



BOTANICAL SOCIETY OF AMERICA

Date: 14 July 2009
To: BSA Council
From: Laura Galloway, Treasurer

The Botanical Society is in healthy financial condition. Income and expenses for the past year have been fairly close to the budgeted amounts. The largest share of income is from the *American Journal of Botany*. Although income from membership is substantial, it is only 15% of that associated with *AJB*. The Society also has substantial grant income. Grants are nearly revenue neutral; however they provide partial salary to the staff. Therefore grants enhance the Society both by adding function and by supporting staff. The largest share of expenses includes *AJB* and supporting the operation of the Society's office. This past year, the biggest financial issue for the Society has been the dramatic loss in our investment fund associated with global market changes. While this loss reduces the total worth of the Society, it does not reduce function as the funds are managed for long-term investment.

Assets

As of 30 June 2009, assets in the Society's investment accounts totaled nearly \$2.7M (Table 1), a decrease of approximately \$600K in the past year. This loss reflects the overall market trend; performance of the funds has been at least as strong as the market average. The management of the funds has been switched from allocations to specific types of securities and equities to an indexing strategy following the recommendations of Morgan Stanley Smith Barney. The goal of this switch is to provide further stability and growth opportunities. The Financial Advisory Committee also altered the performance goal of the endowment to stipulate an 8.00% net rate of return, rather than the absolute rate of return that had been used in the past. The rationale for the change is that now fees and services are included in the goal rather than treated as a side change.

Table 1: Investment fund balances for the Botanical Society of America

Investment funds balance 30 June 2007	\$3,666,322
Investment funds balance 30 June 2008	\$3,326,358
Investment funds balance 30 June 2009	\$2,724,682

Income and expenses

The budget approved for 2008-2009 included budgeted income of \$2.15M and budgeted expenses of \$2.12M *versus* current year-to-date totals of \$1.41M and \$1.06M, respectively (Table 2). The reduction in the value of the Investment fund is reflected in a negative income (i.e. loss) in the year-to-date column. Other categories are expected to approximate the budgeted amount with the exception of operating expenses that are running substantially below budget.

Budget for 2009-2010

Budgeted income is projected at \$1.96M in 2009-2010 *versus* \$2.15M in 2008-2009. The modest decrease reflects slight a reduction in predicted income associated with *American Journal of Botany*, grants income and contributions to special funds (largely donations). Budgeted expenses are projected at \$1.95M in 2009-2010 *versus* \$2.11M in 2008-2009. The drop in predicted expenditures largely reflects the fact that operational expenses have been running below budget this year; the 2009-2010 budget figures reflect these lower operating costs.

Table 2: Summary of income and expenses for the Botanical Society of America

2009-2010 Budgets	Budgeted	Actual	Budgeted	Increase/	%
Budget Comparison	2008-2009	2008-09 YTD	2009-2010	Decrease	Change
Total Income	\$2,147,204	\$1,409,912	\$1,963,648		
Operational Income	1,129,621	1,084,884	1,022,065	-107,556	-10.5%
Investment Income	66,000	-237,198	30,000	-36,000	-120.0%
Meetings Income	301,580	250,775	301,580	0	0.0%
Grant Income	650,003	311,452	610,003	-40,000	-6.6%
Total Expense	\$2,119,104	\$1,065,307	\$1,949,265		
Operational Expense	1,217,997	708,611	1,091,015	-126,982	-11.6%
Investment Expense	36,000	34,041	30,000	-6,000	-20.0%
Meetings Expense	215,104	64,976	218,247	3,143	1.4%
Grant Expenses	650,003	257,679	610,003	-40,000	-6.6%
Consolidated BSA Operations					
Income	1,129,621	1,084,884	1,022,065	-107,556	-10.5%
Expense	1,111,520	708,611	1,019,728	-91,792	-9.0%
Balance	18,101	376,273	2,337	-15,764	-674.4%
Botany Conference Series					
Income	301,580	250,775	301,580	0	0.0%
Expense	291,581	64,976	291,580	0	0.0%
Balance	10,000	185,799	10,000	0	
BSA Grants					
Income	650,003	311,452	610,003	-40,000	-6.6%
Expense	650,003	257,679	610,003	-40,000	-6.6%
Balance	0	53,772	0	0	
BSA Investment					
Income	66,000	-237,198	30,000	-36,000	-54.5%
Expense	66,000	34,041	30,000	-36,000	-54.5%
Balance	0	-271,240	0		
TOTAL					
Income	2,147,204	1,409,912	1,963,648	-183,556	-9.3%
Expense	2,119,104	1,065,307	1,951,311	-167,793	-8.6%
Balance	28,101	344,605	12,337	-15,763	

*as of 6/09