

REPORT TO ACS COUNCIL

March 25, 2015

COVER SLIDE – BUDGET & FINANCE COMMITTEE

Madam President and fellow Councilors, the Committee met on Saturday to review the Society's 2014 financial performance.

SLIDE 2 – 2014 FINANCIAL HIGHLIGHTS

In 2014, ACS generated a Net from Operations of \$17.9 million, which was \$4.2 million favorable to budget. Total revenues were \$499.0 million, \$0.7 million or 0.1% higher than budget. Expenses ended the year at \$481.1 million, \$3.5 million favorable to budget. This variance was largely attributable to a continued emphasis on expense management across the Society. Despite these favorable operating results, the Society's financial position weakened in 2014, with Unrestricted Net Assets declining \$62.3 million, to \$144.7 million at year-end.

SLIDE 3 – 2014 NET FROM OPERATIONS

The Society's sources of net contribution, shown here at the top of the slide in dark blue, totaled \$73.0 million and included Information Services (i.e., Chemical Abstracts Service 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 in 2014. As shown in the call out box, the decline was the result of a significant accounting charge (\$93.7M) related to the Society's two closed postretirement benefit plans (a Defined Benefit Pension Plan and a Retiree Medical Plan). In 2014, as required to comply with generally accepted accounting principles, ACS implemented new mortality tables which incorporate increased life expectancies. Implementation of the new tables, coupled with a sharp decline in the discount rates used to value the plan liabilities, necessitated the charge. This non-cash accounting charge was partially offset by the Net from Operations and Investment Gains.

SLIDE 5 – FINANCIAL INFORMATION ON ACS.ORG

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

SLIDE 6 – FINANCIAL INFORMATION ON ACS.ORG

Then click on 'ACS Financial Information'. There you will find several years of the Society's audited financial statements and IRS Form 990 filings.

SLIDE 7 – 2016 FULLY ESCALATED DUES CALCULATION

The Committee received a presentation on the calculation of the 2016 fully escalated dues rate. As prescribed in the Bylaws, the current 2015 base rate is increased by the change in the CPI over the last two years (*Services Category* +2.49%). The \$4 increase results in a fully escalated 2016 dues rate of \$162.

SLIDE 8 – COMPARISON OF ACS DUES WITH OTHER SCIENTIFIC SOCIETIES - 2015

This slide shows a comparison of ACS' 2015 dues rate with other scientific societies. The ACS dues rate falls in the lower half of the range and is expected to remain there in 2016.

SLIDE 9 – 2016 DUES RATE WITH B&F MOTION

The Committee voted to recommend to Council that the dues for 2016 be set at the fully escalated rate of \$162, CPC concurs, and Madam President, I so move.

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

Dr. Kristen M. Omberg, Chair

Society Committee on Budget & Finance