Report from Society Committee on Budget & Finance
Budget & Finance Committee

A Brief Summary

◆ 2010 New Program Funding Request
  ■ **ACS Science Coaches**
    • 2010 Net Operating Cost $25,000
    • 2011 Net Operating Cost $30,000
    • 2012 Net Operating Cost $20,000

◆ 2010 Program Funding Reauthorization Request
  ■ **ACS Green Chemistry Institute**
    • 2010 Net Operating Cost $660,000
Mr. President and members of Council, the Society Committee on Budget and Finance met on Saturday, August 15. The Committee reviewed the Society’s probable year end financial projection for 2009. Total revenues are expected to be approximately $462 million, which is $17.8 million, or 3.5%, below the 2009 Approved Budget. The Society is projected to end the year with a net contribution from operations of $11.2 million or $528,000 favorable to the Approved Budget. This favorable projection is largely a result of Contingency Plan actions and expense management initiatives implemented in early 2009 in response to the global economic downturn. These measures are expected to fully offset the projected revenue shortfalls.

With the recession showing some signs of receding, capital market conditions have improved since the low point in March. As a result, as of July 31, the Society has recorded year-to-date investment gains of $13.5 million. The Society is expected to end
the year in compliance with four of the five Board-established financial guidelines. Compliance with the Fund Balance Ratio, a reserve adequacy guideline, is uncertain and will be highly dependent upon continued improvement in the capital markets between now and year end. As you may recall from my report in March, ACS was not in compliance with this guideline at year end 2008. (Note: FBR Guideline 40% – 80%. Unrestricted Net Assets at 12/31/08 = $60 million; FBR 13%. As of July 31, 2009 Unrestricted Net Assets = $129 million; FBR 28%. 40% requires $185 million, or $56 million increase from 7/31/09.)
Budget & Finance Committee
2009 Probable Year End Projection

◆ Net Contribution from Operations
  ■ $11.2 Million
  ■ $528,000 Favorable Variance

◆ Board Financial Guidelines
  ✔ Sustainability
  ✔ Current Ratio
  ✔ Debt Ratio
  ✔ Free Cash Flow

? Fund Balance Ratio*

* Fund Balance Ratio = Year End Unrestricted Net Assets / Next Year’s Operating Budget
The Committee reviewed a new program funding request for *ACS Science Coaches* and recommended to the ACS Board that funding be included in the 2010 Proposed Budget and 2011 and 2012 Forecast Budgets.

The Committee also considered a program funding reauthorization request for the *ACS Green Chemistry Institute* and recommended to the ACS Board that funding be included in the 2010 Proposed Budget. Beginning with the 2011 budget cycle, ACS-GCI will be included as a standing program in the ACS Operating Budget.
Budget & Finance Committee

Report from PRAG

◆ Program Groupings Reviewed in 2009
  ■ Career Self-Management/Employment
  ■ Institutional & Membership Development
  ■ Scientific Advancement
  ■ Chemistry Pipeline

◆ First Four-Year Cycle Complete
  ■ >80 Individual Programs Reviewed within 34 Program Areas
The Committee received a report from the Program Review Advisory Group (or PRAG) on its 2009 review of Society Programs. The four program groupings reviewed were *Career Self-Management/Employment, Institutional & Membership Development, Scientific Advancement* and *Chemistry Pipeline*.

As a reminder, PRAG was established in 2006 to assist B&F in fulfilling its responsibility, as prescribed in the ACS Bylaws, to “review all activities supported by the budget and make recommendations regarding priorities to the ACS Board and Council.” PRAG has now completed its fourth year of program reviews, which concludes its first cycle through the entire set of Society Programs. PRAG evaluated each program’s alignment with the strategic plan, goals, metrics, impact, and budgetary performance. During the four year cycle, over 80 individual programs were reviewed.

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

Dr. Dennis Chamot, Chair
Society Committee on B&F