

To: Executive Board
From: Bonnie Fisher and Chris Eskridge
Date: April 10, 2012
Re: Treasurer and Executive Director Report

As usual, this has been a rather busy few months since we last met, and that fact is the cause for some reflection today. Over the years, ASC has experienced periods of asymmetric growth and activity, and then relative calm. We are currently in one of those high effervescent periods; there is a lot of stuff going on in ASC right now! In the classic context of, to understand an organization follow the money, consider the following. The non-personnel operating budget in Chris' program (University of Nebraska School of Criminology) is just over \$50,000. The non-personnel operating budget of ASC is around \$650,000. We have six (and soon seven) divisions; each one is very active. We have seven journals, some twenty-five committees, half a dozen external organization liaison representatives, and an increasingly active policy agenda. We publish a quarterly newsletter, maintain a web page that has become a major resource site for our field, have 3,500 members from every state and more than 50 countries, and organize the largest annual criminology meeting in the world.

ASC is a remarkable organization. It is all the more remarkable when we realize that it is run on the backs of our members who have and continue to invest massive amounts of time and effort into growing, building and developing ASC. We, of course, also owe a great deal of thanks to the Columbus staff who keeps all of this straight...not an easy task these days.

Our report, with a particular focus on the financial state of affairs:

1. Financial Status - We have been engaged in a number of financially related activities in the past few months:
 - A. We have engaged in the normal flow of business; invoicing, collecting, paying our bills, maintaining the books, etc. These functions are being carried out accurately and with dispatch. Sue Beelman, our bookkeeper for the last 20 years, has semi-retired and her bookkeeping duties have now been taken on by Nicole Coldiron. Nicole has been working closely with Bob Gillette, our accountant, and of course calling upon Sue from time to time. Chris is well assured that the transition has been smooth and we will continue to see the same high level of precision and order in our books that we have come to expect over the years.
 - B. The following end of the year financial reports are attached:
 1. Balance Sheet 2011: We had \$1.98 million in assets at the end of 2011, of which \$1.77 million was open balance equity (our net worth).
 2. Profit and Loss 2011: We realized a profit of \$195,000 for the year. Operationally, we realized a \$133,000 positive cash flow in 2011 and

consequently had no problem making our payroll and paying our bills. An examination of the Balance Sheet and the Profit and Loss statement clearly reveal that we are in a positive fiscal position.

3. Profit and Loss Budget Comparison 2011: This is going to get a bit long-winded, but we thought we should share a few thoughts on this one. Let us first look at expenditures. As you can see, we did a reasonably good job in anticipating expenditures in an overall context, and came in \$88,000 under budget. There were a couple of areas where we exceeded the budget, on both sides. The raw numbers are not so bad (only a few thousand dollars off), but they both warrant some brief comment:
 - a. Executive Board expenses - It is just more expensive now to travel. In the future we need to allocate a larger portion of the budget for that expense.
 - b. Misc expenses – If you look at the Profit and Loss statement, you will see that credit card fees were quite expensive. We simply took in so much money, that our credit card charges were higher than anticipated. Hopefully this charge will be \$20,000+ again next year! That cavalier comment aside, we did see that our credit card charges were up a few months ago, and began looking at ways to cut that cost. It is not a simple matter, as credit card charges to merchants are based on different credit cards that our members use, foreign currency fees, fees if the credit card is processed and is invalid, etc. We received bids from three card processors and looked not only at potential cost savings, but also at volume processing capability, and security issues. We contracted with a solid company (Infintech), and we will see credit card processing fee savings in the 8 to 10 percent range now. But having said all that, we STILL hope we have \$20,000+ in processing fees again next year (and we will start to budget accordingly).

On the anticipated income side, we exceeded expectation in a number of categories, but we did not generate anticipated revenue in others.

