

SMA Treasurer's Report SMA Business Meeting – AAA – Friday, December 1, 2017

Budget Trends 2011-2018:

Chart Title

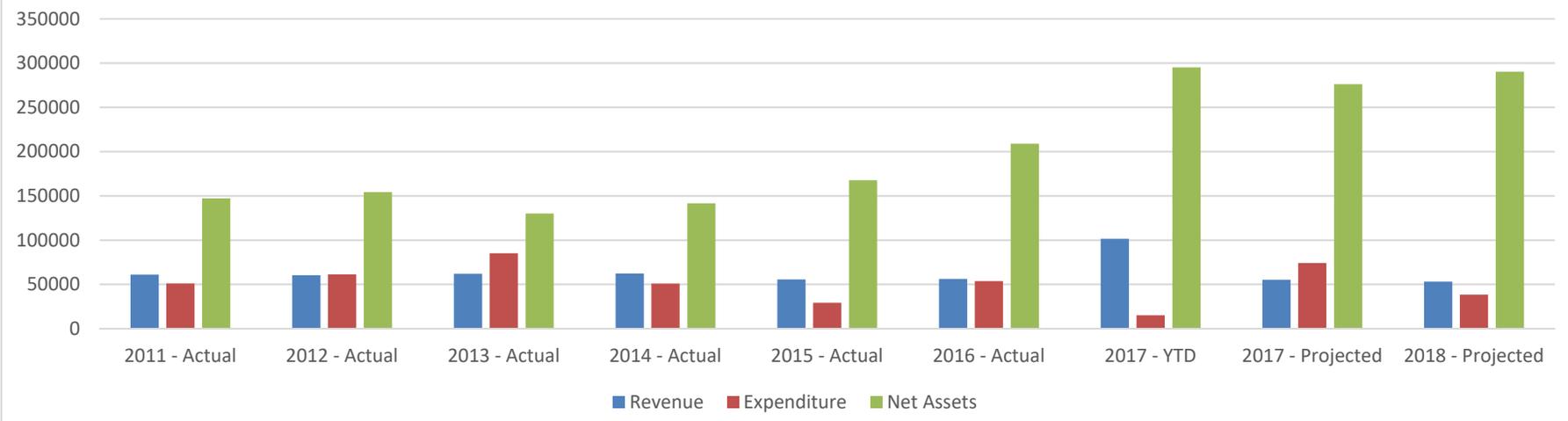
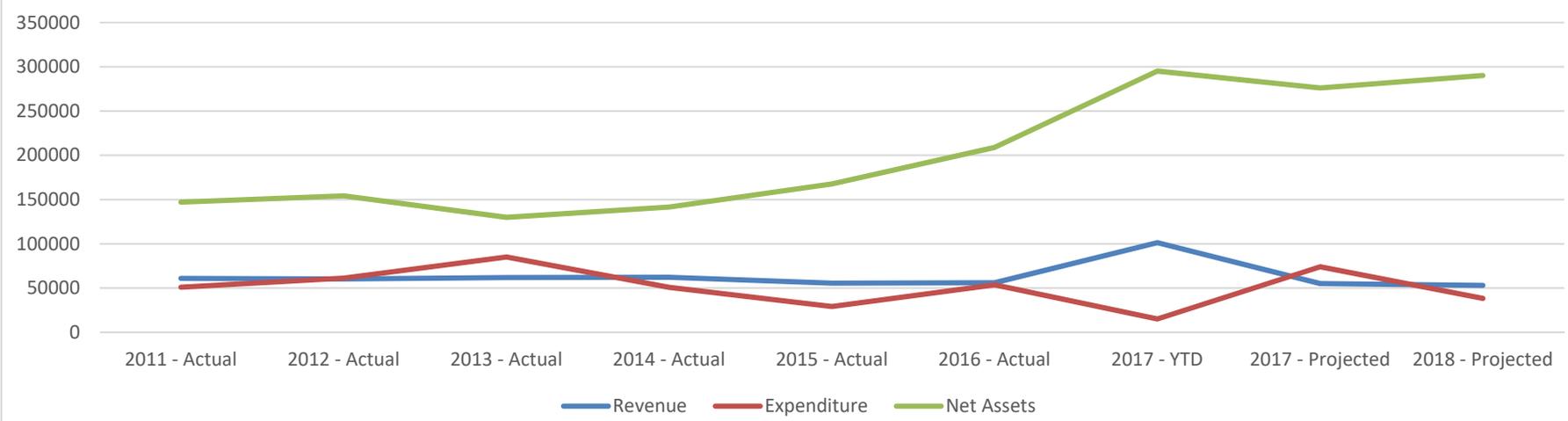


