income such as flying club dues. Table IX on page 29 illustrates the significant percentage of flying club revenue attributable to membership dues.

On the average twenty-seven percent of a club's revenue is a result of membership dues, yet only a small percentage of the expenses are matched against this other revenue. This mismatch of revenue and expenses overburdens flight operations and distorts the report of actual financial performance of flight operations on the income statement. In

the private sector a flight school and aircraft rental center, a fixed base operator (or FBO), must earn sufficient revenue from flight operations to cover direct, indirect, and administrative expenses since flight operations may well be the only source of revenue.

TABLE IX  
PERCENTAGE OF FLYING CLUB REVENUE  
ATTRIBUTABLE TO MEMBERSHIP DUES

| <u>Club</u> | <u>Percentage</u> | <u>Club</u> | <u>Percentage</u> |
|-------------|-------------------|-------------|-------------------|
| Aqana       | 20                | Memphis     | 16                |
| Academy     | 25                | Monterey    | 18                |
| Atlanta     | 26                | Moffett     | 15                |
| Barbers Pt. | 16                | New Orleans | 39                |
| China Lake  | 26                | Norfolk     | 19                |
| Cubi Pt     | 21                | North Is    | 21                |
| Dahlgren    | 21                | Patuxent    | 17                |
| Dallas      | 42                | PT Mugu     | 21                |
| Gitmo       | 41                | Roos. Rds.  | 31                |
| Jax         | 22                | Rota        | 39                |
| Kansas City | 39                | Twin Cities | 49                |
| Key West    | 21                | Trenton     | 33                |
| Lakehurst   | 43                | Warminster  | 22                |
| Lemoore     | 30                | Whidbey Is. | 21                |

Since a major goal of flying clubs is to provide low-cost aviation for its membership, club aircraft rental rates are normally lower than the FBO counterparts and are therefore not sufficient to cover operating expenses and administrative expenses.

Almost one-fourth of flying club revenue is in the form of membership dues. The income statement should be realigned to shift some of the expenses from "operations" to

"other" giving a clearer picture of the overall financial situation. Only expenses directly associated with the actual operation of an aircraft such as fuel, insurance, and maintenance should be matched against flight revenue. Administrative expenses such as the club manager's salary and fixed costs including rent and utilities should be matched against "other" revenue. Operations revenue should be expected to cover only actual aircraft expenses. Other revenue should cover all indirect costs associated with operating a flying club.

Since the bottom line is not affected, one may ask what difference it makes where the expenses are shown on the income statement? Club managers and members of the board of directors are usually not trained in the intricacies of cost accounting and may need help to identify the source of a problem when club finances go awry. In its present format, the income statement does little more than clearly state the bottom line as to whether the club experienced a profit or a loss. When a flying club is experiencing a financial crisis and is consistently showing an overall loss, assuming all cost cutting measures have been taken, club management must decide to invoke a rate hike or to increase dues or both. How can the manager be provided with a guide to assist in making these and other financial decisions?

## R. THE PROPOSED MODEL

To assist club management in making financial decisions, a new financial model should be adopted. The model consists of two entities as before, Aircraft Operations and General and Administrative. To ensure aircraft rental rates are maintained at the lowest possible level, aircraft revenue should be expected to cover only the direct costs of operating the aircraft. However, ALL aircraft costs must be accounted for. Fixed costs such as insurance and tie downs plus variable costs such as fuel, oil and maintenance are usually included in flying club rate structures, but depreciation, and overhaul costs are seldom included in the rate structure, and maintenance costs are usually understated. The proposed model calls for the realization of all aircraft operating expenses. Dues revenue under general and administrative will cover administrative salaries, benefits, rent and utilities. The proposed model in its simplest form is:

| <u>Aircraft Operations</u>                 |      | <u>General and Administrative</u>         |
|--------------------------------------------|------|-------------------------------------------|
| Revenue: Rate x Hours                      |      | Revenue: Membership Dues                  |
| - Fixed : Insurance                        |      | - Fixed : Admin wages, rent,<br>utilities |
| - Variable: Fuel, oil,<br>maint., overhaul |      |                                           |
|                                            |      |                                           |
| Ops Income                                 | plus | G & A Income                              |
| = Net Income                               |      |                                           |

As with any organization, salaries constitute one of the largest expenses, especially in the large flying clubs. The proposed model allows for varying administrative salary costs as club sizes vary. Larger clubs with larger memberships will require more administrative support, however, their larger membership will produce larger general and administrative revenue. To illustrate, assume a club has 250 members and charges a monthly membership fee of \$15. Annual revenue from membership dues will be \$45,000 which is sufficient to support two full time moderately compensated administrative staff members, or one full time well compensated employee with sufficient reserves for utilities and rent. A medium size club with 100 members would realize revenue of \$18,000 which would support one moderately salaried administrator, the club manager. Smaller clubs cannot afford a full time salaried club manager without imposing excessively high dues or raising aircraft rates above the FRO level. Small clubs with 50 or less members and only two or three airplanes can be managed on a voluntary or part-time basis.

To test the usefulness of the proposed financial model, the income statements for FY 84 have been rearranged into the proposed format and are presented in Appendix E. Note that subtotals for income from operations and general and administrative are provided. With the proposed format, only nineteen of the twenty-eight clubs show a loss in operations

income as compared to all twenty-eight under the existing format. The revised format gives a clearer picture as to the clubs actual performance in specific areas of operations.

To further illustrate the usefulness of the revised format, review the revised income statement for the Atlanta Flying Club in Appendix D. Atlanta suffered the largest loss for large clubs in FY 84. A quick glance at the revised income statement reveals that the club lost approximately \$44K in aircraft operations, and had a profit of \$22k in general and administrative for a net loss of \$22K. Attention can be focused on aircraft operations for details of the problem. The first item which stands out is gasoline costs. Fuel costs of \$41K are relatively high when compared to other flying clubs which had more flight hours but lower fuel costs. Next, routine maintenance costs appear to be inordinately high. Finally, the insurance premiums appear to be higher than the norm for clubs of comparable size. From these flags, conclusions may be drawn and recommendations can be made. First, the high fuel costs are usually associated with light twin aircraft or other complex aircraft. Atlanta is leasing a Beechcraft BE55 Baron and is charging \$85 per hour rental. Assume the lease is the usual 50-50 arrangement where the club pays fuel and oil. A Beech Baron in the training environment can burn 30 gallons of fuel per hour. If fuel costs a conservative \$1.50 per

gallon, the club is losing \$2.50 each hour the Baron flies. From the magnitude of the fuel bill compared to the number of hours flown, the cost of aviation fuel in Atlanta is probably more than \$1.50 per gallon. If the high cost of fuel is not reflected in the rate structure for all aircraft, then excessive fuel costs are a contributing factor to the loss in aircraft operations. Next, the excessive maintenance costs could indicate unusual costs such as painting or engine overhauls for which reserves were not available. A review of the annual report indicates that three club aircraft were painted in FY 84 and that the costs were expensed in FY 84. If the rate structure had included sufficient revenue to provide a reserve for painting, then reserves could have been utilized and the painting costs could have been treated as a capital improvement rather than an FY 84 expense. Finally, the high costs for insurance premiums indicates that the rate structure may need to be modified to cover the inordinately high insurance costs, or preferably a mix of aircraft with lower insurance premiums should be pursued. Since flying clubs are required to obtain insurance through NMPC, shopping for a company with lower premiums is not an option. Leases should be examined to ensure aircraft owners are held responsible for the full amount of insurance premiums.

The proposed structure allows the club manager, or an NMPC staff member reviewing annual reports, to have

applicable aircraft operating data in an easily read format for quick review. The club manager may not have the advantage of comparative data as utilized in the analysis above, however, if the income statement takes on a more functional format then perhaps the club manager may be able to establish useful historical data for comparative analysis. If inputs to NMPC become standardized in an easily automated format, then perhaps NMPC could provide feedback to the clubs which could be used by club managers for comparative analysis.

#### C. PROPOSED MODEL EXPANDED

The proposed model can be represented mathematically as follows:

$$P_0 + P_G \geq 0$$

$P_0$  = Profit from aircraft operations

$P_G$  = Profit from general and administrative

This simple mathematical model has powerful implications. For instance, a large club which can be managed by one administrative staff member and which pays no rent will have relatively small administrative costs. Club management would have the option to reduce membership dues from \$15 to \$10, for example, in order to keep the  $P_G$  portion of the equation near zero. Alternately, club management could allow  $P_G$  to show a surplus and then allow  $P_0$  to show a planned

deficit by reducing aircraft rental rates or holding rates steady during periods of increased operating costs. The surplus in  $P_G$  would offset the deficit in  $P_O$ . The  $P_G$  portion of the equation is easily predicted and consists of the following:

$$P_G = D \times N - (A + R + U + M)$$

$P_G$  = Profit from general and administrative

$D$  = Dues per month per member

$N$  = Number of dues paying members

$A$  = Cost of administrative salaries plus benefits

$R$  = Monthly rent

$U$  = Monthly utility costs

$M$  = Monthly miscellaneous costs

All of the elements of the  $P_G$  portion of the model can be easily predicted utilizing historical data. Predicting the values of these elements is the first step to utilize the financial model. Once a value has been established for the  $P_G$  portion of the model, the value can be compared to the  $P_O$  portion of the financial model. The  $P_O$  portion is more complex but still manageable.

$$P_O = \sum_i P_i \text{ where}$$

$$P_i = \sum (R - (F + M_R + M_O))H - (I + T + D)$$

$P_O$  = Profits from aircraft operations

$P_i$  = Profit from an individual aircraft

$R$  = Hourly rental rate for an aircraft

$F$  = Fuel cost per hour for an aircraft (Price/gal x GPH)

$M_R$  = Average hourly cost for routine maintenance

$M_O$  = Hourly cost for overhaul reserve

$H$  = Number of hours flown monthly

$I$  = Monthly insurance premium for an aircraft

$T$  = Monthly tie down fee

$D$  = Depreciation

The  $P_i$  portion of the model represents the contribution margin per hour for an aircraft multiplied by the number of hours flown with fixed costs subtracted from the product to yield the monthly profit earned by the individual aircraft. The sum of all individual aircraft profits,  $\sum_{i=1}^n P_i$  where  $n$  = number of aircraft on the flight line, equals  $P_0$  the aircraft operations profit.

The values for  $F, H, I, T$  and  $D$  are readily available and, with the exception of depreciation, are usually included in flying club rate structures.  $M_R$  and  $M_O$  are more elusive and are usually omitted from rate calculation, or if included, they are understated.

Clubs not currently including all these factors in their rate structure may fear that a significant rate hike will be necessary should they implement each of these factors into the rate structure. To begin accounting for all of the costs associated with operating club aircraft would not necessarily require an immediate rate hike. Considering the

complete financial model,  $P_0 + P_G \geq 0$ , a deficit in  $P_0$  is acceptable as long as a sufficient surplus exists in  $P_G$  to offset the deficit. What is important to realize is that club management must be aware of the true, total costs for operating each aircraft and then to make a conscious decision as to a rate structure which will result in breaking even for each aircraft, or to experience a deficit which will be offset by a surplus in another area. A surplus for one aircraft may offset a deficit experienced by another aircraft within the structure of  $P_0 = \sum_{i=1}^n P_i$ .

Values for the elements of  $P_i$ , except  $M_R$  and  $M_0$ , are readily available and should be utilized in determining the rate structure.

$M_0$  is the least difficult of the two remaining elements to calculate. For instance, to calculate  $M_0$  for a Cessna 152 for Monterey Navy Flying Club in FY 84, divide the cost to overhaul a Lycoming O235 engine by the manufacturer's recommended time between overhauls (TBO). The result, from the example shown below, is \$2.00 per hour which should be a part of the rental rate.

|                  |          |                   |
|------------------|----------|-------------------|
| Cost to overhaul | \$4000   |                   |
| TBO              | 2000 hrs | = \$2.00 per hour |

Often a club will purchase a mid-time engine and replace the run out engine in lieu of an overhaul. The rate calculated using the above procedure should still be applied to

the aircraft. Although a savings may occur and the cost to avoid an actual overhaul may be less than \$2.00 hour, the overhaul cannot always be avoided and must be planned for. A surplus earned because of cost saving techniques on replacing run out engines can be used to offset unplanned maintenance or unexpected cost overruns. Club management must be aware of the true costs of an engine overhaul if no cost savings procedures are available and adopt an appropriate rate structure.

$M_R$  is the most difficult factor to estimate.  $M_R$  can be broken down into two components:  $M_{RS}$ , which is scheduled routine maintenance such as 50 and 100 hour inspections, and  $M_{RU}$ , which is unscheduled maintenance such as avionics repairs, flight instrument repairs and repairs to other items whose time between failure or replacement cannot be accurately estimated.

Most items within  $M_R$  fall into the category of  $M_{RS}$ . An examination of maintenance records can provide reasonable estimates for  $M_{RS}$  and  $M_{RU}$ . Consider Table X and Table XI.

To illustrate application of the model for determining the rate structure, the breakeven rate for a Cessna 150 in FY 84 will be determined. The sample calculation is based on fy84 data for the Monterey Navy Flying Club.

$$P_0 = (R - (F + M + M))H - (I + T + D)$$

$$R = ?$$

$$F = 6.5 \text{ GPH} \times \$1.47 \text{ per gal} = \$9.56 \text{ per hour}$$

TABLE X

## CESSNA 152 FY 84 MAINTENANCE

| Tot C152<br>Flt Hrs | Tot 100hr<br>Insp csts | Tot 50hr<br>Insp csts | Ava Life<br>set tires | Ava Tire<br>Repl cst | Msc Unsch<br>Maint cst |
|---------------------|------------------------|-----------------------|-----------------------|----------------------|------------------------|
| 1562hrs             | \$1156.50              | \$1126.25             | 416hrs                | \$158.00             | \$1054.68              |

$$M_P = M_{RS} + M_{RU}$$

$$M_{RS} = \frac{1156.50 + 1126.25}{1562} + \frac{158}{416} = \$1.84$$

$$M_{RU} = \frac{1054.68}{1156.50} = .91$$

$$M_P = 1.81 + .91 = \$2.75$$

Source: Appendix F

TABLE XI

## ROUTINE MAINTENANCE ESTIMATES FY 84

| Aircraft Type | M <sub>RS</sub> | M <sub>RU</sub> | M <sub>P</sub> |
|---------------|-----------------|-----------------|----------------|
| Cessna 150    | 2.28            | .50             | 2.78           |
| Cessna 152    | 1.84            | .91             | 2.75           |
| Cessna 172    | 2.22            | .30             | 2.52           |

$$M_R = \$2.78 \quad (\text{Table XI})$$

$$M_0 = \$2.00$$

$$H = 454 \text{ hrs per year} \quad (\text{Appendix F})$$

$$I = 1052.04 \quad (\text{Club records})$$

$$T = 0$$

$$D = \$1600 \quad (\$8000 \text{ purchase price; 5 yr schedule})$$

$$P_i = (R - (9.56 + 2.78 + 2.00)454 - (1052.04 + 1600))$$

$$P_i = 0 \text{ for breakeven}$$

$$R = \$20.18 \text{ per hour}$$

In FY 84, the Monterey Flying Club's rental rate for a Cessna 150 was \$19.50 per hour. On the average Cessna 150's operated at a \$.50 loss per hour.  $P_0$ , the total of all aircraft profits for FY 84 was \$ -2124.72. This deficit in  $P_0$  was offset by a surplus in  $P_G$  of \$5570 for a net income to the club of \$3445. Utilizing the proposed model to calculate actual operating costs, Monterey's FY 84 rental rates were very close to actual operating costs. A surplus in general and administrative income allows flying clubs to charge at or slightly below the actual costs of operating club aircraft without showing a loss overall. Should any factor(s) in the model change such as a fuel price increase, then the rental rate may need adjusting. Projections for each upcoming month and/or year for  $P_0$  and  $P_G$  should be made.

## V. ADDITIONAL TOPICS

### A. LEASEBACK VERSUS CLUB OWNED AIRCRAFT

In an interview with a club manager concerning leasebacks versus club owned aircraft, the manager stated that club owned aircraft either earned large profits for the club or experienced large losses for the club whereas leasebacks always earned a small profit [Ref. 4]. The wide variations in maintenance costs for club owned aircraft, as supported by the data in Appendix F, explain the varying nature of profits for club owned aircraft. Overhauls and unplanned maintenance make earning a steady profit on club owned aircraft difficult at best. A predominantly leaseback structure would eliminate the need to apply the more elusive factors in the financial model. In a completely leaseback structure the financial model would reduce to the following:

$$P_O + P_G \geq 0$$

$$P_G = D \times N - (A + R + U + M) \text{ (as in chapter 4)}$$

$$P_O = \sum_{i=1}^n P_i$$

$$P_i = (R - (F + L))H$$

$$R = \text{Rental rate}$$

$$F = \text{Fuel costs per hour}$$

$$L = \text{Lease cost per hour}$$

$$H = \text{Number of hours flown}$$

This simplified model containing fewer variables for club management to monitor would give club management clearer insight as to appropriate rental rates to ensure that the club breaks even on aircraft operations. The highly unpredictable maintenance costs are passed on to the owner who is allowed to take a tax deduction on maintenance costs, an advantage not afforded flying clubs. Since most flying club aircraft are older models usually incurring higher maintenance costs, clubs should consider a predominantly leaseback structure where profits are assured and the possibility for newer aircraft on the flightline may become a reality. The financial status of almost all clubs prohibits the purchase of relatively new aircraft.

#### B. DEPRECIATION

Depreciation is an often misunderstood item in the non-profit entity. Depreciation is a real cost and should be treated as such when determining the actual cost of operating an aircraft. If depreciation is not taken, a flying club may think revenue is sufficient to cover costs when in fact it is not. Assets have to be replaced and if they are written off in the year purchased, (expensed) the excess of income over expenses will fluctuate widely from year to year relative to the timing of asset replacement.[Ref. 5] The wide swing in profits of club owned aircraft supports this argument.  $M_0$ , the maintenance overhaul factor is a form of

depreciation. If revenue is not collected to cover the depreciation expense of an engine, the club will be faced with an overhaul and no funds to cover the costs of the overhaul. The club will be forced to treat the overhaul as a current year expense rather than a capital improvement for which a reserve has been established to cover overhaul costs.

#### C. BUDGETING

Budgeting should be an integral part of the financial management of flying clubs. Utilizing the model proposed in chapter 4, club management can predict the aircraft operations and the general and administrative profits for the next month or the next year. For clubs with many aircraft, a small computer capable of accomodating a spreadsheet program would simplify the calculations. Projected performance can be compared with actual performance and deviations can be investigated on a monthly basis to determine the cause for deviations and to decide if corrective measures should be taken. Utilizing a monthly budget would warn of impending financial difficulties and allow for corrective action during the fiscal year instead of applying hindsight at fiscal year end. A working financial model and a club management with an understanding of the elements that make up the model, combined with sound budgeting techniques, are the essential ingredients of a financially sound flying club.

## VI. CONCLUSIONS

### A. GENERAL

There is no single factor such as number of hours flown, or number of club employees which by itself predicts a club's potential for profitability. For a club to break-even, or perhaps to earn a modest profit, club management should have a working knowledge of the model describing the club's financial operations, and make decisions based on information gained from applying the model.

### B. SPECIFIC

The income statement currently being utilized by the flying clubs as part of their annual report does not parallel the model which best describes the flying club financial process. A realignment of the income statement would assist club management's evaluation of financial performance.

