

TO: SSSP Board of Directors

FROM: Ron Troyer, Treasurer

DATE: June 11, 2003

SUBJECT: Financial Condition of SSSP

According to the by-laws, "The Treasurer shall oversee the funds of the Society, subject to expenditures, at the instruction of the Board or Directors." The practice is that the Treasurer reports the financial condition of SSSP, the results of the audit, and provides additional comments as he or she deems appropriate.

Financial Condition of the Society

The summary statement is that SSSP is in good financial shape. At the end of the 2002 calendar year, the Society had net assets of \$373,875. The net assets represent approximately 80 percent of one year's operating costs and provide a prudent cushion for stressful and unforeseen developments such as those faced by the Society in the mid 1980s.

Compared to December 31, 2001, \$373,875 represents a decrease in net assets of \$43,594. Almost all of the decrease occurred because the value of the Society's investments dropped during the 2002 year. This is not a surprise given the performance of financial markets during the year. (Note that as I prepare this report, the market has experienced an upturn and some of the losses have been recovered.)

During the 2002 budget year, expenditures exceeded revenues by \$343. The BFA had projected a much larger deficit but the Executive Office expenses were \$9,091 less than expected. Similarly, journal expenses were \$12,733 lower than anticipated. Annual meeting, Committee and Division, and Board expenses were also lower than projected. The lower expenses off set most of the decrease in income from investments. One other factor to note is that the *Social Problems* editorial office moved during the 2002 year. The costs of the transition are also one of the factors responsible for the small deficit.

Audit Results

The audit performed by Lattimore Black Morgan & Cain found nothing unusual. The auditors did conduct a limited review of control procedures and found no material weakness. The auditors did urge that the SSSP office keep its focus on the segregation of duties in the processing of monies. In conclusion, they commented that it was a delight to work with Michele and the Society records were in excellent shape.

Treasurers Comments

As noted above, SSSP is in good financial standing. The downturn in the financial markets did result in a decrease in the Society's assets but this is to be expected and appropriate reserves are in place. It should be noted that prudent management kept expenditures to minimum. The Budget, Finance, and Audit Committee, the Executive Officer, the Administrative Officer, and the Board of Directors are to be commended for their excellent work.