

ARTICLE 8—MEETINGS

The Association shall hold an annual meeting at such time and place as may be determined by the Council. Other meetings of the Association and of the Sections may be authorized by the Council. The Divisions and the Branches may hold annual and other meetings.

ARTICLE 9—PROCEEDINGS

The proceedings of the Association and the list of officers and members shall be published in such manner as the Council may direct.

ARTICLE 10—FUNDS

The Permanent Secretary shall collect the annual dues and make expenditures as directed by the Council. The

Treasurer shall deposit or invest the permanent funds of the Association, as provided for trust funds by the laws of the state of Massachusetts or the state of New York. Bequests and gifts will be administered in accordance with the provisions of the donors. The payments from sustaining and life members form part of the permanent fund, and the income (after the death of the member) shall be used for research, unless otherwise directed by unanimous vote of the Council or by a majority vote at two consecutive annual meetings.

ARTICLE 11—ALTERATION OF THE CONSTITUTION

This Constitution may be amended at a general session by unanimous vote or by a majority vote at two consecutive annual meetings.

Audit of Financial Records of the Association for 1944

F. R. Moulton

Permanent Secretary, AAAS, Washington, D.C.

Demands on certified accountants for reports of financial operations related to the war and income taxes have been so heavy that only on 21 January 1946 did the Association receive the report of the audit of its books for the calendar year 1944, which is printed in full below. In recent months conditions have improved and it is expected that the audit of the books of the Association for 1945 will be started in April or May 1946.

In reading the following report of the audit of the books of the Association by G. P. Graham & Company, certified public accountants, it will be well to bear in mind that the endowments and other permanent funds of the Association are in the Treasurer's account and almost completely independent of the general operations of the Association. The audit of the general operations of the Association is presented under the heading "Office of the Permanent Secre-

tary." This is the part of the report that will be of greatest interest to most members and it can be read understandingly quite independently of what precedes it.

The first tabulation in both the Treasurer's accounts and those of the Office of the Permanent Secretary is the Balance Sheet, which presents in clear and condensed form the condition of the respective accounts at the close of the year. The statement of Income and Expense in the report on the Office of the Permanent Secretary is a concise statement of the financial operations of the general offices of the Association during the calendar year 1944. The "Comments" which precede the auditor's principal tabular reports contain important supplementary information about the financial operations of *The Scientific Monthly*, the payments toward the purchase of *Science*, and the AAAS-Gibson Island Research Conferences.

January 21, 1946

*The American Association for the
Advancement of Science
Washington, D. C.*

We have audited the financial records of your Treasurer's office and of your Permanent Secretary's office for the year ended December 31, 1944, and submit herewith our report consisting of exhibits and schedules (A-G) together with comments thereon.

COMMENTS

The accounting records of the American Association for the Advancement of Science are kept at the general offices of the Association in the Smithsonian Institution Building, Washington, D. C., and consist of two separate sets of accounts. The records relating to the Treasurer's office include the details of all investments owned by the Association, income received therefrom, the disbursement of such income and a

complete record of all endowment funds of the Association. Certain funds of the AAAS-Gibson Island research conferences are handled through the Treasurer's cash records but for the purposes of this report these items are shown separately.

The accounts of the Permanent Secretary's office reflect the general operations of the Association and include the record of membership dues paid, sales of publications and expenditures authorized by the Council or Executive Committee.

Treasurer's Accounts

The cash balances recorded in the Treasurer's accounts were carried with the following banks located in the District of Columbia:

American Security and Trust Company	
Checking account	\$30,117.21
Less: Funds of AAAS-Gibson Island research conferences	6,329.32
	<u>\$23,787.89</u>
Savings account	7,500.00
Hamilton National Bank	
Savings account	1,500.00
Washington Loan and Trust Company	
Savings account	2,500.00
	<u>\$35,287.89</u>

Securities owned by the Association are listed in detail in Schedule B-1. Separate investment accounts are not carried for the individual endowment and reserve funds of the Association, but all investments are pooled into one account and the total income received is apportioned to the various funds on the basis of its total investment in the pool account.