APPENDIX A  
FINANCIAL STATEMENTS

FLYING CLUB NAME MONTEREY NAVY FLYING CLUB  
BALANCE SHEET AS OF SEPTEMBER 30, 1984  
PREPARED BY T. E. Woolcock, Manager

Current

|          |                             |              |              |
|----------|-----------------------------|--------------|--------------|
| 104, 109 | Cash                        | \$ 13,960.12 |              |
| 121      | Investments, short term     | 3,412.46     |              |
| 131, 132 | Accounts receivable         | 13,620.82    |              |
| 153      | Inventories, resale         | 2,335.13     |              |
| 154      | Inventories, aircraft parts |              |              |
| 155      | Inventories, fuel           |              |              |
|          | Total Current Assets        |              | \$ 33,328.53 |

Non Current

|     |                                |           |           |
|-----|--------------------------------|-----------|-----------|
| 173 | Furniture, Fixtures, \$ 900.00 |           |           |
| 183 | Less: Accum. Deprec. 900.00    | 0         |           |
| 171 | Vehicles                       |           |           |
| 181 | Less: Accum. Deprec.           |           |           |
| 175 | Bldgs. & facilities            |           |           |
| 185 | Less: Accum. Deprec.           |           |           |
| 178 | Aircraft owned 60,123.60       |           |           |
| 188 | Less: Accum. Deprec. 31,242.31 | 28,881.29 |           |
|     | Total Non Current Assets       |           | 28,881.29 |

Other

|     |                             |  |  |
|-----|-----------------------------|--|--|
| 161 | Prepaid expenses            |  |  |
| 191 | Long-term investments       |  |  |
| 195 | Investments-funded reserves |  |  |
|     | Total Other Assets          |  |  |

|              |  |           |
|--------------|--|-----------|
| Total Assets |  | 62,209.82 |
|--------------|--|-----------|

FLYING CLUB NAME MONTEREY NAVY FLYING CLUB  
BALANCE SHEET AS OF September 30, 1984

| <u>CURRENT</u>                      | <u>LIABILITIES</u>        |                             |                             |
|-------------------------------------|---------------------------|-----------------------------|-----------------------------|
| 201                                 | Accounts payable          | <u>\$ 1,374.30</u>          |                             |
| 211                                 | Accrued wages             | <u>                    </u> |                             |
| 213, 215                            | Employee benefits & taxes | <u>                    </u> |                             |
| 214, 229                            |                           | <u>                    </u> |                             |
| 212                                 | Accrued annual leave      | <u>                    </u> |                             |
| 207                                 | Insurance                 | <u>                    </u> |                             |
| 261                                 | Short term loans          | <u>                    </u> |                             |
|                                     | Total Current Liabilities |                             | <u>\$ 1,374.30</u>          |
| <br><u>LONG TERM</u>                |                           |                             |                             |
| 272                                 | Loans                     | <u>                    </u> | <u>                    </u> |
| <u>TOTAL LIABILITIES</u>            |                           |                             | <u>1,374.30</u>             |
| <br><u>NET WORTH</u>                |                           |                             |                             |
| 299                                 | Funded reserves           | <u>                    </u> |                             |
| 291                                 | Retained earnings         | <u>60,835.52</u>            |                             |
|                                     | Total Net Worth           |                             | <u>60,835.52</u>            |
| <br>Total Liabilities and Net Worth |                           |                             | <u>62,209.82</u>            |

FLYING CLUB NAME MONTEREY NAVY FLYING CLUB  
 OPERATING STATEMENT  
 FOR THE YEAR ENDED September 30, 1984

SALES

|     |                                               |                  |                    |
|-----|-----------------------------------------------|------------------|--------------------|
| 302 | Flight supplies and accessories               | \$ 16,275.19     |                    |
| 402 | Less: Cost of flight supplies and accessories | <u>14,834.29</u> |                    |
|     | Gross Profit on Sales                         |                  | \$ <u>1,440.90</u> |

SALE OF SERVICES NON-VA

|     |                       |                             |                   |
|-----|-----------------------|-----------------------------|-------------------|
| 303 | Aircraft rental       | \$ 199,702.31               |                   |
| 305 | In-flight instruction | <u>                    </u> |                   |
| 307 | Ground instruction    | <u>                    </u> |                   |
|     | Total Non-VA          |                             | <u>199,702.31</u> |

SALE OF SERVICES VA

|     |                        |                             |                             |
|-----|------------------------|-----------------------------|-----------------------------|
| 304 | Aircraft rental        | <u>                    </u> |                             |
| 306 | In-flight instruction  | <u>                    </u> |                             |
| 308 | Ground instruction     | <u>                    </u> |                             |
|     | Total VA               |                             | <u>                    </u> |
|     | Total Sale of Services |                             | <u>199,702.31</u>           |

|             |  |                   |
|-------------|--|-------------------|
| TOTAL SALES |  | <u>201,143.21</u> |
|-------------|--|-------------------|

DIRECT EXPENSE

Personnel Costs

|     |                                           |                             |                  |
|-----|-------------------------------------------|-----------------------------|------------------|
| 603 | Salaries and wages-administrative         | \$ 19,129.92                |                  |
| 604 | Salaries and wages-maintenance            | <u>21,733.50</u>            |                  |
| 630 | Social Security                           | <u>                    </u> |                  |
| 631 | Retirement annuity contributions          | <u>                    </u> |                  |
| 632 | Group comprehensive medical contributions | <u>                    </u> |                  |
| 633 | Retirement life insurance contributions   | <u>                    </u> |                  |
| 622 | Annual leave                              | <u>                    </u> |                  |
| 623 | Sick leave                                | <u>                    </u> |                  |
|     | Total Personnel Costs                     |                             | <u>40,863.42</u> |

Operating Costs

Non-VA

|     |                    |                             |                  |
|-----|--------------------|-----------------------------|------------------|
| 423 | Aircraft rental    | <u>42,803.95</u>            |                  |
| 427 | Ground instruction | <u>                    </u> |                  |
|     | Total Non-VA       |                             | <u>42,803.95</u> |

VA

|     |                    |                             |                             |
|-----|--------------------|-----------------------------|-----------------------------|
| 424 | Aircraft rental    | <u>                    </u> |                             |
| 428 | Ground instruction | <u>                    </u> |                             |
|     | Total VA           |                             | <u>                    </u> |

FLYING CLUB NAME MONTEREY NAVY FLYING CLUB  
 OPERATING STATEMENT  
 FOR THE YEAR ENDING September 30, 1984

OTHER DIRECT

|     |                            |              |
|-----|----------------------------|--------------|
| 421 | Gasoline                   | \$ 99,783.15 |
| 422 | Oil                        | 1,422.65     |
| 425 | Storage and tiedown        |              |
| 426 | Maintenance-routine        | 17,538.89    |
| 429 | Maintenance-overhaul       |              |
| 641 | Utilities and rent         | 5,759.82     |
| 661 | Telephone and postage      | 2,002.73     |
| 721 | Travel and per diem        |              |
| 731 | Freight and transportation |              |
| 701 | Supplies                   |              |
| 781 | Insurance premiums         | 12,190.53    |

Total Other Direct

\$ 139,697.77

Total Operating Costs  
and Other Direct

\$ 182,501.72

TOTAL OPERATING COSTS

Depreciation

|     |                            |          |
|-----|----------------------------|----------|
| 762 | Furniture, fixtures, eant. |          |
| 761 | Vehicles                   |          |
| 763 | Buildings and facilities   |          |
| 765 | Aircraft                   | 7,795.26 |

Total Depreciation

7,795.26

Total Direct Expense

231,160.40

Other Income

|     |                             |           |
|-----|-----------------------------|-----------|
| 531 | Other dues and assessments  | 45,388.25 |
| 569 | Contributions and donations |           |
|     | Interest income             | 1,107.01  |
|     | Insurance proceeds          |           |

Total Other Income

46,495.26

Other Expense

|     |                              |           |
|-----|------------------------------|-----------|
| 799 | Miscellaneous other expenses | 12,963.94 |
| 905 | Interest expense             | 15.70     |
| 904 | Bad debt expense             | 53.15     |

Total Other Expense

13,032.79

999 NET INCOME (LOSS)

3,445.28

FLYING CLUB NAME MONTEREY NAVY FLYING CLUB  
 STATEMENT OF NET WORTH  
 AS OF September 30, 1984

|                                                      | 299<br><u>Funded Reserves</u> | 291<br><u>Retained Earnings</u> |
|------------------------------------------------------|-------------------------------|---------------------------------|
| Beginning of year balance                            | <u>                    </u>   | <u>\$ 57,390.24</u>             |
| Add: Profit (999)                                    | <u>                    </u>   | <u>3,445.28</u>                 |
| Deduct: Loss (999)                                   | <u>                    </u>   | <u>                    </u>     |
| Transfer of retained earnings<br>to funded reserve   | <u>                    </u>   | <u>                    </u>     |
| Transfer of retained earnings<br>from funded reserve | <u>                    </u>   | <u>                    </u>     |
| End of year balances                                 | <u>                    </u>   | <u>60,835.52</u>                |

# APPENDIX B

## FLYING CLUB DATA

| Name             | # Empl. | # Mem. | # A/C | # Mem/AC |
|------------------|---------|--------|-------|----------|
| Agana            | 1       | 83     | 4     | 20.75    |
| Atlanta          | 1       | 182    | 9     | 20.22    |
| Barbers Point    | 2       | 154    | 22    | 7.00     |
| China Lake       | 0       | 79     | 6     | 13.17    |
| Cubi Point       | 4       | 45     | 5     | 9.00     |
| Dahlgren         | 0       | 72     | 6     | 12.00    |
| Dallas           | 1       | 160    | 11    | 14.55    |
| Guantanamo Bay   | 0       | 25     | 4     | 6.25     |
| Jacksonville     | 1       | 189    | 13    | 14.54    |
| Kansas City      | 0       | 30     | 4     | 7.50     |
| Key West         | 0       | 39     | 3     | 13.00    |
| Lakehurst        | 0       | 65     | 4     | 16.25    |
| Lemoore          | 0       | 150    | 13    | 11.54    |
| Memphis          | 3       | 207    | 15    | 13.80    |
| Moffett Field    | 5       | 230    | 14    | 16.43    |
| Monterey         | 0       | 267    | 21    | 12.71    |
| New Orleans      | 0       | 64     | 3     | 21.33    |
| Norfolk          | 0       | 240    | 16    | 15.00    |
| North Island     | 3       | 219    | 11    | 19.91    |
| Patuxent         | 1       | 111    | 8     | 13.88    |
| Point Mugu       | 0       | 39     | 7     | 5.57     |
| Roosevelt Roads  | 2       | 254    | 9     | 28.22    |
| Rota             | 1       | 98     | 7     | 14.00    |
| Trenton          | 0       | 22     | 1     | 22.00    |
| Twin Cities      |         | 18     | 1     | 18.00    |
| U.S. Naval Acad. | 0       | 180    | 8     | 22.50    |
| Warminster       | 0       | 78     | 4     | 19.50    |
| Whidbey Island   | 2       | 160    | 11    | 14.55    |

# APPENDIX C LAMBDA CALCULATIONS

## Number of Hours Flown

|                                  | Number of Hours Flown (thousands) |     |     |     |    | Tot |
|----------------------------------|-----------------------------------|-----|-----|-----|----|-----|
|                                  | 1.5-2                             | 2-3 | 3-5 | 5-7 | >7 |     |
| No. of profitable large clubs    | 1                                 | 3   | 2   | 1   | 1  | 8   |
| No. of nonprofitable large clubs | 0                                 | 2   | 1   | 2   | 0  | 4   |

$$\text{Lambda} = \frac{4-4}{4} = 0$$

## Number of Hours Flown

|                                   | Number of Hours Flown |          |           |           | Tot |
|-----------------------------------|-----------------------|----------|-----------|-----------|-----|
|                                   | 500-800               | 800-1100 | 1100-1400 | 1400-1700 |     |
| No. of profitable medium clubs    | 0                     | 1        | 0         | 4         | 5   |
| No. of nonprofitable medium clubs | 2                     | 0        | 0         | 2         | 4   |

$$\text{Lambda} = \frac{4-2}{4} = .5$$

## Number of Hours Flown

|                                  | Number of Hours Flown |          |           |        | Tot |
|----------------------------------|-----------------------|----------|-----------|--------|-----|
|                                  | 200-700               | 700-1200 | 1200-1700 | > 1700 |     |
| No. of profitable small clubs    | 2                     | 0        | 1         | 1      | 4   |
| No. of nonprofitable small clubs | 0                     | 2        | 0         | 1      | 3   |

$$\text{Lambda} = \frac{3-1}{2} = .67$$

# Number of Members per Aircraft

|                                  | No. of Members Per Aircraft |       |       |       |     | Tot |
|----------------------------------|-----------------------------|-------|-------|-------|-----|-----|
|                                  | <10                         | 10-15 | 15-20 | 20-25 | >25 |     |
| No. of profitable large clubs    | 1                           | 5     | 0     | 1     | 1   | 8   |
| No. of nonprofitable large clubs | 0                           | 2     | 2     | 1     | 0   | 5   |

$$\text{Lambda} = \frac{5-3}{5} = .4$$

|                                   |   |   |   |   |   |   |
|-----------------------------------|---|---|---|---|---|---|
| No. of profitable medium clubs    | 0 | 2 | 1 | 1 | 0 | 4 |
| no. of nonprofitable medium clubs | 0 | 2 | 2 | 0 | 0 | 4 |

$$\text{Lambda} = \frac{4-2}{4} = .25$$

|                                  |   |   |   |   |   |   |
|----------------------------------|---|---|---|---|---|---|
| No. of profitable small clubs    | 0 | 2 | 1 | 1 | 0 | 4 |
| No. of nonprofitable small clubs | 1 | 0 | 0 | 1 | 1 | 3 |

$$\text{Lambda} = \frac{3-1}{2} = .67$$

# Number of Club Employees

|                                  | No. of Club Employees |   |   |   |   |   | Tot |
|----------------------------------|-----------------------|---|---|---|---|---|-----|
|                                  | 0                     | 1 | 2 | 3 | 4 | 5 |     |
| No. of profitable large clubs    | 2                     | 1 | 3 | 1 | 0 | 0 | 7   |
| No. of nonprofitable large clubs | 0                     | 2 | 0 | 1 | 0 | 1 | 4   |

$$\text{Lambda} = \frac{4-2}{4} = .5$$

|                                   |   |   |   |   |   |   |   |
|-----------------------------------|---|---|---|---|---|---|---|
| No. of profitable medium clubs    | 3 | 2 | 0 | 0 | 0 | 0 | 5 |
| No. of nonprofitable medium clubs | 3 | 2 | 0 | 0 | 0 | 0 | 5 |

$$\text{Lambda} = \frac{5-5}{5} = 0$$

Only one small club had employees. Lambda calculations for small clubs is not applicable.

## APPENDIX D

## BALANCE SHEETS

|                     | AGANA     | N. ACAD. | ATLANTA  | BARB. FT |
|---------------------|-----------|----------|----------|----------|
| ASSETS              |           |          |          |          |
| CURRENT:            |           |          |          |          |
| CASH                | 11993.35  | 13276.27 | 6763.58  | 3027.57  |
| INVESTMENTS, SH T M | 0.00      | 25010.99 |          | 6880.17  |
| ACCTS RECEIVABLE    | 1806.64   | 7672.75  | 26496.39 | 35525.42 |
| INV. RESALE         | 3811.61   |          |          | 1276.57  |
| INV. A/C PARTS      | 55378.49  |          |          | 16550.81 |
| INV. FUEL           |           |          |          | 2501.34  |
| MISC.               |           |          |          | 12286.18 |
| TOTAL CURR ASSETS   | 72990.09  | 45960.01 | 33259.97 | 78048.06 |
| NONCURRENT:         |           |          |          |          |
| FURNITURE, FIXTURES |           | 672.65   | 685.25   | 3147.23  |
| LESS: ACCUM. DEPR.  |           | 168.00   | 578.67   | 2377.39  |
| VEHICLES            |           |          |          |          |
| LESS: ACCUM. DEPR.  |           |          |          |          |
| BLDGS & FACILITIES  |           |          | 6980.56  |          |
| LESS: ACCUM. DEPR.  |           |          | 3297.09  |          |
| AIRCRAFT OWNED      | 59213.27  |          | 88794.43 | 33798.13 |
| LESS: ACCUM. DEPR.  | 14956.69  |          | 30586.43 | 28190.23 |
| TOT NON CUR ASSETS  | 44256.58  | 504.65   | 61998.05 | 6377.74  |
| OTHER:              |           |          |          |          |
| PREPAID EXPENSES    |           |          | 1199.86  | 396.00   |
| TOTAL ASSETS        | 0.00      | 46464.66 | 96457.88 | 84821.80 |
| LIABILITIES         |           |          |          |          |
| CURRENT:            |           |          |          |          |
| UNEARNED INCOME     |           |          |          | 5170.18  |
| ACCOUNTS PAYABLE    | 1268.00   | 1305.00  | 14470.13 | 1973.85  |
| ACCRUED WAGES       |           |          |          |          |
| EMPL BENEF. & TAXES | 3697.39   |          | 2220.15  | 1416.00  |
| ACCURED ANNUAL LV   |           |          |          | 1024.68  |
| INSURANCE           |           | 3342.30  |          | 4415.06  |
| SHORT TERM LOANS    |           |          | 3213.34  | 5355.10  |
| TOTAL CURRENT LIAB  | 4965.39   | 4647.30  | 19903.62 | 19354.87 |
| LONG TERM:          |           |          |          |          |
| LOANS               |           |          | 2740.70  |          |
| TOTAL LIABILITIES   | 4965.39   | 4647.30  | 22644.32 | 19354.87 |
| NET WORTH           |           |          |          |          |
| FUNDED RESERVES     |           |          | 10700.00 |          |
| RETAINED EARNINGS   | 112281.28 | 41817.36 | 63113.56 | 65466.93 |
| TOTAL NET WORTH     | 112281.28 | 41817.36 | 73813.56 | 65466.93 |
| TOTAL LIAB & N W    | 117246.67 | 46464.66 | 96457.88 | 84821.80 |

