Form **990**

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Department of the Treasury
Internal Revenue Service

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

OMB No. 1545-0047

2007

Open to Public Inspection

A For the 2007 calendar year, or tax year beginning **April 1**, 2007, and ending **March 31**, 20 **08**

B Check if applicable:
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Termination
- ☐ Amended return
- ☐ Application pending

Please use IRS label or print or type. See Specific Instructions.

C Name of organization: **The Herb Society of America, Inc.**

Number and street (or P.O. box if mail is not delivered to street address): **9019 Kirtland Chardon Road** Room/suite

City or town, state or country, and ZIP + 4: **Kirtland, OH 44094-5156**

D Employer identification number: **34 1596261**

E Telephone number: **(440) 256-0514**

F Accounting method: ☐ Cash ☑ Accrual ☐ Other (specify) ▶

• **Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).**

H and I are not applicable to section 527 organizations.

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) If "Yes," enter number of affiliates ▶

H(c) Are all affiliates included? ☐ Yes ☐ No
(If "No," attach a list. See instructions.)

H(d) Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☑ No

I Group Exemption Number ▶

G Website: ▶ **www.herbsociety.org**

J Organization type (check only one) ▶ ☑ 501(c) (**3**) ◀ (insert no.) ☐ 4947(a)(1) or ☐ 527

K Check here ▶ ☐ if the organization is not a 509(a)(3) supporting organization **and** its gross receipts are normally **not** more than $25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.

M Check ▶ ☐ if the organization is **not** required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ **574,512**

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances *(See the instructions.)*

Revenue

1	Contributions, gifts, grants, and similar amounts received:						
a	Contributions to donor advised funds	1a	103,810				
b	Direct public support (not included on line 1a)	1b					
c	Indirect public support (not included on line 1a)	1c					
d	Government contributions (grants) (not included on line 1a)	1d					
e	**Total** (add lines 1a through 1d) (cash $ 101,152 noncash $ 2,658)					1e	103,810
2	Program service revenue including government fees and contracts (from Part VII, line 93)					2	92,171
3	Membership dues and assessments					3	114,072
4	Interest on savings and temporary cash investments					4	
5	Dividends and interest from securities					5	60,189
6a	Gross rents	6a					
b	Less: rental expenses	6b					
c	Net rental income or (loss). Subtract line 6b from line 6a					6c	
7	Other investment income (describe ▶)					7	
		(A) Securities		(B) Other			
8a	Gross amount from sales of assets other than inventory	195,916	8a				
b	Less: cost or other basis and sales expenses	195,231	8b				
c	Gain or (loss) (attach schedule) Stmt 1	685	8c				
d	Net gain or (loss). Combine line 8c, columns (A) and (B)					8d	685
9	Special events and activities (attach schedule). If any amount is from **gaming**, check here ▶ ☐						
a	Gross revenue (not including $ ______ of contributions reported on line 1b)	9a					
b	Less: direct expenses other than fundraising expenses	9b					
c	Net income or (loss) from special events. Subtract line 9b from line 9a					9c	
10a	Gross sales of inventory, less returns and allowances	10a	5,591				
b	Less: cost of goods sold	10b	4,848				
c	Gross profit or (loss) from sales of inventory (attach schedule). Subtract line 10b from line 10a					10c	743
11	Other revenue (from Part VII, line 103)					11	2,763
12	**Total revenue.** Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11					12	374,433

Expenses

13	Program services (from line 44, column (B))	13	430,754
14	Management and general (from line 44, column (C))	14	60,692
15	Fundraising (from line 44, column (D))	15	20,351
16	Payments to affiliates (attach schedule)	16	
17	**Total expenses.** Add lines 16 and 44, column (A)	17	511,797

Net Assets

18	Excess or (deficit) for the year. Subtract line 17 from line 12	18	(137,364)
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	2,543,948
20	Other changes in net assets or fund balances (attach explanation) See Stmt 2	20	(30,839)
21	Net assets or fund balances at end of year. Combine lines 18, 19, and 20	21	2,375,745

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions. Cat. No. 11282Y Form **990** (2007)

Part II Statement of Functional Expenses All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. *(See the instructions.)*

