

**UNIVERSITY OF MINNESOTA ALUMNI ASSOCIATION
NATIONAL BOARD OF DIRECTORS**

**June 23, 2005, 4:00 to 6:30 p.m.
500 McNamara Alumni Center**

Board Members Attending

Bartz, Mary
Calmenson, Bob
Carthaus, Marcia
Cracraft, Ed
Foley, John
Foster, Barbara
Givens, Archie
Gruenberg, Karyn
Hauschild-Baron, Beverly
Hjelm, Andrea
LaSalle, Tom
Litton, Steve
Luis, Nita
Maine, Lucinda
McCartney, Sandy
McLeod, Mary
Meyer, Jan
Mooty, Bruce
Mulder, Jim
Nash, Sara-Lynn
Newell, Rich
Noyce, Jerry
Ollila, Gene
Phillips, Jessica
Phillips, Mark
Resch, Jim
Schulstad, Denny
Skadron, Stan
Stein, Bob
Thacker, Kip
Thomas, Norrie
Thompson, Paul
Tuzcu, Ertugrul
Wangstad, Andy

Board Members Unable to Attend

Alaniz, Karin
Casey, Lynn
Dragseth, Ken
Horsager, Kent
Kuehnast, Doug
Mondale, Ted
Norman, Ravi
Osberg, Brian
Pohland, Darcy

UMAA Staff Members Attending

Carlson, Margaret
Diekman, Sue
Fisher, Diane
Gelbmann, Jen
Jones, Cheryl
Rader, Bruce

University Guests Attending

Robert Bruininks, University President
Linda Thrane, V.P.-University Relations

2005-2006 Board Members Attending

Karen Buhr, GAPSA
Jim duBois, College of Liberal Arts
Scott Meyer, At-large

Others Attending

Jim Clausen, UMAA Strategic Planning
Nancy Lindahl, UMF
Paul Wilkus, UMAA Advocacy
Committee

University of Minnesota Alumni Association (UMAA) National President Andrea Hjelm called the meeting to order at 4:00 p.m. She welcomed and introduced several guests:

- Nancy Lindahl, a past national UMAA president who will serve as the University of Minnesota Foundation's representative to the board;
- Jim duBois, incoming College of Liberal Arts representative;
- Scott Meyer, incoming at-large representative; and
- Paul Wilkus, member of the UMAA Advocacy Committee.

Hjelm announced that she presented the UMAA Annual Report to the University Board of Regents on June 10. The regents were very complimentary and enthusiastic about the association's 2004-2005 achievements. Hjelm shared the power point presentation with the board:

UNIVERSITY OF MINNESOTA ALUMNI ASSOCIATION
2004-2005 Accomplishments
(in addition to ongoing programming)

CONNECTED WITH ALUMNI, STUDENTS AND FRIENDS

- Connected with 56,000 members; increased life members by 4% to 12,000; increased three-year members by 20% to 10,500
- Launched *M Alumni on Line*: registered 3,500 users in the first three months
- Connected with more than 20,000 alumni through 21 collegiate alumni societies, 7 interest groups, and 70 geographical chapters; started a new alumni chapter in Hong Kong
- Reinvigorated Maroon & Gold Fridays on campus
- Hosted a record 950 participants at Senior Send-Off; involved 250 students
- Hosted 1,500 alumni and friends at the Annual Celebration featuring CNN news anchor Aaron Brown
- Implemented "Connection" to share UMAA news with key partners

ADVOCATED FOR THE UNIVERSITY

- Grew the Legislative Network from 10,000 to 15,000 members, generating 12,000 calls, e-mails, and letters to the Governor and state legislators; engaged 500 network members in nearly 200 meetings with legislators at the Capitol and in communities around the state
- Executed voter outreach campaign for state and national elections, achieving 7,500 pledges to "Vote for the U"
- Took a public stand in support of the University's strategic positioning recommendations

COLLABORATED WITH OUR CAMPUS PARTNERS

- Collaborated with the University on issues relating to a new on-campus stadium: worked with U officials on corporate sponsorship agreement; assisted with the corporate naming announcement
- Guided planning for dedicating the Scholars Walk and Alumni Wall of Honor at Homecoming 2005

ENHANCED THE ORGANIZATION

- Initiated strategic planning for 2006-2010, including survey project reaching 40,000 alumni
- Secured \$80,000 in sponsorships and in-kind donations
- Negotiated agreement with the University for one credit card on campus beginning in 2009

