

System Dynamics Society
VP Finance Narrative Report
February 2016 Meeting
Submitted by David F. Andersen

Summary: This abbreviated report is based on two financial reports developed each year by the Society's home office staff: (1) Revenue & Expense, 2015 & 2014 Comparison, and (2) Balance Sheet, 2015 & 2014 Comparison. A full report with more detailed reports will be presented at the July Policy Council meeting.

How Did the Society Do Overall in 2015? The Society experienced a relatively poorer financial performance in 2015 due primarily to the performance of our investments. The two attached reports come directly from the Quick Books system that is maintained by the Home Office staff. These reports have not been reviewed by our CPA and I am quite certain that they will change somewhat because a number of important transactions have not yet been posted. For example, I expect that our journal income will increase by about \$60,000. The society operates on an accrual basis so adjustments to our 2015 report will continue to happen for some time. I predict that when everything is properly accounted for the Society will close out 2015 with an overall loss in Net Ordinary Income similar to our final numbers for 2014. In addition, this year our Net Income will probably also be negative. Our assets have performed less well than in the recent past due to general conditions in financial markets.

If members of the society, its officers, or members of the PC have additional questions about how the Society performed in 2015, I will be happy to try and answer your questions or get an answer ASAP. *Please remember that figures and reports will change somewhat after final postings and CPA review.*

What Else Is Going on with Society Finances? Each year, I work with the Administrative Committee and home office staff on a number of projects and issues. This year, here are some of the things that we are working on:

- **I Plan on Stepping Down as VP Finance in an Orderly Fashion.** I believe that soon it will be time for me to step down as VP Finance so that a next generation of leadership can step up to guide the Society's financial future. I plan to work closely with the Administrative Committee, the Nominating Committee, and the Policy Committee so that we will have a smooth transition.
- **Transition Planning.** I will put my best thoughts about transition planning into a coherent proposal to be vetted through the Administrative Committee before leading to possible action by the Policy Council.

If you have any further questions about the Society's financial health, please do not hesitate to be in touch with me directly.

Attachments:

1. Revenue & Expense, 2015 & 2014 Comparison (Pre CPA Year-End Adjustments and Review)
2. Balance Sheet, 2015 & 2014 Comparison (Pre CPA Year-End Adjustments and Review)

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Accrual Basis

System Dynamics Society
(1) Rev & Exp, Prev Year Comparison (Pre CPA Y/E Adj-Review)
 January through December 2015

	<u>Jan - Dec 15</u>	<u>Jan - Dec 14</u>
Ordinary Income/Expense		
Income		
INC Conferences	302,766	294,654
Journal Income	23,221	84,621
Membership Dues	88,706	65,934
Other Income	4,776	668
Products	48,997	53,908
Shipping and Handling Income	8,159	9,032
Sponsor Dues and Donations	46,590	36,350
Summer School Income	9,300	0
Investment Allocations	0	0
Total Income	<u>532,515</u>	<u>545,167</u>
Cost of Goods Sold		
Cost of Goods	9,830	7,915
Total COGS	<u>9,830</u>	<u>7,915</u>
Gross Profit	522,685	537,252
Expense		
Awards-Dana Meadows	2,000	1,500
Awards-Others	9,776	1,220
Bank & CC Fees	14,447	9,729
Field Dev (\$20K Max)	12,500	17,500
Contracted Expenses at UAlbany	341,827	332,483
EXP Conferences	143,563	142,355
Insurance	5,313	5,218
Journal Expense	20,000	20,000
Marketing (Sponsor Trade)	2,000	2,000
Miscellaneous Expense	655	1,144
Office Expense	5,818	5,280
Officer Expenses (=Travel CPA)	4,967	10,228
Professional Fees	47,741	42,484
Summer School Expense	7,710	0
Total Expense	<u>618,318</u>	<u>591,140</u>
Net Ordinary Income	-95,633	-53,887
Other Income/Expense		
Other Income		
Investment Income	-23,664	89,580
DM Investment Inc	2,452	2,164
Designated Inv Inc	0	0
Total Other Income	<u>-21,212</u>	<u>91,745</u>
Net Other Income	-21,212	91,745
Net Income	<u><u>-116,844</u></u>	<u><u>37,857</u></u>

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(2) Balance Sheet, Prev Yr Comparison (PreCPA Y/E Adj-Rev.)