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22a Grants paid from donor advised funds (attach schedule) (cash $ ______ noncash $ ______) If this amount includes foreign grants, check here ▶ ☐	22a				
22b Other grants and allocations (attach schedule) (cash $ 31,423 noncash $ Stmt 3) If this amount includes foreign grants, check here ▶ ☐	22b	31,423	31,423		
23 Specific assistance to individuals (attach schedule)	23				
24 Benefits paid to or for members (attach schedule)	24				
25a Compensation of current officers, directors, key employees, etc. listed in Part V-A	25a	46,394	37,041	7,284	2,069
b Compensation of former officers, directors, key employees, etc. listed in Part V-B	25b				
c Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	25c				
26 Salaries and wages of employees not included on lines 25a, b, and c	26	128,353	102,477	20,152	5,724
27 Pension plan contributions not included on lines 25a, b, and c	27	3,280	2,618	515	147
28 Employee benefits not included on lines 25a – 27	28				
29 Payroll taxes	29	14,965	11,948	2,350	667
30 Professional fundraising fees	30				
31 Accounting fees	31	9,800	2,656	7,144	
32 Legal fees	32	904	245	659	
33 Supplies	33	6,564	5,212	1,058	294
34 Telephone	34	4,848	3,848	781	219
35 Postage and shipping	35	6,525	5,181	1,050	294
36 Occupancy	36	16,052	12,745	2,584	723
37 Equipment rental and maintenance	37	7,239	5,747	1,165	327
38 Printing and publications	38	63,858	63,858		
39 Travel	39	28,474	15,878	10,039	2,557
40 Conferences, conventions, and meetings	40	4,357	2,614	1,309	434
41 Interest	41				
42 Depreciation, depletion, etc. (attach schedule)	42	11,895	9,444	1,916	535
43 Other expenses not covered above (itemize): **a** See Statment 4	43a	126,866	117,819	2,686	6,361
b	43b				
c	43c				
d	43d				
e	43e				
f	43f				
g	43g				
44 **Total functional expenses.** Add lines 22a through 43g. (Organizations completing columns (B)–(D), carry these totals to lines 13–15)	44	511,797	430,754	60,692	20,351

Joint Costs. Check ▶ ☐ if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in **(B)** Program services? ▶ ☐ Yes ☑ No

If "Yes," enter **(i)** the aggregate amount of these joint costs $______; **(ii)** the amount allocated to Program services $______; **(iii)** the amount allocated to Management and general $______; and **(iv)** the amount allocated to Fundraising $______

Part III Statement of Program Service Accomplishments *(See the instructions.)*

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

What is the organization's primary exempt purpose? ▶ See Statement 5 All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)	**Program Service Expenses** (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)
a Publications - Available to members and the general public to further the knowledge of herbs. (Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	147,135
b Symposia - National conference with lectures, workshops, and other educational forums to further the knowledge of herbs. (Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	185,908
c Library - Available to members and the general public to further the knowledge of herbs. (Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	23,278
d Research Grants and Awards - Grants, scholarships and awards. See Statement 6 (Grants and allocations $ 31,423) If this amount includes foreign grants, check here ▶ ☐	72,401
e Other program services (attach schedule) (Grants and allocations $ See Statement 7) If this amount includes foreign grants, check here ▶ ☐	2,032
f Total of Program Service Expenses (should equal line 44, column (B), Program services). ▶	430,754

Part IV Balance Sheets *(See the instructions.)*

	Note: *Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.*		(A) Beginning of year		(B) End of year
Assets	45 Cash—non-interest-bearing			45	
	46 Savings and temporary cash investments		3,633	46	35,225
	47a Accounts receivable	47a			
	b Less: allowance for doubtful accounts	47b		47c	
	48a Pledges receivable	48a			
	b Less: allowance for doubtful accounts	48b		48c	
	49 Grants receivable			49	
	50a Receivables from current and former officers, directors, trustees, and key employees (attach schedule)			50a	
	b Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule)			50b	
	51a Other notes and loans receivable (attach schedule)	51a			
	b Less: allowance for doubtful accounts	51b		51c	
	52 Inventories for sale or use		11,585	52	13,848
	53 Prepaid expenses and deferred charges		18,634	53	15,391
	54a Investments—publicly-traded securities Stmt 8 ▶ ☐ Cost ☑ FMV		2,399,946	54a	2,257,057
	b Investments—other securities (attach schedule) ▶ ☐ Cost ☐ FMV			54b	
	55a Investments—land, buildings, and equipment: basis	55a			
	b Less: accumulated depreciation (attach schedule)	55b		55c	
	56 Investments—other (attach schedule)			56	
	57a Land, buildings, and equipment: basis	57a 366,566			
	b Less: accumulated depreciation (attach schedule) See Stmt 9	57b 219,107	150,557	57c	147,459
	58 Other assets, including program-related investments (describe ▶ See Statement 10)		43,943	58	41,491
	59 **Total assets** (must equal line 74). Add lines 45 through 58		2,628,298	59	2,510,471
Liabilities	60 Accounts payable and accrued expenses		13,477	60	24,024
	61 Grants payable			61	
	62 Deferred revenue		67,059	62	105,768
	63 Loans from officers, directors, trustees, and key employees (attach schedule)			63	
	64a Tax-exempt bond liabilities (attach schedule)			64a	
	b Mortgages and other notes payable (attach schedule)			64b	
	65 Other liabilities (describe ▶ See Statement 10)		3,814	65	4,934
	66 **Total liabilities.** Add lines 60 through 65		84,350	66	134,726
Net Assets or Fund Balances	**Organizations that follow SFAS 117, check here ▶** ☐ **and complete lines 67 through 69 and lines 73 and 74.**				
	67 Unrestricted		1,264,869	67	1,088,039
	68 Temporarily restricted		416,040	68	435,154
	69 Permanently restricted		863,039	69	852,552
	Organizations that do not follow SFAS 117, check here ▶ ☐ **and complete lines 70 through 74.**				
	70 Capital stock, trust principal, or current funds			70	
	71 Paid-in or capital surplus, or land, building, and equipment fund			71	
	72 Retained earnings, endowment, accumulated income, or other funds			72	
	73 **Total net assets or fund balances.** Add lines 67 through 69 **or** lines 70 through 72. (Column (A) **must** equal line 19 and column (B) **must** equal line 21)		2,543,948	73	2,375,745
	74 **Total liabilities and net assets/fund balances.** Add lines 66 and 73		2,628,298	74	2,510,471

