

Treasurer's Report: 2016 Annual Meeting, Atlanta, Georgia
To: Board of Directors and the Assembly of Delegates

The Treasurer reported on the Society's financial position as of June 30, 2016 at the November 9 – 13, 2016 Board of Directors and Assembly of Delegates meetings held in Atlanta, Georgia.

Fiscal 2016 Report

The Treasurer reported that the Society's total investment return (dividends, interest and realized gains) for the fiscal year ending June 30, 2016, was -0.72%. The Society's fiscal year 2016 return was lower than FY2015 due to market volatility. The overall estimated fee was 59 basis points (0.59%), and the total account fees were \$60,731 during fiscal 2016.

Fiscal 2016 Budget Summary

The Board of Directors approved a balanced operational budget of \$3.3 million for fiscal 2016 at the recommendation of the Committee on Finances. An additional capital budget of \$0.14 million was also approved by the Board.

As of June 30, 2016, the revenues were up by 2.71% from the budget while expenses were down by 4.1% resulting in a small surplus of \$0.16 million. The surplus was due to unused capital expense to redesign *American Scientist* website in FY2016. 75% of the cost was deferred until FY2017. Member gifts were included in operating budget while unanticipated bequests were added to unrestricted investments: total \$525,000.

Line of Credit

During fiscal year 2016, the Society did not borrow any funds from available line of credit from Goldman Sachs.

Assets, Liabilities and Net Worth

As of June 30, 2016, the value of the Society's invested assets was \$10.0 million. Net worth as of June 30, 2016 was \$9.8 million. By comparison, net worth on June 30, 2015 was \$9.9 million; based on assets of \$12.2 million (investments + other) and liabilities of \$2.3 million. Thus, the net worth of the Society was \$0.09 million less at the end of fiscal year 2016 than it was at the end of fiscal year 2015.

Financial Summary and Investment Returns (Net of Fees)

As of June 30, 2015

As of June 30, 2016

Assets \$12.2 million

\$12.1 million

(market value of investments, cash, furniture, equipment and other)

Liabilities \$ 2.3million

\$ 2.2 million

(accounts payable, deferred rent and other)

Net Worth \$ 9.9 million

\$ 9.8 million

(assets minus liabilities)

Society's Investment Returns	
Assumed rate of return	+5.00%
1-year total investment return (thru June 30, 2016)	-0.72%
3-year total investment return (thru June 30, 2016)	+16.0%

Fiscal 2017 Budget

The Committee on Finances recommended an operational budget of \$3.6 million with a deficit of (\$0.24) for fiscal 2017 to the Board of Directors, which approved the recommended budget without change at its April 2016 meeting in Research Triangle Park, North Carolina. An additional capital budget of \$0.015 million was also approved by the Board.

The fiscal year 2017 budget is based on conservative projections of anticipated revenues from memberships (\$2.2 million), subscriptions (\$0.22 million), advertisers and underwriters (\$0.19 million), plus 75% of the average of the previous 3 years (12 quarters) of investment returns (\$0.37 million).

Society's Approved FY 2017 Budget (\$ in millions)	
Science Communications & Publications (<i>American Scientist</i> , etc.)	\$0.98
Programs (GIAR, Awards, etc.)	\$0.42
Annual Meeting	\$0.12
Membership, Chapter Services & Communications	\$0.63
Governance, Development, Finance & Administration	\$1.19
Headquarters Rent	\$0.24
Capital Budget	\$0.02

New Initiatives

At its April 16-17, 2016 meeting, the Board of Directors approved seed investment of \$195,000 for Research Communications Initiatives (RCI) and Dual Dissemination Initiatives. The monies would be made available by borrowing from the existing line of credit with Goldman Sachs and Company.

Spending Policy Revision

At the recommendation of the Committee on Finances in April 2016, the Board of Directors approved the revised spending policy where *“monies available from the endowment fund as revenue for the operating budget shall be limited to no more than five percent (5%) of the 12-quarter average of quarterly balances for the period ending on December 31 of the preceding calendar year. If, however, the projected amount of interest and dividends are less than five percent (5%), only this lesser amount shall be available.”*

Release of Restrictions on Purpose-restricted, Named Endowments:

At the recommendation of the Committee on Finances, the Board of Directors approved a motion that we pursue legal means to remove restrictions on purpose-restricted, named endowments over ten years old and under \$25,000 (initial investment), and that we begin the process by contacting donors and informing them that we are intending to pursue legal action to remove the restrictions on their endowments, and asking them if they wish to donate money to bring their funds up to \$25,000; if so, then we would put legal action on their funds in abeyance. This action would move restricted endowment funds to a non-restricted category in our investments and the funds could be used for any purpose.

Respectfully submitted,

David W. Baker, Ph.D.
Treasurer

COF Membership FY2016: D. Baker, F. John Case, J. Froula, T. Guidotti, P. Lebednik, R. Millard (Chair), J. Nemeth, M. Peeples, A. Stalcup, and B. Walters