- a. The first area of interest is ASC-sponsored journals. Criminology and CPP revenues were down for the year vs. anticipated (by the way, these two journals should have been bundled into one income line-item, and will be in future budgets). The reason we were down requires a bit of an explanation. We ended our old contract with Blackwell as of December 2010. The way that contract worked was that Blackwell would give us a percentage of expected income during the year, and then make up the difference in April of the following year (once they completed their accounting for the previous year). At the time we put the 2011 budget

together, we thought that Blackwell would give us the makeup check for 2010 as usual - in April of 2011. Instead, they issued the last check for 2010 in 2010, and so that revenue was carried on our 2010 books. The end result was that we came up short of expected revenue in 2011 because we received only one check from Blackwell in 2011 - the \$94,500 advance on expected profits for 2011. We will get two checks each year from now on – the advance for the current year and then the makeup check from the previous year in late April. We have already received our 2012 advance on royalties (\$82,812 received last month). Chris contacted Blackwell in February, and while the figures are not exact, Blackwell estimates that ASC earned about \$135,000 in royalties in total in 2011. This means ASC will receive around \$40,000 at the end of April as the makeup for 2011 royalties. So for budgetary purposes:

1. ASC has about \$135,000 coming for 2011 sales; we received \$94,500 in 2011 and will receive about \$40,000 in 2012, which totals \$135,000.
 2. ASC will receive about \$122,000 in 2012; we received \$82,812 already as our advance against royalties for 2012, and will receive about \$40,000 in April as the makeup for 2011 royalties due as per above.
- b. The second area to tackle is the investment income issue. Investment revenue was down vs. anticipated because of market pressures. As you surely recall, the market took a tumble last summer. Consequently, in conjunction with our broker, the ASC Finance Committee reviewed our investment portfolio last Fall. We closed out our low performing bond fund in early January (American Capital Income Builder) and bought into the Lord Abbett fund which we obviously hope performs better (though in an election year, who knows what any investment portfolio will do). We would conservatively come up with a \$50,000 projection for 2012 at this point, but yes, we are just guesstimating
- c. The third area of interest is royalties (royalty payments we receive from publishers for Criminology and CPP articles that are reprinted in readers). There is a large discrepancy between what we thought we would earn in royalties and what we actually did. In 2010, we earned nearly \$21,000 in royalty revenue, and we backed off a bit on the budget for 2011 and projected \$18,000. We generated only \$3,000. We clearly under estimated that one. In 2009, our royalty revenue was \$12,000. In 2008, it was only \$1,200, but in

2007, it was \$16,000. We are not sure why we have these large variations. The bottom line is that we did not generate a lot of royalty revenue in 2011. Given that low figure for 2011, we would now revise the projected royalty revenue for 2012 to be \$3,000 to be conservative.

- d. Finally, let's look at the last issue, Minority Fellowship revenue. Minority Fellowship revenue is down because the two entities that had been giving us \$5,000 each, opted out last year. We projected the 2012 Minority Fellowship revenue to be \$5,000 as we thought one of the donors was going to give us \$2,500 this year, but now it appears that they are not going to do that. We would therefore revise the Minority Fellowship revenue figure downward to \$2,400. This is the amount that was generated last year.

- C. Mid Year Budget Review - One of the problems we have in this budgeting matter is that the Board approves a budget in November for the following year. That is about 2+ months before we have the end of the year figures in place, and well before we know how much Blackwell will be paying us (which we do not know until late April). Yes, we can (and do) look at the figures all year long and try to estimate our income and expenditures. Based on those figures and estimating future income and expenditures we try to come up with a sensible budget proposal for the Board meeting in November. With ASC generating so much revenue and having so many expenses in November and December, it is really tough to gauge the budget for the following year in early November

The Board obviously needs to continue to vote on the budget at the November meeting, and we need to keep trying to estimate. We are suggesting that as a standard practice, the Board review the budget each April at its Mid-Year meeting, and make necessary adjustments. We would also point out that the Board has often taken action at the April meetings that impacts the budget, but as a rule, we never update the budget once it is approved in November. We are suggesting that this practice needs to change. In our view, we see the budget as an organic document that needs a review at the April meetings. To start us down that path, we are putting forth the following proposed revised 2012 budget (below).

