

To: ASC Board
From: Chris Eskridge
Date: October 11, 2006
Re: Executive Director Annual Report

This has again been a very busy six months to say the least. The bottom line is that we are financially healthy, and remain a vibrant, active professional society. There is much going on in many spheres in our organization.

1. ASC Financial Status

As noted above, we continue to be a financially stable and sound organization. As of September 30, 2006 our total assets were roughly \$1.3 million. Our income continues to flow from four primary sources - interest and dividends from our investments, Blackwell publishing company/journal library sales, meeting registration fees, and membership dues.

I have attached three financial reports which articulate our financial position in more detail:

- A. *2006 Profit and Loss Statement (3rd quarter report)* - We have realized a net profit of \$59,000 to date for the year, but this is a bit deceiving. As you all know, the Los Angeles meetings will be the most expensive undertaking in which ASC has ever engaged. We have collected registration dues, but have yet to pay out expenses, thus the surplus at the moment. Note that we are also paying Sarah Hall=s salary for the rest of this year and we have hired new staff in Columbus. The end result is that we will likely run a deficit of roughly \$100,000+ this year. This will be a single-year situation as we will not be paying Sarah=s salary next year, will have a more economically favorable meeting site next year (Atlanta), and have raised dues and other fees in an attempt to balance our books. Per below, I project a \$15,000 positive cash flow for 2007.
- B. *2006 Balance Sheet (3rd quarter report)* - As noted above, our total paper assets hover in the \$1.3 million range.
- C. *2006 Budget Comparison (3rd quarter report)* - We had budgeted \$768,500 for our expenses, and have spent 54 percent of that (\$396,000) through the third quarter. We have realized \$473,000 in income for the year to date, with meeting registrations still coming in.

2. Division Financial Status

The ASC Divisions remain quite active. I might note that the DPCC was in the hole for some time, but are now showing a positive balance. The current problem is the Critical Division, as they are now some \$7,000 in the red. The DCC leadership is very much aware of their financial situation and are making significant efforts to Aright the ship.®

The problem has to do with the cost of journal access and the high percentage of low paying student members. I have been working closely with them and with Springer (the publisher of their journal). I anticipate it is going to take a year, but by next year at this time, they will be back in the black. The information below, showing membership and account balance information as of the end of September, was given to all the Division Chairs.

- A. Corrections and Sentencing Division: current account balance - \$10,400; current membership 304.
- B. Critical Division: current account balance - \$7,000 in the red; current membership 306.
- C. International Division: current account balance - \$14,600; current membership 329.
- D. People of Color and Crime: current account balance - \$5,000; current membership 179.
- E. Women and Crime: current account balance - \$9,900; current membership 393.

3. Proposed 2007 Budget (attached)

I estimate that we will be generating something in the range of \$742,000, and spending roughly \$727,000 for the coming year. I am projecting a positive cash flow in the range of \$15,000. There are several things going on that influence this prediction:

- A. We have additional personnel in Columbus as compared to 2 years ago as we have replaced Sarah with two persons. Sarah was receiving a salary of roughly \$70,000 a year when she retired. We hired our new staff at an initial combined salary of \$82,000. When adding in fringe benefits, the difference comes out to approximately \$15,000. Additional staff, also means additional office equipment costs, and travel costs.
- B. We raised the membership dues \$10.00, and we have raised our advertising and marketing fees as well. Combined, this will generate an additional \$50,000 a year for us. Had we not raised dues and advertising fees, we would be looking at a predicted \$30,000 deficit for 2007.
- C. With the market performing as it has of late, it appears that our investment income may realize a higher rate of return than per my admittedly conservative estimate.

4. Web Page

With the help and assistance of Janet Lauritsen and the hard work of Nicole in our Columbus office, we launched the new web page this summer. Ours is a huge web

page, some 1.6 gigs in size. We are still transitioning some of the deeper pages and will be doing so for some time. A web page is never done of course as there are literally changes made on a daily basis. Nicole is now officially designated as the ASC Webmaster. I use to do a fair amount of work on the web (as did the folks who worked for us here in the Lincoln office), but I am turning over more of those duties/those pages to Nicole....somewhat hard for me to do I must tell you, as I started the ASC web page here in Lincoln, using a kind of crude fortran programming, some 15 years ago. Hard to let go of my baby!@

5. Policy and Procedures Manual

We have updated the Policy and Procedures manual as per the decisions made by the Board at the Mid-year meetings. We have the revised version in hard copy form, as well as on the web.