During the year under review income received from investments amounted to \$4,832.61 and was apportioned as follows:

For general purposes	\$1,736.36
For research	2,139.40
A. G. Stillhamer fund	65.24
Jane M. Smith fund	92.30
Luella A. Owen fund	9.18
Treasurer's reserve fund	790.13
	<u>\$4,832.61</u>

Ordinarily the Treasurer's reserve fund account is adjusted to reflect the losses or gains from sales of securities, but where particular securities were received as a part of a fund, the principal of the fund has been adjusted to reflect the gain or loss from the disposition of such securities. During the year under review the Hector E. Maiben fund was increased by \$3,498.58 representing the excess of the amounts received from the D. F. Schwegman and Otto Balz notes over the amounts at which they were carried on the books.

Other changes in endowment and reserve funds during the year were as follows:

<i>Treasurer's reserve fund</i>		
Balance January 1, 1944		\$42,782.71
Add: Income apportionment		790.13
		<u>\$43,572.84</u>
Deduct: Net loss on securities		6,303.53
		<u>\$37,269.31</u>
<i>Fees of deceased life members</i>		
Balance January 1, 1944		\$21,650.00
Add: Fees of regular life members who died during year		1,150.00
		<u>\$22,800.00</u>
<i>Fees of living life members</i>		
Balance January 1, 1944		\$47,850.00
Add: Fees received during year		3,500.00
		<u>\$51,350.00</u>
Deduct: Fees of deceased life members		
Regular—Transferred to fees of deceased life members	\$1,150.00	
Emeritus—Transferred to income account of Jane M. Smith fund and made available for creation of new emeritus life memberships	1,400.00	2,550.00
		<u>\$48,800.00</u>
Balance December 31, 1944		<u>\$48,800.00</u>
<i>Friends of the Association</i>		
Balance January 1, 1944		\$ 3,559.00
Add: Gift of John S. Wright		100.00
		<u>\$ 3,659.00</u>
Balance December 31, 1944		<u>\$ 3,659.00</u>

There were no changes in the prize fund during the year. This fund represents amounts contributed for the thousand dollar prize.

The academy grants unpaid include the balances of grants made for the years 1941, 1942, 1943 and 1944 which were not paid as at December 31, 1944. These balances may be summarized by years as follows:

1941	\$ 92.94
1942	267.00
1943	648.00
1944	1,255.00
Total	<u>\$2,262.94</u>

The special research fund represents an amount received from Dr. Elihu Grant in 1941 for research work and which was unexpended as at December 31, 1944.

Accumulated income unappropriated as at December 31, 1944, included income received from investments during the year under review which was available for research and for general purposes in the fiscal year 1945; unexpended balance of previous years, the total of which is available at any time;

and the accumulated income of restricted funds which is available for the following purposes:

Jane M. Smith fund—For emeritus life members
Luella A. Owen fund—For emeritus annual members
A. G. Stillhamer fund—For grants in biology

On January 1, 1944, the unexpended balances of previous years amounted to \$6,770.22
To this has been added the excess of revenue over expenditures for the year ending December 31, 1944, determined as follows:

Income available for re- search and for general purposes				
				\$2,985.98
Less: Academy research grants	\$2,538.50			
General expense	24.00	2,562.50	423.48	

making a total unexpended balance available as at December 31, 1944, amounting to \$7,193.70

Permanent Secretary's Accounts

The cash in banks as recorded on the accounts of the Permanent Secretary were as follows:

American Security and Trust Company	
Checking account	\$153,465.09
Savings account	26,256.22
	<u>\$179,721.31</u>

Accounts receivable as at December 31, 1944, included amounts due for the following:

<i>Scientific Monthly</i> advertising	\$ 100.68
<i>Science</i> advertising	10,147.19
<i>Science</i> nonmember subscriptions	4,220.77
	<u>\$14,468.64</u>

Inventories of supplies on hand were made under the supervision of officers of the Association and were not verified by us.

Deferred charges include expenses of \$2,517.02 incurred in preparing certain invitations to prospective members which will be charged in 1945, and the net expense of the *Science* series publications to December 31, 1944.