|                     | CHINA LAKE CUBI PT | DAHLGREN | DALLAS   |          |
|---------------------|--------------------|----------|----------|----------|
| ASSETS              |                    |          |          |          |
| CURRENT:            |                    |          |          |          |
| CASH                | 8928.00            | 10823.15 | 3672.67  | 16521.76 |
| INVESTMENTS, SHT TM |                    |          | 8822.03  |          |
| ACCTS RECEIVABLE    | 8759.00            | 8940.01  | 7281.21  | 8147.37  |
| INV. RESALE         |                    | 1764.38  | 912.43   | 753.85   |
| INV. A/C PARTS      |                    | 20465.03 | 5659.70  | 5440.50  |
| INV. FUEL           | 755.00             | 2226.92  |          | 2320.00  |
| MISC.               |                    |          | 128.82   |          |
| TOTAL CURR ASSETS   | 18442.00           | 44219.49 | 26476.86 | 33183.48 |
| NONCURRENT:         |                    |          |          |          |
| FURNITURE, FIXTURES |                    | 1612.93  |          | 4454.53  |
| LESS: ACCUM. DEPR.  |                    | 1319.76  |          | 3461.08  |
| VEHICLES            |                    |          |          |          |
| LESS: ACCUM. DEPR.  |                    |          |          |          |
| BLDGS & FACILITIES  |                    |          |          | 3170.97  |
| LESS: ACCUM. DEPR.  |                    |          |          | 2602.95  |
| AIRCRAFT OWNED      |                    | 33021.00 | 43307.50 | 55037.00 |
| LESS: ACCUM. DEPR.  |                    | 28558.50 | 24117.24 | 53596.73 |
| TOT NON CUR ASSETS  | 0.00               | 4755.67  | 19190.26 | 3001.74  |
| OTHER:              |                    |          |          |          |
| PREPAID EXPENSES    |                    | 2613.11  | 4726.08  |          |
| TOTAL ASSETS        | 18442.00           | 51588.27 | 50393.20 | 36185.22 |
| LIABILITIES         |                    |          |          |          |
| CURRENT:            |                    |          |          |          |
| UNEARNED INCOME     |                    |          |          |          |
| ACCOUNTS PAYABLE    | 4996.00            |          | 6662.81  |          |
| ACCRUED WAGES       |                    | 337.48   |          |          |
| EMPL BENEF. & TAXES |                    | 10244.89 |          |          |
| ACCURED ANNUAL LV   |                    | 368.65   |          |          |
| INSURANCE           | 5265.00            | 14863.42 |          |          |
| SHORT TERM LOANS    |                    |          |          |          |
| TOTAL CURRENT LIAB  | 10261.00           | 25814.44 | 6662.81  | 0.00     |
| LONG TERM:          |                    |          |          |          |
| LOANS               | 3950.00            |          |          |          |
| TOTAL LIABILITIES   | 14211.00           | 25814.44 | 6662.81  | 0.00     |
| NET WORTH           |                    |          |          |          |
| FUNDED RESERVES     | 58.00              |          |          |          |
| RETAINED EARNINGS   | 4173.00            | 25773.83 | 43730.51 | 36185.22 |
| TOTAL NET WORTH     | 4231.00            | 25773.83 | 43730.51 | 36185.22 |
| TOTAL LIAB & N W    | 18442.00           | 51588.27 | 50393.32 | 36185.22 |

|                     | GITMO   | GROTON   | JAX      | KANSAS CIT |
|---------------------|---------|----------|----------|------------|
| ASSETS              |         |          |          |            |
| CURRENT:            |         |          |          |            |
| CASH                | 332.73  | 6660.82  | 6508.10  | 1258.00    |
| INVESTMENTS, SHT TM | 508.30  | 3278.60  | 33053.60 | 618.00     |
| ACCTS RECEIVABLE    | 722.00  | 1210.55  | 3919.62  |            |
| INV, RESALE         |         |          | 416.49   |            |
| INV, A/C PARTS      |         |          | 10483.71 | 313.00     |
| INV, FUEL           |         |          |          |            |
| MISC.               |         |          |          |            |
| TOTAL CURR ASSETS   | 1563.03 | 11149.97 | 54381.52 | 2189.00    |
| NONCURRENT:         |         |          |          |            |
| FURNITURE, FIXTURES | 2000.00 |          | 2067.71  |            |
| LESS: ACCUM. DEPR.  | 667.67  |          | 400.56   |            |
| VEHICLES            |         |          | 4389.32  |            |
| LESS: ACCUM. DEPR.  |         |          |          |            |
| BLDGS & FACILITIES  |         |          |          |            |
| LESS: ACCUM. DEPR.  |         |          |          |            |
| AIRCRAFT OWNED      | 7000.00 | 36000.00 | 36355.00 |            |
| LESS: ACCUM. DEPR.  | 700.00  | 24137.20 | 23269.29 |            |
| TOT NON CUR ASSETS  | 7632.33 | 11862.80 | 19142.18 | 0.00       |
| OTHER:              |         |          |          |            |
| PREPAID EXPENSES    |         |          | 2547.11  |            |
| TOTAL ASSETS        | 9195.36 | 23012.77 | 76070.81 | 2189.00    |
| LIABILITIES         |         |          |          |            |
| CURRENT:            |         |          |          |            |
| UNEARNED INCOME     |         |          |          |            |
| ACCOUNTS PAYABLE    | 1435.21 |          | 9493.30  |            |
| ACCRUED WAGES       | 50.00   |          |          |            |
| EMPL BENEF. & TAXES |         |          |          |            |
| ACCURED ANNUAL LV   |         |          |          |            |
| INSURANCE           | 1252.82 |          |          |            |
| SHORT TERM LOANS    |         |          |          | 5028.00    |
| TOTAL CURRENT LIAB  | 2738.03 | 0.00     | 9493.30  | 5028.00    |
| LONG TERM:          |         |          |          |            |
| LOANS               | 2838.31 |          |          |            |
| TOTAL LIABILITIES   | 5576.34 | 0.00     | 9493.30  | 5028.00    |
| NET WORTH           |         |          |          |            |
| FUNDED RESERVES     |         |          |          |            |
| RETAINED EARNINGS   | 3619.02 | 23012.77 | 49102.48 | -2839.00   |
| TOTAL NET WORTH     | 3619.02 | 23012.77 | 49102.48 | -2839.00   |
| TOTAL LIAB & N W    | 9195.36 | 23012.77 | 58595.78 | 2189.00    |

|                     | KEY WEST | LAKEHURST | LEMOORE  | MEMPHIS   |
|---------------------|----------|-----------|----------|-----------|
| ASSETS              |          |           |          |           |
| CURRENT:            |          |           |          |           |
| CASH                | 1634.00  | 4598.53   | 5742.43  | 18764.03  |
| INVESTMENTS, SHT TM | 11766.98 |           | 10591.10 | 103225.64 |
| ACCTS RECEIVABLE    | 5196.07  | 3475.70   | 6159.67  | 2092.58   |
| INV, RESALE         |          | 19.90     | 472.76   |           |
| INV, A/C PARTS      |          | 2677.00   | 1196.58  | 5500.00   |
| INV, FUEL           |          | 2680.01   | 1392.06  | 3483.00   |
| MISC.               |          |           |          | 1581.70   |
| TOTAL CURR ASSETS   | 18597.05 | 13451.14  | 25554.60 | 134646.95 |
| NONCURRENT:         |          |           |          |           |
| FURNITURE, FIXTURES | 3963.19  |           | 2489.16  |           |
| LESS: ACCUM. DEPR.  | 1003.90  |           | 1759.96  |           |
| VEHICLES            |          |           |          |           |
| LESS: ACCUM. DEPR.  |          |           |          |           |
| BLDGS & FACILITIES  | 3238.80  |           |          |           |
| LESS: ACCUM. DEPR.  |          |           |          |           |
| AIRCRAFT OWNED      | 52670.00 | 16613.08  | 24600.00 | 195889.15 |
| LESS: ACCUM. DEPR.  | 39983.65 | 5651.55   | 24600.00 | 169086.27 |
| TOT NON CUR ASSETS  | 18884.44 | 10961.53  | 729.20   | 26802.88  |
| OTHER:              |          |           |          |           |
| PREPAID EXPENSES    | 7.23     | 388.56    | 261.08   |           |
| TOTAL ASSETS        | 37488.72 | 24801.23  | 26544.88 | 161449.83 |
| LIABILITIES         |          |           |          |           |
| CURRENT:            |          |           |          |           |
| UNEARNED INCOME     | 341.75   | 6481.45   |          | 3402.02   |
| ACCOUNTS PAYABLE    | 1670.25  | 2301.56   | 10292.58 | 1731.75   |
| ACCRUED WAGES       |          |           | 314.75   |           |
| EMPL BENEF. & TAXES |          |           | 22.03    |           |
| ACCURED ANNUAL LV   |          |           | 276.12   |           |
| INSURANCE           |          |           | 347.00   |           |
| SHORT TERM LOANS    |          |           |          |           |
| TOTAL CURRENT LIAB  | 2012.00  | 8783.01   | 11252.48 | 5133.77   |
| LONG TERM:          |          |           |          |           |
| LOANS               | 1592.40  |           |          |           |
| TOTAL LIABILITIES   | 3604.40  | 8783.01   | 11252.48 | 5133.77   |
| NET WORTH           |          |           |          |           |
| FUNDED RESERVES     |          |           |          |           |
| RETAINED EARNINGS   | 40393.57 | 16018.22  | 15292.40 | 156316.06 |
| TOTAL NET WORTH     | 40393.57 | 16018.22  | 15292.40 | 156316.06 |
| TOTAL LIAB & N W    | 43997.97 | 24801.23  | 26544.88 | 161449.83 |

|                     | MONTEREY | MOFFETT   | NEW ORLEANS | NEWPORT  |
|---------------------|----------|-----------|-------------|----------|
| ASSETS              |          |           |             |          |
| CURRENT:            |          |           |             |          |
| CASH                | 13960.12 | 61478.00  | 15842.38    | 1242.01  |
| INVESTMENTS, SHT TM | 3412.46  |           |             | 3758.83  |
| ACCTS RECEIVABLE    | 13620.82 | 5549.00   | 101.25      | 1874.84  |
| INV, RESALE         | 2335.13  |           |             | 25.00    |
| INV, A/C PARTS      |          | 2319.00   |             | 350.00   |
| INV, FUEL           |          | 466.00    | 266.29      |          |
| MISC.               |          |           |             |          |
| TOTAL CURR ASSETS   | 33328.53 | 69812.00  | 16209.92    | 7250.68  |
| NONCURRENT:         |          |           |             |          |
| FURNITURE, FIXTURES | 900.00   | 4659.00   | 2995.00     |          |
| LESS: ACCUM. DEPR.  | 900.00   | 1592.00   | 2250.00     |          |
| VEHICLES            |          |           |             |          |
| LESS: ACCUM. DEPR.  |          |           |             |          |
| BLDGS & FACILITIES  |          | 39922.00  |             |          |
| LESS: ACCUM. DEPR.  |          | 1996.00   |             |          |
| AIRCRAFT OWNED      | 60123.60 |           |             | 36900.00 |
| LESS: ACCUM. DEPR.  | 31242.31 |           |             | 23000.00 |
| TOT NON CUR ASSETS  | 28881.29 | 40993.00  | 745.00      | 13900.00 |
| OTHER:              |          |           |             |          |
| PREPAID EXPENSES    |          |           |             |          |
| TOTAL ASSETS        | 62209.82 | 110805.00 | 16954.92    | 21150.68 |
| LIABILITIES         |          |           |             |          |
| CURRENT:            |          |           |             |          |
| UNEARNED INCOME     |          |           |             |          |
| ACCOUNTS PAYABLE    | 1374.30  | 26847.00  | 29531.73    | 2880.98  |
| ACCRUED WAGES       |          |           | -286.57     |          |
| EMPL BENEF. & TAXES |          | 4136.00   |             |          |
| ACCURED ANNUAL LV   |          | 5814.00   |             |          |
| INSURANCE           |          |           |             |          |
| SHORT TERM LOANS    |          |           |             |          |
| TOTAL CURRENT LIAB  | 1374.30  | 36797.00  | 29245.16    | 2880.98  |
| LONG TERM:          |          |           |             |          |
| LOANS               |          |           |             | 3600.00  |
| TOTAL LIABILITIES   | 1374.30  | 36797.00  | 29245.16    | 6480.98  |
| NEW WORTH:          |          |           |             |          |
| FUNDED RESERVES     |          |           |             |          |
| RETAINED EARNINGS   | 60835.52 | 77108.00  | -12290.24   | 14669.70 |
| TOTAL NET WORTH     | 60835.52 | 77108.00  | -12290.24   | 14669.70 |
| TOTAL LIAB & N W    | 62209.82 | 113905.00 | 16954.92    | 21150.68 |

|                     | NORFOLK NORTH IS. | ORLANDO  | PATUXET  |          |
|---------------------|-------------------|----------|----------|----------|
| ASSETS              |                   |          |          |          |
| CURRENT:            |                   |          |          |          |
| CASH                | 31387.29          | 11918.90 | 2528.79  | 20700.53 |
| INVESTMENTS, SHT TM |                   | 4268.54  | 11203.91 | 335.09   |
| ACCTS RECEIVABLE    | 28907.17          | 5537.85  | 3446.43  | 5941.35  |
| INV. RESALE         | 48569.38          | 3417.35  |          | 866.25   |
| INV. A/C PARTS      |                   | 9312.18  |          | 24097.50 |
| INV. FUEL           |                   | 1499.83  |          | 200.00   |
| MISC.               | 446.10            |          |          |          |
| TOTAL CURR ASSETS   | 109309.94         | 35954.65 | 17179.13 | 52140.72 |
| NONCURRENT:         |                   |          |          |          |
| FURNITURE, FIXTURES | 8079.15           | 5644.64  | 2611.32  | 1503.78  |
| LESS: ACCUM. DEPR.  | 4630.47           | 1977.83  | 1310.92  |          |
| VEHICLES            |                   |          |          |          |
| LESS: ACCUM. DEPR.  |                   |          |          |          |
| BLDGS & FACILITIES  | 49207.40          |          |          |          |
| LESS: ACCUM. DEPR.  | 17837.21          |          |          |          |
| AIRCRAFT OWNED      | 94520.00          |          | 29893.25 | 6051.84  |
| LESS: ACCUM. DEPR.  | 57754.00          |          | 16868.17 | 756.48   |
| TOT NON CUR ASSETS  | 71584.87          | 3666.81  | 14325.48 | 6799.14  |
| OTHER:              |                   |          |          |          |
| PREPAID EXPENSES    |                   |          | 127.50   |          |
| TOTAL ASSETS        | 180894.81         | 39621.46 | 31632.11 | 58939.86 |
| LIABILITIES         |                   |          |          |          |
| CURRENT:            |                   |          |          |          |
| UNEARNED INCOME     |                   |          | 336.72   | 6685.28  |
| ACCOUNTS PAYABLE    | 16993.87          | 23640.07 | 3432.16  |          |
| ACCRUED WAGES       | 1577.26           | 1420.00  |          |          |
| EMPL BENEF. & TAXES | 812.21            |          |          |          |
| ACCURED ANNUAL LV   | 1154.21           | 1600.00  |          |          |
| INSURANCE           | 3492.42           |          |          |          |
| SHORT TERM LOANS    |                   |          |          | 11149.99 |
| TOTAL CURRENT LIAB  | 24029.97          | 26660.07 | 3768.88  | 17835.27 |
| LONG TERM:          |                   |          |          |          |
| LOANS               |                   |          |          |          |
| TOTAL LIABILITIES   | 24029.97          | 26660.07 | 3768.88  | 17835.27 |
| NEW WORTH:          |                   |          |          |          |
| FUNDED RESERVES     |                   | 944.00   | 10500.91 |          |
| RETAINED EARNINGS   | 156864.84         | 12017.39 | 17362.32 | 41101.59 |
| TOTAL NET WORTH     | 156864.84         | 12961.39 | 27863.23 | 41101.59 |
| TOTAL LIAB & N W    | 180894.81         | 39621.46 | 31632.11 | 58936.86 |

|                     | PT MUGU ROOS. RDS | ROTA      | TWIN CITIE         |
|---------------------|-------------------|-----------|--------------------|
| ASSETS              |                   |           |                    |
| CURRENT:            |                   |           |                    |
| CASH                | 5015.78           | 4583.01   | 2518.38 2601.08    |
| INVESTMENTS, SHT TM |                   |           | 2112.68            |
| ACCTS RECEIVABLE    | 6679.94           | 19446.53  | 8020.81 125.22     |
| INV, RESALE         |                   | 3410.93   | 443.15             |
| INV, A/C PARTS      | 1000.00           | 15038.28  | 9255.56            |
| INV, FUEL           | 360.00            | 12985.34  | 343.17             |
| MISC.               |                   |           |                    |
| TOTAL CURR ASSETS   | 13055.72          | 55464.09  | 22693.75 2726.30   |
| NONCURRENT:         |                   |           |                    |
| FURNITURE, FIXTURES |                   | 1008.00   | 1391.20            |
| LESS: ACCUM. DEPR.  |                   | 808.78    | 71053.40           |
| VEHICLES            |                   |           |                    |
| LESS: ACCUM. DEPR.  |                   |           |                    |
| BLDGS & FACILITIES  |                   |           |                    |
| LESS: ACCUM. DEPR.  |                   |           |                    |
| AIRCRAFT OWNED      |                   | 107930.07 | 14800.00 14000.00  |
| LESS: ACCUM. DEPR.  |                   | 66455.03  | 7940.00            |
| TOT NON CUR ASSETS  | 0.00              | 41674.26  | -62802.20 14000.00 |
| OTHER:              |                   |           |                    |
| PREPAID EXPENSES    |                   | 13670.21  |                    |
| TOTAL ASSETS        | 13055.72          | 110808.56 | -40108.45 16726.30 |
| LIABILITIES         |                   |           |                    |
| CURRENT:            |                   |           |                    |
| UNEARNED INCOME     |                   |           | 938.00             |
| ACCOUNTS PAYABLE    | 4397.51           | 8199.23   | 8815.80 409.00     |
| ACCRUED WAGES       |                   |           |                    |
| EMPL BENEF. & TAXES |                   | 2299.10   |                    |
| ACCURED ANNUAL LV   |                   | 6252.27   |                    |
| INSURANCE           |                   |           |                    |
| SHORT TERM LOANS    |                   |           |                    |
| TOTAL CURRENT LIAB  | 4397.51           | 16750.60  | 8815.80 1347.00    |
| LONG TERM:          |                   |           |                    |
| LOANS               |                   | 29039.03  | 14081.03           |
| TOTAL LIABILITIES   | 4397.51           | 45789.63  | 8815.80 15428.03   |
| NEW WORTH:          |                   |           |                    |
| FUNDED RESERVES     |                   |           |                    |
| RETAINED EARNINGS   | 8658.21           | 69617.73  | 21075.75 758.27    |
| TOTAL NET WORTH     | 8658.21           | 69617.73  | 21075.75 758.27    |
| TOTAL LIAB & N W    | 13055.72          | 115407.36 | 29891.55 16186.30  |

## TRENTON WARMINSTER WHIDBEY I

## ASSETS

## CURRENT:

|                     |          |          |          |
|---------------------|----------|----------|----------|
| CASH                | 55409.18 | 8000.92  | 21337.00 |
| INVESTMENTS, SHT TM | 5794.56  | 18399.70 | 24847.00 |
| ACCTS RECEIVABLE    | 3819.38  | 2093.30  | 8175.00  |
| INV, RESALE         | 101.47   |          | 1007.00  |
| INV, A/C PARTS      |          |          | 2417.00  |
| INV, FUEL           | 1498.68  |          | 3917.00  |
| MISC.               |          |          |          |
| TOTAL CURR ASSETS   | 66623.27 | 28493.92 | 61700.00 |

## NONCURRENT:

|                     |          |          |         |
|---------------------|----------|----------|---------|
| FURNITURE, FIXTURES | 400.00   |          | 4198.00 |
| LESS: ACCUM. DEPR.  | 400.00   |          | 1277.00 |
| VEHICLES            |          |          |         |
| LESS: ACCUM. DEPR.  |          |          |         |
| BLDGS & FACILITIES  |          |          | 4535.00 |
| LESS: ACCUM. DEPR.  |          |          | 2391.00 |
| AIRCRAFT OWNED      | 27101.00 | 14500.00 | 149.00  |
| LESS: ACCUM. DEPR.  | 20405.42 | 14500.00 | 149.00  |
| TOT NON CUR ASSETS  | 6695.58  | 0.00     | 5065.00 |

## OTHER:

PREPAID EXPENSES

|              |          |          |          |
|--------------|----------|----------|----------|
| TOTAL ASSETS | 73318.85 | 28493.92 | 66765.00 |
|--------------|----------|----------|----------|

