

Treasurer's Report: 2018 Annual Meeting
To: Board of Directors and the Assembly of Delegates

This Treasurer's report covers fiscal year 2018; the period from July 1, 2017 – June 30, 2018. 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, 2018, the value of the Society's invested assets was \$12.3 million. Net worth as of June 30, 2018 was \$10.3 million. By comparison, net worth on June 30, 2017 was \$10.5 million; based on assets of \$12.8 million and liabilities of \$2.3 million. Thus, the net worth of the Society decreased by (\$0.20 million) at the end of fiscal year 2018 than it was at the end of fiscal year 2017.

The Society's total investment return for the fiscal year ending June 30, 2018, was 5.77%. There was decrease of 3.91% from FY2017 return due to unfavorable market conditions. The overall estimated fee was 63 basis points (0.63%), and the total account fees were \$63,385 during fiscal 2018.

Society's Investment Returns	
Assumed rate of return	+5.00%
1-year total investment return (thru June 30, 2018)	5.77%
3-year total investment return (July 1, 2015 - June 30, 2018)	14.57%

Fiscal 2018 Budget Summary

The Board of Directors approved an operational budget of \$3.8 million for fiscal year 2018 with a deficit of (\$0.32 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, 2018, the revenues were down by (7.58%) from the budget while expenses decreased by (2.81%) resulting in a net deficit of (\$0.47 million). Contributions without

donor restrictions were included in operating budget while contributions with donor restrictions were added to restricted investments to meet donor's instructions.

Line of Credit

During fiscal year 2018, the Society did not borrow any funds from available line of credit with Goldman Sachs. In May 2018, the line of credit was automatically cancelled when investment management was transferred from Goldman Sachs over to Vanguard Investment Advisory Services.

Fiscal 2019 Budget

The Committee on Finances recommended an operational budget of \$4.21 million with a deficit of (\$0.30million) for fiscal year 2019 to the Board of Directors. The Board of Directors not only approved the recommended budget but also approved \$0.025 million toward Executive Directors' discretion fund at its April 2018 meeting in Research Triangle Park, North Carolina. An additional capital budget of \$0.019 million was also approved by the Board.

The fiscal year 2019 budget is based on conservative projections of anticipated revenues from memberships (\$2.4 million), contributions (\$0.48 million), subscriptions (\$0.22 million), advertisers and underwriters (\$0.18 million), program income and overhead from grants and contracts (\$0.20 million) plus 80% of the average of the previous 3 years (12 quarters) of investment returns (\$0.42 million).

Society's Approved FY 2019 Budget (\$ in millions)	
Science Communications & Publications (<i>American Scientist</i> , etc.)	\$0.98
Programs (GIAR, Awards, etc.)	\$0.41
Annual Meeting	\$0.35
Membership, Chapter Services & Communications	\$0.62
Governance, Finance & Administration	\$1.28
Headquarters Rent	\$0.25
Fundraising	\$0.30
Capital Budget	\$0.02

Respectfully submitted,
David W. Baker, Ph.D.
Treasurer

*COF Membership FY2018: D. Baker (Chair), J. Froula, C. Gouin, D. Mason, M. Peeples, J. Primack, G. Richmond, G. Siegal, A. Stalcup, and J. Vernon