Accrual Basis

As of December 31, 2015

	Dec 31, 15	Dec 31, 14	\$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
Bank of America Checking 2474	48,684	79,841	-31,157	-39%
Elec. Transfer BOA Check 5757	10,474	10,918	-444	-4%
Bank Paypal	714	296	417	141%
Companion Savings - BoA	30,639	35,632	-4,994	-14%
Travel Cash	112	112	0	0%
Charles Schwab-Windhaven	235,428	244,328	-8,901	-4%
UBS Financial (was PaineWebber)	26,220	26,313	-92	-0%
Vanguard Society (88008478957)	712,703	728,534	-15,831	-2%
Total Checking/Savings	1,064,973	1,125,974	-61,002	-5%
Accounts Receivable				
Accounts Receivable	538	0	538	100%
Total Accounts Receivable	538	0	538	100%
Other Current Assets				
Accounts Receivable - Wiley	0	61,500	-61,500	-100%
Inventory	16,800	23,009	-6,210	-27%
Prepaid Expenses	35,023	51,271	-16,248	-32%
Refunds Receivable	0	330	-330	-100%
Cash-Undeposited Funds	-1,220	47	-1,268	-2,688%
Total Other Current Assets	50,602	136,157	-85,555	-63%
Total Current Assets	1,116,113	1,262,131	-146,019	-12%
Fixed Assets				
Accumulated Depreciation	-651	-651	0	0%
Equipment	651	651	0	0%
Total Fixed Assets	0	0	0	0%
Other Assets				
Vanguard DMA (88006930361)	116,806	117,205	-399	-0%
Total Other Assets	116,806	117,205	-399	-0%
TOTAL ASSETS	1,232,919	1,379,337	-146,418	-11%
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable				
Accounts Payable	0	61	-61	-100%
Total Accounts Payable	0	61	-61	-100%
Credit Cards				
Hyatt CC	48	66	-18	-27%
Total Credit Cards	48	66	-18	-27%
Other Current Liabilities				
Accounts Payable*	2,142	3,455	-1,313	-38%
Deferred Revenue	26,096	52,198	-26,102	-50%
Due to Conference Host	7,525	9,075	-1,550	-17%
Membership Sub Payable 2005+	9,473	11,542	-2,070	-18%
PPD Journal Editor	5,214	3,374	1,840	55%
Restricted Conf.Scholar/Awards	0	200	-200	-100%
Sales Tax Payable	130	230	-100	-44%
Total Other Current Liabilities	50,580	80,074	-29,494	-37%
Total Current Liabilities	50,628	80,201	-29,573	-37%
Total Liabilities	50,628	80,201	-29,573	-37%

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(2) Balance Sheet, Prev Yr Comparison (PreCPA Y/E Adj-Rev.)

Accrual Basis

As of December 31, 2015

	<u>Dec 31, 15</u>	<u>Dec 31, 14</u>	<u>\$ Change</u>	<u>% Change</u>
Equity				
*Net Assets (QB)	37,857	0	37,857	100%
Net Assets - Temp Rest (DMA)	117,205	117,205	0	0%
Net Assets-Designated	1,144,073	1,144,073	0	0%
Net Income	-116,844	37,857	-154,702	-409%
Total Equity	<u>1,182,291</u>	<u>1,299,136</u>	<u>-116,844</u>	<u>-9%</u>
TOTAL LIABILITIES & EQUITY	<u><u>1,232,919</u></u>	<u><u>1,379,337</u></u>	<u><u>-146,418</u></u>	<u><u>-11%</u></u>