University Update and Discussion

Hjelm welcomed University of Minnesota President Bob Bruininks and Vice President for University Relations Linda Thrane. "It is safe to say that the UMAA and the University had a spectacular year," said President Bruininks. He reported that he was very pleased that the legislature has passed both the Capital Bill that was left over from last year and a recommendation from the Governor to provide \$105 million dollars to the University. President Bruininks does not blame the legislature for not addressing the stadium bill, because the state's business must come first, but he is concerned that if there is no legislative action on the stadium before the end of 2005 the TCF sponsorship will be in jeopardy.

The strategic positioning process at the University has produced very good debates, said President Bruininks. The Board of Regents approved the strategic recommendations earlier this month. Leaders for 20-25 implementation groups will be appointed over the summer. Some of the implementation may take 2-3 years, because careful execution is needed. President Bruininks thanked the UMAA for supporting the University's vision to be one of the top three public research universities in the world.

There was discussion about access and diversity in regard to the strategic recommendations. President Bruininks stated that accessibility "has been his mantra" since he first came to the University. "Embedded in this plan are reform initiatives for access and success," he said. These initiatives include the new Founder's Opportunity Scholarship, enhanced student advising programs, and the creation of a new office specifically for transfer students.

There was also discussion about the research component of the University's mission. Vice President Thrane noted that it is difficult to explain the University's profound impact on the state's well-being. University Relations has an aggressive strategy to "tell the research stories," and research needs to be accredited to the whole University, she stated.

President Bruininks and Vice President Thrane again thanked the board members for their help and support this year.

Consent Agenda

The consent agenda included the May 7, 2005, board meeting minutes; the financial statements as of April 30, 2005; the recommendation to grant approval authority of the Fiscal Year 2005 audit report to the Finance and Audit and Executive Committees; and the marketing and membership report (51,022 members as of May 2005). All items were approved as mailed.

2005-2006 UMAA Goals and Budgets

UMAA President-elect Bob Stein presented the UMAA 2005-2006 Goals:

UNIVERSITY OF MINNESOTA ALUMNI ASSOCIATION
2005-2006 Goals
(in addition to ongoing programming)

CONNECT WITH ALUMNI, STUDENTS, AND FRIENDS

- Strengthen the “value proposition” with members and potential members
 - Engage 40,000 alumni in research projects (80,000 by year-end)
 - Introduce three new member benefits
 - Explore products, services, and messages for market segments
 - Increase life membership by 10%
 - Increase student membership from 350 to 1,000
- Increase registered users of *M Alumni on Line* to 4,500
- Improve targeted communications for volunteers, University administrators and staff
- Develop year-round media relations strategy in collaboration with media experts
- Implement editorial board for *Minnesota*

ADVOCATE FOR THE UNIVERSITY

- Engage 15,000 legislative network members
- Monitor and support the University’s strategic positioning
- Expand involvement in regent selection, working with the Regent Candidate Advisory Council

CELEBRATE AND IMPACT CAMPUS TRADITIONS AND HERITAGE

- Enhance partnership with Intercollegiate Athletics
 - Continue to support the University’s efforts to build an on-campus stadium
 - Determine UMAA role in raising grassroots support
- Integrate dedication of the Scholars Walk and Alumni Wall of Honor into Homecoming; collaborate with University partners to integrate these permanent structures into ongoing programming

ENHANCE THE ORGANIZATION

- Complete and implement the 2006-2010 UMAA Strategic Plan and Budget
- Integrate and leverage corporate relationships to increase sponsorships, advertising, and in-kind support, and programming opportunities
- Participate in Gateway Corporation initiatives
 - Reshape the leadership structure
 - Develop a business plan to leverage the stadium’s adjacency

UMAA Secretary-Treasurer Tom LaSalle presented the 2005-2006 operating and capital budgets. Both were approved and are attached to these minutes.

UMAA Strategic Planning

Andy Reeher, UMAA strategic planning consultant, provided a status report. The qualitative (stakeholder interviews) portion of the research has been completed, and the advisory committee will meet next week to review and discuss the findings. Reeher shared some of the feedback from the interview process, noting that one key question that has emerged is, "what role(s) could and should the association play?" The quantitative portion of the research will be completed and analyzed over the summer. The research findings, analysis, issues, and preliminary recommendations will be presented to the national board in October.