6. Personnel

- A. Sue Beelman, our bookkeeper is currently paid \$36,800 per year for a contractual 32 hour work week. Sue is very task oriented and goes the extra mile to complete what needs to be done regardless of the clock. Sue receives very high marks from our current auditor, who regularly comments on her precision and attention to detail. She provides me with any piece of financial information that I need in a most timely fashion, and is an invaluable part of our central office team. She has had to work above and beyond during this year of transition, dealing not only with the additional duties that fell to her when Sarah left, but also assisting with the training of the new staff. This year, I recommend an above the norm 5 percent pay raise for Sue. This would increase her salary to \$38,640, or \$740 more per year than a standard 3 percent raise would have given her.
- B. Susan Case was hired at a probationary base rate of \$42,000 in June of 2006, and by agreement, her salary will be increased to \$44,000 as of January 1. Susan was previously employed as a legal secretary at a law firm in Columbus. She has taken on the task of becoming our All Academic/annual meeting program specialist. She also maintains the membership data base. Susan has been fabulous to work with. She has jumped into this position with both feet, is feeling an intrinsic sense of ownership, responsibility and excitement, and clearly has become committed to the job and to the profession. As if the stress of getting the annual meeting program book done for the first time was not enough, we had to get it done two weeks earlier than usual. She went the extra mile.
- C. Nicole Coldiron was hired at a probation base rate of \$40,000 in January of 2006, and I recommend a 3 percent pay raise. Her salary for 2007 would be \$41,200 Nicole is our computer specialist and webmaster. Having a computer specialist in-house has been fantastic. Not only are we more efficient (we don't have to call on our outside person to come help us which involves a time delay),

but it saves us money as well of course. She has also been invaluable to us as we have literally, and I mean literally, reviewed every one of our office procedures and activities, and have tried to come up with new and more efficient ways of doing things. She has great ideas, and has contributed significantly in this office transition period.

- D. Please be aware that we hire Rita Hollingshead on a part-time basis to help us in Columbus during high workload periods (stuff meeting packets, newsletter mailings, etc). Rita (and her husband who volunteers) will be helping out at registration as they have for the past decade plus. Rita has been paid \$13.50 per hour for several years now, and I propose to raise her hourly rate to \$13.75 for the year 2007.

7. Columbus Office Update

I visited Columbus regularly last Spring and again this Fall. I am most happy to report that we now have a talented, trained and motivated staff in the Columbus office, and things in the Apost-Sarah@ era are moving smoothly. At the risk of some personal aggrandizement, we have worked very, very hard to make this transition work seamlessly, and we have succeeded. The real basis rests in the fact that we have made some excellent hires, with both of the ladies jumping into this work with both feet. As noted above, Susan has taken on the primary task of dealing with All-Academic and will become our in-house specialist with respect to the annual meeting program. Nicole has taken on the task of webmaster, a huge undertaking I might add that includes not only keeping the membership directory and other pages up to date herself, but also coordinating the web page input from roughly a dozen persons

As implied, we have spent a significant amount of time going over literally every single procedure and protocol, and have streamlined our operations. We also have opened up the office so to speak and are cross training the staff so that we will never again have a situation where only one person knows what is going on. We truly have a team operation among the four Columbus-based personnel, and a very healthy and fluid flow of information and communication. We have updated all of our computers, and have hooked all of them into the Ohio State, high-speed system. This has proven to be one of the smartest moves we have made, as we now move the large annual meeting program preliminary drafts between All-Academic, Columbus, and our printer with ease. This has proved to be invaluable and is saving us massive amounts of time and money. Note that we now have a new email address of asc@osu.edu, and that our other office staff also have @osu.edu accounts.