Accounts payable as at December 31, 1944, represented the following:

<i>Scientific Monthly</i> expense	\$ 4,392.03
<i>Science</i> expense	5,578.00
<i>Bulletin</i>	602.60
1944 inflation allowance on annuity	4,165.00
Miscellaneous expense	271.84
	<u>\$15,009.47</u>

As at January 1, 1944, life membership fees received by the Permanent Secretary and not remitted to the Treasurer amounted to	\$2,100.00
Fees received during the year 1944 were	3,900.00
A total of	\$6,000.00
Remittances made to the Treasurer during 1944 amounted to	3,500.00
leaving a balance due to the Treasurer as at December 31, 1944, in the amount of	<u>\$2,500.00</u>

Deferred income includes amounts received from members for dues and fees for years subsequent to 1944 and for prepaid 1945 journal subscriptions.

The summarized proceedings reserve represents the amounts received from sales of the proceedings, together with funds provided in prior years for publication costs, less amounts expended for publication and distribution of the proceedings.

The reserve for symposia publications is the excess of the total amount received from the sales of the publication over the disbursements for publication costs, distribution and other expenses. These receipts and disbursements are not included in the statement of income and expenses of the Permanent Secretary's office.

Unallocated funds of the Permanent Secretary's office represents the general surplus of the Association. An analysis of this account for the year under review is shown in Exhibit A.

The indenture referred to sets forth the manner in which the amount of the annuity payments over a period of ten years and the inflation allowances thereon would be determined. As at December 31, 1944, the exact amount of the annuity had not been determined and the amounts paid during 1944 were based on amounts agreed to in a supplemental agreement which further provided that the amount paid in 1944 would be adjusted after final determination had been made as to the amount of the annuity payments.

Amounts paid or accrued in 1944 on the annuity and the inflation allowance amounted to \$21,165.00 and the correct amounts due were as follows:

Annuity payment	\$15,718.42
Inflation allowance	3,851.02
	<u>19,569.44</u>
The 1944 overpayment of	<u>\$ 1,595.56</u>

was deducted from the 1945 annuity payments.

The total amount payable on the annuity was determined to be \$166,430.69 and to the amounts payable each year will be added any amount which may be due under the inflation clause as set forth in the original indenture dated December 12, 1938.

In 1943 the Association purchased the journal *The Scientific Monthly* for a cash payment of \$9,499.59

and the books of the Association do not reflect the value of that journal nor the value of the journal *Science* which was acquired in 1944. No liability has been set up for the additional amounts payable on the annuity.

As at December 31, 1944, claims of Mr. Ware Cattell and Dr. Charles S. Stephenson were pending against the Association. In January, 1945, Mr. Cattell was paid \$7,500.00 from unallocated funds of the Permanent Secretary in full settlement of his claim. We have been advised that the amount of the liability, if any, under the claim of Dr. Stephenson has not been determined.

AAAS-Gibson Island Research Conferences

The Association owns certain property on Gibson Island, Maryland, which was acquired in 1941 and is used for summer conferences. The cost of this property and subsequent additions and improvements was paid from funds contributed to the Association for that purpose and none of the general funds of the Association have been used on this project. A balance sheet of the AAAS-Gibson Island research conferences as at December 31, 1944, is shown (Exhibit F) and there is a statement of income and expense for the year ended December 31, 1944 (Exhibit G).

As previously stated certain funds of the AAAS—Gibson Island research conferences are handled through the Treasurer's account, and the cash in bank as shown on the balance sheet was on deposit in that account on December 31, 1944. However, the actual receipt of income and certain of the disburse-

ments were handled by the Director at Gibson Island and the remaining balance was deposited in the Treasurer's account. The statement of income and expense set forth (Exhibit G) was prepared from statements submitted by the Director of amounts received and disbursed by him together with amounts disbursed from the Treasurer's account.

General

The cash balances as shown were reconciled with statements submitted by the various depositories. The securities owned by the Association are carried in a safe deposit box at the American Security and Trust Company and were inspected by us subsequent to December 31, 1944. All changes in securities since the above date have been reviewed by us and the securities which were on hand December 31, 1944, have been properly accounted for.

