

## **MEMORANDUM**

**TO:** SSSP Board of Directors  
**FROM:** Susan M. Carlson, Treasurer  
**DATE:** June 9, 2005  
**RE:** Financial Condition of the Society for the Study of Social Problems

Section 8 of the SSSP Bylaws states that, "The Treasurer shall oversee the funds of the Society, subject to expenditures, at the instruction of the Board of Directors." Accordingly, it is customary for the Treasurer to provide an annual report to the Board of Directors which gives an overview of the financial condition of the Society, reviews the results of the annual audit, and offers comments concerning any issues which affect the future financial well-being of the Society.

### **Financial Condition of the Society**

The financial condition of the Society is very good. As of December 31, 2004, the Society had total assets of \$478,002. These assets represent slightly less than the Society's annual operating costs, and provide a substantial cushion should SSSP have to weather any short-term financial crises.

During fiscal year 2004, the Society's unrestricted net assets increased by \$39,985, due to an unrealized paper gain on investments of \$43,398. Since the Society does not receive unrealized gains as "real" income, the bottom line is that the Society spent \$3,413 more than it received in revenue during the year. The Society's investments in socially responsible mutual funds (Pax World Balanced Fund and the Domini Social Equity Fund) performed well during the year. The Pax World Fund outperformed market standards, while the Domini Fund performed somewhat better than the NASDAQ index, and somewhat less well than the S&P 500.

### **Review of the Annual Audit**

Lattimore Black Morgan & Cain conducted the annual audit of the Society's financial statements. Their representatives, Jim McCollum and Bill Kelso, reviewed the findings of the audit and discussed several issues with the members of the BFA Committee at its May meeting in Knoxville. The results of the audit were clean with no unusual findings. The auditors reported on how two issues raised in 2004—bonding coverage and a disaster recovery plan—had been resolved. In addition, the continuing issue of segregation of duties in the Executive Office was discussed, and the auditors noted that the Executive Office was doing the best it could given the limited number of staff members, and better than 99 percent of the non-profit organizations they audit.

## Other Issues

Last year, I reported that the decrease in membership dues revenues between 2002 and 2003 might signal a potential problem that would need to be addressed, as well as retention problems among members in the early stages of their careers. I am happy to report that membership dues revenue increased by \$8,838 between 2003 and 2004. This year, as of April 30, membership dues income is about \$1,000 below last year. Retention among our newer members, however, still appears to be a problem. As of May 31, 30.9% of those in the \$65 dues category (incomes between \$25,000-34,999) had failed to renew their memberships for 2005. The figures for the \$75 and \$90 categories (incomes between \$35,000 and \$54,999) were 29.9% and 26.7%, respectively. Members in these categories represent the future of the Society, and their retention is of vital importance.

While the overall financial condition of the Society is very good, there is one additional issue that deserves consideration. Over the past several years, the Society's income has either been below its expenses, or only marginally more than expenses. As noted earlier, last year the Society spent \$3,413 more than it received in revenue. In 2003, income exceeded expenses by only \$390, while in 2002 expenses exceeded revenue by \$343. The Society's reserves can easily accommodate budget deficits, however, I deem it prudent to increase revenues to meet these deficits. Accordingly, I recommended to the Budget, Finance, and Audit Committee that the institutional subscription price for *Social Problems* be increased by \$12 to \$156 for the 2006-2007 subscription year. Rebekah Darksmith, Assistant Journals Manager at U.C. Press, recommended a \$9 increase. However, in light of the Society's need for increased revenue, and the fact that *Social Problems* currently is priced 67% below the average price of \$455 for sociology titles, an 8.3% increase in the subscription price seems reasonable. This proposed increase would result in approximately \$6,000 in additional revenue for the Society. The Committee concurred with this proposed subscription increase, and it is being brought forward as a recommendation to the Board

The Budget, Finance, and Audit Committee also is reviewing annual meeting registration fees compared with those of other similar professional organizations. Michele has been able to negotiate some superb contracts with our hotels, and has kept expenses low. However, we continue to record deficits on our annual meetings. It may be time to consider increasing registration fees in order to increase revenue to the Society and reduce/eliminate annual meeting deficits.