## LIABILITIES

## CURRENT:

|                     |        |         |          |
|---------------------|--------|---------|----------|
| UNEARNED INCOME     |        | 3050.00 | 4932.00  |
| ACCOUNTS PAYABLE    |        |         | 11597.00 |
| ACCRUED WAGES       |        |         |          |
| EMPL BENEF. & TAXES |        |         |          |
| ACCURED ANNUAL LV   |        |         |          |
| INSURANCE           | 340.07 |         |          |
| SHORT TERM LOANS    |        |         |          |
| TOTAL CURRENT LIAB  | 340.07 | 3050.00 | 16529.00 |

## LONG TERM:

|       |         |  |  |
|-------|---------|--|--|
| LOANS | 5614.42 |  |  |
|-------|---------|--|--|

|                   |         |         |          |
|-------------------|---------|---------|----------|
| TOTAL LIABILITIES | 5954.49 | 3050.00 | 16529.00 |
|-------------------|---------|---------|----------|

## NEW WORTH:

|                   |          |          |          |
|-------------------|----------|----------|----------|
| FUNDED RESERVES   | 4500.00  |          |          |
| RETAINED EARNINGS | 13039.36 | 25443.92 | 50237.00 |
| TOTAL NET WORTH   | 17539.36 | 25443.92 | 50237.00 |

|                  |          |          |          |
|------------------|----------|----------|----------|
| TOTAL LIAB & N W | 23493.85 | 28493.92 | 66766.00 |
|------------------|----------|----------|----------|

# INCOME STATEMENTS

| REVENUE            | AGANA    | N. ACAD. | ATLANTA  | BARB.PT   |
|--------------------|----------|----------|----------|-----------|
| SALES:             |          |          |          |           |
| FLT SUPPLIES/ACC   | 7105.62  | 8435.00  | 6168.21  | 4872.60   |
| LESS: C O G SOLD   | 7233.47  | 7159.34  | 6753.65  | 3148.94   |
| GROSS PROF/SALES   | -127.85  | 1275.66  | -585.44  | 1723.66   |
| NON VA SERVICES:   |          |          |          |           |
| AIRCRAFT RENTAL    | 49720.25 | 53735.70 | 93501.29 | 133374.70 |
| IN-FLIGHT INSTR    | 0.00     |          |          | 1600.10   |
| GROUND INSTR       | 0.00     | 4040.00  |          |           |
| VA SERVICES:       |          |          |          |           |
| AIRCRAFT RENTAL    | 0.00     |          |          |           |
| IN-FLIGHT INSTR    | 0.00     |          |          |           |
| GROUND INSTR       | 2990.00  |          |          |           |
| TOTAL SERVICES     | 52710.25 | 57775.70 | 93501.29 | 134974.80 |
| TOT OPS REVENUE    | 52582.40 | 59051.36 | 92915.85 | 136698.46 |
| EXPENSES           |          |          |          |           |
| PERSONNEL:         |          |          |          |           |
| SAL/WAGES ADMIN    | 15391.68 |          | 5112.00  | 30081.54  |
| SAL/WAGES MAINT    | 9010.74  |          | 19228.16 | 19440.00  |
| SOCIAL SECURITY    | 815.27   |          | 1641.92  | 4491.85   |
| RETIREMENT ANN CON | 0.00     |          |          |           |
| GROUP COMP MEDICAL | 0.00     |          |          | 1870.44   |
| RETIREMENT LIFE IN | 0.00     |          |          |           |
| ANNUAL LEAVE       | 0.00     |          |          | 2099.21   |
| SICK LEAVE         | 0.00     |          |          |           |
| TOTAL PERSONNEL    | 25217.69 | 0        | 25982.08 | 57983.04  |
| NON-VA:            |          |          |          |           |
| AIRCRAFT RENTAL    | 0.00     | 35683.35 | 17137.81 | 82387.23  |
| GROUND INSTRUCTION | 2400.00  | 2424.00  |          | 99.33     |
| FLIGHT INSTRUCTION |          |          |          |           |
| TOTAL NON-VA       | 2400.00  | 38107.35 | 17137.81 | 82486.56  |
| VA:                |          |          |          |           |
| AIRCRAFT RENTAL    |          |          |          |           |
| GROUND INSTRUCTION |          |          |          |           |
| TOTAL VA           | 0.00     | 0.00     | 0.00     | 0.00      |

|                     | AGANA    | N. ACAD. | ATLANTA   | BARB.PT   |
|---------------------|----------|----------|-----------|-----------|
| OTHER DIRECT:       |          |          |           |           |
| GASOLINE            | 15764.49 | 24412.23 | 41399.16  | 46875.99  |
| OIL                 | 490.48   |          |           | 893.50    |
| STORAGE/TIE DOWN    |          |          |           |           |
| MAINT-ROUTINE       | 6334.94  |          | 23835.88  |           |
| MAINT-OVERHAUL      |          |          | 6453.03   | 1081.12   |
| UTILITIES & RENT    | 0.00     |          |           |           |
| TELEPHONE/POSTAGE   | 394.73   |          | 1271.55   | 345.76    |
| TRAVEL/PER DIEM     |          |          | 275.64    |           |
| FREIGHT/TRANSPORT.  | 513.11   |          | 25.48     |           |
| SUPPLIES            |          |          | 2025.63   | 1076.46   |
| INSURANCE PREMIUMS  | 4208.92  |          | 20387.05  |           |
| MISC./ ACCOUNTING   | 558.70   |          |           |           |
| TOTAL OTHER DIRECT  | 28265.37 | 24412.23 | 95673.42  | 50272.83  |
| DEPRECIATION:       |          |          |           |           |
| FURNITURE, FIXT, EQ |          | 168.00   | 87.68     | 118.92    |
| VEHICLES            |          |          |           |           |
| BLDGS, FACILITIES   |          |          | 467.00    |           |
| AIRCRAFT            | 3738.23  |          | 6903.32   |           |
| TOTAL DEPRECIATION  | 3738.23  | 168.00   | 7458.00   | 118.92    |
| TOT OPERATING COST  | 59621.29 | 62687.58 | 146251.31 | 190861.35 |
| INCOME FROM OPS     | -7038.89 | -3636.22 | -53335.46 | -54162.89 |
| OTHER INCOME        |          |          |           |           |
| OTHER DUES/ASSESMT  | 13699.98 | 20018.15 | 32965.01  | 33075.60  |
| CONTRIBUTIONS       | 867.41   |          | 257.64    | 14580.89  |
| INTEREST            | 1242.42  | 2604.02  | 1508.03   | 1788.09   |
| INSURANCE PROCEEDS  |          | 91.91    |           | 16456.05  |
| TOT OTHER INCOME    | 15809.81 | 22714.08 | 34730.68  | 65900.63  |
| OTHER EXPENSES      |          |          |           |           |
| MSC OTHER EXPENSES  | 0.00     | 8230.28  | 1013.15   | 1959.19   |
| INTEREST EXPENSE    | 0.00     |          | 2146.28   |           |
| BAD DEBT EXPENSE    | 0.00     | 384.99   |           | 701.50    |
| LOSS DISP FIXED ASS |          |          |           | 8224.50   |
| TOTAL OTHER EXP     | 0.00     | 8615.27  | 3159.43   | 10885.19  |
| INCOME FROM OTHER   | 15809.81 | 14098.81 | 31571.25  | 55015.44  |
| NET INCOME (LOSS)   | 8770.92  | 10462.59 | -21764.21 | 852.55    |
| EXTRAORD. INC/LOSS  | 5510.32  |          |           |           |
| NET                 | 14281.24 |          |           |           |

|                    | CHINA LAKE | CUBI PT  | DAHLGREN | DALLAS   |
|--------------------|------------|----------|----------|----------|
| REVENUE            |            |          |          |          |
| SALES:             |            |          |          |          |
| FLT SUPPLIES/ACC   |            | 2602.00  | 1161.22  | 1596.80  |
| LESS: C O G SOLD   |            | 1986.31  | 1054.50  | 879.47   |
| GROSS PROF/SALES   | 0.00       | 615.69   | 106.72   | 717.33   |
| NON VA SERVICES:   |            |          |          |          |
| AIRCRAFT RENTAL    | 40526.00   | 22628.95 | 46959.60 | 56576.10 |
| IN-FLIGHT INSTR    | 5330.00    | 3831.31  |          |          |
| GROUND INSTR       | 1054.00    | 566.45   |          |          |
| VA SERVICES:       |            |          |          |          |
| AIRCRAFT RENTAL    |            |          |          |          |
| IN-FLIGHT INSTR    |            |          |          |          |
| GROUND INSTR       |            |          |          |          |
| TOTAL SERVICES     | 46910.00   | 27026.71 | 46959.60 | 56576.10 |
| TOT OPS REVENUE    | 46910.00   | 27642.40 | 47066.32 | 57293.43 |
| EXPENSES           |            |          |          |          |
| PERSONNEL:         |            |          |          |          |
| SAL/WAGES ADMIN    |            | 11982.97 |          | 8750.00  |
| SAL/WAGES MAINT    |            |          |          |          |
| SOCIAL SECURITY    |            | 20.24    |          |          |
| RETIREMENT ANN CON |            |          |          |          |
| GROUP COMP MEDICAL |            | 32.09    |          |          |
| RETIREMENT LIFE IN |            |          |          |          |
| ANNUAL LEAVE       |            | 297.95   |          |          |
| SICK LEAVE         |            | 314.96   |          |          |
| TOTAL PERSONNEL    |            | 12648.21 | 0.00     | 8750     |
| NON-VA:            |            |          |          |          |
| AIRCRAFT RENTAL    | 20129.00   | 1795.20  | 9305.40  | 19230.30 |
| GROUND INSTRUCTION | 1054.00    | 2607.27  |          |          |
| FLIGHT INSTRUCTION | 5974.00    |          |          |          |
| TOTAL NON-VA       | 27157.00   | 4402.47  | 9305.40  | 19230.30 |
| VA:                |            |          |          |          |
| AIRCRAFT RENTAL    |            |          |          |          |
| GROUND INSTRUCTION |            |          |          |          |
| TOTAL VA           | 0.00       | 0.00     | 0.00     | 0.00     |

|                     | CHINA LAKE | CUBI PT   | DAHLGREN | DALLAS    |
|---------------------|------------|-----------|----------|-----------|
| OTHER DIRECT:       |            |           |          |           |
| GASOLINE            | 18842.00   | 9280.82   | 21397.24 | 26008.51  |
| OIL                 | 325.00     | 499.26    |          | 16124.27  |
| STORAGE/TIE DOWN    |            |           |          |           |
| MAINT-ROUTINE       | 2038.00    | 4859.63   | 9265.75  | 15090.64  |
| MAINT-OVERHAUL      | 0.00       | 1270.00   |          | 3521.09   |
| UTILITIES & RENT    |            | 505.38    |          |           |
| TELEPHONE/POSTAGE   | 598.00     | 409.01    |          | 1223.26   |
| TRAVEL/PER DIEM     |            |           |          |           |
| FREIGHT/TRANSPORT.  |            | 275.23    |          |           |
| SUPPLIES            | 89.00      | 194.23    | 625.53   | 1622.96   |
| INSURANCE PREMIUMS  | 10212.00   | 3607.77   | 8852.88  | 15413.74  |
| MISC./ ACCOUNTING   |            |           | 1920.18  | 1700.00   |
| TOTAL OTHER DIRECT  | 32104.00   | 20901.33  | 42061.58 | 80704.47  |
| DEPRECIATION:       |            |           |          |           |
| FURNITURE, FIXT, EQ |            | 219.96    |          | 226.92    |
| VEHICLES            |            |           |          |           |
| BLDGS, FACILITIES   |            |           |          | 332.68    |
| AIRCRAFT            |            | 37.50     | 4341.52  | 1713.96   |
| TOTAL DEPRECIATION  |            | 257.46    | 4341.52  | 2273.56   |
| TOT OPERATING COST  | 59261.00   | 38209.47  | 55708.50 | 110958.33 |
| INCOME FROM OPS     | -12351.00  | -10567.07 | -8642.18 | -53664.90 |
| OTHER INCOME        |            |           |          |           |
| OTHER DUES/ASSESMT  | 16270.00   | 8995.50   | 13336.58 | 42791.49  |
| CONTRIBUTIONS       |            | 4518.27   | 3706.37  |           |
| INTEREST            | 86.00      | 814.97    | 481.59   | 1692.48   |
| INSURANCE PROCEEDS  |            | 94.22     |          |           |
| TOT OTHER INCOME    | 16356.00   | 14422.96  | 17524.54 | 44483.97  |
| OTHER EXPENSES      |            |           |          |           |
| MSC OTHER EXPENSES  | 5043.00    | 1025.36   |          | 1558.87   |
| INTEREST EXPENSE    |            |           | 9.00     |           |
| BAD DEBT EXPENSE    |            | 272.00    |          | 4182.41   |
| LOSS DISP FIXED ASS |            |           |          |           |
| TOTAL OTHER EXP     | 5043.00    | 1297.36   | 9.00     | 5741.28   |
| INCOME FROM OTHER   | 11313.00   | 13125.60  | 17515.54 | 38742.69  |
| NET INCOME (LOSS)   | -1038.00   | 2558.53   | 8873.36  | -14922.21 |
| EXTRAORD. INC/LOSS  |            |           |          |           |
| NET                 |            |           |          |           |

|                    | GITMO    | GROTON   | JAX      | KANSAS CIT |
|--------------------|----------|----------|----------|------------|
| REVENUE            |          |          |          |            |
| SALES:             |          |          |          |            |
| FLT SUPPLIES/ACC   |          |          | 3561.50  |            |
| LESS: C O G SOLD   |          |          | 6242.75  |            |
| GROSS PROF/SALES   | 0.00     | 0.00     | -2681.25 | 0.00       |
| NON VA SERVICES:   |          |          |          |            |
| AIRCRAFT RENTAL    | 17614.50 | 24394.46 |          | 11163.00   |
| IN-FLIGHT INSTR    |          |          |          |            |
| GROUND INSTR       |          |          |          |            |
| VA SERVICES:       |          |          |          |            |
| AIRCRAFT RENTAL    |          |          | 76580.74 |            |
| IN-FLIGHT INSTR    |          |          |          |            |
| GROUND INSTR       |          |          |          |            |
| TOTAL SERVICES     | 17614.50 | 24394.46 | 76580.74 | 11163.00   |
| TOT OPS REVENUE    | 17614.50 | 24394.46 | 73899.49 | 11163.00   |
| EXPENSES           |          |          |          |            |
| PERSONNEL:         |          |          |          |            |
| SAL/WAGES ADMIN    |          |          | 16262.24 |            |
| SAL/WAGES MAINT    |          |          |          |            |
| SOCIAL SECURITY    |          |          | 1131.85  |            |
| RETIREMENT ANN CON |          |          |          |            |
| GROUP COMP MEDICAL |          |          |          |            |
| RETIREMENT LIFE IN |          |          |          |            |
| ANNUAL LEAVE       |          |          |          |            |
| SICK LEAVE         |          |          |          |            |
| TOTAL PERSONNEL    | 0.00     | 0.00     | 17394.09 | 0          |
| NON-VA:            |          |          |          |            |
| AIRCRAFT RENTAL    | 8800.00  |          | 16738.26 | 3550.00    |
| GROUND INSTRUCTION |          |          |          |            |
| FLIGHT INSTRUCTION |          |          |          |            |
| TOTAL NON-VA       | 8800.00  | 0.00     | 16738.26 | 3550.00    |
| VA:                |          |          |          |            |
| AIRCRAFT RENTAL    |          |          |          |            |
| GROUND INSTRUCTION |          |          |          |            |
| TOTAL VA           | 0.00     | 0.00     | 0.00     | 0.00       |

|                     | G11MO     | GROTON   | JAX       | KANSAS CII |
|---------------------|-----------|----------|-----------|------------|
| OTHER DIRECT:       |           |          |           |            |
| GASOLINE            | 8728.24   | 11986.04 | 32264.58  | 4995.00    |
| OIL                 |           |          |           | 195.00     |
| STORAGE/TIE DOWN    |           | 1200.00  |           | 3782.00    |
| MAINT-ROUTINE       | 5480.36   | 13076.59 | 18139.05  | 2700.00    |
| MAINT-OVERHAUL      |           |          |           | 3790.00    |
| UTILITIES & RENT    |           |          |           | 366.00     |
| TELEPHONE/POSTAGE   | 591.15    | 120.00   | 1222.91   |            |
| TRAVEL/PER DIEM     |           |          |           |            |
| FREIGHT/TRANSPORT.  |           |          | 6.54      |            |
| SUPPLIES            | 498.26    | 1279.47  | 1799.88   | 99.00      |
| INSURANCE PREMIUMS  | 6600.78   | 0.00     | 15069.88  | 3443.00    |
| MISC./ ACCOUNTING   |           |          |           |            |
| TOTAL OTHER DIRECT  | 21898.79  | 27662.10 | 68502.84  | 19370.00   |
| DEPRECIATION:       |           |          |           |            |
| FURNITURE, FIXT, EQ | 667.67    |          | 400.56    |            |
| VEHICLES            |           |          |           |            |
| BLDGs, FACILITIES   |           |          | 36.28     |            |
| AIRCRAFT            | 700.00    | 3000.00  | 697.86    |            |
| TOTAL DEPRECIATION  | 1367.67   | 3000.00  | 1134.70   | 0.00       |
| TOT OPERATING COST  | 32066.46  | 30662.10 | 103769.89 | 22920.00   |
| INCOME FROM OPS     | -14451.96 | -6267.64 | -29870.40 | -11757.00  |
| OTHER INCOME        |           |          |           |            |
| OTHER DUES/ASSESMT  | 12344.03  | 5316.00  | 29493.60  | 7261.00    |
| CONTRIBUTIONS       |           |          | 30802.93  |            |
| INTEREST            |           |          | 853.60    | 18.00      |
| INSURANCE PROCEEDS  |           | 434.75   |           |            |
| TOT OTHER INCOME    | 12344.03  | 5750.75  | 61150.13  | 7279.00    |
| OTHER EXPENSES      |           |          |           |            |
| MSC OTHER EXPENSES  | 1377.69   | 162.44   | 4785.60   | 2414.00    |
| INTEREST EXPENSE    |           |          | 219.05    |            |
| BAD DEBT EXPENSE    |           |          |           |            |
| LOSS DISP FIXED ASS |           |          |           |            |
| TOTAL OTHER EXP     | 1377.69   | 162.44   | 5004.65   | 2414.00    |
| INCOME FROM OTHER   | 10966.34  | 5588.31  | 56145.48  | 4865.00    |
| NET INCOME (LOSS)   | -3485.62  | -679.33  | 26275.08  | -6892.00   |
| EXTRAORD. INC/LOSS  |           |          |           |            |
| NET                 |           |          |           |            |