Part IV-A **Reconciliation of Revenue per Audited Financial Statements With Revenue per Return** *(See the instructions.)*

a	Total revenue, gains, and other support per audited financial statements			a	348,442
b	Amounts included on line a but not on Part I, line 12:				
1	Net unrealized gains on investments	b1	(30,839)		
2	Donated services and use of facilities	b2			
3	Recoveries of prior year grants	b3			
4	Other (specify):	b4			
	Add lines **b1** through **b4**			b	(30,839)
c	Subtract line **b** from line **a**			c	379,281
d	Amounts included on Part I, line 12, but not on line **a**:				
1	Investment expenses not included on Part I, line 6b	d1			
2	Other (specify): Cost of Goods Sold	d2	(4,848)		
	Add lines **d1** and **d2**			d	(4,848)
e	**Total revenue** (Part I, line 12). Add lines **c** and **d** ▶			e	374,433

Part IV-B **Reconciliation of Expenses per Audited Financial Statements With Expenses per Return**

a	Total expenses and losses per audited financial statements			a	516,645
b	Amounts included on line **a** but not on Part I, line 17:				
1	Donated services and use of facilities	b1			
2	Prior year adjustments reported on Part I, line 20	b2			
3	Losses reported on Part I, line 20	b3			
4	Other (specify): Cost of Goods Sold	b4	(4,848)		
	Add lines **b1** through **b4**			b	(4,848)
c	Subtract line **b** from line **a**			c	
d	Amounts included on Part I, line 17, but not on line **a**:				
1	Investment expenses not included on Part I, line 6b	d1			
2	Other (specify):	d2			
	Add lines **d1** and **d2**			d	
e	**Total expenses** (Part I, line 17). Add lines **c** and **d** ▶			e	511,797

Part V-A **Current Officers, Directors, Trustees, and Key Employees** (List each person who was an officer, director, trustee, or key employee at any time during the year even if they were not compensated.) *(See the instructions.)*

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-.)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
Katrinka Morgan, Executive Director 9019 Kirtland Chardon Road, Kirtland, OH 44094	Exec Director - 40	46,394	865	None
See Statement 11 for Board of Directors	See Statement 11	-0-	None	None

Part V-A Current Officers, Directors, Trustees, and Key Employees *(continued)*

		Yes	No
75a Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings ▶ 16			
b Are any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, related to each other through family or business relationships? If "Yes," attach a statement that identifies the individuals and explains the relationship(s)	75b		✓
c Do any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, receive compensation from any other organizations, whether tax exempt or taxable, that are related to the organization? See the instructions for the definition of "related organization." ▶ If "Yes," attach a statement that includes the information described in the instructions.	75c		✓
d Does the organization have a written conflict of interest policy?	75d	✓	

Part V-B Former Officers, Directors, Trustees, and Key Employees That Received Compensation or Other Benefits (If any former officer, director, trustee, or key employee received compensation or other benefits (described below) during the year, list that person below and enter the amount of compensation or other benefits in the appropriate column. See the instructions.)

(A) Name and address	(B) Loans and Advances	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
None				

Part VI Other Information *(See the instructions.)*

		Yes	No
76 Did the organization make a change in its activities or methods of conducting activities? If "Yes," attach a detailed statement of each change	76		✓
77 Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes.	77		✓
78a Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return?	78a		✓
b If "Yes," has it filed a tax return on **Form 990-T** for this year?	78b	N	A
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79		✓
80a Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	80a		✓
b If "Yes," enter the name of the organization ▶ ______ and check whether it is ☐ exempt or ☐ nonexempt			
81a Enter direct and indirect political expenditures. (See line 81 instructions.) 81a			
b Did the organization file **Form 1120-POL** for this year?	81b		✓

