

Draft Treasurer's Report: 2017 Virtual Annual Meeting
To: Board of Directors and the Assembly of Delegates

This Treasurer's report covers fiscal year 2017; the period from July 1, 2016 – June 30, 2017. The Society's Treasurer is pleased to present this report on behalf of the Committee on Finances (COF).

The COF exercises prudent and expert informed financial stewardship and oversight of all Society assets and liabilities so as to assure asset preservation and growth.

During the year, a quorum of the COF* met following each calendar quarter to review investment portfolio performance with the external investment manager, review annual budget for Board approval, monitor monthly cash flow and expenditures, including travel, in relation to Board-approved annual budget; review external financial audit report on appropriate internal accounting practices and internal Committee on Audit Review report, and adopt necessary practice corrections.

Assets, Liabilities and Net Worth

As of June 30, 2017, the value of the Society's invested assets was \$10.7 million. Net worth as of June 30, 2017 was \$10.5 million. By comparison, net worth on June 30, 2016 was \$9.8 million; based on assets of \$12.8 million and liabilities of \$2.3 million. Thus, the net worth of the Society was \$0.66 million more at the end of fiscal year 2017 than it was at the end of fiscal year 2016.

The Society's total investment return for the fiscal year ending June 30, 2017, was 9.68%. There was an increase of 10.9% from FY2016 return due to favorable market conditions. The overall estimated fee was 57 basis points (0.57%), and the total account fees were \$56,012 during fiscal 2017.

Society's Investment Returns	
Assumed rate of return	+5.00%
1-year total investment return (thru June 30, 2017)	9.68%
3-year total investment return (July 1, 2014 - June 30, 2017)	10.35%

Fiscal 2017 Budget Summary

The Board of Directors approved an operational budget of \$3.5 million for fiscal year 2017 with a deficit of (\$0.17) million at the recommendation of the Committee on Finances. An additional capital budget of \$0.015 million was also approved by the Board.

As of June 30, 2017, the revenues were up by 1.07% from the budget while expenses increased by 1.15% resulting in a net deficit of \$0.18 million. At the end of FY2016, 75% of

American Scientist website redesign expenses were deferred until FY2017. The increase in capital expense is related to American Scientist website redesign project brought in service in FY2017. Member gifts were included in operating budget while unanticipated bequests were added to restricted investments to meet donor's instructions.

Line of Credit

During fiscal year 2017, the Society did not borrow any funds from available line of credit with Goldman Sachs.

Fiscal 2018 Budget

The Committee on Finances recommended an operational budget of \$3.8 million with a deficit of (\$0.32) million for fiscal year 2017 to the Board of Directors, which approved the recommended budget without change at its May 2017 meeting in Research Triangle Park, North Carolina. An additional capital budget of \$0.015 million was also approved by the Board.

The fiscal year 2018 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 (\$0.34 million).

Society's Approved FY 2018 Budget (\$ in millions)	
Science Communications & Publications (<i>American Scientist</i> , etc.)	\$0.98
Programs (GIAR, Awards, etc.)	\$0.50
Annual Meeting	\$0.01
Membership, Chapter Services & Communications	\$0.60
Governance, Development, Finance & Administration	\$1.44
Headquarters Rent	\$0.25
Capital Budget	\$0.02

Respectfully submitted,

David W. Baker, Ph.D.
Treasurer

*COF Membership FY2017: D. Baker (Chair), F. John Case, J. Froula, T. Guidotti, P. Lebednik, R. Millard, J. Nemeth, and M. Peebles, A. Stalcup