|                    | KEY WEST | LAKEHURST | LEMOORE  | MEMPHIS   |
|--------------------|----------|-----------|----------|-----------|
| REVENUE            |          |           |          |           |
| SALES:             |          |           |          |           |
| FLT SUPPLIES/ACC   | 976.59   | 1637.27   | 7161.82  | 17586.47  |
| LESS: C O G SOLD   | 854.96   | 1296.25   | 6765.91  | 12994.52  |
| GROSS PROF/SALES   | 121.63   | 341.02    | 395.91   | 4591.95   |
| NON VA SERVICES:   |          |           |          |           |
| AIRCRAFT RENTAL    | 21315.00 | 13853.43  | 41303.32 | 96469.00  |
| IN-FLIGHT INSTR    |          | 192.00    |          | 22696.10  |
| GROUND INSTR       |          | 61.40     |          | 4015.00   |
| VA SERVICES:       |          |           |          |           |
| AIRCRAFT RENTAL    |          |           |          |           |
| IN-FLIGHT INSTR    |          |           |          |           |
| GROUND INSTR       |          |           |          |           |
| TOTAL SERVICES     | 21315.00 | 14106.83  | 41303.32 | 123180.10 |
| TOT OPS REVENUE    | 21436.63 | 14447.85  | 41699.23 | 127772.05 |
| EXPENSES           |          |           |          |           |
| PERSONNEL:         |          |           |          |           |
| SAL/WAGES ADMIN    | 2400.00  | 975.00    | 10716.62 | 41748.48  |
| SAL/WAGES MAINT    | 1015.00  | 2786.50   |          | 17962.49  |
| SOCIAL SECURITY    |          |           | 898.04   | 4315.23   |
| RETIREMENT ANN CON |          |           |          |           |
| GROUP COMP MEDICAL |          |           |          |           |
| RETIREMENT LIFE IN |          |           | 1219.18  |           |
| ANNUAL LEAVE       |          |           | 613.81   |           |
| SICK LEAVE         |          |           | 338.49   |           |
| TOTAL PERSONNEL    | 3415.00  | 3761.5    | 13786.14 | 64026.2   |
| NON-VA:            |          |           |          |           |
| AIRCRAFT RENTAL    |          |           | 13015.25 |           |
| GROUND INSTRUCTION |          |           |          |           |
| FLIGHT INSTRUCTION |          |           |          | 27241.30  |
| TOTAL NON-VA       | 0.00     | 0.00      | 13015.25 | 27241.30  |
| VA:                |          |           |          |           |
| AIRCRAFT RENTAL    |          |           |          |           |
| GROUND INSTRUCTION |          |           |          |           |
| TOTAL VA           | 0.00     | 0.00      | 0.00     | 0.00      |

|                     | KEY WEST | LAKEHURST | LEMOORE   | MEMPHIS   |
|---------------------|----------|-----------|-----------|-----------|
| OTHER DIRECT:       |          |           |           |           |
| GASOLINE            | 7043.75  | 8546.43   | 18941.49  | 35516.79  |
| OIL                 | 124.97   | 485.77    | 313.18    | 423.00    |
| STORAGE/TIE DOWN    |          | 46.50     | 9.00      |           |
| MAINT-ROUTINE       | 5270.30  | 4444.03   | 4928.52   | 25156.81  |
| MAINT-OVERHAUL      |          |           |           |           |
| UTILITIES & RENT    |          |           |           | 1793.74   |
| TELEPHONE/POSTAGE   | 838.75   | 534.07    | 729.42    | 1211.24   |
| TRAVEL/PER DIEM     |          |           |           | 2462.60   |
| FREIGHT/TRANSPORT.  |          |           | 12.13     | 390.75    |
| SUPPLIES            | 583.53   | 124.86    | 1275.98   | 2156.19   |
| INSURANCE PREMIUMS  | 3435.05  | 4385.03   | 1668.30   | 12183.40  |
| MISC./ACCOUNTING    |          |           | 3585.78   |           |
| TOTAL OTHER DIRECT  | 17296.35 | 18566.69  | 31463.80  | 81294.52  |
| DEPRECIATION:       |          |           |           |           |
| FURNITURE, FIXT, EQ | 120.00   |           | 251.40    | 1362.00   |
| VEHICLES            |          |           |           |           |
| BLDGS. FACILITIES   |          |           |           | 92.36     |
| AIRCRAFT            | 2921.40  | 1600.64   |           | 8911.47   |
| TOTAL DEPRECIATION  | 3041.40  | 1600.64   | 251.40    | 10365.83  |
| TOT OPERATING COST  | 23752.75 | 23928.83  | 58516.59  | 182927.85 |
| INCOME FROM OPS     | -2316.12 | -9480.98  | -16817.36 | -55155.80 |
| OTHER INCOME        |          |           |           |           |
| OTHER DUES/ASSESMT  | 7481.16  | 10949.00  | 18009.00  | 37315.00  |
| CONTRIBUTIONS       | 6631.94  |           | 46.04     | 5211.92   |
| INTEREST            | 617.84   | 142.57    | 1027.89   | 5394.40   |
| INSURANCE PROCEEDS  |          |           |           | 62633.22  |
| TOT OTHER INCOME    | 14730.94 | 11091.57  | 19082.93  | 110554.54 |
| OTHER EXPENSES      |          |           |           |           |
| MSC OTHER EXPENSES  | 2434.73  | 2520.33   | 240.65    | 3857.20   |
| INTEREST EXPENSE    | 197.50   | 4.00      |           | 647.53    |
| BAD DEBT EXPENSE    |          | 872.71    | 338.80    | 65.17     |
| LOSS DISP FIXED ASS |          |           |           |           |
| TOTAL OTHER EXP     | 2632.23  | 3397.04   | 579.45    | 4569.90   |
| INCOME FROM OTHER   | 12098.71 | 7694.53   | 18503.48  | 105984.64 |
| NET INCOME (LOSS)   | 9782.59  | -1786.45  | 1686.12   | 50828.84  |
| EXTRAORD. INC/LOSS  |          |           |           |           |
| NET                 |          |           |           |           |

|                    | MONTEREY  | MOFFETT   | NEW ORLEANS | NEWPORT  |
|--------------------|-----------|-----------|-------------|----------|
| REVENUE            |           |           |             |          |
| SALES:             |           |           |             |          |
| FLT SUPPLIES/ACC   | 16275.19  | 9478.00   | 4290.02     |          |
| LESS: C O G SOLD   | 14834.29  |           | 1731.58     |          |
| GROSS PROF/SALES   | 1440.90   | 9478.00   | 2558.44     | 0.00     |
| NON VA SERVICES:   |           |           |             |          |
| AIRCRAFT RENTAL    | 199702.31 | 168211.00 | 18714.30    | 18285.70 |
| IN-FLIGHT INSTR    | 0.00      | 41008.00  | 99.00       |          |
| GROUND INSTR       | 0.00      |           |             |          |
| VA SERVICES:       |           |           |             |          |
| AIRCRAFT RENTAL    | 0.00      |           |             |          |
| IN-FLIGHT INSTR    | 0.00      |           |             |          |
| GROUND INSTR       | 0.00      |           |             |          |
| TOTAL SERVICES     | 199702.31 | 209219.00 | 18813.30    | 18285.70 |
| TOT OPS REVENUE    | 201143.21 | 218697.00 | 21371.74    | 18285.70 |
| EXPENSES           |           |           |             |          |
| PERSONNEL:         |           |           |             |          |
| SAL/WAGES ADMIN    | 19129.92  | 53635.00  | 6064.50     | 641.00   |
| SAL/WAGES MAINT    | 21733.50  | 18820.00  |             |          |
| SOCIAL SECURITY    | 0.00      | 7330.00   | 942.94      |          |
| RETIREMENT ANN CON | 0.00      |           |             |          |
| GROUP COMP MEDICAL | 0.00      |           |             |          |
| RETIREMENT LIFE IN | 0.00      |           |             |          |
| ANNUAL LEAVE       | 0.00      | 5814.00   |             |          |
| SICK LEAVE         | 0.00      |           |             |          |
| TOTAL PERSONNEL    | 40863.42  | 85599     | 7007.44     | 641.00   |
| NON-VA:            |           |           |             |          |
| AIRCRAFT RENTAL    | 42803.95  | 18060.00  | 17129.90    |          |
| GROUND INSTRUCTION |           | 32982.00  |             |          |
| FLIGHT INSTRUCTION |           |           |             |          |
| TOTAL NON-VA       | 42803.95  | 51042.00  | 17129.90    | 0.00     |
| VA:                |           |           |             |          |
| AIRCRAFT RENTAL    |           |           |             |          |
| GROUND INSTRUCTION |           |           |             |          |
| TOTAL VA           | 0.00      | 0.00      | 0.00        | 0.00     |

MONTEREY    MOFFETT    NEW ORLEANS    NEWPORT

OTHER DIRECT:

|                    |           |           |         |          |
|--------------------|-----------|-----------|---------|----------|
| GASOLINE           | 99783.15  | 63323.00  | 2312.95 | 9645.13  |
| OIL                | 1422.65   |           |         | 158.40   |
| STORAGE/TIE DOWN   |           |           |         | 390.00   |
| MAINT-ROUTINE      | 17538.89  | 3153.00   | 272.47  | 14115.89 |
| MAINT-OVERHAUL     |           |           |         |          |
| UTILITIES & RENT   | 6759.82   |           |         | 29.02    |
| TELEPHONE/POSTAGE  | 2002.73   | 3621.00   | 172.97  | 72.00    |
| TRAVEL/PER DIEM    |           |           |         |          |
| FREIGHT/TRANSPORT. |           | 271.00    |         |          |
| SUPPLIES           |           | 24746.00  | 220.11  | 400.88   |
| INSURANCE PREMIUMS | 12190.53  | 29456.00  | -697.85 | 3393.41  |
| MISC.              |           |           |         |          |
| TOTAL OTHER DIRECT | 139697.77 | 124570.00 | 2280.65 | 28204.73 |

DEPRECIATION:

|                     |         |         |        |         |
|---------------------|---------|---------|--------|---------|
| FURNITURE, FIXT, EQ |         | 428.00  | 600.00 |         |
| VEHICLES            |         |         |        |         |
| BLDGS, FACILITIES   |         | 998.00  |        |         |
| AIRCRAFT            | 7795.26 |         |        | 2100.00 |
| TOTAL DEPRECIATION  | 7795.26 | 1426.00 | 600.00 | 2100.00 |

|                    |           |           |          |          |
|--------------------|-----------|-----------|----------|----------|
| TOT OPERATING COST | 231160.40 | 262637.00 | 27017.99 | 30945.73 |
|--------------------|-----------|-----------|----------|----------|

|                 |           |           |          |           |
|-----------------|-----------|-----------|----------|-----------|
| INCOME FROM OPS | -30017.19 | -43940.00 | -5646.25 | -12660.03 |
|-----------------|-----------|-----------|----------|-----------|

OTHER INCOME

|                    |          |          |          |          |
|--------------------|----------|----------|----------|----------|
| OTHER DUES/ASSESMT | 45388.25 | 38167.00 | 13915.78 | 7370.30  |
| CONTRIBUTIONS      |          | 499.00   |          |          |
| INTEREST           | 1107.01  | 4280.00  | 202.30   | 523.23   |
| INSURANCE PROCEEDS |          |          |          | 6578.71  |
| TOT OTHER INCOME   | 46495.26 | 42946.00 | 14118.08 | 14472.24 |

OTHER EXPENSES

|                     |          |         |        |         |
|---------------------|----------|---------|--------|---------|
| MSC OTHER EXPENSES  | 12963.94 | 4956.00 | 785.96 | 51.00   |
| INTEREST EXPENSE    | 15.70    |         |        | 832.59  |
| BAD DEBT EXPENSE    | 53.15    | 7.00    |        | 221.00  |
| LOSS DISP FIXED ASS |          |         |        |         |
| TOTAL OTHER EXP     | 13032.79 | 4963.00 | 785.96 | 1104.59 |

|                   |          |          |          |          |
|-------------------|----------|----------|----------|----------|
| INCOME FROM OTHER | 33462.47 | 37983.00 | 13332.12 | 13367.65 |
|-------------------|----------|----------|----------|----------|

|                   |         |          |         |        |
|-------------------|---------|----------|---------|--------|
| NET INCOME (LOSS) | 3445.28 | -5957.00 | 7685.87 | 707.62 |
|-------------------|---------|----------|---------|--------|

EXTRAORD. INC/LOSS  
LOSS

|                    | NORFOLK NORTH IS. | ORLANDO   | PATUXET           |
|--------------------|-------------------|-----------|-------------------|
| REVENUE            |                   |           |                   |
| SALES:             |                   |           |                   |
| FLT SUPPLIES/ACC   | 7461.98           | 49290.23  | 1176.63           |
| LESS: C O G SOLD   | 7139.15           | 48150.71  | 1100.00           |
| GROSS PROF/SALES   | 322.83            | 1139.52   | 0.00 76.63        |
| NON VA SERVICES:   |                   |           |                   |
| AIRCRAFT RENTAL    | 168831.34         | 102225.32 | 34629.41 42631.33 |
| IN-FLIGHT INSTR    | 26801.16          | 33865.76  |                   |
| GROUND INSTR       | 3895.00           |           | 7000.00           |
| VA SERVICES:       |                   |           |                   |
| AIRCRAFT RENTAL    |                   | 16641.33  |                   |
| IN-FLIGHT INSTR    |                   | 5513.00   |                   |
| GROUND INSTR       |                   |           |                   |
| TOTAL SERVICES     | 199527.50         | 158245.41 | 34629.41 49631.33 |
| TOT OPS REVENUE    | 199850.33         | 159384.93 | 34629.41 49707.96 |
| EXPENSES           |                   |           |                   |
| PERSONNEL:         |                   |           |                   |
| SAL/WAGES ADMIN    | 15545.81          | 29948.14  | 4652.40           |
| SAL/WAGES MAINT    | 7476.64           | 6942.03   |                   |
| SOCIAL SECURITY    | 1356.12           | 2389.12   | 1780.64           |
| RETIREMENT ANN CON |                   |           |                   |
| GROUP COMP MEDICAL |                   |           |                   |
| RETIREMENT LIFE IN |                   |           |                   |
| ANNUAL LEAVE       | 1089.21           | 1405.50   |                   |
| SICK LEAVE         | 861.25            |           |                   |
| TOTAL PERSONNEL    | 26329.03          | 40684.79  | 0 6433.04         |
| NON-VA:            |                   |           |                   |
| AIRCRAFT RENTAL    | 43484.05          | 92112.08  | 6141.84 18126.75  |
| GROUND INSTRUCTION |                   | 35808.26  |                   |
| FLIGHT INSTRUCTION | 33345.16          |           |                   |
| TOTAL NON-VA       | 76829.21          | 127920.34 | 6141.84 18126.75  |
| VA:                |                   |           |                   |
| AIRCRAFT RENTAL    |                   | 14994.00  |                   |
| GROUND INSTRUCTION |                   | 5829.00   |                   |
| TOTAL VA           | 0.00              | 20823.00  | 0.00 0.00         |

|                     | NORFOLK NORTH IS. | ORLANDO   | PATUXET   |
|---------------------|-------------------|-----------|-----------|
| OTHER DIRECT:       |                   |           |           |
| GASOLINE            | 57971.97          | 23810.86  | 10634.39  |
| OIL                 |                   | 280.08    |           |
| STORAGE/TIE DOWN    | 528.16            | 3374.97   |           |
| MAINT-ROUTINE       | 31727.58          | 1013.26   | 15780.68  |
| MAINT-OVERHAUL      |                   |           | 7354.28   |
| UTILITIES & RENT    | 2637.98           |           |           |
| TELEPHONE/POSTAGE   | 3888.74           | 2200.76   | 888.56    |
| TRAVEL/PER DIEM     | 120.74            |           | 988.81    |
| FREIGHT/TRANSPORT.  | 306.10            |           |           |
| SUPPLIES            | 2819.19           | 4479.23   | 435.10    |
| INSURANCE PREMIUMS  | 18727.01          | 2200.00   | 6421.68   |
| MISC.               | 2310.27           |           |           |
| TOTAL OTHER DIRECT  | 121037.74         | 9893.25   | 50991.93  |
|                     |                   |           | 36625.52  |
| DEPRECIATION:       |                   |           |           |
| FURNITURE, FIXT, EQ |                   | 560.00    | 259.92    |
| VEHICLES            |                   |           |           |
| BLDGS, FACILITIES   |                   |           |           |
| AIRCRAFT            | 15531.24          |           | 1618.34   |
| TOTAL DEPRECIATION  | 15531.24          | 560.00    | 1878.26   |
|                     |                   |           | 2338.78   |
| TOT OPERATING COST  | 239727.22         | 199881.38 | 59012.03  |
|                     |                   |           | 63524.09  |
| INCOME FROM OPS     | -39876.89         | -40496.45 | -24382.62 |
|                     |                   |           | -13816.13 |
| OTHER INCOME        |                   |           |           |
| OTHER DUES/ASSESMT  | 46243.84          | 43042.21  | 33625.60  |
| CONTRIBUTIONS       | 760.39            |           | 296.90    |
| INTEREST            | 2290.58           | 1609.44   | 853.00    |
| INSURANCE PROCEEDS  |                   |           |           |
| TOT OTHER INCOME    | 49294.81          | 44651.65  | 34775.50  |
|                     |                   |           | 10945.71  |
| OTHER EXPENSES      |                   |           |           |
| MSC OTHER EXPENSES  | 1801.88           | 10293.52  | 10171.34  |
| INTEREST EXPENSE    | 58.07             |           | 147.30    |
| BAD DEBT EXPENSE    |                   |           |           |
| LOSS DISP FIXED ASS | 9997.88           |           |           |
| TOTAL OTHER EXP     | 11857.83          | 10293.52  | 10318.64  |
|                     |                   |           | 2030.71   |
| INCOME FROM OTHER   | 37436.98          | 34358.13  | 24456.86  |
|                     |                   |           | 8915.00   |
| NET INCOME (LOSS)   | -2439.91          | -6138.32  | 74.24     |
|                     |                   |           | -4901.13  |
| EXTRAORD. INC/LOSS  |                   |           |           |
| LOSS                |                   |           |           |

|                    | PT MUGU ROOS. RDS  | ROTA     | TWIN CITIE |
|--------------------|--------------------|----------|------------|
| REVENUE            |                    |          |            |
| SALES:             |                    |          |            |
| FLT SUPPLIES/ACC   | 4162.90            | 581.98   |            |
| LESS: C O G SOLD   | 3528.05            | 519.01   |            |
| GROSS PROF/SALES   | 0.00 634.85        | 62.97    | 0.00       |
| NON VA SERVICES:   |                    |          |            |
| AIRCRAFT RENTAL    | 26875.92 119390.75 | 13358.32 | 5740.45    |
| IN-FLIGHT INSTR    |                    | 8148.33  |            |
| GROUND INSTR       |                    |          |            |
| VA SERVICES:       |                    |          |            |
| AIRCRAFT RENTAL    |                    |          |            |
| IN-FLIGHT INSTR    |                    |          |            |
| GROUND INSTR       |                    |          |            |
| TOTAL SERVICES     | 26875.92 119390.75 | 21506.65 | 5740.45    |
| TOT OPS REVENUE    | 26875.92 120025.60 | 21569.62 | 5740.45    |
| EXPENSES           |                    |          |            |
| PERSONNEL:         |                    |          |            |
| SAL/WAGES ADMIN    | 13583.56           | 8635.51  |            |
| SAL/WAGES MAINT    | 16184.23           | 10187.41 |            |
| SOCIAL SECURITY    | 2901.83            | 275.30   |            |
| RETIREMENT ANN CON |                    |          |            |
| GROUP COMP MEDICAL |                    |          |            |
| RETIREMENT LIFE IN |                    |          |            |
| ANNUAL LEAVE       | 5906.46            | 300.69   |            |
| SICK LEAVE         | 2841.83            | 43.26    |            |
| TOTAL PERSONNEL    | 0 41417.91         | 19442.17 | 0          |
| NON-VA:            |                    |          |            |
| AIRCRAFT RENTAL    | 10328.83 17847.60  |          |            |
| GROUND INSTRUCTION |                    |          |            |
| FLIGHT INSTRUCTION |                    |          |            |
| TOTAL NON-VA       | 10328.83 17847.60  | 0.00     | 0.00       |
| VA:                |                    |          |            |
| AIRCRAFT RENTAL    |                    |          |            |
| GROUND INSTRUCTION |                    |          |            |
| TOTAL VA           | 0.00 0.00          | 0.00     | 0.00       |

