

Date: July 17, 2018

To: Board of Directors and Council of the Botanical Society of America (BSA)

From: **2017-2018 INVESTMENT COMMITTEE** (5 voting members, including 1 student member*, 3-year terms; 3 ex officio members [President, Treasurer and Executive Director])

- Brenda Casper (2019; member) <bcasper@sas.upenn.edu>
- Ned Friedman (2018; member) <ned@oeb.harvard.edu>
- Harry T. Horner (2020, member and Chair) <hth@iastate.edu>
- Angela McDonnell* (2018; student member) <mcdonn@okstate.edu>
- Karl Niklas (2020; member) <[kjin2@cornell.edu](mailto:kjn2@cornell.edu)>
- Loren Rieseberg (2018, ex officio), President <loren.rieseberg@botany.ubc.ca>
- Lucinda McDade (2019, ex officio), Treasurer <lmcdade@rsabg.org>
- Heather Cacanindin (continuous, ex officio), Executive Director <hcacanindin@botany.org>

Re: Annual Report of the Investment Committee (IC) for 2017-2018 regarding the BSA Botanical Investment Portfolio (BIP) and its year-to-date activities

❖ **Since the previous 2016-2017 Annual Report, the IC has during 2017-2018:**

- monitored monthly the BSA BIP investment statements provided by Morgan Stanley (MS) in Des Moines, IA;
- transferred a total of \$460,800 to the Botanical Society of America bank account (from 5/31/17-10/27/17) to cover operating costs as BSA Office deals with the transition of self-publishing its journals to Wiley, and transition in executive directors;
- received \$71,055.70 (from 12/26/17 thru 6/21/18) from BSA Office identified as [unrestricted] endowment funds;
- received \$110,000 as a Kaplan (6/06/17; restricted) endowed gift;
- approved making changes in the BIP portfolio per recommendations from MS;
- will receive an Investment Portfolio Review from Morgan Stanley (MS) dated mid-July, 2018 prior to the July 22, 2018 IC annual meeting;
- IC invited (at no cost to BSA) Bryan Boesen (CFP, CIMA, Vice President – Wealth Management) in Des Moines, IA to the Rochester, MN, IC meeting to discuss the overall investment strategy that is presently being used – and to discuss the concerns of the Board of Directors to develop a more conservative investment approach. He is planning to attend and give a presentation and answer questions;
- continued with the MS management fee (1.15%) that was agreed upon by IC and MS on April 29, 2015 when the endowment reached \$5M.

❖ **Comparison of this year's value with the BIP values for the previous nine years**

As of June 30, 2018, the EF value was **\$5,115,488** (this represents a 1.02% increase [+**\$97,530**] from last year [see details below]). This very slight increase was due to: 1) changes in the global economic conditions during the past six months; and 2) three withdrawals (wds) (**\$10,800** [5/31/17] + **\$100,066*** [7/21/17] + **\$350,000** [10/27/17] = **\$460,866**) from BIP to the BSA Office operating costs. However, the BIP has almost doubled from its low point nine years ago (see below; June 30, 2009).

- June 30, 2018 the BIP value was \$5,115,488 [value without wds = \$5,576,354]
- June 30, 2017 the BIP value was \$5,017,958
- June 30, 2016 the BIP value was \$4,450,349
- June 30, 2015 the BIP value was \$4,825,405
- June 30, 2014 the BIP value was \$4,859,277
- June 30, 2013 the BIP value was \$4,128,564
- June 30, 2012 the BIP value was \$3,787,307
- June 30, 2011 the BIP value was \$3,915,427
- June 30, 2010 the BIP value was \$3,108,492
- June 30, 2009 the BIP value was \$2,724,682

*\$100,000 had to be borrowed internally via LOL and was paid back from liquidation of assets with a \$66.32 interest

❖ **The BSA BIP Assets (as of 6/30/18; last monthly statement) as invested by MS are divided into the following categories (details are available upon request):**

- Cash, BDP¹, MMFs² (2.87%) \$ 146,688.50
- Stocks (50.14%) \$2,565,094.18
- ETFs & CEFs (11.28%) \$ 576,866.32
- Mutual Funds (35.79%) \$1,830,997.65
- Net Unsettled Purchases/Sales \$ (4,158.35)
- **TOTAL VALUE \$5,115,488.30**

¹BDP = Bank Deposit Program; ²MMFs = money market funds; ³ETFs = exchange traded funds; ⁴CEFs = closed end funds.

