

*Valley Pilots Flying Club Inc.
P.O. Box 2242
Martinez, CA 94553*

*Annual Report 2006-2007
Fiscal Year, April 1, 2006 – March 31, 2007*

Officers

President
Board Member
Board Member
Board Member

Jim Duvall
Vacant
Ray Terheyden
Mike Townsend

Treasurer and Manager
Safety Officer
Secretary
Membership Chairman
Maintenance Officer

Steve Kennedy
Jim Duvall
Pam Duvall
Vacant
Mike Townsend

Valley Pilots Flying Club Inc.
Fiscal Year 2006-2006 Annual Report
Submitted by Steve Kennedy, Treasurer
June 30, 2006

Here is a quote from last year's annual report "Last year I said it was a year of transition. Well, it hasn't stopped yet". Well, I think that this past year has finally started to stabilize. We sold 7589X in October, and purchased 7255E. After we paid for the nose gear repair, and received the insurance payment, paid our deductible, bought the new airplane and paid the sales tax on it, it cost us about \$5000 out of our overhaul fund. This, plus more was made up for by our re-capitalization efforts. For this reason, we stopped charging the \$100 a month recapitalization fee in October. It had accomplished its intended results. We have a new (to us) airplane, in very good shape, and we have money in the bank to use for maintenance. At the October meeting we voted to raise the Monthly share of fixed costs to \$100, and we set the hourly rate on 7255E to \$65 per hour. This should keep money in the bank, and insure the club continues to be in sound financial stability.

From a financial perspective, we still should increase our membership to at least 20 members, and ideally, 25 members. The recapitalization efforts have caused us to loose about 6 members, bringing our total down to about 13 members. A membership drive should be one of our paramount priorities for the coming year. As our President, Jim Duvall has said we are all Membership Ambassadors and need to be on the lookout for ways to bring in new members all the time.

Our net worth decreased slightly due to the changes in our fixed assets. We had been carrying 7589X on the books as being worth \$95,000. In actuality it sold for \$62,000. This gave us an asset depreciation of about \$33,000. Our Profit and Loss statement shows that we've made money this year. That's a good thing. The maintenance costs for all three planes are a little deceiving. For 7589X its because the costs only show OUR portion of the costs for the nose gear rebuild. The total cost was almost \$29,800, of which insurance paid \$28,600. Also, since we don't have a full year of maintenance costs for 7255E, this also is deceiving. As usual the stable work horse of the club was 5205R.

05R had about 100 hours of use this year and 89X and 55E together only had about 32 hours. Hopefully this is a trend that won't continue. I hope that with stability, will come additional aircraft use. Bringing in new members and flying should be our goal. We are a "FLYING CLUB" whose charter is to make flying enjoyable and affordable for our members.

Respectfully submitted to the Valley Pilots Flying Club Inc. membership
Steve Kennedy
925-370-828 kennedys@pacbell.net
Fly Safe