- D. Division chairs receive detailed financial updates on a monthly basis. The following information was updated as of April 1, 2012, and has been given to all of the division chairs:
 1. DCC - \$19,800; 221 members
 2. DCS - \$15,800; 333 members
 3. DEC - \$1,900; 148 members
 4. DIC - \$12,800; 217 members

5. DPCC - \$3,900; 192 members
 6. DWC - \$10,300 (+ \$50,200 in Feminist Crim); 331 members
- E. Financial Outcome of the Washington, D.C. meeting - We showed a profit of roughly \$123,000. This was the largest meeting we ever had, with nearly 3,400 people registering (from 43 countries). We anticipate attendance in this same range for the Chicago meetings. We should point out that in the past, we ran the meetings from a break-even perspective, but now the meeting is emerging as a positive cash flow revenue source for us.
2. Policies and Procedures Manual - We have updated the Policies and Procedures manual. A copy is on-line, and a hard copy is maintained in both the Columbus and Lincoln offices.
 3. Meeting Site Visits - A site visit of the Palmer House will be conducted the day before the Board meeting. A site visit was conducted in Atlanta in January and a second one will be undertaken next April. We have two fabulous hotels with plenty of meeting space.
 4. Trip to Columbus - Chris went to Columbus in February and worked with the staff on a number of projects. He also spent time (and had great fun) going through the historical records which are now being scanned and posted on the ASC History page.
 5. Divisions and Committees – Chris has stayed in touch with division and committee chairs, communicating with them regarding a number of issues.
 - 6.. Web Page –The Columbus office continues to update the web page. In addition to the usual web page maintenance activities (membership directory, areas of expertise, conference and workshops, announcements, annual meeting page, etc.), the big projects this year have been and will continue to be updating the history page, taking over the mentoring page, and getting the oral history project up and running. You will also note that we have a new front page and we will use that same model from now on (ie., the skyline of the city where our next meeting is to be held).
 7. Online vs Print Options – As you may recall, we moved to a model where students now only receive Criminology and CPP on-line, though they may choose to pay the regular membership fee and receive hard copies. About 10 percent of the students are choosing to do the latter (get hard copies). Approximately 80 percent of the regular members are choosing to retain the hard copy option. Overall, about 55 percent of our total membership now receives hard copies of our two journals. Last year, the figure was roughly 60 percent. This number will certainly continue to shrink in the coming years.

Students no longer receive a hard copy of the newsletter, but 10 percent have opted to receive hard copies. Interestingly, only about 5 percent of our regular members have opted out of receiving *The Criminologist* in hard copy form.

8. Historical Error - One of the things that Chris does when in Columbus is go through the ASC archives. He found a number of interesting documents on his last trip that we will be scanning and posting over the next few months. One group of items was of particular interest. The executive summary is that the upcoming meeting will be our 68th annual meeting, NOT our 64th!

Chris found this in the Annual Business Meeting Minutes of February 2, 1959:

"Be it resolved that the ASC expresses its sincere appreciation to the University of Arizona for extending its excellent facilities to our organization on the occasion of its 15th annual conference."

He then counted up from there, and came to the fact that this year will be our 68th annual meeting. He counted down, and indeed, 1959 was the 15th meeting. This was confirmed in part by the documentation that the 1946 meeting was the 3rd annual meeting (held at the Durant Hotel in Berkeley). The first meeting as I am sure you know, was also held in Berkeley, in late December 1941, in the home of August Vollmer. The second meeting was held in 1942, likely in Pullman, Washington, but we have lost all records of this meeting and only have indirect references to it.

The question is when did we get off count, and he found it. In 1976 (Tucson meeting), we began putting the meeting number on the program cover, and we noted at that time that 1976 was the 28th annual meeting. We have used the Tucson 1976 meeting as the base ever since. Of course, the problem is that the meetings in 1976 were actually the 32nd annual meeting (the only other year prior to 1976 that the meeting number was noted on the program cover was in 1959 and that cover designated the 1959 meeting as the 15th annual meeting).

In consultation with Rob, we have made the change to the ASC webpage to reflect the fact that Chicago will be our 68th annual meeting, and of course will so note Chicago as the 68th meeting on the program cover.

FYI, in addition to the annual meetings, ASC co-sponsored a few meetings with other entities over the years, and held at least one interim meeting (February 1953 at Northwestern University). This is all on the web page now at:

http://www.asc41.com/Annual_Meeting/priorabs.html

9. Sellin Glueck issue - Two issues have arisen regarding the Sellin-Glueck award criteria:
- A. The intent of the award originally was to recognize non-U.S. scholars who were based outside the U.S. who examined non-U.S. data sets and considered problems of crime and justice outside the U.S. However, a strict reading of the criteria does not preclude a U.S. citizen and/or a U.S. based scholar from being considered who meets the criteria, as technically there is no provision within the award criteria narrative as to the ethnic/national origin of the scholar nor where he/she resides. So, what about a U.S. citizen who is say living in Germany now but whose work meets the criteria (non-U.S. data sets/considering problems of crime and justice outside the U.S.) – is h/she eligible? Yes. What about a Filipino citizen who is based at a U.S. school but whose work meets the criteria? He/she is also eligible, as again, there is no provision as to the ethnic/national origin of the scholar nor any delineation as to where they reside in the award criteria. The criterion is based upon the nature of the scholarship, not the ethnic/national origin of the scholar, nor where they currently reside. Is this how we wish to now view this award? A clean sense of the Board one way or the other would provide helpful guidance to the committee as well as to those individuals who want to nominate someone for this award.
 - B. Another question that has arisen focuses on a concern regarding the award criteria provision that viable candidates publish predominantly in non-U.S. journals. More and more international folks are publishing in U.S. journals, but their work is not based on U.S. data sets and they are considering problems of crime and justice as they are manifested outside the United States; internationally or comparatively, etc. Should these individuals who publish predominantly in U.S. journals be considered ineligible? A statement from the Board concerning this related issue also would be helpful to the selection committee and anyone who is planning to nominate someone for this award

In thinking about these two issues, consider that the current Sellin-Glueck award narrative is as follows:

“The Thorsten Sellin & Sheldon and Eleanor Glueck Award (established in 1974) is given in order to call attention to criminological scholarship that considers problems of crime and justice as they are manifested outside the United States; internationally or comparatively. Preference is given for scholarship that analyzes non-U.S. data, is published predominantly outside of U.S. criminological journals, and in granting the award, brings new perspectives or approaches to the

attention of the members of the Society. The recipient need not speak English, however, his/her work must be available in part at least, in the English language (either by original publication or through translation).”

10. There has been some interest in recycling efforts within ASC. Please see the attached article that will be appearing in the next issue of *The Criminologist* that addresses this matter.

CURRENT 2012 ASC BUDGET

INCOME:

Advertising/Marketing	\$ 50,000
Annual Meeting	336,000
<i>Criminologist</i>	20,000
<i>Criminology/CP</i>	110,000
Dues	235,000
Employment Exchange/Web	50,000
Investment Income	94,000
Minority Fellowship	5,000
Miscellaneous	1,000
Reprints	2,000
Royalties	<u>13,000</u>
TOTAL	\$916,000

EXPENSES:

Advertising/Marketing	\$ 2,000
Affiliations	8,000
Annual Meeting	308,500
Awards	3,000
Committees	36,000
<i>Criminologist</i>	40,000
<i>Criminology</i>	55,000
<i>Criminology & Public Policy</i>	55,000
Depreciation	1,000
Employment Exchange	3,000
Equipment Expense	13,000
Executive Board	13,000
Executive Director Office	28,000
International Initiatives	5,000
Minority Fellowship	20,000
Misc. Expenses	10,000
Next Year's Meeting	3,000
Office Expenses	56,000
Personnel	239,000
President Secretary Support	2,000
Professional Fees	4,500
Site Selection	1,000
Taxes	<u>13,000</u>
TOTAL	\$916,000

PROPOSED REVISED 2012 ASC BUDGET

(April 10, 2012 version)

INCOME:

Advertising/Marketing	\$ 50,000
Annual Meeting	385,000
<i>Criminologist</i>	25,000
<i>Criminology/CPP</i>	122,000
Dues	265,000
Employment Exchange/Web	70,000
Investment Income	50,500
Minority Fellowship	2,400
Miscellaneous	100
Reprints	4,000
Royalties	<u>3,000</u>
TOTAL	\$977,000

EXPENSES:

Advertising/Marketing	\$ 2,000
Affiliations	8,000
Annual Meeting	308,500
Awards	3,500
Committees	36,000
<i>Criminologist</i>	30,000
<i>Criminology/CPP</i>	110,000
Depreciation	1,000
Employment Exchange	2,000
Equipment Expense	12,000
Executive Board	15,000
Executive Director Office	27,000
International Initiatives	5,000
Minority Fellowship	20,000
Misc. Expenses	22,000
Next Year's Meeting	3,000
Office Expenses	55,000
Personnel	239,000
President Secretary Support	2,000
Professional Fees	4,500
Site Selection	500
Taxes	<u>14,000</u>
TOTAL	\$920,000