

Ninety-Eighth Annual Report of The American Phytopathological Society

REPORT OF THE TREASURER

The Financial Advisory Committee (FAC) and APS headquarters' staff met on 29 July 2006 in Quebec City, Canada to review financial matters related to the operation of the Society and to refine the strategic financial plan. APS has made considerable progress in renewing the strategic plan, mission and vision for the future. Council and the officers regularly analyze the external environment and make progress toward assigning responsibility for developing and executing strategies to attain the goals of the strategic plan. A long-range financial plan provides APS with the practical considerations to bridge the gap from the current budget to support the goals of the APS strategic plan. Having a strategic financial plan will help us, as a Society, provide a focus for our resources. This process has advantages for guiding the various committees and staff to do their jobs. They will know what is expected from their programs several years in advance so they can build and execute strategies over several budget years. The role of FAC in this process is not to get involved in strategy building, but rather to decide what the financial goals are. What programs do we expect to generate surplus revenues to pay for the services and benefits to our members and those that cannot pay their own way? What programs should break even or lose money? Where should our focus be?

The FY06 budget was concluded with a surplus of \$535,027, which represents 12% of our total income for the period. The 11 income and expense categories for the Society are detailed in Table 1. Our total income (\$4,289,254) was derived from six sources as indicated in Figure 1, and our total operating expenses (\$3,754,227) incurred during FY06 were partitioned as indicated in Figure 2.

The income and expenses of the Society for the most recent FYs are presented in Table 2. The total assets of the Society as of 30 June 2006, including restricted funds, were \$6.9 million and current liabilities totaled \$2.3 million. This resulted in total net assets of \$4.6 million.

TABLE 2. Comparison of The American Phytopathological Society fiscal years 1997 to 2006 after reserve allocation

Fiscal year	Income	Expenses	Surplus (deficit)
FY06	\$4,289,254	\$3,754,227	\$535,027
FY05	\$3,959,027	\$3,819,096	\$139,931
FY04	\$3,963,006	\$3,700,013	\$262,993
FY03	\$3,748,845	\$3,864,217	(\$115,372)
FY02	\$4,045,587	\$3,997,846	\$47,741
FY01	\$3,952,594	\$4,059,101	(\$106,507)
FY00	\$3,649,863	\$3,724,910	(\$75,047)
FY99	\$3,662,093	\$3,692,259	(\$30,166)
FY98	\$3,589,253	\$3,431,727	\$157,526
FY97	\$3,418,515	\$3,216,088	\$202,427

TABLE 1. Audited summary of income and expenses as related to function of The American Phytopathological Society

Function	Income				Expenses				Profit (loss)
	Actual	%	Budget	%	Actual	%	Budget	%	
Member Services	326,993	8%	314,600	7%	667,671	18%	724,705	16%	(340,678)
Short Courses	108,325	3%	71,350	2%	76,516	2%	57,903	1%	31,809
Phytopathology	829,649	19%	868,600	20%	296,764	8%	352,779	8%	532,885
Plant Disease	763,460	18%	770,100	18%	328,322	9%	363,081	8%	435,138
Phyto News	9,579	0%	8,265	0%	55,222	1%	61,366	1%	(45,643)
MPMI	574,438	13%	544,400	12%	296,124	8%	327,901	7%	278,314
Plant Management Network	204,097	5%	294,912	7%	250,450	7%	296,029	7%	(46,353)
Online Subscriptions	39,556	1%	29,100	1%	18,314	0%	33,826	1%	21,242
APS Press	853,520	20%	805,654	18%	660,006	18%	648,566	15%	193,514
Annual Meeting	532,812	12%	651,725	15%	356,349	9%	530,155	12%	176,463
G & A ^a	46,825	1%	7,250	0%	748,489	20%	1,001,355	23%	(701,664)
Total	4,289,254	100%	4,365,956	100%	3,754,227	100%	4,397,666	100%	535,027
Surplus (loss)									535,027

^a G & A is assigned to functions based on payroll dollars.

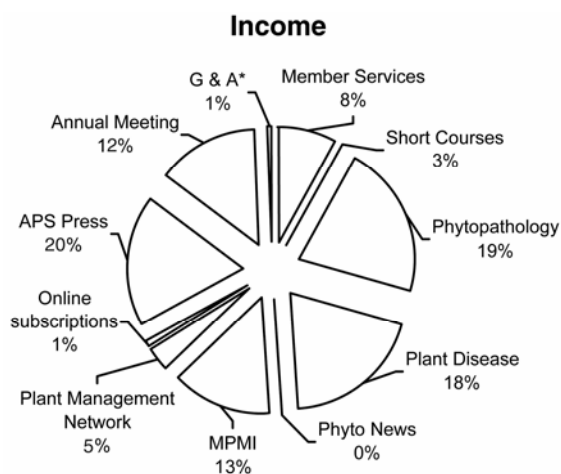


Fig. 1.

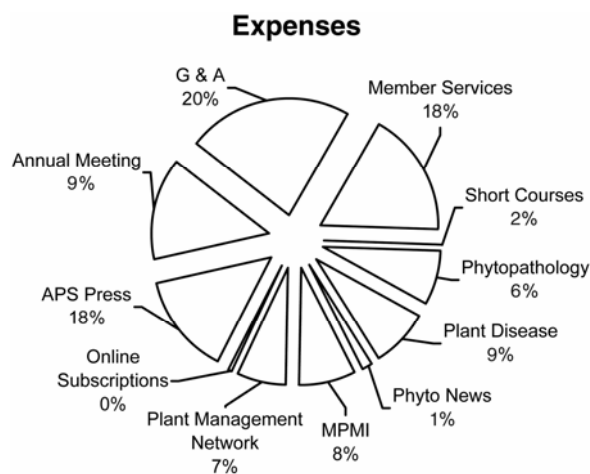


Fig. 2.