❖ **As of June 30, 2018, the BIP continues to be divided into two parts within BSA Office accounting: Unrestricted funds (32.6% of total BIP = \$1,667,136); and Restricted funds (67.4% = \$3,318,882) that represent BSA section and special award funds.**

❖ **Society and Sectional Funds as part of Total BIP (changes made to this section by Heather Cacanindin on 7/17/18)**

- TOTAL MS Endowment Funds **\$5,115,488**
- Designated Funds \$3,467,580**
- Undesignated Funds \$1,647,908

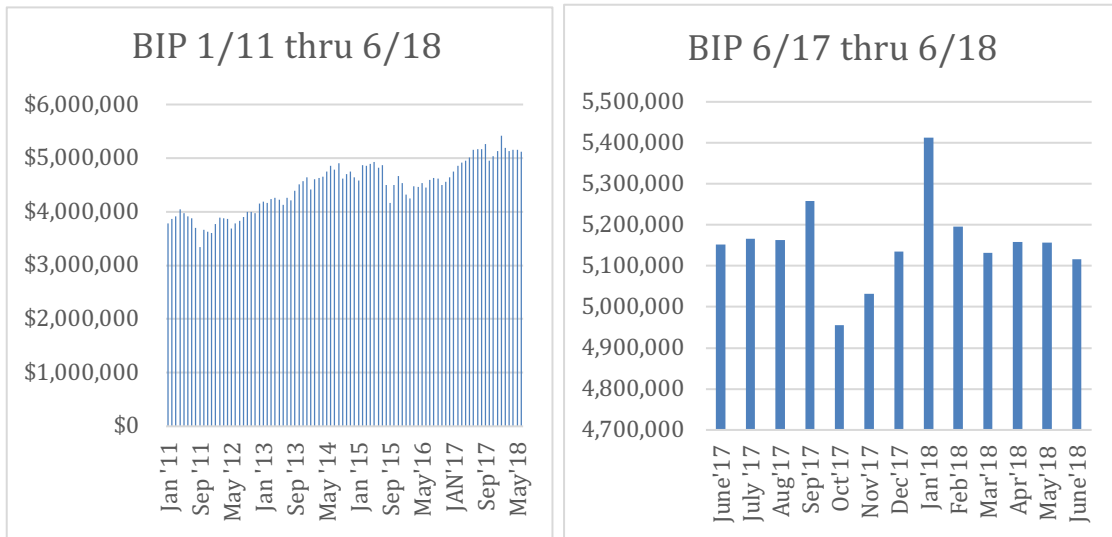
- BSA Undesignated Funds \$1,647,908
- BSA Awards \$1,637,004
- BSA Endowments/Board Designated \$1,108,951
- BSA Restricted Funds \$ 285,072
- SUBTOTAL BSA Funds \$ 4,698,163

➤ Sectional Cash	\$ 128,497
➤ Sectional Awards	\$ 131,655
➤ Sectional Endowments/Restricted	\$ 176,400**
➤ SUBTOTAL Sectional Funds	\$ 436,552

*As of June 30, 2018

** \$130,803 is Permanently Restricted per how these funds were handled historically

❖ **Summaries of BSA BIP monthly totals from January 2011 through June 30, 2018 and the last fiscal year from June 2017 through June 2018**



BSA Member Giving During 2017-2018

- Total giving in all categories = **\$68,985**; = **596 donations from 352 individual donors**. (2016-2017 total endowment giving was **\$28,533.92**; = 276 donations from 276 individual donors)

IC/BSA BIP Statement of Investment Policy – Objectives and Guidelines Two items relate to requested withdrawals and spending policy:

“**Requested Income:** The BSA Board of Directors/Council may request a single, annual withdrawal of funds from the BIP, consistent with recommendations from the IC. The amount requested may not exceed 4% of the value of the BIP (unrestricted and restricted), averaged over the previous three fiscal years [average 3-year value (2016-2018; see earlier annual figures) = \$4,861,265 x 0.04 = **\$194,451 maximum allowable/available**].

Spending Policy: The BSA Board of Directors/Council will use the funds received from the BIP request to support activities consistent with BSA policies and goals see GUIDELINES and INVESTMENTS PORTFOLIO OVERVIEW].”

- ❖ **Finally**, the IC and its chair would like to thank Ned Friedman (member), Angela McDonnell (student member) and Loren Reiseberg, President ex officio (2017-2018), for their service to the IC during this past year as they will be going off the IC. The remaining committee members (Brenda Casper and Karl Niklas) and Lucinda McDade (ex officio, Treasurer) and Heather Cacanindin (ex officio, Executive Director) have provided excellent service to the BSA on this committee during the past year and will remain on the IC for next year.

The new, *and yet to be appointed*, and reappointed members of the committee for 2018-2019 will be:

Brenda Casper (2019; member) <bcasper@sas.upenn.edu>

Jack Horner (2020; member and chair) hth@iastate.edu

Karl Niklas (2020; member) <kjn2@cornell.edu>

[*To be appointed \(2021; member\)*](#)

[*To be appointed \(2021; member\)*](#)

Andrea Wolfe (2019, ex officio), President <wolfe.205@osu.edu>

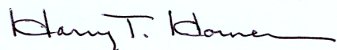
Lucinda McDade (2019, ex officio), Treasurer <lmcdade@rsabg.org>

Heather Cacanindin (Executive Director, ex officio) <hcacanindin@botany.org>

- ❖ ***Thank you all for your service and commitment to the IC and BSA.***

The chair or any member of the IC present will be willing to answer questions about the BIP. You are invited to attend the IC meeting on **Sunday, July 22, 8 am – 9 am, Room 1, Mayo Civic Center**

Respectfully submitted,



Harry T. (Jack) Horner, BSA IC Chair