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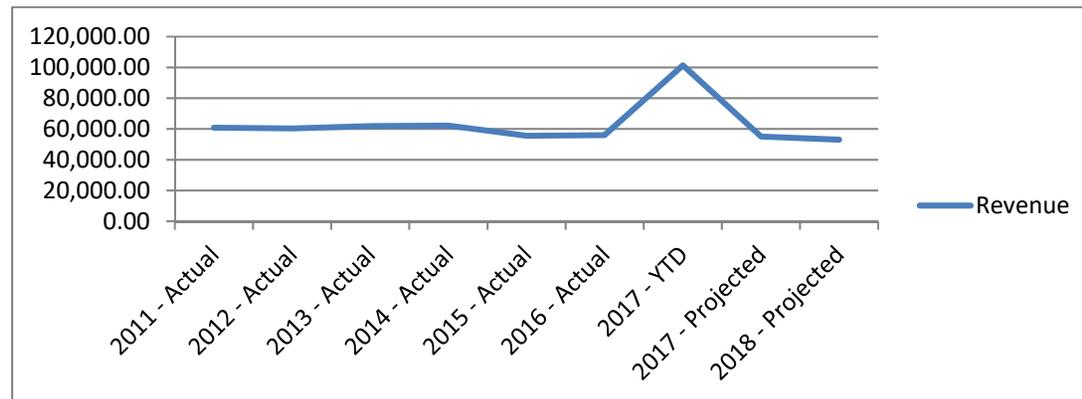


Revenue, Expenses, and Net Assets Since 2011:

	2011 - Actual	2012 - Actual	2013 - Actual	2014 - Actual	2015 - Actual	2016 - Actual	2017 - YTD	2017 - Projected	2018 - Projected
Membership - Regular	\$38,231.47	\$35,449.55	\$34,321.05	\$36,037.12	\$37,806.09	\$34,068.00	\$27,538.14	\$35,836.00	35,972.00
Membership - Student	9,076.93	8,419.47	5,019.47	5,268.42	6,073.42	6,720.00	4,910.04	6,120.00	6,620.00
Membership - Retired	1,997.29	2,127.49	1,989.11	2,215.09	2,285.31	2,065.00	1,528.94	2,170.00	2,030.00
Membership - International	2,522.55	4,178.02	7,762.40	5,470.64	1,086.38	2,380.00	224.69	2,448.00	2,244.00
Membership - Sustaining	6,585.18	10,166.51	11,688.80	10,992.25	7,645.32	10,780.00	4,351.84	8,428.00	6,076.00
Membership - Joint	39.08	61.62	49.21	49.17	51.66	30.00	79.29	40.00	120.00
Subtotal Membership	58,452.50	60,402.66	60,830.04	60,032.69	54,948.18	56,043.00	38,632.94	55,042.00	53,062.00
Mailing List Rental	45.00	0.00	30.00	0.00	0.00	0.00	0.00	0.00	0.00
Registration Fees	0.00	0.00	0.00	1,800.00	0.00	0.00	0.00	0.00	0.00
Workshop Registration Fees	0.00	0.00	780.00	320.00	612.00	0.00	801.00	0.00	0.00
Other Income	0.00	0.00	0.00	0.00	0.00	0.00	45,886.79	0.00	0.00
Intrafund Transfer/Release	0.00	0.00	0.00	0.00	0.00	0.00	16,031.67	0.00	0.00
Contributions - Curr Ops	0.00	0.00	250.00	80.47	0.00	0.00	0.00	0.00	0.00
Other Income	2,422.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL REVENUE	60,919.69	60,402.66	61,890.04	62,233.16	55,560.18	56,043.00	101,352.40	55,042.00	53,062.00
Salaries & Wages-AAA	0.00	0.00	0.00	40.00	0.00	0.00	0.00	0.00	0.00
Prof./Consult./Honoraria	4,800.00	5,000.00	9,500.00	8,095.68	6,882.80	9,060.00	5,390.00	9,060.00	5,100.00
Travel & Related Expenses	15,653.35	16,348.80	23,382.38	14,083.86	6,426.92	15,900.00	0.00	15,900.00	16,900.00
Awards & Honors	4,000.00	5,758.29	9,676.64	2,550.00	2,761.16	1,100.00	0.00	1,100.00	3,850.00
Section Web Sites	4,800.00	2,000.00	16,136.62	8,012.62	7,736.95	7,700.00	8,477.50	8,000.00	2,542.00
Postage	35.23	0.45	67.77	0.00	0.00	75.00	0.00	75.00	0.00
Telephone	0.00	146.52	0.00	0.00	21.24	100.00	0.00	100.00	0.00
Bank Fees	0.00	0.00	0.00	35.00	52.50	50.00	0.00	50.00	0.00
PhotoCopy/Duplication	47.99	0.00	168.50	0.00	24.64	100.00	0.00	100.00	0.00
Miscellaneous Expense	429.30	522.28	1,100.00	214.91	0.00	1,500.00	0.00	1,500.00	2,500.00
Meeting Food and Space	3,331.30	7,125.49	9,132.94	5,853.03	5,645.41	6,160.00	0.00	6,160.00	1,910.00
Meeting Equip. Rental	0.00	995.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Printing	0.00	0.00	110.67	0.00	0.00	0.00	0.00	0.00	0.00
Development & Promotion	1,500.00	0.00	1,474.94	2,500.00	3,300.00	6,000.00	0.00	6,000.00	2,600.00
YTD Pubs (Rev) less Exp	16,369.91	23,446.35	14,426.00	9,418.06	(3,620.63)	5,971.00	1,241.37	25,999.00	2,944.00
TOTAL EXPENDITURES	50,967.08	61,343.18	85,176.46	50,803.16	29,230.99	53,716.00	15,108.87	74,044.00	38,346.00
Change in Net Assets	\$9,952.61	(\$940.52)	(\$23,286.42)	\$11,430.00	\$26,329.19	\$2,327.00	\$86,243.53	(\$19,002.00)	\$14,716.00
NET ASSETS	147,191.00	154,197.00	129,971.00	141,605.00	167,730.00	208,914.00	295,157.00	276,155.00	290,155.00