The FY06 net income was unusually high due to several factors that were unexpectedly positive this year. This extra income will be re-invested into APS. For example, with a portion of the FY06 surplus, the Board chose to buy down the hotel rates for the Quebec City meeting so that it would be less expensive for members to attend. Other initiatives continue to enhance member services including our Washington, DC presence (Eversole Associates) and the increased activity of the Public Policy Board, the increased use of reserves of the Society in supporting programming at the APS Annual Meeting, and investing in the Plant Management Network. The future of the Plant Management Network looks much more promising with increased content (including for peer reviewed journals), partners, and subscribers, and our increased presence in Washington has brought benefit to our discipline and membership. Although still a net loss this fiscal year, the financial future of PMN is improving each year. The Treasurer can be contacted at Rowe.4@OSU.edu.

REPORT OF THE AUDITOR

The American Phytopathological Society has its accounts audited annually by a certified public accountant. In recent years, the accounting firm has been Lethert, Skwira, Schultz, & Co., St. Paul, MN. Only the Balance Sheet and the Statement of Changes in Net Assets, as of 30 June 2006, are being published in detail. Any member wishing a copy of the full audit may obtain one on request.

The American Phytopathological Society Balance Sheet Year ended 30 June 2006 (with comparative totals for 2005)

	2005	2006
Assets		
Cash (note 3)	2,539,945	1,008,526
Accounts receivable, net (notes 2 and 16)	300,624	479,109
Unconditional promises to give	7,850	69,879
Investments (note 4)	1,818,920	4,067,542
Prepaid expense (note 5)	270,173	442,036
Inventory	665,696	619,517
Prepaid pension (note 13)	33,345	47,617
Property and equipment, net (notes 6, 8, and 17)	355,998	360,631
Total assets	5,992,551	7,094,857
Liabilities and net assets		
Accounts payable (note 16)	247,048	253,465
Accrued payroll and payroll taxes	30,883	40,757
Accrued pension expense	82,544	81,844
Agency funds payable	12,453	13,442
Deferred revenues (note 7)	1,613,490	1,847,490
Long-term debt (notes 8 and 17)	781	—
Total liabilities	1,986,762	2,236,998
Net assets		
Unrestricted (note 9)	2,846,750	3,495,852
Temporarily restricted (note 10)	149,898	321,301
Permanently restricted (note 11)	1,009,141	1,040,706
Total net assets	4,005,789	4,857,859
Total liabilities and net assets	\$5,992,551	7,094,857

The American Phytopathological Society Statement of Changes in Net Assets Year ended 30 June 2006 (with comparative totals for 2005)

	2005	2006
Unrestricted net assets (support and revenue)		
Federal financial assistance	49,000	44,051
Contributions	4,346	75,950
Membership dues	286,628	282,910
Subscriptions	1,775,368	1,847,556
Reprints and demand articles	74,492	67,144
Abstracts	9,470	8,575
Page charges	208,470	219,014
Processing fee	102,902	116,210
Back issues	7,898	8,278
Color charges	127,284	118,803
Advertising	39,914	47,417
Books, slides, and CD-Rom	704,192	838,016
Annual meeting	560,629	533,267
Short courses	—	39,825
Royalty income	21,755	27,491
Investment income (note 4)	59,224	87,937
Gain (loss) on sale of investments (note 4)	18,514	189,491
Unrealized gain (loss) on investments (note 4)	47,629	(112,682)
Loss on disposal of property	(3,384)	—
Other	17,734	20,974
Total revenue	4,112,065	4,460,227
Net assets released from restrictions		
Restrictions satisfied by payments	68,721	65,799
Expenses		
Program services		
Member services	668,245	688,594
Journals	1,199,402	1,226,883
Books	547,465	670,698
Annual meeting	602,151	413,024
Grants and awards	30,781	29,970
Short courses	43,039	98,002
Online services	16,531	18,314
Total program services	3,107,614	3,145,485
Supporting services		
Management and general	854,760	730,688
Fundraising	2,043	751
Total supporting services	856,803	731,439
Total expenses	3,964,417	3,876,924
Increase in unrestricted net assets	216,369	649,102
Temporarily restricted net assets		
Support for books	25,530	30,119
Support for annual meeting socials	19,028	145,689
Support for student travel	4,718	5,216
Investment income (note 4)	18,145	22,572
Loss on sale of investments (note 4)	7,027	77,198
Unrealized gain (loss) on investments (note 4)	3,104	(43,592)
Restrictions satisfied by payments	(68,721)	(65,799)
Increase (decrease) in temporarily restricted net assets	8,831	171,403
Permanently restricted net assets		
Support for operations	10,531	4,730
Support for student travel	78,291	25,698
Support for student speakers	70	235
Support for research and education	1,600	1,243
Support for international travel	7,227	480
Unrealized gain (loss) on investments (note 4)	460	(821)
Increase in permanently restricted net assets	98,179	31,565
Increase in net assets	323,379	852,070
Net assets, beginning of year	3,682,410	4,005,789
Net assets, end of year	4,005,789	4,857,859