DATE: 14 February 2010
TO: American Anthropological Association Executive Board
FROM: Ed Liebow, Treasurer and Finance Committee Chair
SUBJECT: 2009 Annual Finance Committee Report

1. 2009 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); Setha Low (10-13); Virginia Dominguez (08-11 - ex officio) (Leith Mullings 10-13 – ex officio); Staff: Bill Davis, Elaine Lynch, Suzanne Mattingly

2. 2009 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 2009, 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 Wells Fargo Securities with Brad Coyle, Senior Investment Advisor, and approving changes in investment tactics consistent with the Association’s Investment Policy Statement.
  - As of December 31, 2009, the total value of AAA investments, including both restricted and unrestricted assets, was $9,379,593, signaling that the Association’s investment portfolio has recovered all of the value decline that had been experienced during the 2007-2009 financial market downturn.
- Receiving the Audit Committee’s report on the FY2008 Annual Audit.
- Contributing to a review of Association Management System vendor proposals
- Served in ex officio capacity to the Committee on the Future of Print and Electronic Publishing
- Reviewing and recommending Executive Board approval of the FY2010 AAA Consolidated Operating Budget of $4.94 million, which matches revenues with expenditures after accounting for a transfer of reserves for initial costs associated with the Association Management System upgrade.
  - Section finances have improved significantly, with 2008 year-end section operating reserves, as reported in 2009, being the highest they have been in the previous 10 years.
  - Due to the far-reaching economic difficulties that potentially affect the Association’s major sources of revenues (especially memberships, annual meeting registrations, annual meeting exhibitor fees, and revenue from job placement ads), we will monitor closely the Association operations budget and consider recommending expenditure adjustments if revenues fall short of projections.
• Meeting with Section Treasurers to discuss the annual budgeting process and the status of Association finances.
• Reviewing data collected by senior Association staff concerning the prospects for purchasing vs. leasing office space when in anticipation of the expiration of current lease in 2013.

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

3. **2010 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 New Orleans.

Routine responsibilities to be completed in 2010 include:
• Receiving the Auditor’s Report
• Reviewing investment portfolio performance
• Working with the AAA staff to develop the 2010 budget
• Being 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 revenue allocations under the 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 its 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. **Long-Range Planning Issues**

The Treasurer will continue to play 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.

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. The Board-approved 2010 budget has a small number of exceptional expenditures whose one-time approval warrants careful monitoring and reassessment, if we are to continue to serve our members and the profession while keeping a balanced operating budget.