

Treasurer's Report

Financially, 1993 was an excellent year for the Materials Research Society (MRS), continuing the turnaround that started in 1991. Figure 1 shows the five-year net income summary for MRS. Although the Society incurred a significant loss in 1990, it can easily be seen that financial results have steadily improved from 1991 through 1993. This trend has helped to stabilize our overall financial position as MRS looks forward to the challenges of the future.

As was the case in 1992, the most significant factor affecting the Society's 1993 financial performance was continued adherence to the budget and management processes implemented in 1991. Based on input from the Executive Committee and the MRS Council, specific financial goals were again established for each MRS business unit. A detailed budget was then built around these goals, and operations were managed according to this plan. Controlling expenses and managing to the budget by project area generated a net operating income of \$416,400, or 8.6% of gross operating revenue (\$4.8 million). Considering all Society activities (including income from investments, contributions of designated funds, etc.), the net consolidated income (shown as excess of support and revenue over expenses before gains (losses) on investments in Table I)

was \$430,300, or 8.5% of the gross consolidated revenue. These returns approximated the goals set during the budget process, and also compared favorably with the 1992 results, when the net consolidated income was \$399,000, or 8.0% of gross consolidated revenue.

The 1993 balance sheet (Table II) also reflects a positive financial performance. Total assets were up 16.5% over 1992, exceeding the 9.5% compound annual growth rate in total assets experienced over the past four years (Figure 2).

The Society's cash flow was also very good in 1993 (Table III). As a result, MRS has now attained the financial position necessary to implement the fund structure and cash management system previously approved by Council. As discussed in my 1992 report, the initial focus will be on four of the six funds—the Operating Fund, the Operating Contingency Fund, the Endowment Fund, and the Furniture and Fixture Fund. Allocations to the New Program Fund and the Building and Property Fund will be addressed as required. The cash accumulated by maximizing returns on these balances in a planned and systematic manner will be used to assist in the overall support of Society activities. An ad hoc group (consisting of several Council members and headquarters personnel) was established to finalize the new operating procedures and policies and to hire an outside consultant to facilitate the professional management of the MRS cash balances. This project should be completed in the upcoming year.

One other change that occurred during 1993 was the elimination of the Finance Committee. It was determined that the Executive Committee effectively took on the role of the Finance Committee by consistently monitoring the financial position of the Society through a monthly reporting system. Therefore the decision was made, and approved by Council, to disband the Finance Committee, releasing these volunteers to work in other areas as needed.

In summary, 1993 was an excellent year, which again helped strengthen the Society's overall financial position. These results were accomplished despite a difficult economic environment, reflecting favorably on the products of the Society. The new budget was set in anticipation that the positive operating trends exhibited during the past two years would continue, and the outlook for 1994 is optimistic.

Respectfully submitted,

Auda "Kay" Hays, Treasurer

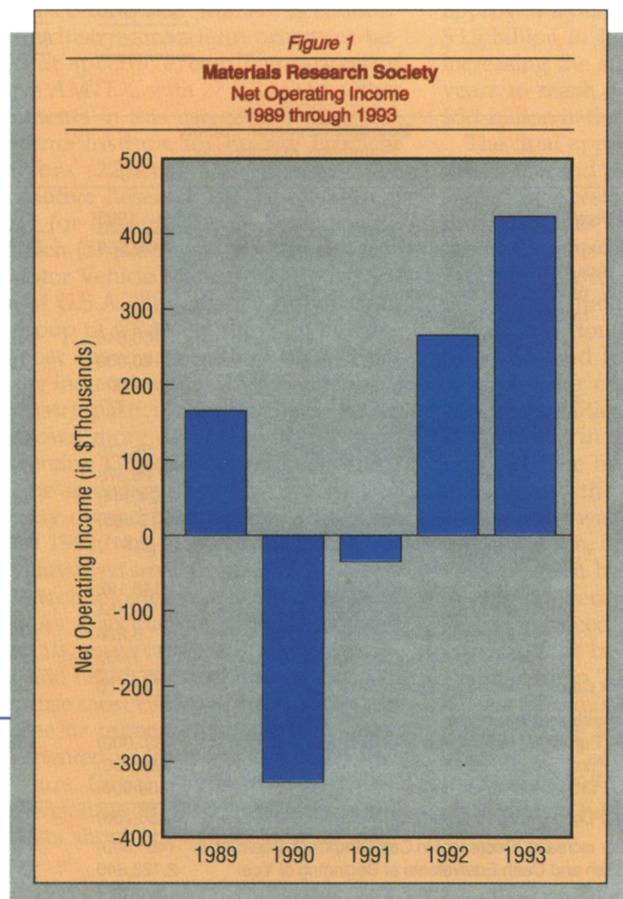


Table I

Materials Research Society
Statements of Support, Revenue, Expenses, and Changes in Fund Balances
Years Ended December 31, 1993 and 1992