Part VI Other Information *(continued)*

		Yes	No
82a Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	**82a**	✓	
b If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.) **82b**			
83a Did the organization comply with the public inspection requirements for returns and exemption applications?	**83a**	✓	
b Did the organization comply with the disclosure requirements relating to *quid pro quo* contributions?	**83b**	✓	
84a Did the organization solicit any contributions or gifts that were not tax deductible?	**84a**		✓
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	**84b**	N	A
85a *501(c)(4), (5), or (6).* Were substantially all dues nondeductible by members?	**85a**	N	A
b Did the organization make only in-house lobbying expenditures of $2,000 or less?	**85b**	N	A
If "Yes" was answered to either 85a or 85b, **do not** complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.			
c Dues, assessments, and similar amounts from members **85c** NA			
d Section 162(e) lobbying and political expenditures **85d** NA			
e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices **85e** NA			
f Taxable amount of lobbying and political expenditures (line 85d less 85e) **85f** NA			
g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	**85g**	N	A
h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	**85h**	N	A
86 *501(c)(7) orgs.* Enter: **a** Initiation fees and capital contributions included on line 12 **86a** NA			
b Gross receipts, included on line 12, for public use of club facilities **86b** NA			
87 *501(c)(12) orgs.* Enter: **a** Gross income from members or shareholders **87a** NA			
b Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.) **87b** NA			
88a At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	**88a**		✓
b At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Part XI	**88b**		✓
89a *501(c)(3) organizations.* Enter: Amount of tax imposed on the organization during the year under: section 4911 ▶ None ; section 4912 ▶ None ; section 4955 ▶ None			
b *501(c)(3) and 501(c)(4) orgs.* Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	**89b**		✓
c Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 ▶ None			
d Enter: Amount of tax on line 89c, above, reimbursed by the organization ▶ None			
e *All organizations.* At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?	**89e**		✓
f *All organizations.* Did the organization acquire a direct or indirect interest in any applicable insurance contract?	**89f**		✓
g *For supporting organizations and sponsoring organizations maintaining donor advised funds.* Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	**89g**	N	A

90a List the states with which a copy of this return is filed ▶ Ohio

b Number of employees employed in the pay period that includes March 12, 2007 (See instructions.) **90b** 8

91a The books are in care of ▶ Katrinka Morgan, Executive Director Telephone no. ▶ (440) 256-0514

Located at ▶ 9019 Kirtland Chardon Road, Kirtland, OH ZIP + 4 ▶ 44094-5156

		Yes	No
b At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	**91b**		✓
If "Yes," enter the name of the foreign country ▶ NA			
See the instructions for exceptions and filing requirements for **Form TD F 90-22.1**, Report of Foreign Bank and Financial Accounts.			

Part VI Other Information *(continued)*

	Yes	No
c At any time during the calendar year, did the organization maintain an office outside of the United States? **91c**		✓

If "Yes," enter the name of the foreign country ▶ NA

92 *Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of **Form 1041**—*Check here ▶ ☐ and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 92 NA

Part VII Analysis of Income-Producing Activities *(See the instructions.)*

Note: *Enter gross amounts unless otherwise indicated.*	Unrelated business income (A) Business code	(B) Amount	Excluded by section 512, 513, or 514 (C) Exclusion code	(D) Amount	(E) Related or exempt function income
93 Program service revenue:					
a Publications					5,945
b Symposia					83,791
c Seed Exchange					2,435
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					114,072
95 Interest on savings and temporary cash investments					
96 Dividends and interest from securities			14	60,189	
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	685	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					743
103 Other revenue: a Insurance Assessments					1,360
b Library Revenue					1,403
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))				60,874	209,749
105 **Total** (add line 104, columns (B), (D), and (E)) ▶					270,623

Note: *Line 105 plus line 1e, Part I, should equal the amount on line 12, Part I.*

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes *(See the instructions.)*

Line No. ▼	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
	See Statement 12

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities *(See the instructions.)* NA

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts *(See the instructions.)*

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☑ No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ☐ Yes ☑ No

Note: *If "Yes" to **(b)**, file Form 8870 **and** Form 4720 (see instructions).*

Part XI **Information Regarding Transfers To and From Controlled Entities.** *Complete only if the organization is a controlling organization as defined in section 512(b)(13).* NA

		Yes	No
106	Did the reporting organization **make** any transfers **to** a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.		

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a				
b				
c				
	Totals			

		Yes	No
107	Did the reporting organization **receive** any transfers **from** a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.		

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a				
b				
c				
	Totals			

		Yes	No
108	Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above?		

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature of officer — Date

Katrinka Morgan, Executive Director

Type or print name and title

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed ► ☐	Preparer's SSN or PTIN (See Gen. Inst. X)
Firm's name (or yours if self-employed), address, and ZIP + 4		EIN ►	
		Phone no. ► ( )	

JB 67 200803 670 3442 K 29404-243-70311-8 A0176467 211A
200838 086438 44094 IRS USE ONLY 341596261 TE 3

Department of the Treasury
Internal Revenue Service
OGDEN, UT 84201-0074

For assistance, call:
1-877-829-5500

SEP 29 2008

Notice Number: CP211A
Date: September 29, 2008

Taxpayer Identification Number:
34-1596261
Tax Form: 990
Tax Period: March 31, 2008

098315.541691.0324.007 1 AT 0.346 530

HERB SOCIETY OF AMERICA INC
% ARTHUR P STEINMETZ
9019 KIRTLAND CHARDON RD
KIRTLAND OH 44094-5156192

098315

APPLICATION FOR EXTENSION OF TIME TO FILE AN EXEMPT ORGANIZATION RETURN - APPROVED

We have received your Form 8868, Application for Extension of Time to File an Exempt Organization Return, for the return (form) and tax period identified above.

