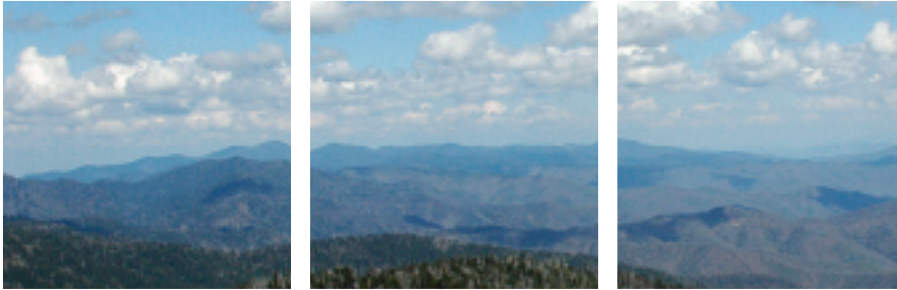


# 2008 Annual Report

KAREN KEY



## GREAT SMOKY MOUNTAINS ASSOCIATION

### THE YEAR IN REVIEW

2008 was a difficult year for the U.S. and for GSMA! We experienced something that has not happened in more than 20 years . . . a sales decrease of 3.5%. Visitation at the visitor centers showed a decrease of 5%. Business activity was down in January, showed a slight increase in February and March, and then declined in every remaining month in 2008.

In June the board of directors held its annual mid-year retreat. This year the board conducted a facilitated strategic planning session, which produced plans that included the following goals for the next 5 years:

- 25,000 members
- 20% increase in online sales,
- 20% increase in wholesale sales
- 5% increase in new products – digital and others
- Maintain and continue management's expertise
- Enhance staff diversity
- Increase name and brand recognition

We continued staffing the orientation shelter at the entrance to Cades Cove with great success. The replacement of the dilapidated old structure was completed in April.

With sales not what we planned for, we reduced prices on selected items to reduce inventory levels and improve our cash position as we entered the winter season. The year ended with GSMA staff cautiously expecting improvement due to our year-long 75th GSMNP anniversary celebration and a careful balance of maintaining our margin and inventory levels.

### INTERPRETIVE PRODUCTS AND SERVICES

Over 2,159,000 people visited facilities staffed by Great Smoky Mountains Association employees in 2008, a decrease of 5% from the previous year.

GSMA staff continued offering off-site sales and park information at the annual Wildflower Pilgrimage, Wilderness Wildlife Week, Hemlock Tree Symposium, Discover Life in America Conference, Association of Southeastern Biologists, Sylva Greening Up the Mountains, the Appalachian Studies Conference, GSMA Annual Members Weekend, Tennessee Library Association convention, Bryson City Heritage Festival, and Cosby-in-the-Park day.

We worked with Joseph Construction to install new carpet, as well as new poster and DVD fixtures at the Sugarlands Visitor Center bookstore and to install new carpet at the Gatlinburg Welcome Center.

The fabulous new 4' X 8' GSMNP 3-D relief maps were placed in Sugarlands VC and Gatlinburg WC. The improvement in detail and accuracy is stunning.

Well over 1,000,000 pieces of literature produced by GSMA were distributed in 2008.

GSMA publications and product development staff completed the following projects:

1920s Sugarlands Map ■ 2009 75th Anniversary Calendars ■ 2008 board election ballot postcard ■ 2008 board election cover letter ■ 2008 board election nominees' biosketches ■ 2008 holiday catalog ■ 2008 Music of the Mountains Festival Poster ■ 2008 Spring Wildflower Pilgrimage rack card & program brochure ■ 2009 New Membership Information Booklet ■ 75th Anniversary Interpretive tags (5) ■ 75th Anniversary License Plate ■ 75th Anniversary Merchandise Certificates ■ 75th Anniversary merchandise wrappers, tags ■ 75th Anniversary Pocket Folder ■ 75th Anniversary Quilt Pattern ■ Appalachian Highlands Science Journal Newsletter, Issue 3 ■ Bear Paw Newsletter—2 editions ■ Christmas Past Festival poster ■ Christmas Past Festival program ■ Cliff Dwellers Wayside Exhibit (to be displayed at Cliff Dwellers in Gatlinburg) ■ Country Ham Food Label ■ Fall 2008 GSMA Membership Mailing ■ GSMA Annual Meeting Postcard Invitation ■ GSMA Business Cards ■ GSMA Business Membership One-Time Use Cards ■ GSMA Business Membership Postcards ■ GSMA Membership Kits ■ GSMA Membership Temporary Cards ■ GSMA Vehicle Decals ■ GSMNP Backcountry Map—GSMA version ■ Mountain Hope: A Pictorial History of the Smokies ■ Newfound Gap Auto Tour Booklet ■ Not-So-Junior Ranger Program Promotional Materials—magnet, patch, certificate, and card ■ Smokies Guide Newspaper—4 editions ■ Smokies Life Magazine #2 and #3 ■ Spring Smokies Guide ■ Spring Wildflower Pilgrimage Tickets and Promotions ■ Synchronous Firefly Fold ■ Vascular Plant Checklist ■ We're Going to the Mountains kids' book

