REPORT TO ACS COUNCIL  
April 10, 2013

COVER SLIDE – BUDGET & FINANCE COMMITTEE  
Madam President and members of Council, the Committee met on Saturday, to review the Society’s 2012 financial performance.

SLIDE 2 – 2012 FINANCIAL HIGHLIGHTS  
In spite of the sluggish economy, ACS generated favorable operating results in 2012. Total revenue was $490.7 million, $6.1 million or 1.3% greater than the approved budget, and 3.9% higher than 2011. The Net from Operations was $20.2 million, or $4.3 million favorable to budget. This was largely attributable to better-than-expected performance by ACS Publications and CAS, and represents the Society’s 9th consecutive year of positive operating results. While operating performance was favorable, Unrestricted Net Assets declined $1.4 million to $100.6 million. Finally, ACS ended the year in compliance with four of the five Board-established financial guidelines.

SLIDE 3 – 2012 NET FROM OPERATIONS  
The Society’s sources of net contribution, shown here at the top of the slide, totaled $72.4 million and included Information Services (i.e., CAS and Publications), Investments and Net Dues Revenue. These
sources funded net expenses associated with Society Programs (in light blue), Web Strategy & Operations, and all other activities.

SLIDE 4 – UNRESTRICTED NET ASSETS
As noted earlier, Unrestricted Net Assets declined slightly in 2012. The key factors are shown here in the call out box. In a nutshell, the Net from Operations and Investment Gains were more than offset by the Leadscope settlement and a non-cash accounting charge related to an increase in postretirement benefit plan liabilities for the Society’s two closed plans (a defined benefit pension plan and a retiree medical plan). (*Note to Pat - DB pension plan was 79% funded at year end*).

The accounting rules for these plans are complex, but the basic principle is that an employer is required to record a charge whenever a plan’s funded status declines. In 2012, the continued decline in interest rates caused the plans’ liabilities to increase, adversely impacting the plans’ funded status. While it is little consolation, the situation ACS faces is not unique. Any organization with these plans is experiencing similar challenges.

Because unrestricted net assets remained depressed, compliance with the financial guideline for reserve adequacy was not met. Return to full compliance will be dependent upon continued strong operating results, sustained improvement in capital market returns, and a modest increase in interest rates.
SLIDE 5 – FINANCIAL INFORMATION ON ACS.ORG
This slide shows where additional financial information, including the Society’s 2012 audited financial statements, can be found on the ACS public website.

SLIDE 6 – 2014 FULLY ESCALATED DUES CALCULATION
The Committee received a presentation on the calculation of the fully escalated dues rate for 2014. As prescribed in Bylaw XIII, the current 2013 base rate is increased by the CPI (Services Category +2.17%). The $3 increase results in a fully escalated 2014 dues rate of $154.

SLIDE 7 – COMPARISON OF ACS DUES WITH OTHER SCIENTIFIC SOCIETIES - 2013
This slide shows a comparison of ACS’ 2013 dues rate with other scientific societies. The ACS dues rate falls in the middle of the range and is expected to remain there in 2014.

SLIDE 8 – 2014 DUES RATE WITH B&F MOTION
The Committee voted to recommend to Council that the dues for 2014 be set at the fully escalated rate of $154, CPC concurs, and Madam President, I so move.

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

Dr. Pat Confalone, Chair
Society Committee on Budget & Finance