During the course of the audit we examined or tested the accounting records and other supporting evidence by methods and to the extent we deemed appropriate, but did not make a detailed audit of the transactions.

Subject to the above comments, we are of the opinion that the statements present fairly the financial condition of the American Association for the Advancement of Science as at December 31, 1944, and the results of its operations for the year ended on that date.

Respectfully submitted,

G. P. GRAHAM & COMPANY
Certified Public Accountants

Washington, D. C.

Appendix

Exhibit A

Balance as at January 1, 1944		\$29,482.18
Add:		
Excess of income over expenses for year (See <i>Exhibit E</i>)		57,760.95
		<u>\$87,243.13</u>
Deduct:		
Amounts paid or accrued in 1944 under indenture dated December 12, 1938, providing for pur- chase of the journal <i>Science</i>		
Annuity payments January 20 to December 31, 1944	\$17,000.00	
Inflation allowance on annuity	4,165.00	
Adjustments of 1944 subscriptions to <i>Science</i> ...	19,675.91	\$40,840.91
Prior year adjustment	8.00	<u>40,848.91</u>
Balance as at December 31, 1944		<u><u>\$46,394.22</u></u>

Exhibit B**TREASURER'S ACCOUNTS***Balance Sheet as at December 31, 1944**Assets*

Endowment and reserve funds		
Cash awaiting investment	\$ 18,108.22	
Securities	243,720.21	\$261,828.43
	<hr/>	
Cash for current purposes		17,179.67
		<hr/>
		<u>\$279,008.10</u>

Liabilities and Reserves

Endowment and reserve funds			
For research			
Richard T. Colburn fund	\$87,186.45		
Fees of deceased sustaining members	7,000.00		
Fees of deceased life members	22,800.00	\$116,986.45	
For general purposes			
W. Hudson Stephens fund	\$ 4,381.21		
Michael P. Rich fund	10,000.00		
Hector E. Maiben fund	30,707.46		
Friends of the Association	3,659.00		
Jennie M. Arms—Sheldon fund	1,000.00		
Fees of living life members	48,800.00	98,547.67	
For special purposes			
Jane M. Smith fund	\$ 5,000.00		
Luella A. Owen fund	500.00		
A. G. Stillhamer fund	3,525.00	9,025.00	
	<hr/>		
Treasurer's reserve fund		37,269.31	\$261,828.43
		<hr/>	
Current liabilities			
Prize fund	\$ 2,000.00		
Academy grants	2,262.94		
Special reserve fund	100.00	\$ 4,362.94	
	<hr/>		
Accumulated income unappropriated			
For research	\$ 2,139.40		
For general purposes	1,736.36		
Jane M. Smith fund	1,525.30		
Luella A. Owen fund	10.58		
A. G. Stillhamer fund	211.39		
Unexpended balances of previous years	7,193.70	12,816.73	17,179.67
	<hr/>	<hr/>	
			<u>\$279,008.10</u>

Schedule B-1

Statement of Securities Owned as at
December 31, 1944

	Book Value
<i>United States bonds</i>	
\$10,000 U. S. Savings, Series D, Feb., 1950	\$ 8,300.00
40,000 U. S. Savings, Series F, June, 1954	29,960.00
50,000 U. S. Treasury $\frac{3}{8}$ % Certificates, Feb., 1945	50,000.00
40,000 U. S. Treasury $\frac{3}{8}$ % Certificates, June, 1945	40,000.00
10,000 U. S. Treasury $\frac{3}{8}$ % Certificates, Dec., 1945	10,000.00
40,000 U. S. Treasury 2% 1952/54	40,000.00
<i>Other bonds</i>	
\$42,000 Pittsburgh, Shawmut and Northern Railroad 4% 1952	4,200.00
2,805 Nebraska State Fair Grand Stand Debentures 5% 1939	2,812.50
<i>Stocks</i>	
50 Sh. Eastman Kodak Company	8,455.59
100 Sh. General Motors Corporation	4,415.92
100 Sh. International Harvester Company	5,920.42
100 Sh. G. C. Murphy Company—4 $\frac{1}{2}$ % Preferred	10,500.00
100 Sh. Procter and Gamble Company	4,955.01
200 Sh. Standard Oil Company of Indiana	5,586.25
100 Sh. Swift and Company	2,309.62
100 Sh. United Fruit Company	7,725.89
100 Sh. Wm. Wrigley, Jr., Company	6,785.51