|                     | PT MUGU ROOS. RDS | ROTA     | TWIN CITIE |
|---------------------|-------------------|----------|------------|
| OTHER DIRECT:       |                   |          |            |
| GASOLINE            | 8472.11           | 5311.65  | 2780.31    |
| OIL                 |                   |          |            |
| STORAGE/TIE DOWN    | 200.00            |          |            |
| MAINT-ROUTINE       | 256.00            | 12605.03 | 2446.59    |
| MAINT-OVERHAUL      | 8633.87           | 312.50   |            |
| UTILITIES & RENT    |                   |          |            |
| TELEPHONE/POSTAGE   | 1043.93           | 841.26   |            |
| TRAVEL/PER DIEM     |                   |          |            |
| FREIGHT/TRANSPORT.  |                   | 190.82   |            |
| SUPPLIES            | 91.00             | 402.09   |            |
| INSURANCE PREMIUMS  | 3731.73           | -1917.51 | 984.29     |
| MISC.               |                   |          |            |
| TOTAL OTHER DIRECT  | 22428.64          | 0.00     | 17745.84   |
|                     |                   |          | 6211.19    |
| DEPRECIATION:       |                   |          |            |
| FURNITURE, FIXT, EQ |                   | 94.10    |            |
| VEHICLES            |                   |          |            |
| BLDGS. FACILITIES   |                   |          |            |
| AIRCRAFT            |                   | 2590.00  |            |
| TOTAL DEPRECIATION  | 0.00              | 0.00     | 2684.10    |
|                     |                   |          | 0.00       |
| TOT OPERATING COST  | 32757.47          | 59265.51 | 39872.11   |
|                     |                   |          | 6211.19    |
| INCOME FROM OPS     | -5881.55          | 60760.09 | -18302.49  |
|                     |                   |          | -470.74    |
| OTHER INCOME        |                   |          |            |
| OTHER DUES/ASSESMT  | 7075.00           | 13800.28 | 5587.00    |
| CONTRIBUTIONS       |                   | 18.85    | 67.13      |
| INTEREST            |                   | 117.23   |            |
| INSURANCE PROCEEDS  |                   |          |            |
| TOT OTHER INCOME    | 7075.00           | 0.00     | 13936.36   |
|                     |                   |          | 5654.13    |
| OTHER EXPENSES      |                   |          |            |
| MSC OTHER EXPENSES  | 1602.24           | 1197.92  | 289.14     |
| INTEREST EXPENSE    |                   |          | 4025.24    |
| BAD DEBT EXPENSE    |                   | 2960.85  |            |
| LOSS DISP FIXED ASS |                   |          |            |
| TOTAL OTHER EXP     | 1602.24           | 0.00     | 4158.77    |
|                     |                   |          | 4314.38    |
| INCOME FROM OTHER   | 5472.76           | 0.00     | 9777.59    |
|                     |                   |          | 1339.75    |
| NET INCOME (LOSS)   | -408.79           | 60760.09 | -8524.90   |
|                     |                   |          | 869.01     |
| EXTRAORD. INC/LOSS  |                   |          |            |
| LOSS                |                   |          |            |

S TRENTON WARMINSTER WHIDBEY I

|                     |          |          |           |      |
|---------------------|----------|----------|-----------|------|
| OTHER DIRECT:       |          |          |           |      |
| GASOLINE            | 2874.77  | 12040.80 | 28423.00  |      |
| OIL                 | 91.80    |          |           |      |
| STORAGE/TIE DOWN    |          |          |           |      |
| MAINT-ROUTINE       | 1842.06  | 10043.00 | 4397.00   |      |
| MAINT-OVERHAUL      |          | 5746.50  |           |      |
| UTILITIES & RENT    |          |          | 3186.00   |      |
| TELEPHONE/POSTAGE   | 44.00    | 66.80    | 1395.00   |      |
| TRAVEL/PER DIEM     |          |          | 27.00     |      |
| FREIGHT/TRANSPORT.  |          |          |           |      |
| SUPPLIES            |          | 15.64    | 1837.00   |      |
| INSURANCE PREMIUMS  | 2009.93  | 1195.21  | 1127.00   |      |
| MISC.               |          |          | 179.00    |      |
| TOTAL OTHER DIRECT  | 6862.56  | 29107.95 | 40571.00  | 0.00 |
| DEPRECIATION:       |          |          |           |      |
| FURNITURE, FIXT, EQ |          |          | 150.00    |      |
| VEHICLES            |          |          |           |      |
| BLDGS, FACILITIES   |          |          |           |      |
| AIRCRAFT            | 2231.84  |          |           |      |
| TOTAL DEPRECIATION  | 2231.84  | 0.00     | 150.00    | 0.00 |
| TOT OPERATING COST  | 10074.30 | 31577.97 | 115551.00 | 0.00 |
| INCOME FROM OPS     | -2602.50 | -6643.11 | -15341.00 | 0.00 |
| OTHER INCOME        |          |          |           |      |
| OTHER DUES/ASSESMT  | 4001.00  | 7573.00  | 26996.00  |      |
| CONTRIBUTIONS       |          | 550.05   |           |      |
| INTEREST            | 717.40   | 1977.68  | 3200.00   |      |
| INSURANCE PROCEEDS  |          |          |           |      |
| TOT OTHER INCOME    | 4718.40  | 10100.73 | 30196.00  | 0.00 |
| OTHER EXPENSES      |          |          |           |      |
| MSC OTHER EXPENSES  | 333.00   |          | 1160.00   |      |
| INTEREST EXPENSE    | 1115.79  | 320.84   |           |      |
| BAD DEBT EXPENSE    |          |          | 322.00    |      |
| LOSS DISP FIXED ASS |          |          |           |      |
| TOTAL OTHER EXP     | 1448.79  | 320.84   | 1482.00   | 0.00 |
| INCOME FROM OTHER   | 3269.61  | 9779.89  | 28714.00  | 0.00 |
| NET INCOME (LOSS)   | 667.11   | 3136.78  | 13373.00  | 0.00 |
| EXTRAORD. INC/LOSS  |          |          |           |      |
| LOSS                |          |          |           |      |

## APPENDIX E

## REVISED INCOME STATEMENTS

|                    | AGANA    | N. ACAD. | ATLANTA  | BARB.PT   |
|--------------------|----------|----------|----------|-----------|
| OPS REVENUE        |          |          |          |           |
| SALES:             |          |          |          |           |
| FLT SUPPLIES/ACC   | 7105.62  | 8435.00  | 6168.21  | 4872.60   |
| LESS: C O G SOLD   | 7233.47  | 7159.34  | 6753.65  | 3148.94   |
| GROSS PROF/SALES   | -127.85  | 1275.66  | -585.44  | 1723.66   |
| NON VA SERVICES:   |          |          |          |           |
| AIRCRAFT RENTAL    | 49720.25 | 53735.70 | 93501.29 | 133374.70 |
| IN-FLIGHT INSTR    | 0.00     |          |          | 1600.10   |
| GROUND INSTR       | 0.00     | 4040.00  |          |           |
| VA SERVICES:       |          |          |          |           |
| AIRCRAFT RENTAL    | 0.00     |          |          |           |
| IN-FLIGHT INSTR    | 0.00     |          |          |           |
| GROUND INSTR       | 2990.00  |          |          |           |
| TOTAL SERVICES     | 52710.25 | 57775.70 | 93501.29 | 134974.80 |
| TOT OPS REVENUE    | 52582.40 | 59051.36 | 92915.85 | 136698.46 |
| OPS EXPENSES       |          |          |          |           |
|                    | 15391.68 |          | 5112.00  | 30081.54  |
| PERSONNEL:         |          |          |          |           |
| SAL/WAGES MAINT    | 9010.74  |          | 19228.16 | 19440.00  |
| SICK LEAVE         | 0.00     |          |          |           |
| ANNUAL LEAVE       | 0.00     |          |          | 2099.21   |
| RETIREMENT LIFE IN | 0.00     |          |          |           |
| GROUP COMP MEDICAL | 0.00     |          |          | 1870.44   |
| RETIREMENT ANN CON | 0.00     |          |          |           |
| SOCIAL SECURITY    | 815.27   |          | 1641.92  | 4491.85   |
| SUM BENEFITS       | 815.27   | 0.00     | 1641.92  | 8461.50   |
| ADMIN BEN FACTOR   | 514.23   |          | 344.84   | 5139.88   |
| TOTAL PERSONNEL    | 9311.78  | 0.00     | 20525.24 | 22761.62  |
| NON-VA:            |          |          |          |           |
| AIRCRAFT RENTAL    | 0.00     | 35683.35 | 17137.81 | 82387.23  |
| GROUND INSTRUCTION | 2400.00  | 2424.00  |          | 49.33     |
| FLIGHT INSTRUCTION |          |          |          |           |
| TOTAL NON-VA       | 2400.00  | 38107.35 | 17137.81 | 82486.56  |
| VA:                |          |          |          |           |
| AIRCRAFT RENTAL    |          |          |          |           |
| GROUND INSTRUCTION |          |          |          |           |
| TOTAL VA           | 0.00     | 0.00     | 0.00     | 0.00      |

|                     | AGANA    | N. ACAD. | ATLANTA   | BARB.PT   |
|---------------------|----------|----------|-----------|-----------|
| OTHER DIRECT:       |          |          |           |           |
| GASOLINE            | 15764.49 | 24412.23 | 41399.16  | 46875.99  |
| OIL                 | 490.48   |          |           | 893.50    |
| STORAGE/TIE DOWN    |          |          |           |           |
| MAINT-ROUTINE       | 6334.94  |          | 23835.88  |           |
| MAINT-OVERHAUL      |          |          | 6453.03   | 1081.12   |
| INSURANCE PREMIUMS  | 4208.92  |          | 20387.05  |           |
| TOTAL OTHER DIRECT  | 26798.83 | 24412.23 | 92075.12  | 48850.61  |
| DEPRECIATION:       |          |          |           |           |
| AIRCRAFT            | 3738.23  |          | 6903.32   |           |
| TOTAL DEPRECIATION  | 3738.23  | 0.00     | 6903.32   | 0.00      |
| TOT OPERATING COST  | 42248.84 | 62519.58 | 136641.49 | 154098.79 |
| INCOME FROM OPS     | 10333.56 | -3468.22 | -43725.64 | -17400.33 |
| G & A INCOME        |          |          |           |           |
| DUES/ASSESSMENTS    | 13699.98 | 20018.15 | 32965.01  | 33075.60  |
| CONTRIBUTIONS       | 867.41   |          | 257.64    | 14580.89  |
| INTEREST            | 1242.42  | 2604.02  | 1508.03   | 1788.09   |
| INSURANCE PROCEEDS  |          | 91.91    |           | 16456.05  |
| TOT G&A INCOME      | 15809.81 | 22714.08 | 34730.68  | 65900.63  |
| G&A EXPENSES        |          |          |           |           |
| SAL/WAGES ADMIN     | 15391.68 |          | 5112.00   | 30081.54  |
| ADMIN BENEFITS      | 514.23   | 0.00     | 344.84    | 5139.88   |
| UTILITIES & RENT    | 0.00     |          |           |           |
| TELEPHONE/POSTAGE   | 394.73   |          | 1271.55   | 345.76    |
| TRAVEL/PER DIEM     |          |          | 275.64    |           |
| FREIGHT/TRANSPORT.  | 513.11   |          | 25.48     |           |
| SUPPLIES            |          |          | 2025.63   | 1076.46   |
| MISC./ ACCOUNTING   | 558.70   |          |           |           |
| DEPRECIATION:       |          |          |           |           |
| FURNITURE, FIXT, EQ |          | 168.00   | 87.68     | 118.92    |
| VEHICLES            |          |          |           |           |
| BLDGs, FACILITIES   |          |          | 467.00    |           |
| INTEREST EXPENSE    | 0.00     |          | 2146.28   |           |
| BAD DEBT EXPENSE    | 0.00     | 384.99   |           | 701.50    |
| LOSS DISP FIXED ASS |          |          |           | 8224.50   |
| MSC OTHER           |          | 8230.28  | 1013.15   | 1959.19   |
| TOTAL G&A EXPENSES  | 17372.45 | 8783.27  | 12769.25  | 47647.75  |
| INCOME FROM G&A     | -1562.64 | 13930.81 | 21961.43  | 18252.88  |
| NET INCOME (LOSS)   | 8770.92  | 10462.59 | -21764.21 | 852.55    |
| EXTRAORD. INC/LOSS  | 5510.32  |          |           |           |
| NET                 | 14281.24 | 10462.59 | -21764.21 | 852.55    |

|                    | CHINA LAKE | CUBI PT  | DAHLGREN | DALLAS   |
|--------------------|------------|----------|----------|----------|
| OPS REVENUE        |            |          |          |          |
| SALES:             |            |          |          |          |
| FLT SUPPLIES/ACC   |            | 2602.00  | 1161.22  | 1596.80  |
| LESS: C O G SOLD   |            | 1986.31  | 1054.50  | 879.47   |
| GROSS PROF/SALES   | 0.00       | 615.69   | 106.72   | 717.33   |
| NON VA SERVICES:   |            |          |          |          |
| AIRCRAFT RENTAL    | 40526.00   | 22628.95 | 46959.60 | 56576.10 |
| IN-FLIGHT INSTR    | 5330.00    | 3831.31  |          |          |
| GROUND INSTR       | 1054.00    | 566.45   |          |          |
| VA SERVICES:       |            |          |          |          |
| AIRCRAFT RENTAL    |            |          |          |          |
| IN-FLIGHT INSTR    |            |          |          |          |
| GROUND INSTR       |            |          |          |          |
| TOTAL SERVICES     | 46910.00   | 27026.71 | 46959.60 | 56576.10 |
| TOT OPS REVENUE    | 46910.00   | 27642.40 | 47066.32 | 57293.43 |
| OPS EXPENSES       |            |          |          |          |
|                    |            | 11982.97 |          | 8750.00  |
| PERSONNEL:         |            |          |          |          |
| SAL/WAGES MAINT    |            |          |          |          |
| SICK LEAVE         |            | 314.96   |          |          |
| ANNUAL LEAVE       |            | 297.95   |          |          |
| RETIREMENT LIFE IN |            |          |          |          |
| GROUP COMP MEDICAL |            | 32.09    |          |          |
| RETIREMENT ANN CON |            |          |          |          |
| SOCIAL SECURITY    |            | 20.24    |          |          |
| SUM BENEFITS       | 0.00       | 665.24   | 0.00     | 0.00     |
| ADMIN BEN FACTOR   |            | 665.24   |          | 0.00     |
| TOTAL PERSONNEL    | 0.00       | 0.00     | 0.00     | 0.00     |
| NON-VA:            |            |          |          |          |
| AIRCRAFT RENTAL    | 20129.00   | 1795.20  | 9305.40  | 19230.30 |
| GROUND INSTRUCTION | 1054.00    | 2607.27  |          |          |
| FLIGHT INSTRUCTION | 5974.00    |          |          |          |
| TOTAL NON-VA       | 27157.00   | 4402.47  | 9305.40  | 19230.30 |
| VA:                |            |          |          |          |
| AIRCRAFT RENTAL    |            |          |          |          |
| GROUND INSTRUCTION |            |          |          |          |
| TOTAL VA           | 0.00       | 0.00     | 0.00     | 0.00     |

|                     | CHINA LAKE | CUBI PT  | DAHLGREN | DALLAS    |
|---------------------|------------|----------|----------|-----------|
| OTHER DIRECT:       |            |          |          |           |
| GASOLINE            | 18842.00   | 9280.82  | 21397.24 | 26008.51  |
| OIL                 | 325.00     | 499.26   |          | 16124.27  |
| STORAGE/TIE DOWN    |            |          |          |           |
| MAINT-ROUTINE       | 2038.00    | 4859.63  | 9265.75  | 15090.64  |
| MAINT-OVERHAUL      | 0.00       | 1270.00  |          | 3521.09   |
| INSURANCE PREMIUMS  | 10212.00   | 3607.77  | 8852.88  | 15413.74  |
| TOTAL OTHER DIRECT  | 31417.00   | 19517.48 | 39515.87 | 76158.25  |
| DEPRECIATION:       |            |          |          |           |
| AIRCRAFT            |            | 37.50    | 4341.52  | 1713.96   |
| TOTAL DEPRECIATION  | 0.00       | 37.50    | 4341.52  | 1713.96   |
| TOT OPERATING COST  | 58574.00   | 23957.45 | 53162.79 | 97102.51  |
| INCOME FROM OPS     | -11664.00  | 3684.95  | -6096.47 | -39809.08 |
| G & A INCOME        |            |          |          |           |
| DUES/ASSESSMENTS    | 16270.00   | 8995.50  | 13336.58 | 42791.49  |
| CONTRIBUTIONS       |            | 4518.27  | 3706.37  |           |
| INTEREST            | 86.00      | 814.97   | 481.59   | 1692.48   |
| INSURANCE PROCEEDS  |            | 94.22    |          |           |
| TOT G&A INCOME      | 16356.00   | 14422.96 | 17524.54 | 44483.97  |
| G&A EXPENSES        |            |          |          |           |
| SAL/WAGES ADMIN     |            | 11982.97 |          | 8750.00   |
| ADMIN BENEFITS      | 0.00       | 665.24   | 0.00     | 0.00      |
| UTILITIES & RENT    |            | 505.38   |          |           |
| TELEPHONE/POSTAGE   | 598.00     | 409.01   |          | 1223.26   |
| TRAVEL/PER DIEM     |            |          |          |           |
| FREIGHT/TRANSPORT.  |            | 275.23   |          |           |
| SUPPLIES            | 89.00      | 194.23   | 625.53   | 1622.96   |
| MISC./ ACCOUNTING   |            |          | 1920.18  | 1700.00   |
| DEPRECIATION:       |            |          |          |           |
| FURNITURE, FIXT, EQ |            | 219.96   |          | 226.92    |
| VEHICLES            |            |          |          |           |
| BLDGS, FACILITIES   |            |          |          | 332.68    |
| INTEREST EXPENSE    |            |          | 9.00     |           |
| BAD DEBT EXPENSE    |            | 272.00   |          | 4182.41   |
| LOSS DISP FIXED ASS |            |          |          |           |
| MSC OTHER           | 5043.00    | 1025.36  |          | 1558.87   |
| TOTAL G&A EXPENSES  | 5730.00    | 15549.38 | 2554.71  | 19597.10  |
| INCOME FROM G&A     | 10626.00   | -1126.42 | 14969.63 | 24886.87  |
| NET INCOME (LOSS)   | -1038.00   | 2558.53  | 8873.56  | -14922.21 |
| EXTRAORD. INC/LOSS  |            |          |          |           |
| NET                 | -1038.00   | 2558.53  | 8873.56  | -14922.21 |

