DATE: 24 January 2009  
TO: American Anthropological Association Executive Board  
FROM: Ed Liebow, Treasurer and Finance Committee Chair  
SUBJECT: 2008 Annual Finance Committee Report

1. **2008 Finance Committee Members**  
   Ed Liebow (term: 2008-11), Chair; Linda Basch (07-11), Charles Cambridge (06-10), Ted Hamann (07-11), Alan Smart (08-12) Virginia Dominguez (08-11 - *ex officio*), Setha Low (06-09 *ex officio*); Staff: Bill Davis, Elaine Lynch, Suzanne Mattingly

2. **2008 Finance Committee Activities**  
The Committee’s mission is to ensure the Association’s financial stability through the ongoing assessment and monitoring of AAA’s annual operating budget, investment portfolio, grants and contribution activities, and annual audit report. The Committee is also charged with periodically developing, reviewing, and/or modifying financial and investment policy guidelines and financial performance benchmarks in support of AAA’s long-range plan. The Committee makes recommendations, as appropriate, to Executive Board.

During 2008, the Finance Committee met five times (once each quarter by teleconference and once in person at the Annual Meeting). Our accomplishments included:

- Continuing a long-range financial planning process to strengthen our oversight for both the long term financial health and viability of the Association, as well as the current short-term monitoring of AAA’s financial position.
- Reviewing Quarterly Investment Performance Reports from A.G. Edwards with Brad Coyle, Senior Investment Advisor, and approving changes in investment tactics consistent with the Association’s Investment Policy Statement.
- Receiving the Audit Committee’s report on the FY2007 Annual Audit.
- Recommending to the EB a policy concerning the investment of restricted funds:
  - Create a separate account within the existing Portfolio funded with all the assets currently credited to the AAA Restricted Funds.
  - Establish an explicit objective for this account of assuring a steady net income of 4% or better.
  - Earnings from the AAA Endowment be allocated to this fund and be reinvested for the next five years.
  - The Digital Preservation Fund should remain intact as a restricted fund with earnings being earmarked for annual Portico payments. And, those earnings in excess of Portico payments will be reinvested to grow the fund’s principal value for the purpose of meeting future permanent digital preservation needs.
  - Solicit advice from our institutional investment manager on specific mechanisms for achieving this investment objective with the same social responsibility criteria as has been established for the reserves Portfolio as a whole
- Contributed to review of publishing partner proposals and assessing impacts on section budgets from new contract
- Served in *ex officio* capacity to the Committee on the Future of Print and Electronic Publishing
• Reviewing and recommending Executive Board approval of the FY2009 AAA Consolidated Operating Budget of $5.3 million, which includes a net surplus of about $3,000 after accounting for a transfer of reserves for initial costs associated with the Association Management System upgrade.
  o The AnthroSource Loan was completely paid off as of the end of FY2008.
  o Due to the far-reaching economic difficulties that potentially affect the Association’s major sources of revenues (especially memberships, annual meeting registrations), we will monitor closely the Association operations budget and consider recommending expenditure adjustments if revenues fall short of projections.
• Met with Section Treasurers to discuss the annual budgeting process and the status of Association finances.

These activities are consistent with Article VI of the Long Range Plan, to strengthen its internal working relationships among is Sections and Committees and the National Office by better communicating its organizational structure, its long-range plan, and its financial and programmatic activities.

3. 2009 Planned Finance Committee Activities
The Committee will meet quarterly by phone conference, with no in-person meetings planned, except perhaps an informal meeting at the Annual Meeting in Philadelphia.

Routine responsibilities to be completed in 2009 include:
• Receiving the Auditor’s Report
• Reviewing investment portfolio performance
• Working with the AAA staff to develop the 2010 budget
• Be available for consultation with Section Treasurers as requested

In addition, the Committee aims to complete the following activities:
• Work with our investment manager to review our allocation of assets in light of financial market performance trends, our long-term objectives, and reserve policy.
• Provide oversight to the staff and consultants working on the design of an upgraded Association Management System.
• Consult with the Committee on Scientific Communications and the Committee on the Future of Print and Electronic Publishing on the development and implementation of revenue allocations under the new publishing agreement with Wiley-Blackwell.

The expenses associated with the Committee’s 2009 work are limited to about $1600 in teleconference costs. These funds are budgeted in the AAA Annual Operations.

These planned activities are consistent with Article VI of the Long Range Plan, to strengthen its internal working relationships among is Sections and Committees and the National Office by better communicating its organizational structure, its long-range plan, and its financial and programmatic activities.

4. Changes in the Responsibilities and Objectives of the Finance Committee
No changes have occurred, nor does it appear that any are needed.

5. **Issues for the Long-Range Planning Committee to consider**
With the elimination of the Long-Range Planning Committee and the Executive Board’s assumption of detailed strategic planning responsibilities, the Treasurer will take an active role in strategic planning, consulting the Finance Committee extensively to assure that long-range planning is tied to the annual budgeting and longer-term resource development strategies. Resourceful thinking is needed about additional revenue streams (e.g., regional / specialized meetings, museum exhibits and associated public programs, media productions, field schools), and the financial implications of Open Access publishing models must also be carefully considered. The potential long-term financial benefits of joining the Consortium of Social Science Associations should also be examined.

6. **Issues for the Executive Board to consider**
The Finance Committee will be closely monitoring operating budgets and the performance of our investment portfolio as these affect our long-term financial stability.