Finance Committee 2011 Annual Report

Submitted by:
Elaine Lynch (elynch@aaanet.org)

1) Please list your Committee, Commission or Task Force Objectives and Responsibilities as stated in your group’s charge:

Objectives
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.

Responsibilities
Routine responsibilities include:

- Receiving the Auditor’s Report
- Reviewing investment portfolio performance
- Working with the AAA staff to develop the 2013 budget
- Being available for consultation with Section Treasurers as requested

In addition, the Committee is also responsible for:

- Working with our investment manager to review our allocation of assets in light of financial market performance trends, our long-term objectives, and reserve policy.
- Providing support to the President and an ad hoc working group of the Executive Board to initiate fund raising plans for a new Public Education Initiative (to follow the Race Project).
- Consulting 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.

2) Please list your Group’s goals, activities and accomplishments/products for the designated Period in relation to the AAA’s long range plan:

Goal 1:
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.

Activity:
During 2011, the Finance Committee met six times (once each quarter by teleconference, one additional teleconference in December 2011, 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, 2011, the total value of AAA investments, including both restricted and unrestricted assets was $10,603,117. This represents a net asset loss for the year of $70,454, or approximately 0.7%.
- Receiving the Audit Committee’s report on the FY2010 Annual Audit.
- Served in 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 FY2012 AAA Consolidated Operating Budget with projected revenues of $5,101,396, which is a 3.2% increase over the FY 2011 budget. Expenses have been budgeted at $5,261,308, an increase of 6% from FY 2011. The Association-wide operating budget projects a slight surplus ($3,055, after factoring in the transfer from reserves according to our Investment Policy Statement), but we are projecting a deficit of $87,572 in the consolidated budget, due to several sections making substantial program investments from their operating reserves.
- Section finances remain healthy. For 2012, our Section budgets in the aggregate are projecting a net deficit of $90,627 as several Sections make investments from their reserves. Of the 38 Sections, 17 are projecting surpluses for 2012.
- Due to the far-reaching economic difficulties that potentially affect the Association’s members, we have chosen to keep membership dues frozen at 2010 levels for the second year in a row. We will monitor closely the Association operations budget and consider recommending expenditure adjustments if revenues fall short of projections.
- Completing 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. A proposal was prepared at our special December 2011 meeting to be delivered for Executive Board review early in 2012.
- Meeting with Section Treasurers to discuss the annual budgeting process and the status of Association finances.
- Making substantial progress on a project, with Board support in principle, to explore the prospects for purchasing office space when our current lease expires in 2013.

Accomplishment/Product:
Recommended a 2012 budget to the Executive Board; prepared a recommendation for EB review concerning annual dues structure.

Explain any Gaps or Lack of Accomplishment Product:
No gaps

Relevant Objective in Long-Range Plan:
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) Provide any additions or proposed changes to goals, activities, products or outcomes for the designated period:

Goals:
not applicable
Proposed Changes:
None

Activities:
None

Proposed Changes:
None

Products/Outcomes:
None

Proposed Changes:
None

4) Provide plans for 2012 in relation to existing or new goals/activities and relationship to the Objective in the Committee's or Commission's Charge and Long-Range Plan Objective (if not self-evident). Identify if they represent significant changes or elaborations on existing goals, objective activities, charge etc:

Committee/Commission Objective 1:
Not applicable

LRP Objective 1:
Not applicable

New Goal and or Activity 1:
not applicable

5) List financial and other resources in hand to complete the proposed work of the Committee, Commission or Task force for the coming year and explain any additional resources. Please list separately:
a. Resources in hand or being sought independent of the AAA:
   The expenses associated with the Committee’s 2012 work are limited to about $1600 in
teleconference costs. These funds are budgeted in the AAA Annual Operations.

b. Requests for additional resources from the AAA. Specify clearly which specific
goals/activities etc. require additional resources from each source:
   Not applicable

6) Have there been or do you propose any changes to the Objective or the Responsibilities of
   your Committee, Commission or Task Force If so, what are they and what is the rationale for
   them:

   Current Objective 1:
   not applicable

   Responsibility:
   not applicable

   Proposed Change:
   not applicable

   Rational for Change:
   not applicable

7) Are there issues you would like raised or recommendations would you like to make to the
   AAA Executive Board related to the work of your committee commission or task force?
   A new Treasurer will need to be appointed for a term that begins in November 2012. It is
   advisable to consider making this appointment sooner to support a smooth orientation and
   transition period.