

System Dynamics Society
VP Finance
Narrative Report
January 2010 Meeting
Submitted by David F. Andersen

Summary: This report is based on three financial reports developed each year by the Society's home office staff: (1) Revenue & Expense, 2009 Budget Comparison (2) Revenue & Expense, 2009 & 2008 Comparison, (3) Revenue & Expense, 2009 by Cost Centers. I have not included a draft balance sheet this year because I expect that our final balance sheet will change substantially after final year-end adjustments are made by our CPA. Indeed, all of my figures and reports are unaudited and will change somewhat after being reviewed by our CPA.

So What Happened Overall? In a nutshell, three major factors dominate these financial reports. First our investments are recovering after posting losses last year. Second, the Albuquerque conference was profitable and has put us in a more normal operating position this past year. Third, we continue to transition to a full accrual accounting method and hence I expect to see some significant changes after our end of the year investments are posted and we have accrual adjustments made in our audit review.

Narrative on Revenue & Expense, 2009 Budget Comparison. Compared to our budget for last year, we appear to have done better than expected—the Albuquerque conference performed well and our investments have recovered somewhat. I am sure that after our CPA's review of our books, some of these figures will move about quite a bit, but for now, I think that we performed quite well last year.

Narrative on Revenue & Expense, 2009 & 2008 Comparison. When I compare 2009 to 2008, I see that the Society has done much better financially in many areas. This should not be at all surprising since 2008 was such a bad year. I expect that three lines on this Revenue and Expense report will change considerably after our CPA completes a final review:

1. The Investment Income line will be different once we post the end-of-year totals. The figures that are posted in this first draft are current only through the third quarter.
2. Under "cost of goods sold", the "Beer Game" line will change when we make adjustments for the beer game inventory.
3. Under "Contracted Expenses at the University at Albany", I expect that the final amount for 2009 will change considerably again this year since accrual accounting will have to post work done on the 2010 conference to our balance sheet and out of 2009 expenditures. We are still adjusting to this change in accounting stance, but after next year, the adjustments should start to balance out. We will no longer see the expenditures being just equal to the actually contracted amount as has been the case in previous reports.

Narrative Summary of Revenue & Expense, 2009 by Cost Centers. The Revenue and Expense report broken out by Cost Centers shows a continuing pattern of cross-subsidy between various areas of Society operations. As has always been the case, our Core Operations, those expenses necessary to keep the home office operating (not counting costs associated with running our conferences) is subsidized by other activities of the Society.

Attachments:

1. Revenue & Expense, 2009 Budget Comparison (Pre CPA Year-End Adjustments)
2. Revenue & Expense, 2009 & 2008 Comparison (Pre CPA Year-End Adjustments)
3. Revenue & Expense, 2009 by Cost Centers (Pre CPA Year-End Adjustments)

01/12/10
Accrual Basis

System Dynamics Society

(1) Revenue & Expense, Budget Comparison (Pre CPA Y/E Adj)

January through December 2009

	Jan - Dec 09	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
DM Investment Inc	1,631	1,500	131	109%
INC Conferences	236,458	204,400	32,058	116%
Investment Income	86,372	35,478	50,894	243%
Journal Income	51,963	44,414	7,549	117%
Membership Dues	57,990	53,567	4,423	108%
Other Income	35			
Products	70,877	114,982	-44,105	62%
Publications Sales	750	700	50	107%
Shipping and Handling Income	13,878	22,996	-9,118	60%
Sponsor Dues and Donations	31,325	26,545	4,780	118%
Vendor Collection Credit	17			
Total Income	551,295	504,582	46,713	109%
Cost of Goods Sold				
Cost of Goods Sold	0			
Beer Game (Management Game)	16,315	28,793	-12,478	57%
Total COGS	16,315	28,793	-12,478	57%
Gross Profit	534,980	475,789	59,191	112%
Expense				
Awards	0	6,907	-6,907	0%
Awards-Dana Meadows	1,200			
Bank Adjustments (Expense)	1,597	1,269	328	126%
Contracted Expenses at UAlbany	311,100	298,355	12,745	104%
Credit card fees	12,443	13,202	-759	94%
Depreciation Expense	0	633	-633	0%
Electronic Presence Support	976	813	163	120%
EXP Conferences	92,653	50,458	42,195	184%
Foreign Taxes	0	100	-100	0%
Journal Expense	20,000	20,000	0	100%
Membership Directory Exp	1,958	2,000	-42	98%
Membership Services	800	1,252	-452	64%
Miscellaneous Expense	244	400	-157	61%
Office Equipment Purchases	30	1,915	-1,885	2%
Officer Expenses	5,955	8,622	-2,667	69%
Phone, Fax, E-mail Services	10	20	-10	52%
Printing & Duplicating	5,565	3,229	2,336	172%
Professional Fees	40,591	38,349	2,242	106%
Repairs	6			
Shipping and Postage Expense	9,992	20,598	-10,606	49%
Supplies	1,421	1,920	-499	74%
Total Expense	506,541	470,042	36,499	108%
Net Ordinary Income	28,439	5,747	22,692	495%
Net Income	28,439	5,747	22,692	495%

01/12/10
Accrual Basis

System Dynamics Society
(2) Rev & Exp Prev Year Comparison (Pre CPA Y/E Adj)
January through December 2009

