

## MEMORANDUM

TO: SSSP Board of Directors

FROM: Heather Dillaway, Treasurer

DATE: July 23, 2025

RE: Financial Condition of the Society for the Study of Social Problems (SSSP)

Article IV. 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.” Consequently, 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 affecting the future financial wellbeing of the Society.

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

As of December 31, 2024, the Society had total net assets of \$861,378 down from \$895,632 in December 2023 (a decrease of \$34,254). While the Society continues to hold its own financially in 2025, there is growing concern about its long-term financial well-being.

In August 2024, the Budget, Finance, and Audit Committee (BFA) projected a \$182,523 deficit in 2024, yet we finished the year with a smaller deficit of \$34,257.53. Excluding an unrealized gain of \$55,266.31 on investments (a paper gain), our expenses exceeded revenue by \$89,523.84 in 2024.

The Administrative Office, BFA Committee, and Board of Directors have worked extremely hard to reduce the deficit in 2024 and 2025, and we are hopeful that we can minimize losses each year. Nonetheless, significant annual deficits are now commonplace due to consistent declines in membership, operating losses on every in-person annual meeting, rising personnel costs, and uncertain revenue from the journal, *Social Problems*. As has been the case for decades, the Society currently has only two primary sources of income that pay for day-to-day operations expenses—membership dues and income from our journal. With both sources of income in question and all costs likely to rise, we must continue to think seriously about ways to cut costs and/or diversify/increase revenue. The BFA Committee discusses these concerns on a regular basis and acknowledges how hard members of the Administrative Office are working to keep our expenses to a minimum. Yet, because of ongoing concerns about the immediate, short-, and long-term financial health of the Society, the BFA Committee is consistently urging the Board to act swiftly in making the necessary increases in revenue streams and decreases in expenses that are within the Society’s immediate control. ***We cannot continue to carry substantial annual deficits as we are quickly draining our reserves. While our deficit was smaller in 2024 than in previous years, larger deficits are expected in 2025 and beyond.***

Income earned from membership dues has decreased over the past several years, and it is doubtful that this income will increase in current or future years unless proactive measures are taken. As of July 15, 2025, income from membership dues is predicted to be \$116,500 for 2025 (approximately \$3,000 more than we projected in August 2024, but still much less than it used to be). This is because SSSP’s total membership has diminished significantly

over time. As of June 30, 2025, the Society has 832 dues-paying members. Since 2019, membership has decreased by 46%. Further, only about 50% of our members (even fewer in some years) attend the annual meetings while the cost of the annual meetings remains high. Therefore, the BFA is recommending to the Board of Directors that beginning in 2028, membership dues shall be increased by a minimum of 20% every three years. Article III. Section 2 of the Bylaws states that if the Board of Directors approves this increase, the Society's membership will need to approve the increase via a vote as well. If approved by the Board, the proposed dues increase will be submitted for a vote by SSSP membership in the year prior to the anticipated increase. Increasing membership dues at regular intervals will reduce annual deficits but not erase them. However, ***reducing the deficit wherever and whenever possible is the Society's responsibility, particularly given shrinking revenues and rising expenses.***

Unsurprisingly, we also expect operating losses in holding the annual meeting. As of July 11th, there are 432 registrants for the 2025 annual meeting, which will bring in registration revenue in the amount of \$76,776. We are projecting total annual meeting income of \$93,068. As of July 15th, annual meeting expenses are projected to be \$167,212, which means a projected loss of \$74,144 on this year's annual meeting. We are hoping that a few additional participants register and are sending out last minute reminders to this effect. The Administrative Officer and BFA Committee continue to review Chicago meeting expenses to reduce the projected deficit. The Administrative Officer is also working with hotel management to reduce catering and technology expenses as much as possible. Consequently, we are hoping that these annual meeting losses will be reduced slightly by the time of the annual meeting. Current hotel reservations are also lower than what are required for the 2025 required room block at the Palmer House, a Hilton Hotel. However, since we are also contracting with the Palmer House for the 2027 meetings, we are negotiating a waiver of the penalties associated with coming in under the required minimum number of rooms reserved in 2025. Ultimately, unless more members attend annual meetings or we hold meetings less regularly, we will always run a significant deficit on these meetings. Due to our continual deficits in this area, the BFA is also recommending to the Board of Directors that registration fees be increased by a minimum of 20% every three years as well. ***Based on revenue and expense projections from July 15, 2025 (just three weeks before the commencement of the annual meeting in Chicago), SSSP will essentially be subsidizing all annual meeting attendees at a rate of approximately \$172/person. This practice is unsustainable.***