We have met with bank officials and have brought our accounts up to speed. The fact that we have \$1 million put us in a position to utilize a very fluid fund transfer system offered by Fifth 3rd Bank that allows us to maximize our interest revenue. Even more importantly, we have worked with our bank officials and have streamlined our on-line meeting registration and annual dues payment system, moving it into a direct deposit format which is saving us both time and money. We have also spent considerable time

with our auditor going over and updating our internal accounting system.

We have worked with both of our printers, streamlining our annual meeting program and newsletter printing protocols. We have also worked with Ohio State=s Property Management Office and have had the offices painted and various items repaired. We have also spent a considerable amount of time cleaning up the offices. Sarah was somewhat of a pack-rat, and it has taken a fair amount of time to organize and professionalize the office in a basic physical appearance sense, but we have now done so.

No sense in beating around the bush...you all know I wanted to keep the offices in Columbus and I knew that to do so, I would need to make excellent hires in this transition period, train and mold our staff into a team, upgrade office technology, improve the physical appearance of the facility, and generally streamline and update operations at all levels. I took on that task very seriously, and can report to the Board that we have been successful. We now have a thoroughly professional and highly efficient operation, a trained, dedicated staff, and there truly is now absolutely no reason and no need whatsoever to move the ASC operations offices. To do so now would be extraordinarily counterproductive.

As a footnote, let me indicate that I have continued to spend a great deal of time getting the journals and newsletters organized in the office backroom, and continue to work on the archives, both filing documents of historical interest and posting some of them on the web. Rick Smith has done an amazing amount of work for us, scanning old documents and posting them on the web. We now have all of the known copies of our newsletters, even copies from the 1950s, scanned and posted. Beginning in 2007, we will start posting the entire newsletter on the web, in pdf format.

8. Annual Meeting Preparations

- A. Los Angeles (2006) - We visited Los Angeles last spring. We worked out the final details regarding room usage, made audio-visual arrangements, got the music equipment ordered for the dance, meet with the drayage folks and went over the exhibit hall set-up and logistics, discussed freight/shipping logistics, etc. We have sufficient meeting and sleeping rooms, and have mapped out what will be a great meeting. Due to some logistic issues, there will not be an Ice Cream Social this year. As you may recall, we did engage in some tough negotiations with the LA Convention Center folks regarding an issue of some concern last Spring. The bottom line was a \$26,000 credit to ASC, and a much more cooperative LA Convention Center staff of late. I would like to indicate to the Board that having the meetings 2 weeks earlier than usual has really put a strain on us in a logistics context. Let=s be sure not to do this again!
- B. Atlanta (2007) - We visited Atlanta last February. We had a very constructive visit and made excellent progress. A proposed budget for the Atlanta meeting is

attached, based on an attendance estimate of 2,500. We also engaged in a series of rather troubling and frankly quite taxing negotiations with the Atlanta Marriott in response to a revised construction schedule that will impact our meeting space. In the end, we managed to receive a \$15,000 credit, plus some additional room and airfare compensation from them. There is still plenty of space for the meetings, and we will need it, for I believe we will likely have a large meeting next year.

- C. St. Louis (2008) - The plan at present is to travel to St. Louis, the site of our 2008 meeting, sometime in late February to do a "first cut" for this meeting.

9. Archive Efforts

The surviving spouses of a number of early ASC leaders have kindly sent us boxes of ASC-related correspondence. I have, for the past 10 years, systematically gone through that material and have archived it. There are still half a dozen boxes left on the shelf. I must confess that I enjoy this project quite a bit. There are three documents from the 1950s that I came across recently that I wanted to share with you (attached):

