

Association Affairs

AAAS Finances: Report for 1963

Financial records of the Association are separated into three accounts or funds: the *current account* includes income and expenses for such normal, continuing activities of the Association as the publication of *Science* and the management of the annual meeting; the *grant account* pertains to activities financed from government or foundation grants; and the *investment account* records transactions involving the endowment and invested funds held by the Association. Expenditures under these three accounts totaled \$3,126,822 in 1963, and this figure is perhaps the best single measure of the scale of financial operations of the AAAS. Of this total, 72 percent represented expenditures from the current account; 27 percent from the grant account; and 1 percent from the income in the investment account.

Current Account

In the current account, receipts in 1963 exceeded expenses by \$130,402. Receipts came from the following sources (all figures, in this and later tables, have been rounded to the nearest whole dollar):

Annual dues paid by members	\$ 653,204
Money transferred from investment account to pay for subscriptions for emeritus and life members	11,305
Subscriptions to <i>Science</i> by nonmembers	114,831
Sales of single copies and back issues	4,868
Advertising in <i>Science</i>	1,375,174
Sales of symposium volumes	41,757
Annual meeting: registration fees, exposition space, advertising in program, and contributions	50,280
Income from investment of funds not needed in checking account	40,924
Rental income from third floor and garage	12,683
Allowance for indirect expenses incurred in administering grants	71,642
Miscellaneous receipts	13,470
Total receipts	\$2,390,138

The Association's expenses were as follows:

Printing and editing <i>Science</i>	\$1,263,458
Cost of selling advertising in <i>Science</i>	343,794
Cost of symposium volumes sold during the year	21,284
<i>AAAS Bulletin</i>	7,662
Expenses of the annual meeting	76,779
Allowances (\$1 per member) to Pacific, Southwestern and Rocky Mountain, and Alaska Divisions	14,335
Expenses of AAAS sections	4,640
Board of Directors' meetings	8,953
Committee meetings and expenses	26,246
Administrative and general expenses	66,335
Science education (not supported by grants)	8,013
Studies and services to increase the public understanding of science (not supported by grants)	35,790
Business office: salaries and other expenses	172,083
Circularization of new members	95,147
Building maintenance	41,061
Interest on mortgage	2,748
Real estate taxes	15,885
Depreciation allowance on building and equipment	37,261
Miscellaneous other expenses	18,262
Total expenses	\$2,259,736

In addition to the excess of income over expenses of \$130,402, the table of expenses shows that \$37,261 was set aside to offset depreciation in the value of the headquarters building and its furnishings and equipment.

Comparison of 1963 with 1962

In comparison with 1962, receipts for 1963 were greater by \$358,335 and expenses were greater by \$427,920. Thus the excess of receipts over expenditures was smaller by \$69,585. The increases in income and expense resulted from growth in size. A larger number of members paid \$100,000 more in dues in 1963 than in 1962; advertising revenue in *Science* showed an increase of a little better than \$250,000. It cost close to a quarter of a million more dollars to print a larger number of bigger issues of *Science*, and gen-

eral office expenses (salaries, supplies, telephone, and so forth) cost about \$130,000 more than in the preceding year.

Grants Administered during 1963

Separate and detailed accounts are kept for each grant. Combining these separate accounts shows the following total changes in the grant funds during 1963:

Unexpended balances on	
1 January 1963	\$ 694,792
New grants received in 1963	1,088,400
Interest on unexpended funds	4,226
Miscellaneous, e.g., sales of publications	8,090
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	1,795,508
Expenditures during 1963	801,741
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Available for 1964 and later	993,767
Less amounts not yet received from grantors	808,974
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Cash on hand in grant funds on 31 December 1963	184,793

Of 18 separate grants, the largest came from the National Science Foundation to support the Commission on Science Education and its program of developing science teaching materials for the elementary grades. Other grants from the National Science Foundation supported the final year of the traveling school library program; a small study of the activities of junior and collegiate academies of science in the U.S.; a series of conferences to tell school administrators about new science curricula developed in recent years or now under development; the preparation of a report on American experience in research on and management of arid lands; the annual program of bringing foreign scientists and mathematicians to the U.S. to lecture and hold seminars and discussions at a number of summer institutes for college and high school teachers; the Holiday Science Lectures—series of lectures given for highly selected groups of high school students in several major cities; travel expenses incurred under the program of the U.S.-Japan Committee on Scientific Cooperation; the symposium on the sciences in Japan presented at the 1963 annual meeting; and the development by the Association, with the collaboration of a number of scientific and engineering societies, of an experimental series of TV programs intended for the large scientific audience in the New York City region.