We have approved your request and have extended the due date to file your return to November 15, 2008.

Please attach a copy of this letter to your return when you file it. It is evidence that we granted an extension of time to file your return. A copy is provided for your records.

If you have any questions, please call us at the number shown above, or you may write us at the address shown at the top left of this letter.

Reminder - You May Be Required to File Electronically

Exempt organizations may be required to file certain returns electronically. For tax years ending on or after December 31, 2006, the electronic filing requirement applies to exempt organizations with $10 million or more in total assets if the organization files at least 250 returns in a calendar year, including income, excise, employment tax and information returns. Private foundations and charitable trusts will be required to file Forms 990-PF electronically regardless of their asset size, if they file at least 250 returns annually. For more information, go to www.irs.gov . Click "Charities and Non-Profits" and look for the "e-file for Charities and Non-Profits" tab.

For tax forms, instructions and information visit **www.irs.gov**. (Access to this site will not provide you with your specific taxpayer account information.)

SCHEDULE A (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Organization Exempt Under Section 501(c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k), 501(n), or 4947(a)(1) Nonexempt Charitable Trust

Supplementary Information—(See separate instructions.)

► MUST be completed by the above organizations and attached to their Form 990 or 990-EZ

OMB No. 1545-0047

2007

Name of the organization: The Herb Society of America, Inc.

Employer identification number: 34 : 1596261

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees

(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than $50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
Total number of other employees paid over $50,000 . ►	NONE			

Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services

(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than $50,000	(b) Type of service	(c) Compensation
Total number of others receiving over $50,000 for professional services . . . . ► NONE		

Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services

(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None." See page 2 of the instructions.)

(a) Name and address of each independent contractor paid more than $50,000	(b) Type of service	(c) Compensation
Total number of other contractors receiving over $50,000 for other services . . . . ► NONE		

Part III Statements About Activities (See page 2 of the instructions.)

			Yes	No
1	During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ $ ______ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.)	1		✓
	Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.			
2	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? *(If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)*			
a	Sale, exchange, or leasing of property?	2a		✓
b	Lending of money or other extension of credit?	2b		✓
c	Furnishing of goods, services, or facilities?	2c		✓
d	Payment of compensation (or payment or reimbursement of expenses if more than $1,000)?	2d	✓	
e	Transfer of any part of its income or assets?	2e		✓
3a	Did the organization make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how the organization determines that recipients qualify to receive payments.)	3a	✓	
b	Did the organization have a section 403(b) annuity plan for its employees?	3b	✓	
c	Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," attach a detailed statement	3c		✓
d	Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?	3d		✓
4a	Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g. If "No," complete lines 4f and 4g	4a		✓
b	Did the organization make any taxable distributions under section 4966?	4b		✓
c	Did the organization make a distribution to a donor, donor advisor, or related person?	4c		✓
d	Enter the total number of donor advised funds owned at the end of the tax year ▶			N/A
e	Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year ▶			N/A
f	Enter the total number of separate funds or accounts owned at the end of the tax year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts ▶			0
g	Enter the aggregate value of assets held in all funds or accounts included on line 4f at the end of the tax year ▶			0

Part IV **Reason for Non-Private Foundation Status** (See pages 4 through 8 of the instructions.)

I certify that the organization is not a private foundation because it is: (Please check only **ONE** applicable box.)

5 ☐ A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).

6 ☐ A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)

7 ☐ A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).

8 ☐ A federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).

9 ☐ A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). **Enter the hospital's name, city, and state** ▶

10 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the **Support Schedule** in Part IV-A.)

11a ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)

11b ☐ A community trust. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)

12 ☑ An organization that normally receives: **(1) more than 33⅓%** of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions—subject to certain exceptions, and **(2) no more than 33⅓%** of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the **Support Schedule** in Part IV-A.)

13 ☐ An organization that is not controlled by any disqualified persons (other than foundation managers) and otherwise meets the requirements of section 509(a)(3). Check the box that describes the type of supporting organization:

☐ Type I ☐ Type II ☐ Type III-Functionally Integrated ☐ Type III-Other

Provide the following information about the supported organizations. (See page 8 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Employer identification number (EIN)	(c) Type of organization (described in lines 5 through 12 above or IRC section)	(d) Is the supported organization listed in the supporting organization's governing documents? Yes	No	(e) Amount of support
Total . . . . ▶					

14 ☐ An organization organized and operated to test for public safety. Section 509(a)(4). (See page 8 of the instructions.)