- a. The Annual Meeting Program from the December 1954 meeting. Note that there were 5 papers presented that day, one of which was by O. W. Wilson and we have a copy of that paper. The meeting was attended by 42 persons, all of whom personally signed in, and we have that original sign-in sheet. Note the four purposes of the Society for the Advancement of Criminology in the preface, and that our official journal at the time was the *Journal of Criminal Law, Criminology, and Police Science*.
- b. The Secretary-Treasurer's Report for 1955. The organization consisted of 46 members at that time, up from 34 the year before, and the organization carried a balance of \$660.00.
- c. The first page of the 9 page Minutes from the Executive Committee Meeting held March 30, 1957 in the President's Conference Room of the University of Southern California. We have all 9 pages, but I am just sending you the first page. I will post all 9 pages on the web. While we were organized in the home of August Vollmer on December 30-31, 1941, our organization was a small, California-based entity until this pivotal March 1957 meeting. It was at this meeting of the then named Society for the Advancement of Criminology that the seven individuals present (two more came in the afternoon), charted a course and began to move the organization in the direction that we find ourselves today. I had read about this meeting in letters and other documents for several years, but I had not found the minutes until last week. It was at this meeting that the officers present gave out specific assignments, proposed the development of a newsletter, and suggested an organizational name change. The members subsequently voted on the name change, and by a vote of 18 to 10 to 7, we officially became the American Society of Criminology in November of 1957.

Historically, August Vollmer can be called the Founder of the American Society of Criminology, but in all honesty, the entity he founded did very little for 15 years. The ASC that we know today was sparked into action subsequent to this March 1957 meeting by John AJack@ Kenney who was to become the heart and soul of the organization from the late 1950s and into the 1960s. I have also learned by reading a number of private letters, that ASC was kept afloat financially in the late 1950s and early 1960s due to the personal contributions of Donal E. J. MacNamara. Were it not for the financial contributions from Dr. MacNamara, ASC may well have ceased to exist as a viable entity. The fact that he contributed funds to ASC seems to have been known by only one person - Jack Kenney, and the two of them, at least from the correspondence I have seen, told no one else. It is an amazing story to me.

10. United Nations Matters

I attended the U.N. Human Rights Council meetings in Geneva last summer (using no ASC funds I should note). These were high level meetings, involving a significant amount of political maneuvering and intrigue being undertaken by the nations of the world on a global stage. ASC was less than a speck of inconsequential dust. No one knew or cared if we were there. On the other hand, for individuals with professional interests in human rights issues at this international level, the sessions were quite remarkable. Where else could one hear the Ministers of State and Justice from Rwanda, Sudan, Burundi, South Africa etc. speak to human rights issues. As this was the first session of this newly formed council, rules, procedures and protocols were and are still being developed.

And now the good news...unless things are changed, the Human Right Council has decided to allow individuals to attend these meetings in the future as individuals, without requiring an NGO attachment. This is exactly what fits our ASC needs, at least as I see it. People can now attend the meetings representing only themselves, just as any individual might attend an ASC meeting for example. So again, unless the Human Rights Council changes the rules, if any ASC member wishes to attend the U.N. Human Right Council meetings, they can contact the U.N. directly and attend as John or Jane Doe from the University of X, with no mention of ASC. Our ASC U.N. representative (Ineke Marshal at the moment) can help our members navigate the U.N. bureaucracy and generally serve as a broker; ie., help our members contact the right U.N. office in Geneva to get the paperwork taken care of, help them identify some good hotels in the area, help with local travel logistics (how to get from the airport to the train station to the Palais de Nations), etc.

11. IRS Concerns

What we thought was a minor matter and one that would be cleared up very easily, has dragged on now for months. We were notified by the IRS last March that we had failed to file our taxes in 2001 and 2002, and that the taxes for 2003 and 2004 had been received, but were late. We were, of course, quite surprised. We checked with Donn

Fenn, our former auditor and the individual who prepared our taxes, and he indicated that 2001 and 2002 had been turned in, and that the proper extensions had been filed for 2003 and 2004. Let me pause for one moment and indicate that we did fire Mr. Fenn more than a year ago, due to the fact that he was not getting our taxes completed in a timely fashion. We hired a new auditor and tax preparer last year, Bob Gillette, and he is fantastic. His speciality is non-profit organizations.

When we received the call from the IRS last March, I went into my files, pulled out the 2001 and 2002 taxes (which Mr. Fenn had in fact prepared), and as instructed by the IRS, personally walked them down to the IRS office here in Lincoln and turned them in. Now the situation becomes muddled, in part because the IRS agents one speaks with on the phone are in Cincinnati, but one mails letters and documents to the Ogden, Utah offices, and I do mean offices, plural. There are two different offices in Ogden, and they do not communicate.