Year-end Recognition

Hjelm thanked the board members for the time and talent that they gave to the UMAA and the University this year. Hjelm and Margaret Carlson, UMAA Chief Executive Officer, recognized and presented a gift to the following board members whose terms end on June 30:

- Mary Bartz, vice president
- Beverly Hauschild-Baron, School of Architecture and Landscape Architecture representative
- Juanita Luis, College of Liberal Arts representative
- Jerry Noyce, immediate past president

On behalf of the board members, Noyce presented Hjelm with a framed tribute to Memorial Stadium. He congratulated Hjelm on her very successful year as UMAA national president, noting that she stepped up and did a remarkable job of addressing many key issues this year. On behalf of the UMAA staff, Carlson presented Hjelm with a photo box containing photos of Hjelm in action during the course of the year. Carlson also presented Hjelm with a replica of the crown that Hjelm lost on the very evening that she was crowned the University's Homecoming Queen. "The crown's symbolizes not only the many hats that Andrea wore in her role as UMAA president," said Carlson, "but also that she truly was the jewel of the association this year."

Hjelm thanked the UMAA staff for their wonderful assistance and hard work this year. She complimented Carlson on the great job that she does, noting that "Margaret brought the UMAA to where we are today."

Hjelm adjourned the meeting at 6:00 p.m.

Submitted by,

Cheryl Jones, UMAA Deputy Director

for

Tom LaSalle, Secretary-Treasurer

**2005 - 2006 BUDGET
EXECUTIVE SUMMARY**

FY06 Revenue Summary	FY06 Budget	FY05 Budget	Net Change	Explanation
Membership				
Annual/3yr/ 5yr/10yr	911,010	873,350	37,660	Most of the growth is projected from new and student memberships
Life Membership Support	528,515	479,640	48,875	Growth is the result of new actuarial analysis and growth in number of life members
Contributions	125,800	108,625	17,175	Growth is expected in corporate sponsorships and sustaining life contributions
University Support	873,330	873,330	0	Allocation remained unchanged but payment for support of "M" and e-News increased from \$50,000 to \$100,000
Advertising	215,100	209,030	6,070	After a year of not meeting goals, MSP reassigned our account to a new team. After a period of transition this summer, it is expected that goals will be met
Royalty Income	165,000	145,000	20,000	Revenue growth is expected from both the insurance and loan consolidation programs
Special Events	112,795	90,965	21,830	The FY06 annual celebration speaker is Sandra Day O'Connor. Growth is due to an increase in number of tickets sold and higher ticket prices.
Other Revenue	<u>291,245</u>	<u>299,180</u>	<u>-7,935</u>	
Total Revenue	3,222,795	3,079,120	143,675	
FY06 Transfer Summary				
Credit Card Advance Fund	870,950	829,820	41,130	Policy allows draw of 1) 4.8% of asset value (\$385,255); 2) rent subsidy (\$236,695); 3) replacement of capital campaign funds (\$249,000)
Other Transfers	<u>326,170</u>	<u>328,275</u>	<u>-2,105</u>	
Total Transfers	1,197,120	1,158,095	39,025	
Total Revenues and Transfers	<u>4,419,915</u>	<u>4,237,215</u>	<u>182,700</u>	

**2005 - 2006 BUDGET
EXECUTIVE SUMMARY**

FY06 Expense Summary	FY06 Budget	FY05 Budget	Net Change	Explanation
Changes in Expenses				
Personnel	2,337,605	2,226,895	110,710	Mandated 3% raises and fringe benefit increases plus one new part-time clerical support staff, net of retrenchment of one senior director position
Professional fees	392,060	358,825	33,235	Increased reliance on telemarketing and higher ad sales commissions
Conferences/subscriptions/data processing	52,805	45,165	7,640	New member benefit is access to library's on-line services at a budgeted cost of \$7,000
Supplies and rentals	129,655	101,760	27,895	More membership premiums being distributed and tenting the mall for annual celebration dinner
Travel, catering and entertainment	167,980	145,245	22,735	Increased attendance at special events
Contributions and co-sponsorships	200,700	143,410	57,290	\$50,000 increase in payment to University Relations for "M" and e-News and inclusion of new Law School alumni society
Other expenses	<u>1,252,065</u>	<u>1,215,915</u>	<u>36,150</u>	
Net Decrease in Expenses	<u>4,532,870</u>	<u>4,237,215</u>	<u>295,655</u>	
Excess of Revenues over Expenses	<u><u>(112,955)</u></u>	<u><u>0</u></u>	<u><u>(112,955)</u></u>	