## MEMBERSHIP AND SPECIAL EVENTS

The year 2008 was another busy one with planning for the 58th Annual Spring Wildflower Pilgrimage, and the annual membership weekend held in Bryson City in NC in September. Both events were well attended, as usual, with many indoor and outdoor programs, exhibits, demonstrations, and good food.

The year ended with over 9,200 members and with the expansion of the Membership department into a 2-person operation. We inaugurated a business membership program to local businesses and GSMA vendors in 2008 with over 60 signed up by year-end.

## CONCESSIONS

GSMA continued the search, with no success, for a private-label bottled spring water product. We added the desire to find a more environmentally friendly container.

## GREAT SMOKY MOUNTAINS INSTITUTE AT TREMONT

By written agreement, the Institute staff continued to operate the GSMA store at their location in FY 2008. They were able to generate a \$40,802 net profit for the year, which was donated to the Institute. With the addition of a \$33,750 cash donation, our total Institute support for 2008 totaled \$74,552. This reduction reflects reduced retail sales activity and the planned cash donation reduction by NPS management.

## COMPUTER SERVICES AND WEBSITE DEVELOPMENT

We again improved the Spring Wildflower Pilgrimage website and enhanced our GSMA organizational website with much new content and many new features, including new video and audio content (podcasting, streaming and iTunes) and more blogs.

During 2008 our website was visited by over 1 million people, with 2,219,604 million page views.

An artistic redesign and functional reconfiguration of SmokiesInformation.org has begun to respond to recent advances in website technology (such as people surfing the net via cell phone and other "mobile platforms").

GSMA won a \$35,000 Gems of Appalachia grant from the Appalachian Regional Commission for audio and video podcasting.

We reviewed demonstrations of potential new POS systems and decided on a proposal from Celerant Technology Corp. This is the same software used by Mast General Store, which compares favorably with our operational needs. Due to financial considerations, we delayed replacement of our antiquated POS system software until the first quarter of 2010.



## PURCHASING

The major success of 2008 was the development of many 75th Anniversary sales items, which have proven to be both appreciated and good sellers. It was a challenging year to control inventory levels. Management performed a job swap between the Sugarlands Visitor Center Store Manager and the Product Manager late in 2008 to better utilize the skill sets of each individual.

## AID-TO-PARK

The Association contribution to Great Smoky Mountains National Park falls into three broad categories:

- in-kind services, which is primarily labor expense;
- publications, which includes development costs and free publications;
- cash donations, which are provided for a host of educational, historical, interpretive, and scientific projects.

The actual aid-to-park for 2008 was \$1,836,192 which equaled 31.9% of gross sales and non-taxable income. Within this overall aid amount, GSMA guaranteed cash donations equal to 17% of gross sales. An additional \$72,938 sales-generated cash donation was unexpended in 2008 and has been carried over to FY2009.