While *Social Problems* has stayed competitive and earned the Society additional revenue this year, a continual dip in traditional journal subscriptions is typical in the current publishing environment. Specifically, in 2024 there was a 4.81% decline in traditional institutional subscriptions, and a .084% decline in consortia/collection subscriptions. Access to the journal is now more often garnered through collections deals offered by the publisher, which does not provide the Society with as much revenue as traditional subscriptions and even consortia income can be uncertain over time. Open access income, secondary rights income, and pay per view income increased slightly while advertising income, digital archive income and online submission receipts income decreased, and income from these non-subscription sources of revenue are still low overall. Since the publishing world continues to undergo major transitions, we may see some years with higher royalties than expected, but journal income will be unreliable

beyond the minimum levels negotiated with OUP. Nevertheless, journal and publications income held steady at \$253,786 in 2024. Based on a previously negotiated contract with Oxford University Press (OUP), the Society earned \$181,286 in royalties (50% of journal income, per a former contract) in 2024. In 2025, royalties are predicted to be \$220,584. Due to a newly negotiated contract with OUP, SSSP will receive 60% of royalties beginning in 2025, which helps offset the impact of the decline in traditional subscriptions and the uncertainty of journal revenue. In addition, in 2025 OUP offered SSSP a signing bonus of \$120,000 for renewing the *Social Problems* contract for an additional five years, or through 2029. ***It is important to note that this signing bonus has been beneficial in reducing our projected 2025 deficit. If we did not receive this signing bonus this year, our projected 2025 deficit would be approximately \$290,032 instead of \$170,032 (based on July 15, 2025 projections).***

As proposed in my 2024 Treasurer's Report, seeing even modest increases in revenue from our two primary income sources is becoming increasingly unlikely if we do not make immediate changes to our policies and operating procedures. ***We are currently withdrawing money from our investments almost every month to cover operating expenses and payroll.*** Therefore, the Society needs to continue to take drastic measures, reducing expenses where possible and seeking out new sources of income. In the past year we did have several ad hoc subcommittees working to balance the budget, brainstorm about fundraising initiatives and other revenue streams, and hire a new financial advisor. If interested in the Society's work on expense reduction and revenue generation, readers should review annual reports from some of these other subcommittees as well. These subcommittees made headway, but ***we have many more difficult decisions ahead of us.*** The Treasurer, along with members of the BFA Committee, Board of Directors, and Administrative Office, are all committed to consistently reducing the annual deficit while maintaining the spirit and well-being of SSSP.

### **Investment Portfolio**

In line with its mission and values, the Society continues to invest its reserve funds in diversified socially responsible/sustainable investment/environmental, social, governance (SR/SI/ESG) mutual funds and community development financial institutions (CDFIs). Accordingly, the current investment portfolio consists of investments in SR/SI/ESG mutual funds and a community development financial institution that provides banking and other services to low-wealth communities. A portion of the reserves is also deposited in a money market account and savings accounts with a local community bank in Knoxville, TN, close in proximity to the SSSP Administrative Office. We access these latter reserves and one mutual fund account quite often to cover deficits. In 2024, there was a \$55,266.31 unrealized gain in investments (paper gain). Total interest, dividends, and capital gains income (including mutual funds, money markets, and savings) was \$67,615.56.

Because we depend heavily on our investments, we are in the process of onboarding a new Financial Advisor who will help us make strategic investment decisions. After receiving approval from the Board of Directors in November 2024, an Ad Hoc Search Committee for a Society Financial Advisor began the process of identifying a fee-only financial advisor for SSSP. The committee developed a request for proposals and identified potential financial advisors. Several proposals were received, and finalists were interviewed. While two finalists were considered acceptable by the Committee, the Board recently approved hiring Ellen Rapier with

Oak Tree Group of Kovack Securities as our next Financial Advisor. The BFA Committee recently met with Rapier to discuss first steps. The Treasurer, Executive Officer, Administrative Officer, and BFA Chair (or designee) will all facilitate Rapier's work on behalf of the Society, and this smaller group has also begun meeting with Rapier. Our investment strategies will likely change within the next year with help from our Financial Advisor, but we are committed to upholding the Society's mission and values while undergoing these transitions.

**Review of the Annual Audit**

Lattimore Black Morgan & Cain (LMBC) conducted the annual audit of the Society's financial statements for the year ending on December 31, 2024. Their representatives, Lawrence Alexander, CPA Senior Manager, Audit & Advisory, and Bill Kelso, Shareholder, Audit & Advisory, reviewed the findings of the audit and discussed several issues with the members of the BFA Committee at its mid-year meeting on June 9, 2025. The results of the audit were clean with no unusual findings. Auditors acknowledged the BFA Committee's concerns about expenses exceeding revenue for consecutive years but praised the Society's attempts to be fiscally responsible over the years, which has significantly reduced annual losses.