University of Minnesota Alumni Association
2005 – 2006 Proposed Budget
Budget Line Explanations

Revenues

Annual/3yr/5yr/10yr Membership – The FY06 membership budget projects growth of \$37,660 (4%) over the FY05 budget. This represents an increase in the renewal budget of \$5,925, new member budget of \$22,285, and the student member budget of \$9,450. FY05 was a year of transition as the new Senior Director of Marketing and Membership came on board and analyzed the program and surveyed alumni. Relatively few new member appeals were initiated during the year. FY06 represents a resumption of membership activity with the resulting increase in revenue and expense.

Life Membership Support - The transfer from the Obligated Fund is based on an actuarial analysis of the program that is done every 5 years. The analysis was performed in fiscal year 2005 and uses an assumed investment rate of return of 7% and allows for an inflationary adjustment of 2.5% for each succeeding year. The 10% growth in the budget is a factor of the actuarial analysis results and an increase in the number of life members.

Contributions – Contributions include sponsorship support of \$71,000, sustaining life contributions of \$51,810, and \$2,990 in other unsolicited contributions. Sponsorship solicitations were coordinated under one person for the first time in FY05 and \$53,500 was secured. Plans for year two are underway and the goal of \$71,000 seems attainable. FY05 sustaining life contributions totaled \$46,730. The 11% growth will be a stretch but is based on the increased number of life members.

University Support – Base – The FY06 university allocation remained at the FY05 level of \$873,330 but the amount that the UMAA is required to contribute back for the quarterly publication “M” and e-News increased from \$50,000 to \$100,000.

Tours – Forty-one trips are scheduled for FY06 compared to twenty-eight in FY05. Commissions from these trips is expected to earn \$58,600, travel insurance commission is budgeted at \$8,000, and \$17,075 will be received from a fee charged tour operators for the travel program promotion. The FY06 budget continues to reflect the lower number of bookings and reduced commissions experienced over the past four years. This is the most conservatively projected line item.

Advertising Sales - Minnesota magazine advertising revenue is budgeted at \$215,100, a 7% increase over FY05 actual ad sales. In FY05 a change in the ad sales representative during the sales period for the November/December issue resulted in a significant shortfall. The new sales rep did not meet goal for each of the succeeding issues and resigned in May. MSP has assigned a representative who has previously worked on the account with success and it is expected that the budget is achievable after a period of adjustment this summer.

Royalty Income – The group insurance program has traditionally been the primary source of royalty income. Based on historic payments and conversations with our program representatives it is expected to return \$132,000 to the organization in royalties in FY06. The FY06 budget also includes the new student loan consolidation program that is projected to generate \$33,000 in royalties.

Internet - Low-cost access to the Internet became a member benefit in FY94. Approximately 2,100 members currently subscribe. It is projected that 80% will renew in FY06 and that another 68 members will be added. Significant competitive changes in the Internet access market have resulted in declining participation since FY99. This reduction in the number of subscribers is expected to continue in FY06 and is reflected in the renewal rate and the small number of new subscribers.

Owner's Management Fee – As of May 22, 2003 University Gateway Corporation (UGC) adopted an owner's distribution policy that calls for an annual process to consider the distribution of an owner's management fee to defray expenses associated with supporting the corporation. UGC has approved a distribution of \$93,625 for FY06.

Special Events - Budgeted revenue will be generated from the etiquette dinner, homecoming pancake breakfast, the mentor mid-year and year-end events, football bowl, and annual celebration. The projected growth is primarily in the annual celebration with Supreme Court Judge Sandra Day O'Connor as the speaker. The budget projects an increased ticket price and higher number of attendees.

Net Assets Released from Restrictions - The sources of this revenue are UMF held funds recorded in the temporarily restricted fund. The amount is equal to the scholarship commitments for the Freshman Leadership Incentive Scholarships - Need Based (3) and Merit Based (11).

Sublease Rental Income – This reflects the amount to be received from the sublease of UMAA space in the McNamara Alumni Center to the University of Minnesota Foundation.

Interest/Dividends - The investment income is earned primarily on cash balances.