Valley Pilots
Statement of Income and Expense
April 1, 2006 - March 31, 2007

| Income | | | | | | |
|---|---------------------|--------------------|----------------------|---------------------|--------------------|--------------------|
| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> |
| Fixed Charges | \$12,740.00 | \$14,465.00 | \$14,330.00 | \$14,395.00 | \$14,820.00 | \$14,306.75 |
| 5205R Income | \$5,645.50 | \$4,025.00 | \$4,237.50 | \$4,215.50 | \$7,434.00 | \$4,468.50 |
| 7589X Income | \$8,030.00 | \$6,385.50 | \$7,986.00 | \$7,532.00 | \$7,265.00 | \$907.00 |
| 7255E Income | - | - | - | - | - | \$1,213.00 |
| Membership | \$1,800.00 | \$1,000.00 | \$500.00 | \$3,000.00 | \$1,050.00 | \$500.00 |
| Upgrades/Recapitalization | \$930.00 | \$1,067.50 | \$1,055.00 | \$1,065.00 | \$1,090.00 | \$10,055.00 |
| Interest Income | \$709.07 | \$457.71 | \$228.41 | \$198.76 | \$243.96 | \$277.98 |
| Misc. Income | \$0.00 | \$0.00 | \$0.00 | \$100.00 | \$0.00 | \$673.25 |
| Gross Income | \$29,854.57 | \$27,400.71 | \$28,336.91 | \$30,506.26 | \$31,902.96 | \$32,401.48 |
| Operating Expenses | | | | | | |
| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> |
| 5205R Maintenance | \$5,524.44 | \$2,268.15 | \$9,538.85 | \$4,826.25 | \$6,681.92 | \$1,941.91 |
| 7589X Maintenance | \$12,715.95 | \$3,725.68 | \$14,061.35 | \$6,417.08 | \$6,294.86 | \$6,618.38 |
| 7255E Maintenance | | | | | | \$774.05 |
| Aircraft Support | \$143.65 | \$19.45 | \$41.44 | \$34.96 | \$62.58 | \$64.30 |
| Taxes | \$1,173.28 | \$1,027.27 | \$1,084.74 | \$1,099.02 | \$1,100.22 | \$6,682.49 |
| Accounting Service | \$1,450.00 | \$1,450.00 | \$1,450.00 | \$1,450.00 | \$1,450.00 | \$1,450.00 |
| Office - Postage - Scheduling - Bank S/C | \$1,119.49 | \$867.69 | \$673.96 | \$716.33 | \$630.10 | \$538.26 |
| Insurance | \$8,793.00 | \$10,030.00 | \$10,670.94 | \$10,467.00 | \$10,453.00 | \$7,764.43 |
| Tie-Down | \$1,440.00 | \$1,440.00 | \$1,440.00 | \$1,440.00 | \$1,440.00 | \$1,440.00 |
| Miscellaneous | \$34.05 | \$227.23 | \$56.00 | \$935.76 | \$127.42 | \$1,596.95 |
| Advertisement (Web Site) | | | | | \$143.40 | \$649.24 |
| Gross Expenses | \$32,393.86 | \$21,055.47 | \$39,017.28 | \$27,386.40 | \$28,383.50 | \$29,520.01 |
| Net Surplus/Shortfall | (\$2,539.29) | \$6,345.24 | (\$10,680.37) | \$3,119.86 | \$3,519.46 | \$2,881.47 |
| Overhaul Savings | \$4,695.40 | \$3,994.50 | \$2,101.00 | \$4,342.00 | \$1,399.00 | (\$4,833.00) |
| 5205R | \$1,643.00 | \$1,198.00 | \$1,046.00 | \$1,158.00 | \$1,655.00 | \$167.00 |
| 7589X | \$2,122.40 | \$1,729.00 | \$0.00 | \$2,119.00 | (\$1,346.00) | (\$5,000.00) |
| Upgrades | \$930.00 | \$1,067.50 | \$1,055.00 | \$1,065.00 | \$1,090.00 | \$0.00 |
| Surplus/Shortfall After Overhaul Savings | (\$7,234.69) | \$2,350.74 | (\$12,781.37) | (\$1,222.14) | \$2,120.46 | \$7,714.47 |