Commentary:

Please note that this report does not include references to the MAQ budget, which is included in the MAQ Editor's report. Further, the 2011-2016 numbers are "actual" and the 2017-2018 numbers are "projected". The 2017 YTD (year to date; the latest numbers are from October 31, 2018) column includes actual revenue and expenditure for the first three quarters. The AAA meeting-related expenses, which tend to be significant (for expenditure, such as awards, and supplementary travel support for Board members; also for revenue, such as from workshops organized), are not yet included. Depending on our expenses in the 4th quarter of 2017, the "actual" expenditure for 2017 may be lower than projected (the AAA expenses and revenue, e.g. workshops, are not yet included). This has been the case in previous years.



The 2017 YTD (Year to Date) columns include an unusual and exceptional spike in revenue and subsequently in our net assets. The SMA received \$45,886.79 as an advance payment from Wiley, the publisher of the AAA publication portfolio that also includes the MAQ, after the new publishing contract has been awarded to Wiley. Further, the SMA received a \$16,031.67 rebate from the AAA publishing fund, which the AAA created preparing for a possible transition from Wiley to a new publisher. As Wiley continues to publish the AAA publishing portfolio, the publishing sections receive a part of this fund. Initially, it was planned to allocate both amounts evenly over the next five years, but we received them this year as a lump sum.

This spike may give the impression that our finances are in a good health. However, this is misleading as these are only one-time revenues and the SMA has to continue to closely monitor its revenue streams and expenditures. The SMA Board approved radical belt-tightening efforts for the 2018 budget, reducing our projected expenses by about \$14,000, considering that our main revenue source – membership dues – is remaining stagnant or declining and because we had an additional expense starting with 2017 – the stipend for the MAQ editorial assistant. Even though there is likely to be an increase in the percentage of royalties received from the AAA

publishing portfolio to about 20% resulting in about \$8,000 additional revenue, this may not offset in the long-term our added expenses and the SMA is likely to continue subsidizing the MAQ.

