

REPORT TO ACS COUNCIL

April 5, 2017

COVER SLIDE – BUDGET & FINANCE COMMITTEE

Madam President and fellow Councilors, the Committee met on Saturday to review the Society's 2016 financial performance.

SLIDE 2 – 2016 FINANCIAL HIGHLIGHTS

In 2016, ACS generated a Net from Operations of \$23.8 million, which was \$7.2 million higher than 2015. Total revenues were \$526.8 million, increasing 2.9% or \$15.0 million over 2015. Expenses ended the year at \$503.0 million, which was \$7.8 million or 1.6% higher than prior year. This was attributable to a continued emphasis on expense management across the organization. In addition, I am pleased to report the Society's financial position strengthened in 2016, with Unrestricted Net Assets, or reserves, increasing from \$163.3 million at December 31, 2015 to \$206.5 million at year-end 2016.

SLIDE 3 – 2016 NET FROM OPERATIONS

The Society's sources of net contribution, shown here at the top of the slide in dark blue, totaled \$80.4 million and included Information Services, which is comprised of Chemical Abstracts Service and ACS Publications, Investments, and Net Dues Revenue. These sources funded net expenses associated with Society Programs shown here in light blue, Web Strategy & Operations, and All Other activities.

SLIDE 4 – UNRESTRICTED NET ASSETS

As noted earlier, Unrestricted Net Assets increased in 2016. As shown in the call out box, the improvement was the result of the net from operations combined with investment gains and a reversal of previously recorded non-cash accounting charges for the Society's two closed postretirement benefit plans, resulting in a net increase of \$43.2 million. Even with this improvement, unrestricted net assets remain below the Board approved guideline which requires unrestricted net assets of approximately \$265 million. A return to full compliance will require continued strong operating results and favorable capital market conditions.

SLIDE 5 – FINANCIAL INFORMATION ON ACS.ORG

This slide shows where additional financial information can be found on the ACS public website. When at acs.org, at the top right, click on 'About ACS'.

SLIDE 6 – FINANCIAL INFORMATION ON ACS.ORG

Then click on 'Financial'. From there you can link to 'ACS Financial Information' where you will find the Society's audited financial statements and IRS Form 990 filings.

SLIDE 7 – 2017 FULLY ESCALATED DUES CALCULATION

The Committee received a presentation on the calculation of the 2018 fully escalated dues rate. As prescribed in the Bylaws, the current

2017 base dues rate is increased by the change in the Consumer Price Index over the previous two years, or 3.05%. The \$5 increase results in a fully escalated 2018 dues rate of \$171.

SLIDE 8 – COMPARISON OF ACS DUES WITH OTHER SCIENTIFIC SOCIETIES - 2017

This slide shows a comparison of ACS' 2017 dues rate with other scientific societies. The ACS dues rate falls in the middle of the range and is expected to remain there in 2018.

SLIDE 9 – 2018 DUES RATE WITH B&F MOTION

The Committee voted to recommend to Council that the dues for 2018 be set at the fully escalated rate of \$171, CPC concurs, and Madam President, I so move.

Madam President and Members of Council, this concludes my report.

Dr. Joseph Heppert, Chair

Society Committee on Budget & Finance