Valley Pilots
Statement of Assets and Liabilities
As of March 31, 2006

| Assets | | | | | | |
|------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
| Checking Account | \$5,411.37 | \$6,576.12 | \$6,983.13 | \$5,056.22 | \$6,853.81 | \$12,006.74 |
| Overhaul Reserve (Savings) | \$31,429.80 | \$31,113.20 | \$30,760.00 | \$35,102.50 | \$36,133.50 | \$32,483.00 |
| 5205R | \$9,697.20 | \$10,816.20 | \$11,862.20 | \$13,020.20 | \$14,507.20 | \$14,674.20 |
| 7589X | \$18,802.60 | \$20,297.00 | \$17,635.80 | \$19,754.80 | \$18,408.80 | \$13,408.80 |
| Upgrades | \$2,930.00 | \$0.00 | \$1,262.00 | \$2,327.50 | \$3,217.50 | \$4,400.00 |
| Savings Account (other) | \$6,318.67 | \$12,577.03 | \$518.58 | \$714.10 | \$557.01 | \$182.61 |
| Total Bank Accounts | \$43,159.84 | \$50,266.35 | \$38,261.71 | \$40,872.82 | \$43,544.32 | \$44,672.35 |
| Fixed Assets | | | | | | |
| 1974 Cessna Skyhawk 5205R | \$55,100.00 | \$55,100.00 | \$55,100.00 | \$49,860.00 | \$49,860.00 | \$49,860.00 |
| 1978 Cessna Skylane RG 7589X | \$110,100.00 | \$110,100.00 | \$110,100.00 | \$95,400.00 | \$95,400.00 | \$0.00 |
| 1959 Cessna Skylane B 7255E | | | | | | \$65,000.00 |
| Total Fixed Assets | \$165,200.00 | \$165,200.00 | \$165,200.00 | \$145,260.00 | \$145,260.00 | \$114,860.00 |
| Total Assets | \$208,359.84 | \$215,466.35 | \$203,461.71 | \$186,132.82 | \$188,804.32 | \$159,532.35 |

| Liabilities and Capital | | | | | | |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Liabilities | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Net Worth (Capitol) | \$208,359.84 | \$215,466.35 | \$203,461.71 | \$186,132.82 | \$188,804.32 | \$159,532.35 |
| Net Liabilities and Capital | \$208,359.84 | \$215,466.35 | \$203,461.71 | \$186,132.82 | \$188,804.32 | \$159,532.35 |

| Flight Time Totals by Year | | | | | | |
|-----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2001-2002 | 2002-2003 | 2003-2004 | 2004-2005 | 2005-2006 | 2006-2007 |
| 1974 Cessna 172 N5205R | 164.3 | 119.8 | 106.4 | 104.1 | 165.5 | 101.3 |
| 1978 Cessna 182 RG N7589X | 151.6 | 123.5 | 127.2 | 102.4 | 99.4 | 13.4 |
| 1959 Cessna 182B N7255E | 0 | 0 | 0 | 0 | 0 | 18.8 |
| Total Time | 315.9 | 243.3 | 233.6 | 206.5 | 264.9 | 133.5 |

| Maintenance Cost per Hour | | | | | | |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2001-2002 | 2002-2003 | 2003-2004 | 2004-2005 | 2005-2006 | 2005-2006 |
| 1974 Cessna 172 N5205R | \$33.62 | \$18.93 | \$89.65 | \$46.36 | \$40.37 | \$19.17 |
| 1978 Cessna 182 RG N7589X | \$83.88 | \$30.17 | \$110.55 | \$62.67 | \$63.33 | \$493.91 |
| 1959 Cessna 182B N7255E | | | | | | \$41.17 |

| Engine Hour or Tach Readings as of March 31, 2007 | | |
|---|-----------------------|---------------|
| N5205R 1974 Cessna 172 Skyhawk II Purchased new in September 1974 | Air Frame Total Time: | 5795.0 |
| | Tach Time: | 1792.3 |
| | Majored at (10/94): | 225.6 |
| | Time SFOH: | 1565.9 |
| N7589X 1978 Cessna 182 Skylane RG - Purchase January 28, 1984 1191.0 TT when purchased. | Air Frame Total Time: | 5138.7 |
| | Tach Time: | 3699.5 |
| | Majored at (10/94): | 1890.1 |
| | Time SFOH: | 1809.0 |
| N7255E 1959 Cessna 182B Purchase October 27, 2006 4589.9 TT when purchased. | Air Frame Total Time: | 4608.7 |
| | Tach Time: | 2090.2 |
| | Majored at (05/97): | 2477.5 |
| | Time SFOH: | 424.9 |

Total Members at close of Year

| | | | |
|------|------------|------|------------|
| 2007 | 13 Members | 2000 | 18 members |
| 2006 | 20 members | 1999 | 21 Members |
| 2005 | 17 members | 1998 | 20 Members |
| 2004 | 17 members | 1997 | 14 Members |
| 2003 | 19 members | 1996 | 15 Members |
| 2002 | 17 members | 1995 | 15 Members |
| 2001 | 16 Members | 1994 | 16 Members |