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12.) ***Use cash method of accounting.***

Note: *You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.*

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	57,172	94,265	56,073	587,282	794,792
16 Membership fees received	111,788	107,680	111,423	107,727	438,618
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose	104,548	97,932	105,565	82,244	390,289
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, income from similar sources, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	62,963	59,757	60,623	52,505	235,848
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets					
23 Total of lines 15 through 22	336,471	359,634	333,684	829,758	1,859,547
24 Line 23 minus line 17	231,923	261,702	228,119	747,514	1,469,258
25 Enter 1% of line 23	3,365	3,596	3,337	8,298	

26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24 ▶ **26a**

b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2003 through 2006 exceeded the amount shown in line 26a. **Do not file this list with your return.** Enter the total of all these excess amounts ▶ **26b**

c Total support for section 509(a)(1) test: Enter line 24, column (e) ▶ **26c**

d Add: Amounts from column (e) for lines: 18 ______ 19 ______ 22 ______ 26b ______ ▶ **26d**

e Public support (line 26c minus line 26d total) ▶ **26e**

f Public support percentage (line 26e (numerator) divided by line 26c (denominator)) ▶ **26f** %

27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." **Do not file this list with your return.** Enter the sum of such amounts for each year:

(2006) .... (2005) .... (2004) .... (2003) ....

b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the **larger** of **(1)** the amount on line 25 for the year or **(2)** $5,000. (Include in the list organizations described in lines 5 through 11b, as well as individuals.) **Do not file this list with your return.** After computing the difference between the amount received and the larger amount described in **(1)** or **(2)**, enter the sum of these differences (the excess amounts) for each year:

(2006) .... (2005) .... (2004) .... (2003) ....

c Add: Amounts from column (e) for lines: 15 794,792 16 438,618 17 390,289 20 ______ 21 ______ ▶ **27c** 1,623,699

d Add: Line 27a total ______ and line 27b total ______ ▶ **27d**

e Public support (line 27c total minus line 27d total) ▶ **27e** 1,623,699

f Total support for section 509(a)(2) test: Enter amount from line 23, column (e) ▶ **27f** 1,859,547

g Public support percentage (line 27e (numerator) divided by line 27f (denominator)) ▶ **27g** 87.3 %

h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)) ▶ **27h** 12.7 %

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2003 through 2006, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. **Do not file this list with your return.** Do not include these grants in line 15.

Part V Private School Questionnaire (See page 9 of the instructions.)
(To be completed ONLY by schools that checked the box on line 6 in Part IV) NA

			Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?	29		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	30		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves?	31		
	If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.)			
32	Does the organization maintain the following:			
a	Records indicating the racial composition of the student body, faculty, and administrative staff?	32a		
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c		
d	Copies of all material used by the organization or on its behalf to solicit contributions?	32d		
	If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)			
33	Does the organization discriminate by race in any way with respect to:			
a	Students' rights or privileges?	33a		
b	Admissions policies?	33b		
c	Employment of faculty or administrative staff?	33c		
d	Scholarships or other financial assistance?	33d		
e	Educational policies?	33e		
f	Use of facilities?	33f		
g	Athletic programs?	33g		
h	Other extracurricular activities?	33h		
	If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)			
34a	Does the organization receive any financial aid or assistance from a governmental agency?	34a		
b	Has the organization's right to such aid ever been revoked or suspended?	34b		
	If you answered "Yes" to either 34a or b, please explain using an attached statement.			
35	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation	35		

Part VI-A **Lobbying Expenditures by Electing Public Charities** (See page 11 of the instructions.)
(To be completed **ONLY** by an eligible organization that filed Form 5768) **NA**

Check ▶ a ☐ if the organization belongs to an affiliated group. Check ▶ b ☐ if you checked "a" and "limited control" provisions apply.

	Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Affiliated group totals	(b) To be completed for all electing organizations
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)	36		
37	Total lobbying expenditures to influence a legislative body (direct lobbying)	37		
38	Total lobbying expenditures (add lines 36 and 37)	38		
39	Other exempt purpose expenditures	39		
40	Total exempt purpose expenditures (add lines 38 and 39)	40		
41	Lobbying nontaxable amount. Enter the amount from the following table— **If the amount on line 40 is— The lobbying nontaxable amount is—** Not over $500,000 — 20% of the amount on line 40 Over $500,000 but not over $1,000,000 — $100,000 plus 15% of the excess over $500,000 Over $1,000,000 but not over $1,500,000 — $175,000 plus 10% of the excess over $1,000,000 Over $1,500,000 but not over $17,000,000 — $225,000 plus 5% of the excess over $1,500,000 Over $17,000,000 — $1,000,000	41		
42	Grassroots nontaxable amount (enter 25% of line 41)	42		
43	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43		
44	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44		

Caution: *If there is an amount on either line 43 or line 44, you must file Form 4720.*

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 45 through 50 on page 13 of the instructions.)

	Lobbying Expenditures During 4-Year Averaging Period				
Calendar year (or fiscal year beginning in) ▶	(a) 2007	(b) 2006	(c) 2005	(d) 2004	(e) Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots nontaxable amount					
49 Grassroots ceiling amount (150% of line 48(e))					
50 Grassroots lobbying expenditures					

Part VI-B **Lobbying Activity by Nonelecting Public Charities**
(For reporting only by organizations that did not complete Part VI-A) (See page 14 of the instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:	Yes	No	Amount
a Volunteers		✓	
b Paid staff or management (Include compensation in expenses reported on lines c through h.)		✓	
c Media advertisements		✓	
d Mailings to members, legislators, or the public		✓	
e Publications, or published or broadcast statements		✓	
f Grants to other organizations for lobbying purposes		✓	
g Direct contact with legislators, their staffs, government officials, or a legislative body		✓	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means		✓	
i Total lobbying expenditures (Add lines c through h.)			None

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.