(Continued, column 2)

Mortgage participation certificates

\$1,000 Sigma Phi Epsilon Building Association	982.50
1,000 Edward Mackey	811.00
	<u>\$243,720.21</u>

Exhibit C

TREASURER'S ACCOUNTS

Statement of Receipts and Disbursements
Year Ended December 31, 1944

Cash balances January 1, 1944	\$111,586.35	
<i>Receipts</i>		
Interest and dividends received	\$ 4,832.61	
Contributions for grants to academies	300.00	
Sale and redemption of securities	74,295.47	
Gift from John S. Wright for endowment fund	100.00	
Life membership fees	3,500.00	83,028.08
		<u>\$194,614.43</u>
<i>Disbursements</i>		
Grants		
Academy research grants	\$ 1,651.06	
Grants from contributions	300.00	
Miscellaneous expenses	24.00	
Securities purchased	157,351.48	159,326.54
Cash balances December 31, 1944		
For investment	\$ 18,108.22	
For current purposes	17,179.67	<u>\$ 35,287.89</u>

Exhibit D

OFFICE OF THE PERMANENT SECRETARY

Balance Sheet as at December 31, 1944

Assets

<i>Current assets</i>			
Cash in banks		\$179,721.31	
Accounts receivable		14,468.64	
<i>Inventories of supplies</i>			
Office supplies	\$ 50.00		
Postage	1,182.46		
Printing and stationery	771.34	2,003.80	196,193.75
<i>Deferred charges</i>			
Circularization	\$ 2,517.02		
Science series publications (Net)	462.73		2,979.75
			<u>\$199,173.50</u>

Liabilities

<i>Current liabilities</i>			
Accounts payable	\$ 15,009.47		
Treasurer's account (Life membership fees)	2,500.00	\$ 17,509.47	
<i>Deferred income</i>			
Prepaid dues and fees	\$108,210.25		
Prepaid subscriptions—1945			
Science—Special membership subscriptions	\$ 1,119.00		
The Scientific Monthly			
Special membership subscriptions	3,540.00		
Nonmember subscriptions	7,348.36	12,007.36	120,217.61
<i>Reserves</i>			
Summarized proceedings	\$ 5,611.90		
Symposia publications	9,440.30		15,052.20
Unallocated funds			46,394.22
			<u>\$199,173.50</u>

Exhibit E

OFFICE OF THE PERMANENT SECRETARY

*Statement of Income and Expense for the Year Ended December 31, 1944**Income*

Dues of annual members			
Current year	\$118,085.00		
Arrearages for one year	1,135.00		
Other arrearages	220.00	\$119,440.00	
Entrance fees		35.00	
Interest on bank accounts		143.15	
Journal subscriptions (from Treasurer)			
Life members	\$ 1,656.00		
Fifty-year members	63.00		
Emeritus annual members	21.00	1,740.00	\$121,358.15

Expenses

Office of the Permanent Secretary			
Salaries	\$ 23,765.83		
Office and addressograph supplies	245.01		
Postage	2,043.53		
Printing and stationery	1,278.45		
Telephone and telegraph	193.24		
Exchange on foreign checks	163.12		
Express, freight and drayage	8.93		
Miscellaneous expenses	666.09	\$ 28,364.20	
General Secretary's office		326.82	
Bulletin		3,556.90	
Circularization		3,166.31	
Allowances to divisions		3,277.00	
Secretaries' conferences		703.04	
Cleveland meeting		3,217.07	
Travel expenses		827.54	
Journals			
<i>The Scientific Monthly</i> (See Schedule E-1)	\$ 20,580.37		
<i>Science</i> (See Schedule E-2)	- 422.05	20,158.32	63,597.20
Excess of income over expenses			\$ 57,760.95