Other - The miscellaneous revenue projections reflect amounts expected to be received from small affinity relationships.

Transfers to Finance Current Operations:

Credit Card Advance Funds – A subcommittee of the finance committee met in August 2001 to develop a method for determining the amount of credit card proceeds to be included in the operating budget each year. The subcommittee proposal was approved by the full committee and stipulates that these funds would be used as follows:

- Program Earnings – Calculated using 4.8% of the March 31, 2005 asset value the draw equals \$385,255.
- Rent Subsidy – The difference between net rent in the McNamara Alumni Center and the rent paid for Coffman space is \$236,695.
- Replacement of Capital Campaign Funds – The Office of the VP of University Relations made available, beginning in FY96, Capital Campaign Readiness funds to prepare for the University Capital Campaign. Over the years, these

funds became mainstreamed into the UMAA budget and the finance committee discussed the use of the Credit Card Advance Fund as a replacement once the Capital Campaign Funds were discontinued. The draw from the Credit Card Advance Fund is equal to the net loss in funding of \$249,000.

General Endowment - Operations - Endowment support is calculated at 4.8% of the General Endowment Fund's average market value for the past four years. This is consistent with the University of Minnesota Foundation's board action of February 19, 2003, which lowered the payout rate.

UMF Held Endowment Support - Awards - The source of this revenue is UMF held funds recorded in the unrestricted General Investment Fund. The amount is equal to the scholarship and award commitments budgeted for FY06 coming from these invested funds and includes the 8 Student Leadership, 2 Donald Zander, and the Distinguished Graduate and Under-Graduate Teaching Awards.

Expenses

Personnel - The personnel budget includes the mandated average salary increase of 3% and the changes to the fringe benefits rate instituted by the university. To partially offset the \$135,000 effect of these increases, it was decided to not refill the position of Senior Director of Special Events and Sponsorships. The duties of that position will be distributed to other managers, with commensurate increases in pay, and a new part-time clerical position will be created to take on some of the routine duties in the executive office.

Professional Fees - This line item includes payments to independent contractors associated with Minnesota, including writers, photographers, and designers; commissions paid to the ad sales rep, consultants, telemarketing service providers, lawyers, auditors, and entertainers. The increase in professional fees is primarily related to increased reliance on telemarketing and the expected increase in ad sales commissions resulting from the budgeted increase in ad sales. FY05 expenses that will not repeat in FY06 include the market research and annual meeting speaker honorarium.

Conferences/Subscriptions/Data Processing - The budget for conferences, subscriptions, and data processing includes conference and training registration, the cost of membership in professional associations, subscription fees, including software licenses, and the annual fee assessed by the University of Minnesota Foundation for database-related services. The budget increase relates to a new agreement currently being negotiated with the library. The library will work with their vendors to extend the licenses for select on-line publications to allow UMAA members access. The cost to do this is expected to be approximately \$7,000 and the library will pass this on to the UMAA.

Telephone - This includes line charges, long distance, and fax charges. The budget includes the 4% line charge increase.

Mail Service and Delivery - This line includes postage, delivery and mail house charges. Most of the increase is attributable to the expected 6% postal increase effective 1/1/06.

Printing, Copying, Design and Advertising - This line includes the cost of using university and outside printers, the cost of the UMAA copy machines, artwork, photography, and advertising. The budget increase is primarily attributable to increased activity in the area of membership solicitation and fulfillment.

Supplies and Rentals - This line includes office and consumable event supplies and equipment and room rental fees. The increase primarily relates to the expectation of more membership premiums being distributed and the annual celebration dinner returning to a tent on the mall.

Office Expenses - This line includes the rental of office space, insurance, bank service charges and equipment maintenance. Office rent has been budgeted at \$431,410 based on 18,725-sq. ft. of office space at \$16/sq. ft., plus common area maintenance (CAM) charges of \$7.10. The CAM increase was offset by a decrease in the insurance premium. Coverage was re-bid this spring, saving \$8,200 on renewal.

Travel, Catering and Entertainment - This line includes automobile rental, taxis, mileage reimbursement, airfare, hotels, catering and entertainment related to meetings and events, meals while traveling, and tickets to events for staff and guests. The budget increase is attributable to projected increases in attendance at FY06 events, primarily the annual celebration.

