



2015 Annual Meeting

REPORT OF THE TREASURER

Over the past year, MLPA has continued to grow financially, although the growth rate has not been as rapid as in the previous year or two. Association income increased by 11% from 2013 to 2014, compared to 15 percent between 2012 and 2013. 2015 income through the third quarter (and most of our income is concentrated in the first half of the year) exceeds full-year 2014 total by 7 percent and the 2014 amount through the third quarter by 8%. Total income in 2014 was \$2.53 million, compared with \$2.28 million in 2013. 2015 income through the third quarter is \$2.71 million, compared with 2.50 million through third quarter 2014.

As was the case last year, growth in revenues has come partly from an increase in membership and partly from the MLP Investor Conference. Dues income increased by 15 percent from 2013 to 2014; for 2015 it is up only 2.6 percent over the full year 2014 total, and 4.0% over the total through third quarter 2014. Total membership is now 165 companies as compared with 155 at this time in 2013; more importantly, although we gained 29 members, we lost 19. Because of the first-year discount given to new members, new member dues do not completely replace those of departing members, at least initially.

A large portion of our revenue growth has also come from conference income, in particular the MLP Investor Conference. The continued popularity of the conference, the growing number of MLPs wishing to participate, and increases in sponsorship have fueled ongoing growth in revenue from this event. Investor Conference revenue grew by 26 percent from 2012 to 2013, a more modest 6 percent from 2013-2014, and by 17 percent from 2014 to 2015 to date. Overall conference income (the Investor Conference plus the Annual meeting) has followed a similar course with increases of 23 percent, 5 percent, and—to date—17 percent, respectively

Our expenditures have also been increasing, particularly in 2015, which has seen MLPA retain Steve Ruhlen as our Director of Federal Affairs, respond exhaustively to the proposed regulations under section 7704(d)(1)(E) and to partnership audit legislation on Capitol Hill, and of course, undergo a rebranding. The cost of the Investor Conference also increased with the move to the Orlando Hyatt and the decision to do the golf tournament in-house rather than have it sponsored. Income increased substantially as well, however, so that net income stayed about the same.

Between 2013 and 2014, total Association expenditures increased by 12 percent, from 1.67 million to \$1.87 million. Expenditures for the first three quarters of 2015 are close to the full-year 2014 amount, and are 30 percent higher than for the first three quarters of 2015. We still have ample income remaining, however, and expect to finish the year in a positive position.

The Association ended 2014 with a surplus of \$662,689. We entered 2015 in a strong financial position, with \$2.9 million in the bank and few liabilities. Three-quarters of the way through 2015 we have \$3.7 million in the bank.

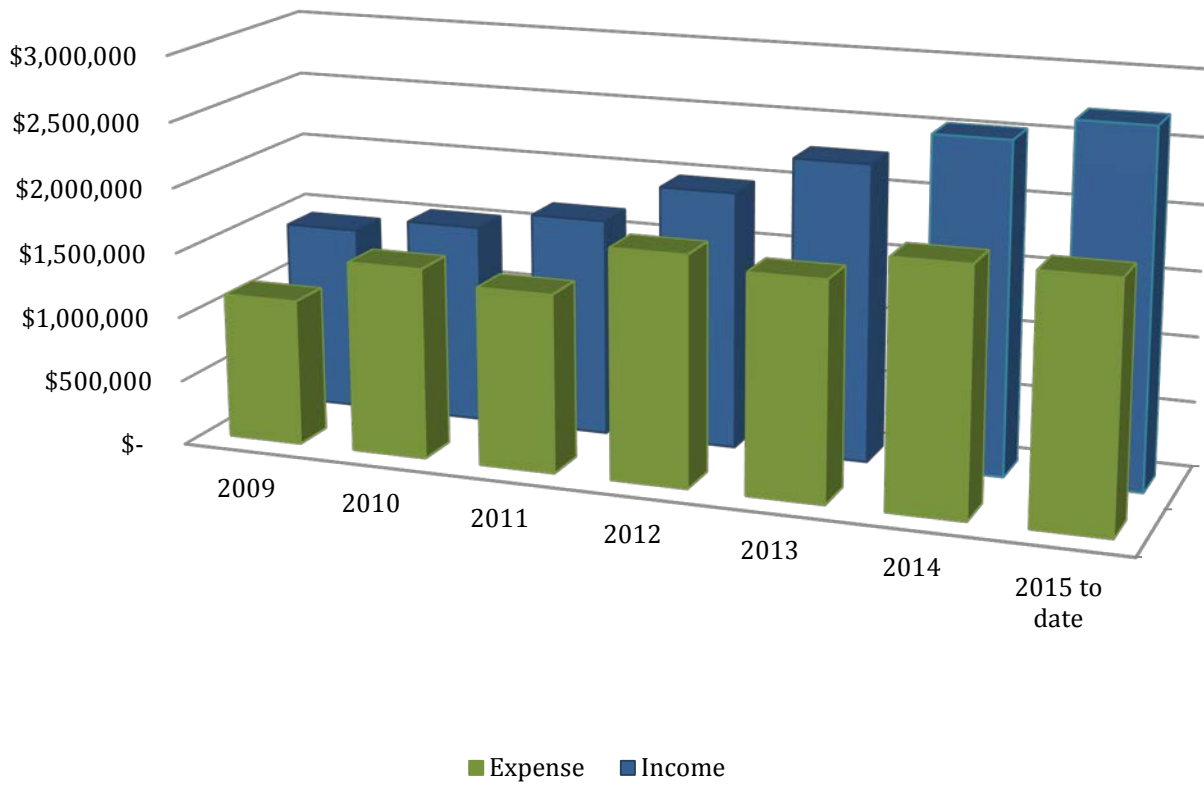
The numbers at the end of third quarter 2015 also compare favorably to those at this point in 2014. As noted earlier, revenue for the first three quarters of 2015 is 8 percent above the revenue at this point in 2014, and 7 percent higher than the level projected for the full year 2015. Expenditures to date are reasonably on track with projections in most areas, although increases have been higher than expected in some--most notably our legal expenses with Miller & Chevalier due to the intensive work involved in responding to the proposed regulations under section 7704(d)(1)(E), and the MLP Investor Conference, which cost 24 percent more than projected and 42 percent more than the previous year.