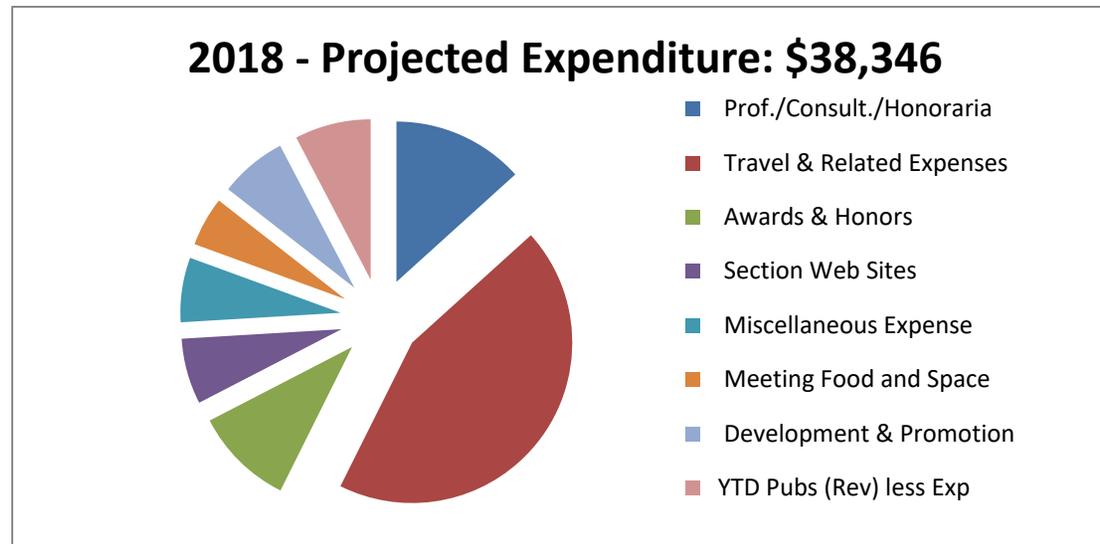
In short: the spike in this year's revenue should not lead to complacency. Unless we continue our efforts to balance our budget our financial health could be at risk. We are looking at a situation where we may have to dig into our net assets and then within a few years go below the minimum amount the AAA expects us to have in savings, which is the double amount of a yearly expenditure. Due to the one-time boost in net assets and tight-belted efforts, however, the possibility of having to draw from our savings is delayed for a couple of years.

The SIG accounts are included in the SMA Net Assets. At the moment, all SIGs together have \$4,391.62 in their accounts as well as \$2,926 in their savings, totaling \$7,317.62. A good number of SIGs started this year to give gift cards instead of cash awards, which are not yet included in the current report. Thus, the total SIG assets are likely to be about \$5,600, comparable with previous years. Even though this amount is part of the SMA net assets, the SMA cannot use it to pay its expenses.

The Eileen Basker Award Endowment is not included in the general SMA Net Assets. From January to October, 2018, the endowment generated \$709 through interests and currently stands at \$18,243.01. As this amount, plus the projected interest in the fourth quarter, is not enough to cover the \$1,000 for the Basker Award, Virginia Dominguez kindly agreed to cover most of the shortfall. Our fundraising efforts this year aimed at increasing the endowment to about \$25,000 in order to generate the \$1,000 for the annual Basker Award. However, we didn't reach this target. Nevertheless, \$959 was raised this year through donations. We continue our fundraising efforts and donations can be made through the SMA Homepage on the "Donate"-site.

Also other fundraising efforts will continue. On the "Donate"-site of the Homepage, we also solicit donations for the SMA General Fund, which did not receive donations this year despite repeated communication with the SMA membership. Finally, our outgoing webmaster created an Amazon Smile account to generate additional funds. It is fairly new and has, thus, not yet generated revenue.

2018 Changes to SMA Expenditure:



The SMA Board approved some significant changes to the 2018 Budget to address budgetary constraints and concerns that warrant some explanation:

- “Professional, Consulting and Honoraria” has been reduced. The SMA Assistant position with a stipend of \$7,000 has been reconfigured as the AAA Meeting Support Assistant with a stipend of \$2,500. This category also included the \$2,500 stipend for the Digital Communications Manager and five SMA Student Memberships at \$20 to thank volunteers working with the SMA Communications Chair.
- The amount budgeted for the “Supplementary Meetings Travel” category remains about the same but the actual amount spent in this category is generally much lower than projected. SMA Board members tend to utilize their institutions’ travel support first before requesting travel assistance. For 2018, this category also includes travel subsidies (1) for Board Officers attending the SfAA meeting and (2) for the Meeting Support Assistant, the Digital Communications Manager, and the Webmaster attending the AAA. This partial travel subsidy is the largest expense in the 2018 projected budget. As noted earlier, the partial travel subsidy is only available when board members and staff have exhausted all other sources of support. Please note that the MAQ editor, editorial assistant and the reviews editor receive a travel support subsidy through the MAQ budget.
- The “Awards” category has been increased primarily through simplifying accounting by shifting awards from other categories to this category, such as the five Student Conference Travel Awards. Thus, for 2018, the SMA plans to award and pay for:
 - Eileen Basker Memorial Prize (mainly paid through the Basker Endowment and a donation by Virginia Dominguez, but the SMA covers any remaining shortfall)
 - Polgar MAQ Awards