## TOTAL AID-TO-PARK FOR 2008

In-Kind Services \$611,160

*Includes salaries for park backcountry information staff, library staff, living history demonstrators, publications staff, and visitor center staff.*

Publications Development & Production \$201,445

*Free publications, such as Smokies Guide newspaper, and pre-press costs for sales publications.*

Special Projects Funded by GSMA in 2008 \$728,451

## 75th Anniversary

*Planning for 75th anniversary of the park, website development, promotional materials, and historic time line* \$27,449

Administrative History of the Park \$90,905  
*Funding for research and writing of comprehensive history of park*

Air Quality Exhibit Fabrication \$4,000  
*Exhibit to inform public of current air quality*

Archaeological Inventory \$34,939  
*Support for federally mandated inventory of park's archaeological assets*

Cades Cove Historic Fields Management \$19,464  
*Mowing and historic preservation in Cades Cove*

Cades Cove Cable Mill Area Utilities \$41,740  
*Costs for generating electricity for restrooms and visitor center*

Curatorial Collection Curation \$366  
*To catalog park's artifact collection*

Curatorial Storage Shelves \$2,796  
*To protect park's artifact collection*

Discover Life in America/ATBI \$50,000  
*Support for the park's All Taxa Biodiversity Inventory*

Downloadable Park—Centennial Challenge \$20,000  
*For enhancements to park's website*

Elkmont Preservation/Planning—Centennial Challenge \$50,000  
*Emergency stabilization of historic buildings*

Gems of Appalachia Grant \$15,487  
*For video blogs on GSMA's website*

GSM Institute at Tremont (GSMIT) \$33,750  
*Funding for youth and adult environmental education at Tremont (includes proceeds from Tremont visitor center store)*

Hemlock Adelgid Net Proceeds \$18,112  
*Funding to protect hemlock trees*

Hemlock Woolly Adelgid Control <i>Funding to protect hemlock trees</i>	\$75,000
Hog Control Program <i>Staff and equipment for trapping and controlling non-native wild hogs</i>	\$34,731
Net Proceeds Institute at Tremont <i>Funding for youth and adult environmental education at Tremont (includes proceeds from Tremont visitor center store)</i>	\$40,802
Newfound Gap Wayside Completion <i>Wayside exhibits along Newfound Gap Road</i>	\$20,000
Parks as Classrooms and Parks in Classrooms <i>Programs to bring area school kids to the park and to send rangers to classrooms</i>	\$17,142
Resource Education Rangers	\$104
Student Conservation Association (SCA) Intern Housing <i>Housing costs for resource management and education interns</i>	\$8,409
SCA Parkwide <i>Cost of living stipends for student interns</i>	\$56,145
Sevierville Visitor Center 3D Map <i>Park map exhibit</i>	\$453
Sugarlands Visitor Center 3D Map <i>Park map exhibit</i>	\$4,837
Sugarlands Visitor Center Media Upkeep <i>Maintenance costs of theater and exhibits</i>	\$4,837
TWRA Bear Warden <i>Funding for Gatlinburg Bear Management Position</i>	\$14,166
Visitor Use Study <i>University of Idaho study on habits, satisfaction of park visitors</i>	\$49,279
Interpretive Operations <i>Funds special events, festivals, and interpretive demonstrations, including the Spring Wildflower Pilgrimage and library supplies and materials.</i>	\$295,135
Backcountry Information staff	\$42,209
Library staff	\$47,487
Living history demonstrators	\$66,673
Parks as Classrooms Coordinator	\$18,061
75th Anniversary Coordinator	\$37,427
Misc. and library operations	\$30,663
Special events and demonstrations	\$52,616

## HIGHLIGHTS OF BUSINESS ACTIVITY IN 2008

Total 2008 sales*	\$5,759,091
Sales decrease over 2007	(\$371,502)
Sales % decrease over 2007	-6.06%
Total 2008 revenue	\$6,029,188
Revenue % decrease over 2007	-6.59%
Gross Margin as % of Sales <i>Percent difference between sales and cost of goods</i>	52.62%
Outstanding Bank Debt	\$10,077
Outstanding (unexpended) Donations	\$72,938
Inventory Turnover <i>(times/year)</i>	3.64
Current ratio <i>Current assets to current liabilities</i>	6.29:1.00

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Total Aid to GSMNP in 2008 \$1,836,192

## AID TO GSMNP

2008	\$1,836,192
2007	\$1,760,866
2006	\$1,644,215
2005	\$1,680,863
2004	\$1,261,508
2003	\$1,258,755
2002	\$1,140,027
2001	\$935,234
2000	\$661,598
1999	\$1,385,480
1998	\$749,048
1997	\$615,473
1996	\$436,720
1995	\$424,790
1994	\$374,962
1993	\$529,726
1992	\$511,987
1991	\$545,589

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Total Since 1953 \$19,987,677

\* Total 2008 sales includes honor system sales items