	<u>Jan - Dec 09</u>	<u>Jan - Dec 08</u>	<u>% Change</u>
Ordinary Income/Expense			
Income			
DM Investment Inc	1,631	3,073	-47%
INC Conferences	236,458	156,401	51%
Investment Income	86,372	-142,709	161%
Journal Income	51,963	43,499	20%
Membership Dues	57,990	61,696	-6%
Other Income	35	-165	121%
Products	70,877	126,092	-44%
Publications Sales	750	591	27%
Shipping and Handling Income	13,878	25,010	-45%
Sponsor Dues and Donations	31,325	44,375	-29%
Vendor Collection Credit	17	3	555%
Total Income	<u>551,295</u>	<u>317,866</u>	<u>73%</u>
Cost of Goods Sold			
Cost of Goods Sold	0	0	0%
Beer Game (Management Game)	16,315	14,874	10%
Proceedings	0	0	0%
Total COGS	<u>16,315</u>	<u>14,874</u>	<u>10%</u>
Gross Profit	534,980	302,991	77%
Expense			
Awards	0	5,097	-100%
Awards-Dana Meadows	1,200	1,200	0%
Bank Adjustments (Expense)	1,597	1,915	-17%
Contracted Expenses at UAlbany	311,100	190,610	63%
Credit card fees	12,443	12,949	-4%
Depreciation Expense	0	21	-100%
Electronic Presence Support	976	1,414	-31%
EXP Conferences	92,653	98,777	-6%
Foreign Taxes	0	136	-100%
Journal Expense	20,000	20,000	0%
Membership Directory Exp	1,958	1,872	5%
Membership Services	800	1,220	-34%
Miscellaneous Expense	244	243	0%
Office Equipment Purchases	30	0	100%
Officer Expenses	5,955	5,153	16%
Phone, Fax, E-mail Services	10	0	100%
Printing & Duplicating	5,565	2,215	151%
Product Development	0	64	-100%
Professional Fees	40,591	35,642	14%
Repairs	6	0	100%
Shipping and Postage Expense	9,992	21,980	-55%
Supplies	1,421	591	141%
Total Expense	<u>506,541</u>	<u>401,100</u>	<u>26%</u>
Net Ordinary Income	<u>28,439</u>	<u>-98,109</u>	<u>129%</u>
Net Income	<u><u>28,439</u></u>	<u><u>-98,109</u></u>	<u><u>129%</u></u>

01/12/10
Accrual Basis

System Dynamics Society
(3) Rev & Exp, Fiscal Yr, by Cost Centers (Pre CPA Y/E adj)
January through December 2009

		y/e adj	2010 Korea	2009 ABQ	MiscConf	Core Ops	Sales	Publication	Investments	DMC	IFR Transfer & Unallocated	TOTAL
Ordinary Income/Expense												
Income	DM Investment Inc	0	0	0	0	0	0	0	0	1,631	0	1,631
	INC Conferences	15,900	3,250	214,848	180	2,280	0	0	0	0	0	236,458
	Investment Income	0	0	0	0	0	0	0	83,187	3,185	0	86,372
	Journal Income	0	0	0	0	0	0	51,963	0	0	0	51,963
	Membership Dues	0	0	0	0	57,990	0	0	0	0	0	57,990
	Other Income	0	0	0	0	35	0	0	0	0	0	35
	Products	0	0	0	0	440	70,437	0	0	0	0	70,877
	Publications Sales	0	0	0	0	0	0	750	0	0	0	750
	Shipping and Handling Income	0	0	0	0	0	13,818	60	0	0	0	13,878
	Sponsor Dues and Donations	0	0	0	0	31,325	0	0	0	0	0	31,325
	Vendor Collection Credit	0	0	0	0	17	0	0	0	0	0	17
Total Income		15,900	3,250	214,848	180	92,087	84,255	52,773	83,187	4,816	0	551,296
Cost of Goods Sold												
	Beer Game (Management Game)	0	0	0	0	0	16,315	0	0	0	0	16,315
Total COGS		0	0	0	0	0	16,315	0	0	0	0	16,315
Gross Profit		15,900	3,250	214,848	180	92,087	67,940	52,773	83,187	4,816	0	534,981
Expense	Awards	0	0	0	0	0	0	0	0	0	0	0
	Awards-Dana Meadows	0	0	0	0	0	0	0	0	1,200	0	1,200
	Bank Adjustments (Expense)	15	0	-5	-2	1,546	43	0	0	0	0	1,597
	Contracted Expenses at UAlbany	12,746	20,036	86,723	9,052	121,572	15,030	9,258	0	0	36,683	311,100
	Credit card fees	168	26	4,505	47	6,131	1,567	0	0	0	0	12,444
	Electronic Presence Support	0	0	0	0	976	0	0	0	0	0	976
	EXP Conferences	3,013	-54	89,693	0	0	0	0	0	0	0	92,652
	Journal Expense	0	0	0	0	0	0	20,000	0	0	0	20,000
	Membership Directory Exp	0	0	0	0	0	0	1,958	0	0	0	1,958
	Membership Services	0	0	0	0	800	0	0	0	0	0	800
	Miscellaneous Expenses	0	0	0	0	244	0	0	0	0	0	244
	Office Equipment Purchases	0	0	0	0	30	0	0	0	0	0	30
	Officer Expenses	-72	0	0	0	4,813	0	1,214	0	0	0	5,955
	Phone, Fax, E-mail Services	0	0	0	0	10	0	0	0	0	0	10
	Printing & Duplicating	0	1,770	0	0	3,795	0	0	0	0	0	5,565
	Professional Fees	-858	433	4,602	256	31,763	3,893	436	0	0	67	40,592
	Repairs	0	0	0	0	6	0	0	0	0	0	6
	Shipping and Postage Expense	0	47	0	0	1,655	8,288	2	0	0	0	9,992
	Supplies	0	0	0	0	1,421	0	0	0	0	0	1,421
Total Expense		15,012	22,258	185,518	9,353	174,762	28,821	32,868	0	1,200	36,750	506,542
Net Ordinary Income		888	-19,008	29,330	-9,173	-82,675	39,119	19,905	83,187	3,616	-36,750	28,439