Grants from four private foundations allowed the Association to carry out other activities. Under a grant from the Carnegie Corporation of New York, the studies and recommendations on

the qualifications desirable for science and mathematics teachers in elementary and secondary schools, which were carried out jointly by the AAAS and the National Association of State Directors of Teacher Education and Certification, were completed. A grant from the Asia Foundation paid membership dues and the cost of symposium volumes for a number of scientists in Asian countries, and travel expenses to the annual meeting for a few citizens of these countries who were already in the U.S.

The Alfred P. Sloan Foundation, just before the beginning of 1963, made a grant to enable the Association to engage in varied efforts to improve the quality and quantity of science presented on broadcast television in the U.S. And the Westinghouse Foundation, as it has for a number of years, supported the cost of awarding prizes for excellence of science writing in newspapers and magazines.

Investment Account

At the end of the year the market value of securities held in the Association's portfolio amounted to \$1,299,349. This figure is about \$90,000 greater than the market value at the beginning of the year and \$100,000 above the cost of the securities held. The investments were divided as follows:

	Cost	Market value
U.S. Government bonds and notes	\$ 270,859	\$ 268,500
Canadian Government bonds	75,087	71,600
Industrial bonds	161,590	152,290
Preferred stocks	42,759	39,530
Common stocks	649,185	767,429
Total	\$1,199,480	\$1,299,349

From these investments, the Association received \$44,399 in dividends and interest. This income was distributed as follows:

For investment counsel and cost of servicing securities	\$ 4,202
To endowment, reserve, and prize funds	19,980
To current account	18,428
For Gordon Research Conferences, Inc.	1,790
Total	\$44,400

The amount designated "To current account" is explained by the fact that reserve funds in the current account—for example, the accumulated excess of receipts over expenditures—are invested in the same portfolio that includes endowment funds. The \$18,428

transferred to the current account represents the pro rata portion of the earnings on the investment account. (The remainder of the \$40,924 shown in the first table as income from investments was derived from short-term investment of funds not immediately needed for operations.)

Expenses charged to endowment, reserve, and prize funds were as follows. These expenses were greater than income; the difference was made up by reduction of capital.

Transferred to operating fund for <i>Science</i> subscriptions of life and emeritus members	\$11,305
Grants to academies of science	9,889
Award and expense of Newcomb Cleveland Prize	1,700
Award and expense of Socio-Psychological Prize	2,700
Total	\$25,594

In addition to dividend and interest income, the investment account profited to the extent of \$14,361 from capital gains on sale and exchange of securities during the year.

Balance Sheet

A simplified and consolidated balance sheet shows that the Association had the following assets at the end of the year:

Cash on deposit	\$ 248,979
Investments at quoted market price (including not only the "investment account" but also operating funds invested in short-term government securities)	2,275,800
Land	185,400
Building (less depreciation)	605,618
Equipment (less depreciation)	89,554
Money owed to the Association	127,065
Inventory of symposium volumes	62,770
Deferred expenses	19,193
Total	\$3,614,379

These assets were partially offset by the following liabilities:

Prepaid dues and subscriptions for which members and other subscribers had not received <i>Science</i> or other services	\$ 601,809
Unexpended balance of grants from National Science Foundation, Alfred P. Sloan Foundation, and others	184,793
Academy grants, allocated but not as yet disbursed	5,790
Accounts payable to others	216,618
Remainder of mortgage on building payable in 2½ years	49,078
Held for Gordon Research Conferences, Inc.	57,218
Total	\$1,115,306

The difference between the assets and the liabilities gives the Association's net worth at the end of the year. Shown here as part of the net worth are the several kinds of endowment funds, even though in some cases these funds can be used only for the indicated purposes.

Endowment funds with income earmarked for:	
Research	\$ 265,576
General purposes (to pay subscription costs for life and emeritus members)	297,196
Newcomb Cleveland Prize	40,261
Socio-Psychological Prize	33,953
Creating emeritus life memberships	5,161
Association funds invested in land, building, equipment	880,573
Building fund	764,809
Unallocated reserve	191,115
Unrealized appreciation in value of securities	20,429
Total	\$2,499,073

Net worth of the Association increased by \$191,742 during the year. The increase resulted from the excess of income over expenses (\$130,402) and an increase in the value of investments (\$61,340).

The Association's accounts for 1963 have been audited by C. P. Graham and Company, which reports: "In our opinion the accompanying statements present fairly the financial position of the American Association for the Advancement of Science as at December 31, 1963 and the results of its operations for the year ended on that date, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year." The "accompanying statements" referred to are the more detailed ones from which the tables in this report have been abstracted.

C. P. Graham and Company has audited the Association's accounts for 22 years. Their services have been thoroughly satisfactory and relations between the Association and the auditor have been cordial. The decision reached by the Board of Directors in 1963 to change to a different auditor was therefore made solely because the Board considered it better policy to have a new auditor than to continue longer with the same one. Arrangements have been made with Haskins and Sells to become the Association's auditor.

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American Association for the Advancement of Science