

System Dynamics Society
VP Finance
Narrative Report
January 2008 Electronic Meeting
Submitted by David F. Andersen

Summary: this report is based on four financial reports developed each year by the Society's home office staff: (1) Budget Comparison, Last Fiscal Year, (2) Profit & Loss Previous Year Comparison, (3) Profit & Loss, Fiscal Year, by Cost Centers, (4) Balance Sheet Previous Year Comparison. The narrative below gives the highlights that I find in these four reports. Overall the Society had a good year financially, posting a surplus of \$57,570. We ended the year with total assets of \$710,645, up from \$695,822 at the same time last year. All of my figures and reports are unaudited.

Narrative on Budget Comparison, Last Fiscal Year. At the Nijmegen meeting, I forecast that in 2007 the Society would post a surplus of \$21,482. We did even better than expected with a final surplus of \$57,570. Here are some factors that contributed to this difference:

1. Investment incomes were \$16,049 better than projected.
2. The sum of sales plus shipping income from sales was \$8,999 better than projected.
3. We did not make budgeted office equipment purchases, saving \$4841.
4. Officer expenses were below budgeted amounts by \$6892.
5. Printing and duplication expenses were \$2,517 below what was budgeted.
6. Finally, conferences income was up \$20,497 while posted expenses against the conference line were up by \$30,089 because of large advance payments being made to the Athens and Albuquerque conferences.

Narrative on Profit & Loss Previous Year Comparison. A small number of budget lines tell most of the story of our comparison report between 2006 and 2007:

1. Membership dues were up by \$14,515.
2. Sponsor dues appear to be down by \$12,689. They are not actually down, but the payment pattern and our cash basis makes it look as if they were.
3. Conference income was up \$49,174, but conference expenses were also up by \$74,343 (in large part due to advance payments on the Athens and Albuquerque conferences).

Narrative Summary of Profit and Loss, Fiscal Year, by Cost Centers. The pattern that I see in the profit and loss by cost center is much the same as we have seen in the past—the Conferences and Sales cost centers subsidize activities related to Publications and to our Web presence. According to Society book keeping, the Boston conference posted a net gain in 2007 of \$56,414 while expenses for other conferences showed a loss. Of course, this is because all conferences have expenses over several years, but post income mainly in only one year. I should note that Core Operations is now posting a net surplus due primarily to the new dues arrangements.

Narrative Summary of Balance Sheet Previous Year Comparison. One interesting fact in the Balance Sheet previous Year Comparison is that our Total Change in Liabilities & Equity of \$14,824 while our Net Income reported on the profit and loss statement was \$57,570. This difference can be explained because in 2007 we paid off a liability being held for payment to the Nijmegen conference of \$32,674

Attachments:

- A. Budget Comparison, Last Fiscal Year (unaudited)
- B. Profit & Loss Previous Year Comparison (unaudited)
- C. Profit & Loss, Fiscal Year, by Cost Centers (unaudited)
- D. Balance Sheet Previous Year Comparison (unaudited)

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Accrual Basis

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A. Profit & Loss, Budget Comparison (unaudited)

January through December 2007

	Jan - Dec 07	Budget	\$ Over Bu...	% of Budget
Ordinary Income/Expense				
Income				
Conversion from Accrual to Cash	137	-722	859	-19%
DM Investment Inc	2,954			
INC Conferences	264,081	243,584	20,497	108%
Investment Income	42,049	26,000	16,049	162%
Journal Income	9,860			
Membership Dues	93,112	55,463	37,649	168%
Other Income	0	39,537	-39,537	0%
Products	111,812	105,251	6,561	106%
Publications Sales	700	500	200	140%
Shipping and Handling Income	19,547	17,109	2,438	114%
Sponsor Dues and Donations	27,595	27,962	-367	99%
Vendor Collection Credit	16			
Total Income	571,863	514,684	57,179	111%
Cost of Goods Sold				
Bibliography Update Expense	0	500	-500	0%
Cost of Goods Sold	0			
Electronic Oracle	4,843			
Management Game	22,319	20,963	1,356	106%
Proceedings	918	1,992	-1,074	46%
SD Review Reprints	2,167	1,500	667	144%
Total COGS	30,247	24,955	5,292	121%
Gross Profit	541,616	489,729	51,887	111%
Expense				
Awards	5,104	7,000	-1,896	73%
Awards-Dana Meadows	1,200			
Bank Adjustments (Expense)	3,207	605	2,602	530%
Contract with Univ at Albany	203,356	203,356	0	100%
Credit card fees	13,572	10,844	2,728	125%
Depreciation Expense	0	1,209	-1,209	0%
Electronic Presence Support	1,323	520	803	254%
EXP Conferences	155,833	125,744	30,089	124%
Journal Expense	12,000	12,000	0	100%
Membership Directory Exp	1,812	2,000	-188	91%
Membership Services	955	1,000	-45	96%
Membership Subsidies	0	2,517	-2,517	0%
Miscellaneous Expense	244	150	94	162%
Office Equipment Purchases	159	5,000	-4,841	3%
Officer Expenses	6,108	13,000	-6,892	47%
Phone, Fax, E-mail Services	20	0	20	100%
Printing & Duplicating	1,755	4,272	-2,517	41%
Professional Fees	61,411	62,325	-914	99%
Shipping and Postage Expense	15,483	15,705	-222	99%
Supplies	365	1,000	-635	36%
Total Expense	483,906	468,247	15,659	103%
Net Ordinary Income	57,710	21,482	36,228	269%
Other Income/Expense				
Other Expense				
Prior Period Adjustment	140			
Total Other Expense	140			
Net Other Income	-140	0	-140	100%
Net Income	57,570	21,482	36,088	268%

