DATE: 12 February 2011
TO: American Anthropological Association Executive Board
FROM: Ed Liebow, Treasurer and Finance Committee Chair
SUBJECT: 2010 Annual Finance Committee Report

1. **2010 Finance Committee Members**

   Ed Liebow (term: 2008-13), Chair; Jeff Altschul (10-13), Linda Basch (07-11), Charles Cambridge (06-10), Ted Hamann (07-13), Alan Smart (08-12); Setha Low (10-13); Virginia Dominguez (08-11 - \textit{ex officio}) (Leith Mullings 10-13 – \textit{ex officio});

   Staff: Bill Davis, Elaine Lynch, Suzanne Mattingly

2. **2010 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 2010, the Finance Committee met five times (once each quarter by teleconference and once in person at the Annual Meeting). Our accomplishments included:

   - Monitored the AAA’s long-range financial planning to maintain 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, 2010, the total value of AAA investments, including both restricted and unrestricted assets was $10,673,571. This represents a net asset gain for the year of $1,293,978, or approximately 14%
   - Receiving the Audit Committee’s report on the FY2009 Annual Audit.
   - Served in \textit{ex officio} capacity to the Committee on the Future of Print and Electronic Publishing, and on the Executive Board’s Anthropological Communications Committee
   - Reviewing and recommending Executive Board approval of the FY2011 AAA Consolidated Operating Budget with projected revenues of $4,944,892, which is a 0.25% decrease over the FY 2010 budget. Expenses have been budgeted at $ 4,963,599, a decrease of 1% from FY 2010. After factoring in the transfer from reserves in accordance with the Association’s Investment Policy Statement we are projecting a surplus of $69,313.
     - Section finances remain healthy, with 2009 year-end section operating reserves, as reported in 2010, 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.
   - Initiating a project to review our income-based dues structure, comparing it with other learned/professional societies that also use an income-based dues structure, to address ongoing concerns that have been voiced about the affordability of membership and participation in Association activities.
   - Meeting with Section Treasurers to discuss the annual budgeting process and the status of Association finances.
   - Initiating a project, with Board support in principle, to explore the prospects for purchasing office space when our current lease expires in 2013.

   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. **2011 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 Montreal. Funds have been budgeted for a sub-group of the committee to assemble in Arlington during the summer, 2011, IF the office space project identifies appropriate properties to inspect for the purposes of presenting the Executive Board with a concrete purchase proposal.
Routine responsibilities to be completed in 2011 include:

- Receiving the Auditor’s Report
- Reviewing investment portfolio performance
- Working with the AAA staff to develop the 2012 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 final implementation of our 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 2011 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. Staffing levels and adequate resources for member services require careful monitoring to assure that membership continues to be regarded as a good value while keeping a balanced operating budget.