

Treasurer's Report

1992 was an excellent year, financially, for the Materials Research Society. After a net operating loss in 1990, and a break-even year in 1991, the Society generated modest net operating income in accordance with the financial goals established in the budget and approved by the Council (see Figure 1 for five-year net operating income summary). These results helped to strengthen the overall financial position of the Society, and the turnaround that was begun in 1991 can now be seen as assured. Many thanks are owed to the headquarters staff and numerous MRS volunteers, whose efforts brought this about.

The most significant factor in achieving the 1992 financial performance was the establishment in 1991 of a new budgeting process. MRS operations were separated into business units (Spring Meeting, Fall Meeting, Proceedings, Membership, Journal of Materials Research, etc.), and each unit was assigned a specific financial goal, with input from the Executive Committee. A detailed budget was then built around these goals, and operations were managed according to this plan. The process was further defined in 1992, and the net effect of strictly controlling expenses and managing to budget was the generation of a net operating income of \$256,600, or 5.6% of gross operating revenue (\$4.6 million). On a consolidated basis, where all Society activities are considered (including income from investments and contributions of designated funds to support such projects as the Turnbull Lectureship, student activities, etc.), the net consolidated income (shown as excess of support and revenue over expenses in Table I) was \$399,000, or 8.0% of the gross consolidated

revenue. Again, these percentage returns on revenues approximated the goals established in the budget.

This type of management process has also provided the necessary information for the Executive Committee and the MRS headquarters staff to review specific operations and make decisions as required. Some of the results are as follows:

- More accurate cost projections can be prepared for the Spring and Fall Meetings, allowing for the setting of minimum registration fees.
- The costs of supporting the membership and providing membership-sponsored programs can be more precisely estimated, resulting in the establishment of membership fees that match the incremental costs of adding new members.
- *JMR* and the short-course program were priced in 1992 so that they approached break-even status, as opposed to being heavily supported by Society funds.

These are all areas where MRS management is trying to balance the two goals of providing the highest level of service to the membership while maintaining the financial integrity of the Society.

Measures were also implemented to improve balance sheet reporting (Table II). The 1992 balance sheet was strong, and total assets were up 11.1% over 1991. This falls in line with the 12.5% compound annual growth rate in total assets experienced over the past five years (Figure 2).

The Society's cash flow was also very good in 1992 (Table III). Steps are currently being taken to improve MRS cash management procedures. A new fund structure was approved by Council in 1991. The Finance Committee and HQ staff are currently developing an implementation process for four of the funds: the Operating fund, the Operating Contingency fund, the Endowment fund, and the Furniture and Fixtures fund. This policy will be put in place following the development of specific investment policies for each fund. The goal is to maximize the return on MRS cash balances to assist in the support of Society activities.

In summary, 1992 was an excellent year and helped to strengthen the overall financial position of the Society. Management processes that were implemented in 1991 continued to improve and enhance operations in 1992. New projects have already been started and there is a very positive outlook for 1993.

