

**BUDGET & FINANCE COMMITTEE  
REPORT TO ACS COUNCIL  
AUGUST 22, 2018**

**SLIDE 1 – COVER SLIDE**

**SLIDE 2 - 2018 PROBABLE 1 PROJECTION**

Mister President and members of Council, the Society Committee on Budget and Finance met on Saturday. The Society's 2018 Probable 1 Projection calls for a Net from Operations of \$31.8 million. This is \$1.3 million favorable to the Approved Budget. Total revenues are projected to be \$565.1 million, which is \$5.7 million or 1.0% favorable to Budget. Total expenses are projected at \$533.3 million, which is \$4.4 million or 0.8% unfavorable to Budget.

**SLIDE 3 – 2018 PROBABLE 1 PROJECTION: Sources and Uses**

The Society's sources of net contribution, shown here at the top of the slide, are projected to total \$94.1 million and include Information Services (i.e., CAS and Publications) and Investments. These sources fund net expenses associated with Society Programs (in blue), Web Strategy & Operations (in green), and All Other activities (in grey). One of the key takeaways from this chart is the importance of CAS and Publications to the Society's financial health.

## **SLIDE 4 – FINANCIAL GUIDELINES**

As shown on this dashboard, the Society is expected to end the year in compliance with each of the five Board-established financial guidelines.

If you recall from prior year reports, ACS was out of compliance with the final guideline, the Fund Balance Ratio, since the financial crisis in 2008, and regained compliance in 2017. The Fund Balance Ratio is a measure of the adequacy of Unrestricted Net Assets (or reserves). The Board has set the guideline at 50% of the annual operating budget, which means unrestricted net assets should be sufficient to cover half of the operating expenses for the following year. It is anticipated that the Society will remain in compliance for 2018.

Please note that the Debt Ratio guideline is labeled N/A because the Society has no outstanding debt.

## **SLIDE 5 – UNRESTRICTED NET ASSETS**

This slide shows the growth in unrestricted net assets since 2014, with an estimate of unrestricted net assets as of July 31, 2018. As shown in the call out box, the year-to-date improvement is the result of the net from operations and investment gains, combined with a reversal of previously accrued non-cash accounting charges for the Society's two closed postretirement benefit plans. The year-end actual result will be

dependent on operating results and capital market performance between now and December 31.

### **SLIDE 6 – PROGRAM FUNDING REQUESTS**

The Committee considered one 2019 program funding reauthorization request. As shown on this slide, the Board subsequently approved funding for the *ACS Festival Series* for inclusion in the 2019 Proposed Budget and the 2020-2021 Forecasts. The *Festival Series* is intended to build capacity in the ACS international chapters to conduct high quality community outreach events. Note that the slide summarizes net expenses before indirect assessments.

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

Dr. Joseph A. Heppert, Chair  
Society Committee on B&F