	1993	1992
Support:		
Government grant funding	\$ 105,210	\$ 80,440
Other government funding	124,000	93,210
Corporate funding of symposia	169,243	215,925
	<u>398,453</u>	<u>389,575</u>
Revenue:		
Seminar and meeting registration	1,378,245	1,445,128
Proceedings sales	1,152,582	1,016,818
Subscriptions	668,397	642,204
Membership dues	369,383	328,220
Exhibit income	379,471	380,163
Advertising	388,536	390,586
Contributions	60,349	69,954
Mailing list rental	109,862	103,406
Investment income	62,831	57,324
Miscellaneous income	98,408	152,669
	<u>4,668,064</u>	<u>4,586,472</u>
	<u>5,066,517</u>	<u>4,976,047</u>
Expenses:		
Program Services		
Meetings	693,015	722,634
Proceedings	660,651	770,212
Subscriptions	715,869	739,926
Membership	348,075	283,066
Symposia	240,000	235,724
Education	134,890	170,198
Awards	26,048	27,691
	<u>2,818,548</u>	<u>2,949,451</u>
Supporting Services		
Management and general	1,817,633	1,627,549
	<u>4,636,181</u>	<u>4,577,000</u>
Excess of Support and Revenue over Expenses		
Before Gains (Losses) on Investments	430,336	399,047
Net Unrealized Gain (Loss) on Investments	(777)	—
Excess for the Year	429,559	399,047
Fund Balances at Beginning of Year	2,534,951	2,135,904
Fund Balances at End of Year	<u>\$2,964,510</u>	<u>\$2,534,951</u>

Table II

Materials Research Society
Balance Sheets, December 31, 1993 and 1992
ASSETS

	1993	1992
Current Assets:		
Cash and cash equivalents	\$1,567,877	\$2,044,262
Cash and cash equivalents—restricted	92,373	84,578
Certificates of deposit	750,000	—
Investments (market value of \$399,223)	399,223	—
Accounts receivable, less allowance for uncollectible accounts of \$191,536 in 1993 and \$155,173 in 1992	703,645	730,904
Educational products inventories, less provision for obsolescence of \$153,441 in 1993 and \$210,292 in 1992	292,295	353,276
Government grants receivable	28,725	55,500
Prepaid expenses	87,432	62,488
Accrued interest receivable	13,665	—
TOTAL CURRENT ASSETS	<u>3,935,235</u>	<u>3,331,008</u>
Fixed Assets:		
Data processing equipment and software	418,671	376,652
Furniture and office equipment	235,638	192,112
	<u>654,309</u>	<u>568,764</u>
Less: accumulated depreciation	414,033	314,602
	<u>240,276</u>	<u>254,162</u>
	<u>\$4,175,511</u>	<u>\$3,585,170</u>
LIABILITIES AND FUND BALANCES		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 330,134	\$ 323,780
Withheld and accrued payroll taxes	19,382	13,106
Accrued retirement plan contribution	17,709	15,749
Deferred support and revenues	843,776	697,584
TOTAL CURRENT LIABILITIES	<u>1,211,001</u>	<u>1,050,219</u>
Fund Balances:		
Unrestricted	2,872,137	2,450,373
Restricted	92,373	84,578
	<u>2,964,510</u>	<u>2,534,951</u>
	<u>\$4,175,511</u>	<u>\$3,585,170</u>

Table III

Materials Research Society
Statements of Cash Flow
Years Ended December 31, 1993 and 1992

	1993	1992
Operations:		
Excess of support and revenue over expenses	\$ 429,559	\$ 399,047
Adjustments to reconcile excess of support and revenue over expenses to net cash provided by operating activities		
Depreciation	100,646	87,042
Provision for uncollectible accounts	30,000	100,000
Provision for inventory obsolescence	34,603	210,292
Unrealized loss on investment	777	—
(Increase) decrease in:		
Government grants receivable	26,775	500
Inventories	26,378	(71,717)
Prepaid expenses	(24,944)	(7,020)
Accrued interest receivable	(13,665)	16,738
Accounts receivable	(2,741)	(392,828)
Increase (decrease) in:		
Deferred support and revenues	146,192	47,093
Accounts payable and accrued expenses	6,354	(99,045)
Withheld and accrued payroll taxes	6,276	12,100
Accrued retirement plan contribution	1,960	881
Net Cash Provided by Operations	<u>768,170</u>	<u>303,083</u>
Investment Activities:		
(Purchase) redemption of certificates of deposit	(750,000)	368,000
Purchase of fixed assets	(86,760)	(61,049)
Purchase of investments	(400,000)	—
Net Cash Provided (Used) by Investment Activities	<u>(1,236,760)</u>	<u>306,951</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(468,590)</u>	<u>610,034</u>
Cash and Cash Equivalents at Beginning of Year	2,128,840	1,518,806
Cash and Cash Equivalents at End of Year	<u>\$ 1,660,250</u>	<u>\$ 2,128,840</u>

