

To: ASC Board
From: Bonnie Fisher and Chris Eskridge
Date: October 15, 2009
Re: ASC Financial Status

The American Society of Criminology continues to be a financially stable and sound organization. As of October 1, 2009 our total assets were roughly \$1.5 million. Our investment portfolio has experienced a paper loss over the past two years as you all know (and as we all feel in our own TIAA/CREF accounts), but overall, ASC remains in a solid financial position at the present time. As you will note below, we have some concerns about the future, but at present ASC is fine. We have attached two financial reports which articulate our financial position to date in more detail:

- A. *2009 Profit and Loss Statement (3rd quarter report)* – ASC has realized a net profit of \$269,170 to date for the year, but that is quite misleading as registration fees have been collected and annual meeting expenses have yet to be paid out. As we look at anticipated income and outgo, we predict a profit for the year of around \$80,000. Of that, \$40,000 will be from our investments, which are coming back a bit. Do note, however, that our stock and bond portfolio is still down \$360,000 from when we entered the market.
- B. *2009 Balance Sheet (3rd quarter report)* - As noted above, our total assets are in the \$1.5 million range, but per above, that is misleading in that we have yet to pay out our annual meeting expenses. At the end of the year, we will have a balance sheet in the \$1.30 million to \$1.35 million range.

Four related matters:

- A. It now costs us approximately \$170 to serve an ASC member for a year (excluding the annual meeting). We charge students \$50 and regular members \$90 (FYI, students make up 1/3 of our membership). The revenue difference is made up from the following income sources:
 - 1. journals (sales, advertising, reprints)
 - 2. newsletter advertising
 - 3. employment exchange
 - 4. investments
 - 5. meeting profits
- B. Members may now choose to only receive electronic access to *The Criminologist*, *Criminology*, and *CPP*. So beginning with the 2010, our members can forego receipt of the hard copies of these publications if they so desire.
- C. Short-term expenditure concerns - Our next point may appear to be somewhat inconsistent. Per above, ASC is currently in a solid financial position, but the key word is *currently*. We are fast approaching an annual expenditure fiscal tipping point. We project that ASC will break

even in 2010, so no problem there (again, present tense we are fine). Our concern is with 2011 and beyond. There are a number of potentially unfunded initiatives “out there,” and ASC does not have the money to fund them all. We can cut the deck in many ways of course and look at a variety of revenue and expenditure line items in our budget, but the three particular items that are of some concern to us are:

1. Raben – We would be looking at a \$24,000 outlay if we re-new the contract with them.
2. Criminology – We proposed a \$35,000 stipend for an editorial assistant. This is a \$20,000 increase over current expenditures.
3. Undergrad Minority Fellowship – We funded none last year and just one this year. Potentially we could fund up to four, which would be an annual \$20,000 outlay.

It is, of course, virtually impossible to predict, but Chris once had Warren Buffett’s granddaughter in class and hopefully some of Mr. Buffett’s fiscal abilities reached him through her!! Joking asking, at this juncture we predict that we will have roughly \$30,000 in discretionary funds available in 2011. The problem is that the above noted expenditures add up to \$64,000. If we wish to fund all of the above, as well as the other initiatives and ventures we are involved in, we will need to engage in some combination of classic cost cutting and revenue generating. As you all surely recall, we did go with a different sized annual meeting program this year, and that saved us a few thousand dollars. We were also able to save some money this year by going with an audio-visual company that works with Experient (vs using the in-house option), and Experient is helping us now with a 3-years drayage bid that may save us some money. We are, of course, constantly looking for ways to cut our expenses.

By the same token, we have been spending money rather liberally in the last few years. In addition to the above noted ventures, we have added a number of other initiatives (International; \$5,000/year; COSSA; \$6,500/year), created new awards (Presidential, Outstanding Paper, Teaching Award; up to \$3,000/year), are now offering pre-meeting workshops (\$2,000 - \$3,000/year), and have greatly increased the scope of our annual meeting social events (we have added a wine and cheese event, a brunch, now hire a band for the minority fellowship dance, and significantly increased the size and scope of the opening social and presidential reception; we spend close to \$90,000 on social events now). Finally, we have greatly increased the size and scope of our publication activity. This has been a major revenue output for us. Criminology has nearly doubled in size in the last decade, and we have added CPP, which has likewise grown in size. As you all can surely appreciate, increasing

the size of our journals carries a hefty price-tag (increased printing costs, shipping and postage costs, return-mail costs, copy-editing costs, more TA time to process the manuscripts, etc.). ***PLEASE*** do not misunderstand us. These are all wonderful and worthy ventures/initiatives/activities (Chris would like to see ASC support/spend some money on the Congressional Breakfast idea), but we have reached the point where we will need to start planning and prioritizing, as the trajectory of our expenditures is on a path to exceed our income.

- D. Long-term expenditure concerns – We have attached a somewhat long-winded memo that Chris sent to the Ad Hoc Financial Committee a few weeks ago. The executive summary of that piece is that that the Board should not tap into the reserve. We would argue this from two perspectives - since our portfolio is some \$360,000 down, taking money out now would be taking out approximately 75 cents on the dollar, which is not fiscally responsible. Secondly, the income we derive from our reserves is to some extent endowing us, allowing us to keep membership dues and meeting fees low, and gives us the fiscal capability of engaging in a rather wide range of initiatives/activities. We propose instead, that we do not tap into the reserve but rather seek to grow it. This will enable us to endow even more initiatives in the long run. We need to get the reserve back to where it was (so there is a time game there), but in addition we feel that we should consider formally putting at least 5% of our income into the reserve each year to not only see it grow, but to inflation proof it to some extent. We believe that funding initiatives entirely with our yearly revenue flow puts ASC at some risk. The long-term health of our organization suggests the need to become further endowed. This would give us, and more importantly, those who follow us, the opportunity to engage in timely and prudent initiatives that arise in their times, just as we are today. We can do the things we are doing today in ASC in part because those who have gone before have built up an endowment/a reserve that has given us that opportunity. We believe we owe that to the next generation.