Over the course of the last 7 months, I was told by different IRS agents I spoke with in Cincinnati, and by different agents who responded via letter from Ogden, Utah, that they did and then they did not, and then they did and did not have our 2001 and 2002 taxes, despite the fact that I personally, hand delivered them to the IRS literally the morning following the notification last March. In response to my concern that the tax forms had not been officially received, I was told by some IRS agents not to mail in new 2001 and 2002 forms, while others said to do so. In the end, I mailed copies of 2001 and 2002 to the Ogden, Utah IRS office (always using certified mail by the way).

Allegedly, all fines and fees were put on hold by the IRS last March, and would remain on hold until the matter is resolved. Allegedly, for we received a letter from one of the Ogden offices just recently that indicated that interest was accruing. The tenor of the letter clearly revealed that the office who sent us this letter has no idea the matter is under review. I did respond in writing to this letter, as I have to all the letter and calls, sending a complete, documented response.

As of this writing, we have been informed by the IRS that they have all the documents regarding the 2001 - 2004 tax question, and we are to do nothing until they write us. At this point, we are facing a penalty of \$34,000.

I do wish to indicate that I have focused on this with all diligence. I have sent careful, detailed, documented letters to the IRS. I have called and spoken with agents regularly in an attempt to get this matter resolved. I have also communicated regularly with Gary on this and have communicated regularly with Bob Gillette (our current accountant) as well.

I am not seeking sympathy, but I want you all to understand that I understand the gravity of this situation. I have lost a significant amount of sleep over this and it remains a huge matter of concern to me. On the one hand, our accountant can be blamed for perhaps lying to us about turning in the tax forms, or, perhaps the IRS can be blamed

for losing and/or misplacing our materials (as they did at least with the 2001 and 2002 forms I hand delivered them last March). On the other hand, I feel responsible as the CEO of this organization. In a self-justification mode, we had a model in place for years and it worked well. Mr. Fenn sent me the tax forms when they were completed, I double checked with our bookkeeper, signed, copied, and returned the corrected tax forms to Mr. Fenn, and he mailed them to the IRS with all the required supporting materials. There was never a problem with this model in the past. It worked for years. Why, all of a sudden is there a problem now...I just don=t know, and it has been a source of some stress.

As for the present and future tense, we do now have Bob Gillette as our CPA. Completing our taxes in a timely and accurate manner will not be a problem any more. The question of the moment, however, is how the IRS will deal with our 2001-2004 tax years. I will, of course, stay in close touch with the President on this matter.

12. Carte Paper Award

Last but not least, as a point of information, the Board approved the proposal that McGraw-Hill serve as the sponsor for the Carte Student Paper Award. We will work with the McGraw-Hill representatives to facilitate the logistics on this matter just as we do with Prentice Hall and the Cavan Award.

PROPOSED 2007 ASC BUDGET

INCOME:

Advertising/Marketing	\$ 45,000
Annual Meeting	260,200
<i>Criminologist</i>	20,000
<i>Criminology/CPP</i>	125,000
Dues	220,000
Employment Exchange	15,000
Executive Director	4,000
Investment Income	30,000
Minority Fellowship-Grad	6,000
Reprints	2,000
Royalties	<u>15,000</u>
TOTAL	\$742,200

EXPENSES:

Advertising/Marketing	\$ 2,000
Affiliations	8,000
Annual Meeting	210,000
Awards	4,000
Committees	1,000
<i>Criminologist</i>	40,000
<i>Criminology</i>	40,000
<i>Criminology & Public Policy</i>	45,000
Employment Exchange	3,500
Equipment Expense	17,500
Executive Board	10,000
Executive Director Office	25,000
International Initiatives	10,000
Minority Fellowship-Grad	22,000
Minority Fellowship-Undergrad	22,000
Misc. Expenses	12,000
Office Expenses	60,000
Personnel	175,000
President Secretary Support	3,000
Professional Fees	5,000
Site Selection	2,000
Taxes	<u>10,000</u>
TOTAL	\$727,000