Society Allocations - The amount budgeted for the alumni society allocation is based on the number of society members as of April 1, 2005. Actual payments will be based on the July 1, 2005 numbers and any adjustments will be reflected in the mid-year budget revision. The increase is attributable to the inclusion of the Law School as a UMAA society.

Awards and Scholarships - These awards and scholarships are primarily funded by UMAA investments held by the UMF and an equal amount has been included in revenue and transfers to reflect the recognition of funds to cover these expenses.

Contributions and Co-Sponsorships - This budget line includes the funds sent to University Relations in support of the alumni publication "M" and e-News (\$100,000), collaborative agreements with certain collegiate units for the provision of services to alumni (\$84,500), a mandatory assessment to support the university's technology upgrade (\$7,200), and the balance for co-sponsorship agreements related to the legislative network, library, athletics, and CCE (\$9,000).

Other - This line includes amounts budgeted for unrelated business income tax, sales tax payable on Internet software sales, gifts, and other minor and unusual expenses.

University of Minnesota Alumni Association
FY06 Expense Budget by Program Area
Explanations of Changes

Executive - This budget primarily includes executive staff salaries, benefits, office-related expenses, travel, and entertainment expenses. The mandated salary increases and a new clerical position account for most of the increase.

Board - This budget includes the costs associated with board orientation, meetings of the full board and executive and nominating committees. In FY06 the university will host the summer board social at no cost to the UMAA.

Finance/Operations - These budgets primarily include: salaries of finance and operations staff, audit and tax services, database management fees paid to UMF, software licensing fees, bank charges, general office expenses including rent, insurance, equipment maintenance and rental fees, supplies, expenses associated with filling vacant positions, and unrelated business income tax. The FY06 increase relates to the mandated salary and fringe benefit changes and an increased rent expense.

Outreach - This budget primarily includes the staff costs of administering the outreach department and the associated office and travel expenses, plus volunteer development. In FY06 the budget increase is attributable to full staffing and salary and fringe increases.

Societies - This budget includes the UMAA's portion of five staff positions shared with collegiate units, the amounts paid to other collegiate units under collaborative agreements, and the alumni society allocations which are based on society membership. The increase is primarily due to the inclusion of the Law School as a new society, adding another payment under a collaborative agreement and a membership allocation.

Chapters - Costs in the chapter program budget include staffing, travel related expenses, printing, postage, and mail house costs of invitations to chapter events, and promotional items. The increase is related to the mandated salary and fringe benefit changes and expenses for national chapters.

Student Programs, Scholarships and Awards - This budget includes the costs associated with the Student Alumni Ambassador program and the annual scholarships and awards.

Special Events - These budgets include the salary of the special events staff and the costs associated with: the state fair, homecoming breakfast, post-season athletic events, including any bowl activity, Senior Send-Off, Distinguished Teaching Awards, and the annual celebration. The decision not to refill the senior director position resulted in a significant cost savings that was partially offset by increases in the budgets for all the major special events.

Career Services – This budget includes the cost of the staff and programs associated with providing mentor services, hosting the etiquette dinner and launching the new on-line career services. The UMAA made a one-time \$10,000 grant to the university’s career development network for an all-campus career fair in FY05 accounting for the budget decrease.

Legislative/Public Policy - These budgets include the costs of the legislative network and public policy initiatives. The FY05 budget included the bi-annual costs associated with the Regent Candidate Forum.

Membership - These budgets include the costs of soliciting new members, retaining current members, and servicing all university alumni. FY05 was a year of transition with the new senior director beginning in September and the marketing manager position being filled in December. Much of the year was spent analyzing the program and conducting research. The FY06 budget includes full staffing, a new association with the library, and renewed member solicitation.

Tours – Most costs associated with the tour program are borne by the tour operators. The budgeted expenses relate to the cost of sending hosts on selected trips.

Internet - The budgeted costs relate to postage to mail new subscriber materials and software and sales tax.

Communication/Public Relations – The FY06 budget increase is primarily due to full staffing, the mandated salary and fringe benefit changes, and the additional \$50,000 that is being directed to University Relations to support “M” and e-News.

MINNESOTA Magazine – The 6% postage increase, effective 1/1/06, small increases in amounts budgeted for writers, illustrators and photographers, and increased circulation (printing and postage) due to growth in membership account for the increase in magazine related expenses.

Advertising Sales – The budget increase is the result of greater expected sales and consequently, commissions.