Part VII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations (See page 14 of the instructions.)

51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

		Yes	No
a Transfers from the reporting organization to a noncharitable exempt organization of:			
(i) Cash	51a(i)		✓
(ii) Other assets	a(ii)		✓
b Other transactions:			
(i) Sales or exchanges of assets with a noncharitable exempt organization	b(i)		✓
(ii) Purchases of assets from a noncharitable exempt organization	b(ii)		✓
(iii) Rental of facilities, equipment, or other assets	b(iii)		✓
(iv) Reimbursement arrangements	b(iv)		✓
(v) Loans or loan guarantees	b(v)		✓
(vi) Performance of services or membership or fundraising solicitations	b(vi)		✓
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees	c		✓

d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization. If the organization received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received:

(a) Line no.	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements

52a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ▶ ☐ Yes ☒ No

b If "Yes," complete the following schedule:

(a) Name of organization	(b) Type of organization	(c) Description of relationship

Schedule B
(Form 990, 990-EZ, or 990-PF)
Department of the Treasury
Internal Revenue Service

Schedule of Contributors

Supplementary Information for line 1 of Form 990, 990-EZ, and 990-PF (see instructions)

OMB No. 1545-0047

2007

Name of organization	Employer identification number
The Herb Society of America, Inc.	34 : 1596261

Organization type (check one):

Filers of:	Section:
Form 990 or 990-EZ	☑ 501(c)(3) (enter number) organization
	☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
	☐ 527 political organization
Form 990-PF	☐ 501(c)(3) exempt private foundation
	☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation
	☐ 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule. (Note:** *Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule—see instructions.*)

General Rule—

☑ For organizations filing Form 990, 990-EZ, or 990-PF that received, during the year, $5,000 or more (in money or property) from any one contributor. (Complete Parts I and II.)

Special Rules—

☐ For a section 501(c)(3) organization filing Form 990, or Form 990-EZ, that met the 33⅓ % support test of the regulations under sections 509(a)(1)/170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution of the greater of $5,000 or 2% of the amount on line 1 of these forms. (Complete Parts I and II.)

☐ For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, aggregate contributions or bequests of more than $1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. (Complete Parts I, II, and III.)

☐ For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, some contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not aggregate to more than $1,000. (If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the Parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of $5,000 or more during the year.) . . . . ▶ $ ________

Caution: *Organizations that are not covered by the General Rule and/or the Special Rules do not file Schedule B (Form 990, 990-EZ, or 990-PF), but they **must** check the box in the heading of their Form 990, Form 990-EZ, or on line 2 of their Form 990-PF, to certify that they do not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).*

Name of organization	Employer identification number
The Herb Society of America, Inc.	34 1596261

Part I **Contributors** (See Specific Instructions.)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	Rhett Dennis Estate c/o Exexuctor @ Northern Trust 50 South LaSalle Street Chicago, IL 60675	$ 29,882	Person ☑ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
2	The Herb Society of America South Texas Unit PO Box 6515 Houston, TX 77265	$ 8,000	Person ☑ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
3	The Herb Society of America Philadelphia Unit PO Box 273 Chester Springs, PA 19425	$ 5,500	Person ☑ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)

The Herb Society of America, Inc. 34-1596261

Statement 1
Net Gain from Sales of Securities

Description	Gross Proceeds	Cost	Net Gain
Publicly Traded Securities	195,916	195,231	685

The Herb Society of America, Inc. 34-1596261

Statement 2
Other Changes in Net Assets or Fund Balances

Description	Amount
Unrealized loss on investments	(30,839)

Statement 3
Grants and Allocations

Name	Address	Relationship	Grant Description	Grant Purpose	Cash
National Arboretum	Washington DC	None	Summer Intern	Support National Herb Garden	19,916
List of recipients is available at the business office	9019 Kirtland Chardon Road Kirtland, OH 44094	None	Research grants	Promote Herb Education	11,507
Total					31,423

Statement 4
Other Expenses

Description	Total Other Expenses	Program Services	Management & General	Fundraising
Symposia	69,180	69,180		
Membership Directory/Benefits	14,617	14,617		
Donor Cultivation	4,651			4,651
Insurance	6,509	5,167	1,048	293
Professional Development/Training/Travel	6,629	5,264	1,067	298
Library/Website/Archives	10,103	10,103		
Bank Service Charges	2,672	2,122	430	120
Seed Exchange	2,032	2,032		
District Operations	9,599	8,639		960
Other	874	694	141	39
Total	126,866	117,819	2,686	6,361

Statement 5
Statement of Primary Exempt Purpose

The Herb Society of America, Inc., (the Society) is a nonprofit corporation organized in 1933 for the purpose of furthering the knowledge and use of herbs and contributing the results of the experience and research of its members to the records of horticulture, science and related arts.