Schedule E-1

THE SCIENTIFIC MONTHLY

*Statement of Income and Expense for the Year Ended December 31, 1944**Income*

Advertising	\$ 3,405.89		
Special membership subscriptions	3,505.00		
Nonmember subscriptions	10,320.43		
Miscellaneous sales	972.10	\$ 18,203.42	

Expenses

Printing, binding and mailing	\$24,771.22		
Authors' reprints	769.31		
Copyrights	22.00		
Photographs and engravings	13.92	\$ 25,576.45	
Salaries	\$ 8,164.79		
Postage	93.61		
Stationery and supplies	178.84		
Telephone and telegraph	155.06		
Express	18.67		
Travel	5.19		
Binding volumes	142.50		
Subject file of articles published	72.90		
Miscellaneous expenses	50.60	8,882.16	
Subscription clerical expense		1,574.48	
Subscription service at Science Press		2,393.62	
Requests to members for back numbers		357.08	38,783.79
Excess of expenses over income			\$ 20,580.37

Schedule E-2

SCIENCE

Statement of Income and Expense for the Year Ended December 31, 1944

Income

Advertising	\$ 56,887.23	
Special membership subscriptions	1,122.00	
Nonmember subscriptions	16,042.46	
Miscellaneous sales	28.10	\$ 74,079.79

Expenses

Printing, binding and mailing	\$50,871.14	
Salaries	6,366.76	
Advertising expenses (Washington office)	1,644.05	
Furniture and equipment	1,041.24	
Books	58.66	
Express	2.00	
Binding volumes	18.50	
Travel expense	70.03	\$ 60,072.38

Services of Science Press

Editorial			
Salaries	\$ 2,592.28		
Other expenses	175.88		
Subscription			
Salaries	6,311.78		
Other expenses	145.08		
Advertising			
Salaries	2,352.41		
Other expenses	261.03		
Postage and supplies	545.32		
Rent	803.16		
Miscellaneous news services	167.75		
A. B. C. audits	173.67		
National Publishing Association	57.00	13,585.36	73,657.74
Excess of income over expenses		\$	<u>422.05</u>

Exhibit F

AAAS-GIBSON ISLAND RESEARCH CONFERENCES

Balance Sheet as at December 31, 1944

Assets

Current assets			
Cash in bank	\$ 6,329.32		
Imprest fund	212.00	\$	6,541.32
Fixed assets			
Land	\$ 7,000.00		
Building	\$21,947.60		
Less: Reserve for depreciation	1,097.38	20,850.22	
Furniture and equipment	\$ 5,582.61		
Less: Reserve for depreciation	558.26	5,024.35	
Library	763.50	33,638.07	
Deferred charge			
Prepaid insurance		318.40	
		\$	<u>40,497.79</u>

Liabilities

Reserved for Gibson Island maintenance and water tax	\$ 100.00	
Operating fund	6,897.79	
Library fund	500.00	
Trust fund	33,000.00	
	\$	<u>40,497.79</u>

Exhibit G**AAAS-GIBSON ISLAND RESEARCH CONFERENCES***Statement of Income and Expense for the Year Ended December 31, 1944**Income*

Registration fees	\$ 2,256.00	
Room rentals	5,939.69	
Telephone receipts	89.19	\$ 8,284.88

Expenses

Secretarial assistance	\$ 445.20	
Postage and supplies	158.83	
Railroad fares	191.79	
Board for employees	385.00	
Telephone	194.27	
Water	63.54	
Electricity and gas	24.31	
Express and hauling	13.12	
Laundry	316.08	
Library	28.80	
Housecleaning	600.70	
Household furnishings	326.57	
Repairs	176.44	
Coal	26.68	
Badges	15.17	
Gibson Island maintenance tax	76.23	
Director's expense	392.55	
Director's honorarium	1,200.00	
Miscellaneous	102.16	
Depreciation		
Buildings	\$ 1,097.38	
Furniture and equipment	558.26	1,655.64
Provision for insurance	100.00	
Reserved for Gibson Island maintenance and water tax	100.00	6,593.08
Excess of income over expenses		\$ 1,691.80