The Association's balance sheet as of September 28 shows us to be in excellent financial condition, with cash and receivables (which we expect to collect before the end of the year) totaling \$3.7 million, compared with \$3.3 million a year ago, and liabilities (accounts payable) of only \$1,425. While we do not expect to receive much additional income, both income to date and the amount in the bank comfortably exceed projected expenses and should be sufficient to meet any contingency that may arise.

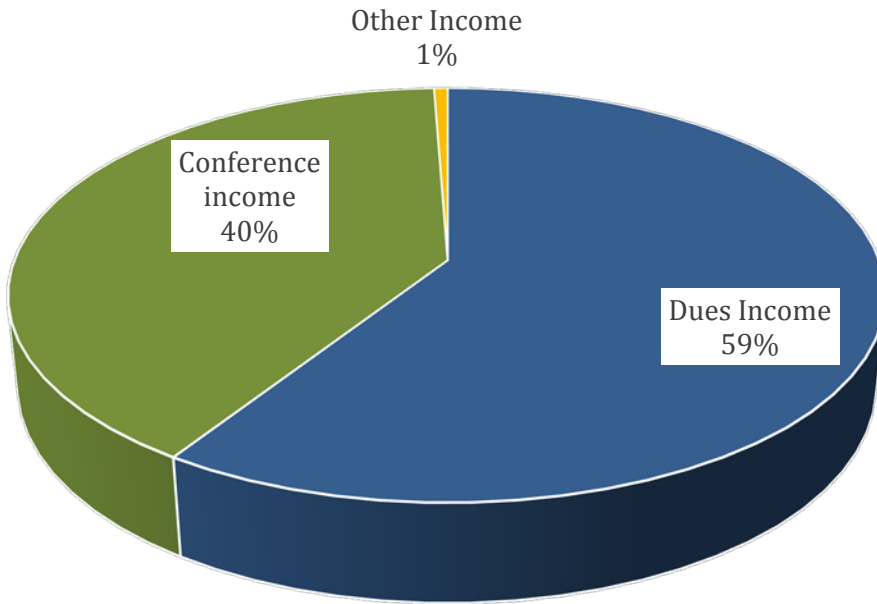
In sum, the Association's finances are healthy and are sufficient to meet whatever challenges may arise over the next year. Even if expenditures exceed income, we are sufficiently covered by our reserves. In this period of unstable markets, low oil prices, and consolidation, however, we may not be able to count on the kind of membership growth that has sustained us in past years and should keep this in mind when planning expenditures for 2016 and beyond.

Another development in 2015 with regard to MLPA's finances is that the Association has hired a professional CPA firm to conduct its annual audit, rather than continuing to rely on members' internal audit departments. MLPA has hired Tate & Tryon, a Washington-based CPA firm, to do our audit and tax work. Tate & Tryon works exclusively for nonprofit organizations and has an excellent reputation among association executives. The audit has been underway for several weeks and has been very thorough. The Board should receive a report before the end of the year and will review and act on recommendations as needed.

NAPTP Income and Expense 2015



MLP Income 2015 to Date



MLPA Expenditures 2015 to Date