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B. Profit & Loss Prev Year Comparison (unaudited)

January through December 2007

	Jan - Dec 07	Jan - Dec 06	% Change
Ordinary Income/Expense			
Income			
Conversion from Accrual to Cash	137	3,185	-96%
DM Investment Inc	2,954	2,818	5%
DMA Endow. Fund Camp.	0	100	-100%
INC Conferences	264,081	214,907	23%
Investment Income	42,049	48,417	-13%
Journal Income	9,860	9,363	5%
Membership Dues	93,112	78,579	19%
Other Income	0	164	-100%
Products	111,812	106,748	5%
Publications Sales	700	7,546	-91%
Shipping and Handling Income	19,547	20,191	-3%
Sponsor Dues and Donations	27,595	40,284	-32%
Vendor Collection Credit	16	2	710%
Total Income	571,863	532,304	7%
Cost of Goods Sold			
Cost of Goods Sold	0	0	0%
Electronic Oracle	4,843	0	100%
Forrester Seminar Series	0	8,288	-100%
Management Game	22,319	25,480	-12%
Proceedings	918	0	100%
SD Review Reprints	2,167	0	100%
Total COGS	30,247	33,768	-10%
Gross Profit	541,616	498,536	9%
Expense			
Awards	5,104	5,086	0%
Awards-Dana Meadows	1,200	0	100%
Bank Adjustments (Expense)	3,207	281	1,041%
Contract with Univ at Albany	203,356	203,355	0%
Credit card fees	13,572	11,378	19%
Depreciation Expense	0	273	-100%
DM Exp reallocated to Core	0	0	0%
Electronic Presence Support	1,323	428	209%
EXP Conferences	155,833	81,490	91%
Foreign Taxes	0	70	-100%
Journal Expense	12,000	12,000	0%
Membership Directory Exp	1,812	1,800	1%
Membership Services	955	1,165	-18%
Miscellaneous Expense	244	416	-41%
Office Equipment Purchases	159	0	100%
Officer Expenses	6,108	6,633	-8%
Phone, Fax, E-mail Services	20	0	100%
Printing & Duplicating	1,755	2,010	-13%
Product Development	0	528	-100%
Professional Fees	61,411	58,573	5%
Shipping and Postage Expense	15,483	14,640	6%
Supplies	365	921	-60%
Total Expense	483,906	401,046	21%
Net Ordinary Income	57,710	97,490	-41%
Other Income/Expense			
Other Expense			
Prior Period Adjustment	140	0	100%
Total Other Expense	140	0	100%
Net Other Income	-140	0	-100%
Net Income	57,570	97,490	-41%

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C. Profit and Loss, Fiscal Year, by Cost Centers (unaudited)
January through December 2007