|                    | 61TMO    | GROTON   | JAX      | KANSAS CIT |
|--------------------|----------|----------|----------|------------|
| OPS REVENUE        |          |          |          |            |
| SALES:             |          |          |          |            |
| FLT SUPPLIES/ACC   |          |          | 3561.50  |            |
| LESS: C O G SOLD   |          |          | 6242.75  |            |
| GROSS PROF/SALES   | 0.00     | 0.00     | -2681.25 | 0.00       |
| NON VA SERVICES:   |          |          |          |            |
| AIRCRAFT RENTAL    | 17614.50 | 24394.46 |          | 11163.00   |
| IN-FLIGHT INSTR    |          |          |          |            |
| GROUND INSTR       |          |          |          |            |
| VA SERVICES:       |          |          |          |            |
| AIRCRAFT RENTAL    |          |          | 76580.74 |            |
| IN-FLIGHT INSTR    |          |          |          |            |
| GROUND INSTR       |          |          |          |            |
| TOTAL SERVICES     | 17614.50 | 24394.46 | 76580.74 | 11163.00   |
| TOT OPS REVENUE    | 17614.50 | 24394.46 | 73899.49 | 11163.00   |
| OPS EXPENSES       |          |          |          |            |
|                    |          |          | 16262.24 |            |
| PERSONNEL:         |          |          |          |            |
| SAL/WAGES MAINT    |          |          |          |            |
| SICK LEAVE         |          |          |          |            |
| ANNUAL LEAVE       |          |          |          |            |
| RETIREMENT LIFE IN |          |          |          |            |
| GROUP COMP MEDICAL |          |          |          |            |
| RETIREMENT ANN CON |          |          |          |            |
| SOCIAL SECURITY    |          |          | 1131.85  |            |
| SUM BENEFITS       | 0.00     | 0.00     | 1131.85  | 0.00       |
| ADMIN BEN FACTOR   |          |          | 1131.85  |            |
| TOTAL PERSONNEL    | 0.00     | 0.00     | 0.00     | 0.00       |
| NON-VA:            |          |          |          |            |
| AIRCRAFT RENTAL    | 8800.00  |          | 16738.26 | 3550.00    |
| GROUND INSTRUCTION |          |          |          |            |
| FLIGHT INSTRUCTION |          |          |          |            |
| TOTAL NON-VA       | 8800.00  | 0.00     | 16738.26 | 3550.00    |
| VA:                |          |          |          |            |
| AIRCRAFT RENTAL    |          |          |          |            |
| GROUND INSTRUCTION |          |          |          |            |
| TOTAL VA           | 0.00     | 0.00     | 0.00     | 0.00       |

|                     | GITMO     | GROTON   | JAX      | KANSAS CIT |
|---------------------|-----------|----------|----------|------------|
| OTHER DIRECT:       |           |          |          |            |
| GASOLINE            | 8728.24   | 11986.04 | 32264.58 | 4995.00    |
| OIL                 |           |          |          | 195.00     |
| STORAGE/TIE DOWN    |           | 1200.00  |          | 3782.00    |
| MAINT-ROUTINE       | 5480.36   | 13076.59 | 18139.05 | 2700.00    |
| MAINT-OVERHAUL      |           |          |          | 3790.00    |
| INSURANCE PREMIUMS  | 6600.78   | 0.00     | 15069.88 | 3443.00    |
| TOTAL OTHER DIRECT  | 20809.38  | 26262.63 | 65473.51 | 18905.00   |
| DEPRECIATION:       |           |          |          |            |
| AIRCRAFT            | 700.00    | 3000.00  | 697.86   |            |
| TOTAL DEPRECIATION  | 700.00    | 3000.00  | 697.86   | 0.00       |
| TOT OPERATING COST  | 30309.38  | 29262.63 | 82909.63 | 22455.00   |
| INCOME FROM OPS     | -12694.88 | -4868.17 | -9010.14 | -11292.00  |
| G & A INCOME        |           |          |          |            |
| DUES/ASSESSMENTS    | 12344.03  | 5316.00  | 29493.60 | 7261.00    |
| CONTRIBUTIONS       |           |          | 30802.93 |            |
| INTEREST            |           |          | 853.60   | 18.00      |
| INSURANCE PROCEEDS  |           | 434.75   |          |            |
| TOT G&A INCOME      | 12344.03  | 5750.75  | 61150.13 | 7279.00    |
| G&A EXPENSES        |           |          |          |            |
| SAL/WAGES ADMIN     |           |          | 16262.24 |            |
| ADMIN BENEFITS      | 0.00      | 0.00     | 1131.85  | 0.00       |
| UTILITIES & RENT    |           |          |          | 366.00     |
| TELEPHONE/POSTAGE   | 591.15    | 120.00   | 1222.91  |            |
| TRAVEL/PER DIEM     |           |          |          |            |
| FREIGHT/TRANSPORT.  |           |          | 6.54     |            |
| SUPPLIES            | 498.26    | 1279.47  | 1799.88  | 99.00      |
| MISC./ ACCOUNTING   |           |          |          |            |
| DEPRECIATION:       |           |          |          |            |
| FURNITURE, FIXT, EQ | 667.67    |          | 400.56   |            |
| VEHICLES            |           |          |          |            |
| BLDGS, FACILITIES   |           |          | 36.28    |            |
| INTEREST EXPENSE    |           |          | 219.05   |            |
| BAD DEBT EXPENSE    |           |          |          |            |
| LOSS DISP FIXED ASS |           |          |          |            |
| MSC OTHER           | 1377.69   | 162.44   | 4785.60  | 2414.00    |
| TOTAL G&A EXPENSES  | 3134.77   | 1561.91  | 25864.91 | 2879.00    |
| INCOME FROM G&A     | 9209.26   | 4188.84  | 35285.22 | 4400.00    |
| NET INCOME (LOSS)   | -3485.62  | -679.33  | 26275.08 | -6892.00   |
| EXTRAORD. INC/LOSS  |           |          |          |            |
| NET                 | -3485.62  | -679.33  | 26275.08 | -6892.00   |

|                    | KEY WEST | LAKEHURST | LEMOORE  | MEMPHIS   |
|--------------------|----------|-----------|----------|-----------|
| OPS REVENUE        |          |           |          |           |
| SALES:             |          |           |          |           |
| FLT SUPPLIES/ACC   | 976.59   | 1637.27   | 7161.82  | 17586.47  |
| LESS: C O G SOLD   | 854.96   | 1296.25   | 6765.91  | 12994.52  |
| GROSS PROF/SALES   | 121.63   | 341.02    | 395.91   | 4591.95   |
| NON VA SERVICES:   |          |           |          |           |
| AIRCRAFT RENTAL    | 21315.00 | 13853.43  | 41303.32 | 96469.00  |
| IN-FLIGHT INSTR    |          | 192.00    |          | 22696.10  |
| GROUND INSTR       |          | 61.40     |          | 4015.00   |
| VA SERVICES:       |          |           |          |           |
| AIRCRAFT RENTAL    |          |           |          |           |
| IN-FLIGHT INSTR    |          |           |          |           |
| GROUND INSTR       |          |           |          |           |
| TOTAL SERVICES     | 21315.00 | 14106.83  | 41303.32 | 123180.10 |
| TOT OPS REVENUE    | 21436.63 | 14447.85  | 41699.23 | 127772.05 |
| OPS EXPENSES       |          |           |          |           |
|                    | 2400.00  | 975.00    | 10716.62 | 41748.48  |
| PERSONNEL:         |          |           |          |           |
| SAL/WAGES MAINT    | 1015.00  | 2786.50   |          | 17962.49  |
| SICK LEAVE         |          |           | 338.49   |           |
| ANNUAL LEAVE       |          |           | 613.81   |           |
| RETIREMENT LIFE IN |          |           | 1219.18  |           |
| GROUP COMP MEDICAL |          |           |          |           |
| RETIREMENT ANN CON |          |           |          |           |
| SOCIAL SECURITY    |          |           | 898.04   | 4315.23   |
| SUM BENEFITS       | 0.00     | 0.00      | 3069.52  | 4315.23   |
| ADMIN BEN FACTOR   | 0.00     | 0.00      | 3069.52  | 3017.11   |
| TOTAL PERSONNEL    | 1015.00  | 2786.50   | 0.00     | 19260.61  |
| NON-VA:            |          |           |          |           |
| AIRCRAFT RENTAL    |          |           | 13015.25 |           |
| GROUND INSTRUCTION |          |           |          |           |
| FLIGHT INSTRUCTION |          |           |          | 27241.30  |
| TOTAL NON-VA       | 0.00     | 0.00      | 13015.25 | 27241.30  |
| VA:                |          |           |          |           |
| AIRCRAFT RENTAL    |          |           |          |           |
| GROUND INSTRUCTION |          |           |          |           |
| TOTAL VA           | 0.00     | 0.00      | 0.00     | 0.00      |

|                     | KEY WEST | LAKEHURST | LEMOORE  | MEMPHIS   |
|---------------------|----------|-----------|----------|-----------|
| OTHER DIRECT:       |          |           |          |           |
| GASOLINE            | 7043.75  | 8546.43   | 18941.49 | 35516.79  |
| OIL                 | 124.97   | 485.77    | 313.18   | 423.00    |
| STORAGE/TIE DOWN    |          | 46.50     | 9.00     |           |
| MAINT-ROUTINE       | 5270.30  | 4444.03   | 4928.52  | 25156.81  |
| MAINT-OVERHAUL      |          |           |          |           |
| INSURANCE PREMIUMS  | 3435.05  | 4385.03   | 1668.30  | 12183.40  |
| TOTAL OTHER DIRECT  | 15874.07 | 17907.76  | 25860.49 | 73280.00  |
| DEPRECIATION:       |          |           |          |           |
| AIRCRAFT            | 2921.40  | 1600.64   |          | 8911.47   |
| TOTAL DEPRECIATION  | 2921.40  | 1600.64   | 0.00     | 8911.47   |
| TOT OPERATING COST  | 19810.47 | 22294.90  | 38875.74 | 128693.38 |
| INCOME FROM OPS     | 1626.16  | -7847.05  | 2823.49  | -921.33   |
| G & A INCOME        |          |           |          |           |
| DUES/ASSESSMENTS    | 7481.16  | 10949.00  | 18009.00 | 37315.00  |
| CONTRIBUTIONS       | 6631.94  |           | 46.04    | 5211.92   |
| INTEREST            | 617.84   | 142.57    | 1027.89  | 5394.40   |
| INSURANCE PROCEEDS  |          |           |          | 62633.22  |
| TOT G&A INCOME      | 14730.94 | 11091.57  | 19082.93 | 110554.54 |
| G&A EXPENSES        |          |           |          |           |
| SAL/WAGES ADMIN     | 2400.00  | 975.00    | 10716.62 | 41748.48  |
| ADMIN BENEFITS      | 0.00     | 0.00      | 3069.52  | 3017.11   |
| UTILITIES & RENT    |          |           |          | 1793.74   |
| TELEPHONE/POSTAGE   | 838.75   | 534.07    | 729.42   | 1211.24   |
| TRAVEL/PER DIEM     |          |           |          | 2462.60   |
| FREIGHT/TRANSPORT.  |          |           | 12.13    | 390.75    |
| SUPPLIES            | 583.53   | 124.86    | 1275.98  | 2156.19   |
| MISC./ ACCOUNTING   |          |           | 3585.78  |           |
| DEPRECIATION:       |          |           |          |           |
| FURNITURE, FIXT, EQ | 120.00   |           | 251.40   | 1362.00   |
| VEHICLES            |          |           |          |           |
| BLDGs, FACILITIES   |          |           |          | 92.36     |
| INTEREST EXPENSE    | 197.50   | 4.00      |          | 647.53    |
| BAD DEBT EXPENSE    |          | 872.71    | 338.80   | 65.17     |
| LOSS DISP FIXED ASS |          |           |          |           |
| MISC OTHER          | 2434.73  | 2520.33   | 240.65   | 3857.20   |
| TOTAL G&A EXPENSES  | 6574.51  | 5030.97   | 20220.30 | 58804.37  |
| INCOME FROM G&A     | 8156.43  | 6060.60   | -1137.37 | 51750.17  |
| NET INCOME (LOSS)   | 9782.59  | -1786.45  | 1686.12  | 50828.84  |
| EXTRAORD. INC/LOSS  |          |           |          |           |
| NET                 | 9782.59  | -1786.45  | 1686.12  | 50828.84  |

|                    | MONTEREY  | MOFFETT   | NEW ORLEANS | NEWPORT  |
|--------------------|-----------|-----------|-------------|----------|
| OPS REVENUE        |           |           |             |          |
| SALES:             |           |           |             |          |
| FLT SUPPLIES/ACC   | 16275.19  | 9478.00   | 4290.02     |          |
| LESS: C O G SOLD   | 14834.29  |           | 1731.58     |          |
| GROSS PROF/SALES   | 1440.90   | 9478.00   | 2558.44     | 0.00     |
| NON VA SERVICES:   |           |           |             |          |
| AIRCRAFT RENTAL    | 199702.31 | 168211.00 | 18714.30    | 18285.70 |
| IN-FLIGHT INSTR    | 0.00      | 41008.00  | 99.00       |          |
| GROUND INSTR       | 0.00      |           |             |          |
| VA SERVICES:       |           |           |             |          |
| AIRCRAFT RENTAL    | 0.00      |           |             |          |
| IN-FLIGHT INSTR    | 0.00      |           |             |          |
| GROUND INSTR       | 0.00      |           |             |          |
| TOTAL SERVICES     | 199702.31 | 209219.00 | 18813.30    | 18285.70 |
| TOT OPS REVENUE    | 201143.21 | 218697.00 | 21371.74    | 18285.70 |
| OPS EXPENSES       |           |           |             |          |
|                    | 19129.92  | 53635.00  | 6064.50     | 641.00   |
| PERSONNEL:         |           |           |             |          |
| SAL/WAGES MAINT    | 21733.50  | 18820.00  |             |          |
| SOCIAL SECURITY    | 0.00      | 7330.00   | 942.94      |          |
| RETIREMENT ANN CON | 0.00      |           |             |          |
| GROUP COMP MEDICAL | 0.00      |           |             |          |
| RETIREMENT LIFE IN | 0.00      |           |             |          |
| ANNUAL LEAVE       | 0.00      | 5814.00   |             |          |
| SICK LEAVE         | 0.00      |           |             |          |
| SUM BENEFITS       | 0.00      | 13144.00  | 942.94      | 0.00     |
| ADMIN BEN FACTOR   | 0.00      | 9729.88   | 942.94      | 0.00     |
| TOTAL PERSONNEL    | 21733.5   | 22234.120 | 0           | 0        |
| NON-VA:            |           |           |             |          |
| AIRCRAFT RENTAL    | 42803.95  | 18060.00  | 17129.90    |          |
| GROUND INSTRUCTION |           | 32982.00  |             |          |
| FLIGHT INSTRUCTION |           |           |             |          |
| TOTAL NON-VA       | 42803.95  | 51042.00  | 17129.90    | 0.00     |
| VA:                |           |           |             |          |
| AIRCRAFT RENTAL    |           |           |             |          |
| GROUND INSTRUCTION |           |           |             |          |
| TOTAL VA           | 0.00      | 0.00      | 0.00        | 0.00     |

|                     | MONTEREY  | MOFFETT   | NEW ORLEANS | NEWPORT   |
|---------------------|-----------|-----------|-------------|-----------|
| OTHER DIRECT:       |           |           |             |           |
| GASOLINE            | 99783.15  | 63323.00  | 2312.95     | 9645.13   |
| OIL                 | 1422.65   |           |             | 158.40    |
| STORAGE/TIE DOWN    |           |           |             | 390.00    |
| MAINT-ROUTINE       | 17538.89  | 3153.00   | 272.47      | 14115.89  |
| MAINT-OVERHAUL      |           |           |             |           |
| INSURANCE PREMIUMS  | 12190.53  | 29456.00  | -697.85     | 3393.41   |
| TOTAL OTHER DIRECT  | 130935.22 | 95932.00  | 1887.57     | 27702.83  |
| DEPRECIATION:       |           |           |             |           |
| AIRCRAFT            | 7795.26   |           |             | 2100.00   |
| TOTAL DEPRECIATION  | 7795.26   | 0.00      | 0.00        | 2100.00   |
| TOT OPERATING COST  | 203267.93 | 169208.12 | 19017.47    | 29802.83  |
| INCOME FROM OPS     | -2124.72  | 49488.88  | 2354.27     | -11517.13 |
| G & A INCOME        |           |           |             |           |
| OTHER DUES/ASSESMT  | 45388.25  | 38167.00  | 13915.78    | 7370.30   |
| CONTRIBUTIONS       |           | 499.00    |             |           |
| INTEREST            | 1107.01   | 4280.00   | 202.30      | 523.23    |
| INSURANCE PROCEEDS  |           |           |             | 6578.71   |
| TOT OTHER INCOME    | 46495.26  | 42946.00  | 14118.08    | 14472.24  |
| OTHER EXPENSES      |           |           |             |           |
| SAL/WAGES ADMIN     | 19129.92  | 53635.00  | 6064.50     | 641.00    |
| ADMIN BENEFITS      | 0.00      | 9729.88   | 942.94      | 0.00      |
| UTILITIES & RENT    | 6759.82   |           |             | 29.02     |
| TELEPHONE/POSTAGE   | 2002.73   | 3621.00   | 172.97      | 72.00     |
| TRAVEL/PER DIEM     |           |           |             |           |
| FREIGHT/TRANSPORT.  |           | 271.00    |             |           |
| SUPPLIES            |           | 24746.00  | 220.11      | 400.88    |
| MISC./ACCOUNTING    |           |           |             |           |
| DEPRECIATION:       |           |           |             |           |
| FURNITURE, FIXT, EQ |           | 428.00    | 600.00      |           |
| VEHICLES            |           |           |             |           |
| BLDGs, FACILITIES   |           | 998.00    |             |           |
| INTEREST EXPENSE    | 15.70     |           |             | 832.59    |
| BAD DEBT EXPENSE    | 53.15     | 7.00      |             | 221.00    |
| LOSS DISP FIXED ASS |           |           |             |           |
| MSC OTHER           | 12963.94  | 4956.00   | 785.96      | 51.00     |
| TOTAL G&A EXPENSES  | 40925.26  | 98391.88  | 8786.48     | 2247.49   |
| INCOME FROM OTHER   | 5570.00   | -55445.88 | 5331.60     | 12224.75  |
| NET INCOME (LOSS)   | 3445.28   | -5957.00  | 7685.87     | 707.62    |
| EXTRAORD. INC/LOSS  |           |           |             |           |
| NET                 | 3445.28   | -5957.00  | 7685.87     | 707.62    |

|                    | NORFOLK   | NORTH IS. | ORLANDO  | PATUXET  |
|--------------------|-----------|-----------|----------|----------|
| OPS REVENUE        |           |           |          |          |
| SALES:             |           |           |          |          |
| FLT SUPPLIES/ACC   | 7461.98   | 49290.23  |          | 1176.63  |
| LESS: C O G SOLD   | 7139.15   | 48150.71  |          | 1100.00  |
| GROSS PROF/SALES   | 322.83    | 1139.52   | 0.00     | 76.63    |
| NON VA SERVICES:   |           |           |          |          |
| AIRCRAFT RENTAL    | 168831.34 | 102225.32 | 34629.41 | 42631.33 |
| IN-FLIGHT INSTR    | 26801.16  | 33865.76  |          |          |
| GROUND INSTR       | 3895.00   |           |          | 7000.00  |
| VA SERVICES:       |           |           |          |          |
| AIRCRAFT RENTAL    |           | 16641.33  |          |          |
| IN-FLIGHT INSTR    |           | 5513.00   |          |          |
| GROUND INSTR       |           |           |          |          |
| TOTAL SERVICES     | 199527.50 | 158245.41 | 34629.41 | 49631.33 |
| TOT OPS REVENUE    | 199850.33 | 159384.93 | 34629.41 | 49707.96 |
| OPS EXPENSES       |           |           |          |          |
|                    | 15545.81  | 29948.14  |          | 4652.40  |
| PERSONNEL:         |           |           |          |          |
| SAL/WAGES MAINT    | 7476.64   | 6942.03   |          |          |
| SOCIAL SECURITY    | 1356.12   | 2389.12   |          | 1780.64  |
| RETIREMENT ANN CON |           |           |          |          |
| GROUP COMP MEDICAL |           |           |          |          |
| RETIREMENT LIFE IN |           |           |          |          |
| ANNUAL LEAVE       | 1089.21   | 1405.50   |          |          |
| SICK LEAVE         | 861.25    |           |          |          |
| SUM BENEFITS       | 3306.58   | 3794.62   | 0.00     | 1780.64  |
| ADMIN BEN FACTOR   | 2232.75   | 3080.54   |          | 1780.64  |
| TOTAL PERSONNEL    | 8550.4661 | 7656.1055 | 0        | 0        |
| NON-VA:            |           |           |          |          |
| AIRCRAFT RENTAL    | 43484.05  | 92112.08  | 6141.84  | 18126.75 |
| GROUND INSTRUCTION |           | 35808.26  |          |          |
| FLIGHT INSTRUCTION | 33345.16  |           |          |          |
| TOTAL NON-VA       | 76829.21  | 127920.34 | 6141.84  | 18126.75 |
| VA:                |           |           |          |          |
| AIRCRAFT RENTAL    |           | 14994.00  |          |          |
| GROUND INSTRUCTION |           | 5829.00   |          |          |
| TOTAL VA           | 0.00      | 20823.00  | 0.00     | 0.00     |