Respectfully submitted,



Auda "Kay" Hays, Treasurer

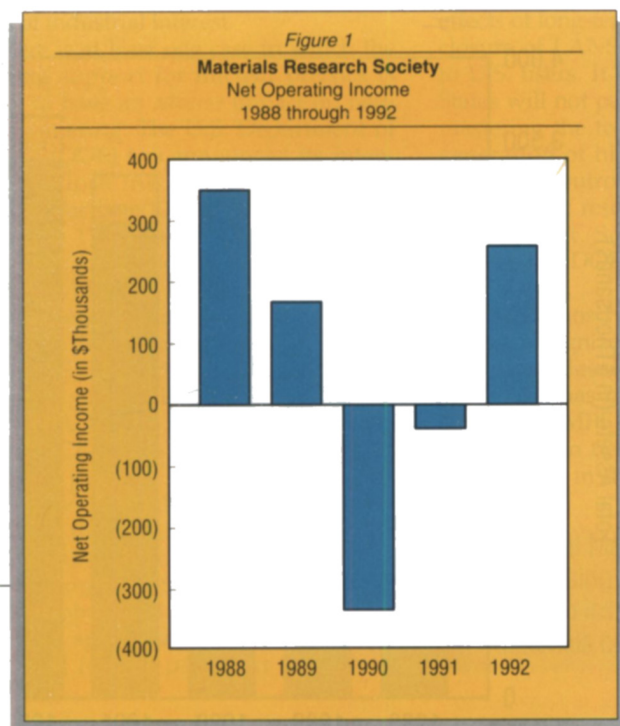


Table I

Materials Research Society		
Statements of Support, Revenue, Expenses, and Changes in Fund Balances		
Years Ended December 31, 1992 and 1991		
	1992	1991
Support:		
Government grant funding	\$80,440	\$109,500
Other government funding	93,210	32,500
Corporate funding of symposia	215,925	216,229
	<u>389,575</u>	<u>358,229</u>
Revenue:		
Seminar and meeting registration	1,445,128	1,289,123
Proceedings sales	1,016,818	983,973
Subscriptions	642,204	436,666
Membership dues	328,220	338,494
Exhibit income	380,163	314,850
Advertising	390,586	323,594
Contributions	69,954	71,549
Mailing list rental	103,406	93,777
Investment income	57,324	81,632
Miscellaneous income	152,669	72,553
	<u>4,586,472</u>	<u>4,006,211</u>
	<u>4,976,047</u>	<u>4,364,440</u>
Expenses:		
Program Services		
Meetings	722,634	649,549
Proceedings	770,212	585,404
Subscriptions	739,926	503,603
Membership	283,066	711,588
Symposia	235,724	162,635
Education	170,198	189,423
Awards	27,691	14,672
	<u>2,949,451</u>	<u>2,816,874</u>
Supporting Services		
Management and general	1,627,549	1,469,081
	<u>4,577,000</u>	<u>4,285,955</u>
Excess of Support and Revenue over Expenses	399,047	78,485
Fund Balances at Beginning of Year	<u>2,135,904</u>	<u>2,057,419</u>
Fund Balances at End of Year	<u>\$2,534,951</u>	<u>\$2,135,904</u>

Table III

Materials Research Society		
Statements of Cash Flows		
Years Ended December 31, 1992 and 1991		
	1992	1991
Operations:		
Excess of support and revenue over expenses	\$399,047	\$78,485
Adjustments to reconcile excess of support and revenue over expenses to net cash provided by operating activities		
Depreciation	87,042	74,014
Provision for uncollectible accounts	100,000	25,000
Provision for inventory obsolescence	210,292	55,315
(Increase) decrease in:		
Accounts receivable	(392,828)	88,394
Inventories	(71,717)	(4,589)
Other prepaid expenses	(7,020)	(13,846)
Accrued interest receivable	16,738	15,931
Government grants receivable	500	79,432
Increase (decrease) in:		
Accounts payable	130,089	(270,450)
Deferred support and revenues	47,093	158,969
Accrued payroll taxes	12,100	(565)
Accrued profit-sharing expense	881	1,760
Other accrued expenses	(229,134)	73,388
Net Cash Provided by Operations	<u>303,083</u>	<u>361,238</u>
Investment Activities:		
Redemption of certificates of deposit	368,000	532,000
Purchase of fixed assets	(61,049)	(70,888)
Net Cash Provided by Investment Activities	<u>306,951</u>	<u>461,112</u>
Net Increase in Cash and Cash Equivalents	<u>610,034</u>	<u>822,350</u>
Cash and Cash Equivalents at Beginning of Year	1,518,806	696,456
Cash and Cash Equivalents at End of Year	<u>\$2,128,840</u>	<u>\$1,518,806</u>

Table II

Materials Research Society		
Balance Sheets, December 31, 1992 and 1991		
ASSETS		
	1992	1991
Current Assets:		
Cash and cash equivalents	\$2,128,840	\$1,518,806
Certificates of deposit	—	368,000
Accounts receivable, less allowance for uncollectible accounts of \$155,173 in 1992 and \$57,364 in 1991	730,904	438,076
Inventories, less provision for obsolescence of \$210,292 in 1992 and \$67,455 in 1991	353,276	491,851
Government grants receivable	55,500	56,000
Other prepaid expenses	62,488	55,468
Accrued interest receivable	—	16,738
TOTAL CURRENT ASSETS	<u>3,331,008</u>	<u>2,944,939</u>
Fixed Assets:		
Data processing equipment and software	376,652	318,077
Furniture and office equipment	192,112	193,043
	568,764	511,120
Less: accumulated depreciation	314,602	230,965
	254,162	280,155
	<u>\$3,585,170</u>	<u>\$3,225,094</u>
LIABILITIES AND FUND BALANCES		
Current Liabilities:		
Accounts payable	\$ 255,199	\$ 125,110
Accrued payroll taxes	13,106	1,006
Accrued profit-sharing expense	15,749	14,868
Other accrued expenses	68,581	297,715
TOTAL CURRENT LIABILITIES	<u>352,635</u>	<u>438,699</u>
Deferred Support and Revenues:	<u>697,584</u>	<u>650,491</u>
	<u>1,050,219</u>	<u>1,089,190</u>
Fund Balances:	<u>2,534,951</u>	<u>2,135,904</u>
Unrestricted	2,450,373	2,128,062
Restricted	84,578	7,842
	<u>\$3,585,170</u>	<u>\$3,225,094</u>

Figure 2