	2009 ABQ	2008 ATH	2007 BOS	2006 Nij	MiscConf	Core Ops	Sales	Publication	Web	DMC	IFR Trans	TOTAL
Ordinary Income/Expense												
Income												
Conversion from Accrual to Cash	0	0	0	0	0	137	0	0	0	0	0	137
DM Investment Inc	0	0	0	0	0	0	0	0	0	2,954	0	2,954
INC Conferences	0	7,950	252,353	0	3,778	0	0	0	0	0	0	264,081
Investment Income	0	0	0	0	0	40,708	0	0	0	1,341	0	42,049
Journal Income	0	0	0	0	0	0	0	9,860	0	0	0	9,860
Membership Dues	0	0	0	0	0	93,112	0	0	0	0	0	93,112
Products	0	0	0	0	0	0	111,812	0	0	0	0	111,812
Publications Sales	0	0	0	0	0	0	225	475	0	0	0	700
Shipping and Handling Income	0	0	0	0	0	0	19,547	0	0	0	0	19,547
Sponsor Dues and Donations	0	0	0	0	0	27,595	0	0	0	0	0	27,595
Vendor Collection Credit	0	0	0	0	0	16	0	0	0	0	0	16
Total Income	0	7,950	252,353	0	3,778	161,568	131,584	10,335	0	4,295	0	571,863
Cost of Goods Sold												
Electronic Oracle	0	0	0	0	0	0	4,843	0	0	0	0	4,843
Management Game	0	0	0	0	0	0	22,319	0	0	0	0	22,319
Proceedings	0	0	0	0	0	0	918	0	0	0	0	918
SD Review Reprints	0	0	0	0	0	0	0	2,167	0	0	0	2,167
Total COGS	0	0	0	0	0	0	28,080	2,167	0	0	0	30,247
Gross Profit	0	7,950	252,353	0	3,778	161,568	103,504	8,168	0	4,295	0	541,616
Expense												
Awards	0	0	0	0	0	5,104	0	0	0	0	0	5,104
Awards-Dana Meadows	0	0	0	0	0	0	0	0	0	1,200	0	1,200
Bank Adjustments (Expense)	0	0	113	2,675	0	348	82	-10	0	0	0	3,208
Contract with Univ at Albany	0	11,944	65,740	0	1,789	61,655	10,819	4,256	46,475	0	678	203,356
Credit card fees	0	44	5,648	0	0	5,432	2,439	9	0	0	0	13,572
Electronic Presence Support	0	0	0	0	0	1,323	0	0	0	0	0	1,323
EXP Conferences	16,000	28,233	111,600	0	0	0	0	0	0	0	0	155,833
Journal Expense	0	0	0	0	0	0	0	12,000	0	0	0	12,000
Membership Directory Exp	0	0	0	0	0	0	0	1,812	0	0	0	1,812
Membership Services	0	0	0	0	0	955	0	0	0	0	0	955
Miscellaneous Expense	0	0	0	0	0	244	0	0	0	0	0	244
Office Equipment Purchases	0	0	0	0	0	159	0	0	0	0	0	159
Officer Expenses	0	0	0	0	649	4,032	0	1,427	0	0	0	6,108
Phone, Fax, E-mail Services	0	0	0	0	0	20	0	0	0	0	0	20
Printing & Duplicating	0	0	0	0	0	1,365	390	0	0	0	0	1,755
Professional Fees	0	527	12,839	68	91	38,773	6,119	915	1,536	0	542	61,410
Shipping and Postage Expense	0	0	0	0	0	529	14,954	0	0	0	0	15,483
Supplies	0	0	0	0	0	166	0	0	199	0	0	365
Total Expense	16,000	40,748	195,940	2,743	2,529	120,105	34,803	20,409	48,210	1,200	1,220	483,907
Net Ordinary Income	-16,000	-32,798	56,413	-2,743	1,249	41,463	68,701	-12,241	-48,210	3,095	-1,220	57,709
Other Income/Expense												
Prior Period Adjustment	0	0	0	0	0	0	0	0	0	140	0	140
Total Other Expense	0	0	0	0	0	0	0	0	0	140	0	140
Net Other Income	0	0	0	0	0	0	0	0	0	-140	0	-140
Net Income	-16,000	-32,798	56,413	-2,743	1,249	41,463	68,701	-12,241	-48,210	2,955	-1,220	57,570

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D. Balance Sheet, Prev Year Comparison (unaudited)

As of December 31, 2007

	Dec 31, 07	Dec 31, 06	\$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
Bank of America Checking	13,949	119,338	-105,388	-88%
Bank Paypal	326	2,813	-2,487	-88%
Companion Savings - BoA	16,456	27,772	-11,316	-41%
Travel Cash	611	650	-39	-6%
UBS Financial (was PaineWebber)	22,214	21,318	895	4%
Vanguard Society (88008478957)	573,150	453,508	119,642	26%
Total Checking/Savings	626,705	625,398	1,307	0%
Other Current Assets				
Undeposited Funds	10,722	0	10,722	100%
Total Other Current Assets	10,722	0	10,722	100%
Total Current Assets	637,427	625,398	12,029	2%
Fixed Assets				
Accumulated Depreciation	-10,963	-10,963	0	0%
Equipment	11,046	11,046	0	0%
Total Fixed Assets	83	83	0	0%
Other Assets				
UBS DM CD	29,492	29,143	350	1%
Vanguard DMA (88006930361)	43,644	41,198	2,446	6%
Total Other Assets	73,136	70,341	2,795	4%
TOTAL ASSETS	710,645	695,822	14,824	2%
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Other Current Liabilities				
Advance on Journal Royalty	5,000	5,000	0	0%
Due from(to) ED	0	3	-3	-100%
Foreign Currency Checking	0	32,674	-32,674	-100%
Membership Sub Payable 2005+	21,823	32,068	-10,245	-32%
Restricted Conf.Scholar/Awards	0	-140	140	100%
Sales Tax Payable	85	49	36	74%
Total Other Current Liabilities	26,907	69,653	-42,746	-61%
Total Current Liabilities	26,907	69,653	-42,746	-61%
Total Liabilities	26,907	69,653	-42,746	-61%
Equity				
Net Assets - Restricted (DMA)	70,341	70,341	0	0%
Net Assets - Unrestricted	555,827	458,337	97,490	21%
Net Income	57,570	97,490	-39,920	-41%
Total Equity	683,738	626,168	57,570	9%
TOTAL LIABILITIES & EQUITY	710,645	695,822	14,824	2%