|                     | NORFOLK NORTH IS. | ORLANDO   | PATUXET   |
|---------------------|-------------------|-----------|-----------|
| OTHER DIRECT:       |                   |           |           |
| GASOLINE            | 57971.97          | 23810.86  | 10634.39  |
| OIL                 |                   | 280.08    |           |
| STORAGE/TIE DOWN    | 528.16            | 3374.97   |           |
| MAINT-ROUTINE       | 31727.58          | 1013.26   | 12451.03  |
| MAINT-OVERHAUL      |                   |           | 7354.28   |
| INSURANCE PREMIUMS  | 18727.01          | 2200.00   | 6421.68   |
| TOTAL OTHER DIRECT  | 108954.72         | 3213.26   | 49668.27  |
|                     |                   |           | 35049.95  |
| DEPRECIATION:       |                   |           |           |
| AIRCRAFT            | 15531.24          |           | 1618.34   |
| TOTAL DEPRECIATION  | 15531.24          | 0.00      | 1618.34   |
|                     |                   |           | 2338.78   |
| TOT OPERATING COST  | 209865.64         | 159612.71 | 57428.45  |
|                     |                   |           | 55515.48  |
| INCOME FROM OPS     | -10015.31         | -227.78   | -22799.04 |
|                     |                   |           | -5807.52  |
| G & A INCOME        |                   |           |           |
| OTHER DUES/ASSESMT  | 46243.84          | 43042.21  | 33625.60  |
| CONTRIBUTIONS       | 760.39            |           | 296.90    |
| INTEREST            | 2290.58           | 1609.44   | 853.00    |
| INSURANCE PROCEEDS  |                   |           |           |
| TOT OTHER INCOME    | 49294.81          | 44651.65  | 34775.50  |
|                     |                   |           | 10945.71  |
| OTHER EXPENSES      |                   |           |           |
| SAL/WAGES ADMIN     | 15545.81          | 29948.14  |           |
| ADMIN BENEFITS      | 2232.75           | 3080.54   | 0.00      |
| UTILITIES & RENT    | 2637.98           |           |           |
| TELEPHONE/POSTAGE   | 3888.74           | 2200.76   | 888.56    |
| TRAVEL/PER DIEM     | 120.74            |           |           |
| FREIGHT/TRANSPORT.  | 306.10            |           |           |
| SUPPLIES            | 2819.19           | 4479.23   | 435.10    |
| MISC./ACCOUNTING    | 2310.27           |           |           |
| DEPRECIATION:       |                   |           |           |
| FURNITURE, FIXT, EQ |                   | 560.00    | 259.92    |
| VEHICLES            |                   |           |           |
| BLDGS, FACILITIES   |                   |           |           |
| INTEREST EXPENSE    | 58.07             |           | 147.30    |
| BAD DEBT EXPENSE    |                   |           |           |
| LOSS DISP FIXED ASS | 9997.88           |           |           |
| MSC OTHER           | 1801.88           | 10293.52  | 10171.34  |
| TOTAL G&A EXPENSES  | 41719.41          | 50562.19  | 11902.22  |
|                     |                   |           | 10039.32  |
| INCOME FROM OTHER   | 7575.40           | -5910.54  | 22873.28  |
|                     |                   |           | 906.39    |
| NET INCOME (LOSS)   | -2439.91          | -6138.32  | 74.24     |
|                     |                   |           | -4901.13  |
| EXTRAORD. INC/LOSS  |                   |           |           |
| NET                 | -2439.91          | -6138.32  | 74.24     |
|                     |                   |           | -4901.13  |

|                    | FT MUGU ROOS. RDS  | ROTA      | TWIN CITIE |
|--------------------|--------------------|-----------|------------|
| OPS REVENUE        |                    |           |            |
| SALES:             |                    |           |            |
| FLT SUPPLIES/ACC   | 4162.90            | 581.98    |            |
| LESS: C O G SOLD   | 3528.05            | 519.01    |            |
| GROSS PROF/SALES   | 0.00 634.85        | 62.97     | 0.00       |
| NON VA SERVICES:   |                    |           |            |
| AIRCRAFT RENTAL    | 26875.92 119390.75 | 13358.32  | 5740.45    |
| IN-FLIGHT INSTR    |                    | 8148.33   |            |
| GROUND INSTR       |                    |           |            |
| VA SERVICES:       |                    |           |            |
| AIRCRAFT RENTAL    |                    |           |            |
| IN-FLIGHT INSTR    |                    |           |            |
| GROUND INSTR       |                    |           |            |
| TOTAL SERVICES     | 26875.92 119390.75 | 21506.65  | 5740.45    |
| TOT OPS REVENUE    | 26875.92 120025.60 | 21569.62  | 5740.45    |
| OPS EXPENSES       |                    |           |            |
|                    | 13583.56           | 8635.51   |            |
| PERSONNEL:         |                    |           |            |
| SAL/WAGES MAINT    | 16184.23           | 10187.41  |            |
| SOCIAL SECURITY    | 2901.83            | 275.30    |            |
| RETIREMENT ANN CON |                    |           |            |
| GROUP COMP MEDICAL |                    |           |            |
| RETIREMENT LIFE IN |                    |           |            |
| ANNUAL LEAVE       | 5906.46            | 300.69    |            |
| SICK LEAVE         | 2841.83            | 43.26     |            |
| SUM BENEFITS       | 0.00 11650.12      | 619.25    | 0.00       |
| ADMIN BEN FACTOR   | 5316.15            | 284.10    |            |
| TOTAL PERSONNEL    | 0 22518.198        | 10522.563 | 0          |
| NON-VA:            |                    |           |            |
| AIRCRAFT RENTAL    | 10328.83 17847.60  |           |            |
| GROUND INSTRUCTION |                    |           |            |
| FLIGHT INSTRUCTION |                    |           |            |
| TOTAL NON-VA       | 10328.83 17847.60  | 0.00      | 0.00       |
| VA:                |                    |           |            |
| AIRCRAFT RENTAL    |                    |           |            |
| GROUND INSTRUCTION |                    |           |            |
| TOTAL VA           | 0.00 0.00          | 0.00      | 0.00       |

|                     | PT MUGU ROOS. RDS | ROTA      | TWIN CITIE |
|---------------------|-------------------|-----------|------------|
| OTHER DIRECT:       |                   |           |            |
| GASOLINE            | 8472.11           | 5311.65   | 2780.31    |
| OIL                 |                   |           |            |
| STORAGE/TIE DOWN    | 200.00            |           |            |
| MAINT-ROUTINE       | 256.00            | 12605.03  | 2446.59    |
| MAINT-OVERHAUL      | 8633.87           | 312.50    |            |
| INSURANCE PREMIUMS  | 3731.73           | -1917.51  | 984.29     |
| TOTAL OTHER DIRECT  | 21293.71          | 0.00      | 16311.67   |
|                     |                   |           | 6211.19    |
| DEPRECIATION:       |                   |           |            |
| AIRCRAFT            |                   | 2590.00   |            |
| TOTAL DEPRECIATION  | 0.00              | 0.00      | 2590.00    |
|                     |                   |           | 0.00       |
| TOT OPERATING COST  | 31622.54          | 40365.80  | 29424.23   |
|                     |                   |           | 6211.19    |
| INCOME FROM OPS     | -4746.62          | 79659.80  | -7854.61   |
|                     |                   |           | -470.74    |
| G & A INCOME        |                   |           |            |
| OTHER DUES/ASSESMT  | 7075.00           | 13800.28  | 5587.00    |
| CONTRIBUTIONS       |                   | 18.85     | 67.13      |
| INTEREST            |                   | 117.23    |            |
| INSURANCE PROCEEDS  |                   |           |            |
| TOT OTHER INCOME    | 7075.00           | 0.00      | 13936.36   |
|                     |                   |           | 5654.13    |
| OTHER EXPENSES      |                   |           |            |
| SAL/WAGES ADMIN     |                   | 13583.56  | 8635.51    |
| ADMIN BENEFITS      | 0.00              | 5316.15   | 284.10     |
|                     |                   |           | 0.00       |
| UTILITIES & RENT    |                   |           |            |
| TELEPHONE/POSTAGE   | 1043.93           |           | 841.26     |
| TRAVEL/PER DIEM     |                   |           |            |
| FREIGHT/TRANSPORT.  |                   |           | 190.82     |
| SUPPLIES            | 91.00             |           | 402.09     |
| MISC./ACCOUNTING    |                   |           |            |
| DEPRECIATION:       |                   |           |            |
| FURNITURE, FIXT, EQ |                   |           | 94.10      |
| VEHICLES            |                   |           |            |
| BLDGS, FACILITIES   |                   |           |            |
| INTEREST EXPENSE    |                   |           | 4025.24    |
| BAD DEBT EXPENSE    |                   | 2960.85   |            |
| LOSS DISP FIXED ASS |                   |           |            |
| MSC OTHER           | 1602.24           | 1197.92   | 289.14     |
| TOTAL G&A EXPENSES  | 2737.17           | 18899.71  | 14606.65   |
|                     |                   |           | 4314.38    |
| INCOME FROM OTHER   | 4337.83           | -18899.71 | -670.29    |
|                     |                   |           | 1339.75    |
| NET INCOME (LOSS)   | -408.79           | 60760.09  | -8524.90   |
|                     |                   |           | 869.01     |
| EXTRAORD. INC/LOSS  |                   |           |            |
| NET                 | -408.79           | 60760.09  | -8524.90   |
|                     |                   |           | 869.01     |

## TRENTON WARMINSTER WHIDBEY I

## OPS REVENUE

## SALES:

|                  |       |      |         |
|------------------|-------|------|---------|
| FLT SUPPLIES/ACC | 30.00 |      | 4722.00 |
| LESS: C O G SOLD | 30.00 |      | 4976.00 |
| GROSS PROF/SALES | 0.00  | 0.00 | -254.00 |

## NON VA SERVICES:

|                 |         |          |          |
|-----------------|---------|----------|----------|
| AIRCRAFT RENTAL | 6491.90 | 23564.70 | 79520.00 |
| IN-FLIGHT INSTR | 979.90  | 1370.16  | 17727.00 |
| GROUND INSTR    |         |          | 3217.00  |

## VA SERVICES:

|                 |         |          |           |
|-----------------|---------|----------|-----------|
| AIRCRAFT RENTAL |         |          |           |
| IN-FLIGHT INSTR |         |          |           |
| GROUND INSTR    |         |          |           |
| TOTAL SERVICES  | 7471.80 | 24934.86 | 100464.00 |

|                 |         |          |           |
|-----------------|---------|----------|-----------|
| TOT OPS REVENUE | 7471.80 | 24934.86 | 100210.00 |
|-----------------|---------|----------|-----------|

## OPS EXPENSES

|  |        |          |
|--|--------|----------|
|  | 900.00 | 21958.00 |
|--|--------|----------|

## PERSONNEL:

SAL/WAGES MAINT  
SOCIAL SECURITY  
RETIREMENT ANN CON  
GROUP COMP MEDICAL  
RETIREMENT LIFE IN  
ANNUAL LEAVE  
SICK LEAVE

|                  |      |      |      |
|------------------|------|------|------|
| SUM BENEFITS     | 0.00 | 0.00 | 0.00 |
| ADMIN BEN FACTOR |      | 0.00 | 0.00 |
| TOTAL PERSONNEL  | 0    | 0    | 0    |

## NON-VA:

|                    |        |         |          |
|--------------------|--------|---------|----------|
| AIRCRAFT RENTAL    |        |         | 35189.00 |
| GROUND INSTRUCTION |        |         | 1913.00  |
| FLIGHT INSTRUCTION | 979.90 | 1570.02 |          |
| TOTAL NON-VA       | 979.90 | 1570.02 | 37102.00 |

## VA:

|                    |      |      |          |
|--------------------|------|------|----------|
| AIRCRAFT RENTAL    |      |      |          |
| GROUND INSTRUCTION |      |      | 15770.00 |
| TOTAL VA           | 0.00 | 0.00 | 15770.00 |

## S TRENTON WARMINSTER WHIDBEY I

|                     |          |          |          |
|---------------------|----------|----------|----------|
| OTHER DIRECT:       |          |          |          |
| GASOLINE            | 2874.77  | 12040.80 | 28423.00 |
| OIL                 | 91.80    |          |          |
| STORAGE/TIE DOWN    |          |          |          |
| MAINT-ROUTINE       | 1842.06  | 10043.00 | 4397.00  |
| MAINT-OVERHAUL      |          | 5746.50  |          |
| INSURANCE PREMIUMS  | 2009.93  | 1195.21  | 1127.00  |
| TOTAL OTHER DIRECT  | 6818.56  | 29025.51 | 33947.00 |
| DEPRECIATION:       |          |          |          |
| AIRCRAFT            | 2231.84  |          |          |
| TOTAL DEPRECIATION  | 2231.84  | 0.00     | 0.00     |
| TOT OPERATING COST  | 10030.30 | 30595.53 | 86819.00 |
| INCOME FROM OPS     | -2558.50 | -5660.67 | 13391.00 |
| G & A INCOME        |          |          |          |
| OTHER DUES/ASSESMT  | 4001.00  | 7573.00  | 26996.00 |
| CONTRIBUTIONS       |          | 550.05   |          |
| INTEREST            | 717.40   | 1977.68  | 3200.00  |
| INSURANCE PROCEEDS  |          |          |          |
| TOT OTHER INCOME    | 4718.40  | 10100.73 | 30196.00 |
| OTHER EXPENSES      |          |          |          |
| SAL/WAGES ADMIN     |          | 900.00   | 21958.00 |
| ADMIN BENEFITS      | 0.00     | 0.00     | 0.00     |
| UTILITIES & RENT    |          |          | 3186.00  |
| TELEPHONE/POSTAGE   | 44.00    | 66.80    | 1395.00  |
| TRAVEL/PER DIEM     |          |          | 27.00    |
| FREIGHT/TRANSPORT.  |          |          |          |
| SUPPLIES            |          | 15.64    | 1837.00  |
| MISC./ACCOUNTING    |          |          | 179.00   |
| DEPRECIATION:       |          |          |          |
| FURNITURE, FIXT, EQ |          |          | 150.00   |
| VEHICLES            |          |          |          |
| BLDGS, FACILITIES   |          |          |          |
| INTEREST EXPENSE    | 1115.79  | 320.84   |          |
| BAD DEBT EXPENSE    |          |          | 322.00   |
| LOSS DISP FIXED ASS |          |          |          |
| MSC OTHER           | 333.00   |          | 1160.00  |
| TOTAL G&A EXPENSES  | 1492.79  | 1303.28  | 30214.00 |
| INCOME FROM OTHER   | 3225.61  | 8797.45  | -18.00   |
| NET INCOME (LOSS)   | 667.11   | 3136.78  | 13373.00 |
| EXTRAORD. INC/LOSS  |          |          |          |
| NET                 | 667.11   | 3136.78  | 13373.00 |

# APPENDIX F

## AIRCRAFT MAINTENANCE DATA

### Cessna 150s

| Aircraft #            | 3045V   | 714HM   | 7322A   | TOT      |   |
|-----------------------|---------|---------|---------|----------|---|
|                       | -----   | -----   | -----   | -----    |   |
| Total Hours Flown     | 364 hrs | 599 hrs | 400 hrs | 1363 hrs | a |
| 100 Hr Insp Costs     | 489.00  | 655.98  | 605.45  | 1750.43  | b |
| 50 Hr Insp Costs      | 214.70  | 405.89  | 319.20  | 939.79   | c |
| Life per set of tires | 500 hrs | 600 hrs | 500 hrs | 500 AVG  | d |
| Cost per set of tires | 131.00  | 138.00  | 188.35  | 152 AVG  | e |
| Msc Unsched Maint.    | 335.85  | 12.52   | 331.25  | 679.60   | f |

$$M_{RS} = \frac{b + c}{a} + \frac{e}{f} = 2.28$$

$$M_{RU} = \frac{f}{a} = .50$$

### Cessna 152s

| Aircraft #            | 46146   | 5177B   | 757HH   | TOT      |   |
|-----------------------|---------|---------|---------|----------|---|
|                       | -----   | -----   | -----   | -----    |   |
| Total Hours Flown     | 746 hrs | 459 hrs | 357 hrs | 1562 hrs | a |
| 100 Hr Insp Costs     | 655.90  | 329.40  | 201.20  | 1186.50  | b |
| 50 Hr Insp Costs      | 832.35  | 91.20   | 202.20  | 1126.75  | c |
| Life per set of tires | 400 hrs | 400 hrs | 450 hrs | 416 AVG  | d |
| Cost per set of tires | 189.35  | 117.00  | 167.00  | 158 AVG  | e |
| Msc Unsched Maint.    | 881.18  | 136.00  | 37.50   | 1054.68  | f |

$$M_{RS} = \frac{b + c}{a} + \frac{e}{f} = 1.84$$

$$M_{RU} = \frac{f}{a} = .91$$

Cessna 172s

| Aircraft #            | 7817G   | 92682   | TOT        |
|-----------------------|---------|---------|------------|
|                       | -----   | -----   | -----      |
| Total Hours Flown     | 594 hrs | 511 hrs | 1105 hrs a |
| 100 Hr Insp Costs     | 556.75  | 752.13  | 1308.88 b  |
| 50 Hr Insp Costs      | 133.90  | 537.80  | 671.70 c   |
| Life per set of tires | 300 hrs | 400 hrs | 350 AVG d  |
| Cost per set of tires | 150.00  | 150.00  | 150 AVG e  |
| Misc Unsched Maint.   | 50.00   | 281.00  | 331.00 f   |

$$M_{RS} = \frac{b + c}{a} + \frac{e}{f} = 2.22$$

$$M_{RIJ} = \frac{f}{a} = .30$$

Source: FY 84 Maintenance Records, Monterey Navy Flying Club

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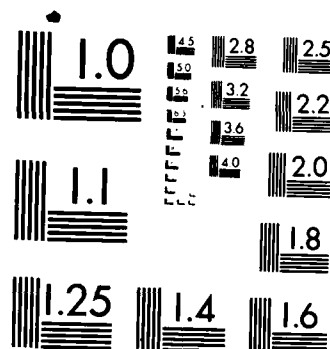
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