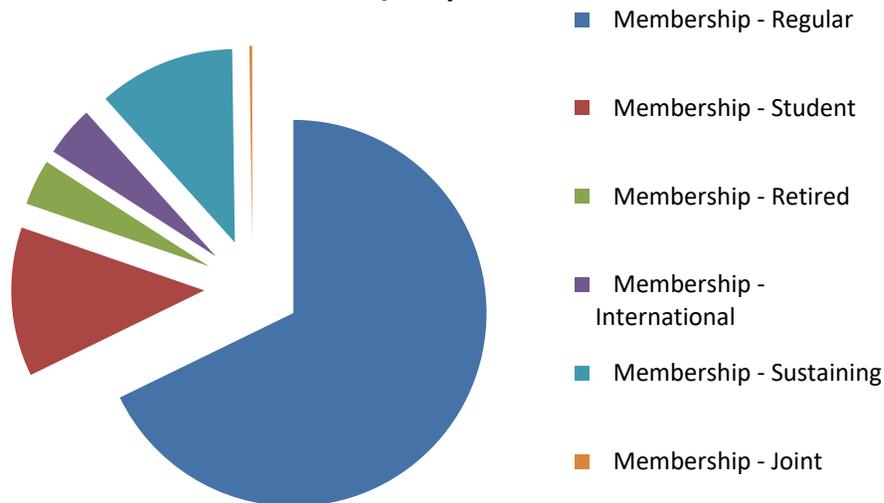
- MASA Mentorship Award
- Five AAA Student Conference Travel Awards
- Career Achievement Award
- Charles Hughes Graduate Student Paper Award
- The "Section Website" category has been significantly reduced, mainly by reducing the webmaster's stipend made possible through working with student webmasters and moving the website onto the AAA server, which is free of charge.
- The "Meeting Food and Space" category has been significantly reduced by reducing expenditure for food and drinks for SMA-sponsored events.
- The "Development and Promotion" category has been significantly reduced because its main expense, the student awards, has been shifted to the "Awards" category.
- The "YTD Pubs (Rev less Exp)" category refers to expenses for the MAQ, which routinely needs to be subsidized by section dues. The amount of the subsidy varies from year to year. We began a period where the costs of running MAQ's Academic Editorial Office are higher as universities are not anymore able to support the Editor by providing student assistants and other forms of assistance. For 2017, the largest part of the increased projected costs is for the editorial assistant. Given the climate of decreasing institutional support for scholarly journals, future recruitments will likely face similar challenges. We projected last year that we need to dig into our net assets, which will not be necessary due to the one-time payments from Wiley and the AAA publishing fund. For 2018, due to projected MAQ revenue increases and reduced expenses, subsidies for the MAQ are predicted to be small. However, this can rapidly change if the revenue predictions are inaccurate.

Conclusions:

Overall, we reduced our expenses for 2018 by about \$14,000. We need to evaluate these efforts to balance our budget in terms of appropriateness of the cuts to expenditure as well as in light of long-term revenue, which comes mainly from membership dues and MAQ royalties. The MAQ Editor's report addresses the latter, while the report of the Chair of the Membership Committee addresses membership trends. It is concerning that SMA membership has been slightly decreasing, though not as much as the overall AAA membership, subsequently also the SMA revenue. Particularly some membership categories experienced a significant loss, such as the International Membership category. If the overall membership declines, the SMA revenue will decrease and the Board needs to evaluate its expenditure. On a positive note, student membership has been increasing slightly. Further, there seems to be potential to increase membership of our retired colleagues. I encourage SMA members, SIGs, etc. to speak with their colleagues and students about joining the SMA. The AAA is currently engaging in an initiative to motivate lapsed members, including SMA members to renew their membership at a discount.

To sum up: Due to drastic cuts in expenditure and unexpected one-time revenue, our financial situation is somewhat stable though precarious as membership numbers may drop and MAQ royalty revenue may decline.

2018 - Projected Membership Revenue: \$53,062



Please note that the SMA Board decided not to increase the current membership dues, which are already high compared to other sections:

Professional- \$68
 International rate- developed country- \$68
 International rate- developing country \$30
 Retired- \$35
 Joint - \$10
 Sustaining- \$98
 Student - \$20

Projected revenue through sustaining members is likely to be significantly lower than estimated, unless more long-term SMA members become "sustaining members".