Statement 6
Research Grants and Awards

Grants from The Herb Society of America, Inc. are made from the scholarship fund to selected recipients who have made applications outlining proposed programs of scientific or academic investigation of herbal plants. The scholarship committee determines the amount of the grants and it is subject to approval of the board of directors of The Herb Society of America, Inc. Progress reports and a complete copy of the finished work must be submitted.

The National Herb Garden disbursements are made from The National Herb Garden fund to The National Herb Garden for day-to-day functioning of the garden. The National Herb Garden Fund is a working fund with moneys available immediately through and by the Friends of the U.S. National Arboretum, 3501 New York Avenue, Washington D.C., 20002. Any expenditures of capital from this fund must be proposed by The National Herb Garden and approved by the board of directors of The Herb Society of America, Inc.

The Herb Society of America, Inc. 34-1596261

Statement 7
Statement of Program Services

Description of Program Services	Grants and Allocations	Program Service Expenses
Seed Exchange		2,032

Supplementary Statements
For Fiscal Year Ended 3/31/08

The Herb Society of America, Inc. 34-1596261

Statement 7
Statement of Program Services

Description of Program Services	Grants and Allocations	Program Service Expenses
Seed Exchange		2,032

The Herb Society of America, Inc. 34-1596261

Statement 8
Investments in Securities

Description	Ending Fair Market Value
Cash Equivalents	365,581
Corporate Debt Obligations:	
American General Finance Corp	100,973
Caterpillar Financial Svcs Corp.	51,612
Household Finance Corp.	49,940
Morgan Stanley	100,000
Wachovia Corp	49,939
Abbott Laboratories	51,144
Costco Wholesale Corp.	52,670
Halliburton Co	45,668
Walmart Stores	49,822
Total Corporate Debt Obligations	551,768
Equity Investments:	
Colgate Palmolive Co	35,060
Exxon Mobile Corp	71,470
Johnson CTLS Inc.	30,420
JP Morgan Chase & Co	38,054
T Rowe Price Group Inc.	30,000
Texas Instruments Inc.	39,578
United Technologies Corp.	96,899
Total Equity Mutual Funds	254,334
All Others	631,430
Total Equity Investments	1,227,245
Total Mutual Funds	112,463
TOTAL	2,257,057

Statement 9
Land, Buildings and Equipment

Property Description	Depreciation Method	Depreciation Life	Cost or Other Basis	Prior Years' Depreciation	Depreciation Expense	Accumulated Depreciation	Ending Net Book Balance
Land			28,375				28,375
Building & Improvements	SL	40 years	253,552	134,923	6,617	141,540	112,012
Office Equipment	SL	5 years	53,860	41,510	5,278	46,788	7,072
Furniture & Fixtures	SL	10 years	30,779	30,779	0	30,779	0
Total			366,566	207,212	11,895	219,107	147,459

Statement 10
Other Assets

Description	Balance as of 3/31/07	Balance as of 3/31/08
Interest Receivable	9,496	7,044
Inexhaustible Assets	34,447	34,447
Total	43,943	41,491

Other Liabilities

Description	Balance as of 3/31/07	Balance as of 3/31/08
Payroll Liabilities	3,814	4,926
Sales Tax Payable	0	8
Total	3,814	4,934

The Herb Society of America, Inc. 34-1596261

Statement 11
Board of Directors

Name	Title
Anne Abbott	President
Lois Sutton, Ph.D.	Vice President
Linda Lain	Secretary/Communications
Gretchen Faro	Treasurer/Finance and Operations
Gloria McClure	Botany and Horticulture Chairperson
Deborah Winter	Development Chairperson
Susan Betz	Education Chairperson
Peggy Rados	Membership Chairperson
Susan Liechty	Nominating Chairperson
Ann Brokamp	Central District Delegate
Susan Liechty	Great Lakes District Delegate
Jo Sellers	Mid-Atlantic District Delegate
Usha Palaniswamy	Northeast District Delegate
Mary Doebbeling	South Central District Delegate
Debbie Boutelier	Southeast District Delegate
Marilyn Filipek	West District Delegate
Dr. James Duke	Honorary President

The above individuals may be contacted at:

The Herb Society of America, Inc.
9019 Kirtland Chardon Road
Kirtland, OH 44094
440-256-0514

The Directors work on an as-needed basis, and do not receive compensation, contributions to employee benefit plans or expense accounts.

Supplementary Statements
For Fiscal Year Ended 3/31/08

The Herb Society of America, Inc. 34-1596261

Statement 12
Relationship of Activities to Exempt Purposes

Line No.	Description
93a	Sale of publications to make available and give knowledge, experience and research of herbs.
93b	Primary purpose of meeting and symposia income is to present educational programs concerning herbs.
93c	Seed exchange makes available hundreds of varieties of seeds to the public and members.
94	Membership dues establish a group of individuals with common goals with respect to herbs.
102	Gross profit on sale of inventory results from the sale of herb related products.
103a	Insurance assessments are interfund charges to units within the organization and have no impact.
103b	Library revenue earned in the course of furthering the exempt purposes of the Society.