

Treasurer's Report

Overall 1994 was an excellent year financially for the Materials Research Society (MRS), and a continuation of the positive trend started in 1991. After the significant loss incurred in 1990, the MRS Council determined that MRS needed to improve its financial performance to position the Society for long-term support of the membership. As can be seen in Figure 1, which is a five-year net operating income summary for MRS, this has been accomplished. Also, while the Society's net income dropped slightly in comparison to 1993, the Executive Committee does not consider this alarming. In fact, due to the recent financial success, we are currently setting lower net income budgetary goals for 1996 in hopes of more cost-effectively serving our membership.

For 1994, a detailed budget was built around operational objectives and financial goals established by the Executive Committee and MRS Council. Controlling expenses and managing this budget by project generated a net operating income of \$355,200, or 7.2 % of gross operating revenue. 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 in Table I) was \$462,200, or 8.8% of the gross consolidated revenue. These results compare favorably with the 1993 results when the net consolidated income was \$429,600, or 8.5% of the gross consolidated revenue.

The 1994 balance sheet (Table II) was very strong. Total assets were up 11.8% over 1993. This compares favorably with the 10.0% CAGR in total assets experienced over the past five years (Figure 2).

The Society's cash flow was also very good in 1994 (Table III). The generation of a large increase in cash was due to strong operating results (net income) and good balance sheet management. It should be noted that the positive cash flow occurred despite major investments in a new telephone system and computer hardware. It should also be observed that the Society redeemed \$750,000 in certificates of deposit in preparation for implementation of its new investment policy.

The major financial goal of 1994 was to develop an MRS Investment Policy. This policy was to establish the framework for investing available resources so as to maintain and strengthen the Society's ability to provide services to its members in a timely, effective, and cost-efficient manner. This goal was achieved and implementation of the policy is underway with ~75% of our funds currently invested through five money managers.

In summary, 1994 was a successful year financially for the Society. MRS met its major goals of developing an investment policy and starting the implementation process through an investment consultant and selected money managers. It is expected that the return on investments will enable MRS to more aggressively pursue short-term projects, such as entering the information age with a variety of electronic services for the membership, while providing long-term stability for the future.

Respectfully submitted,



Auda "Kay" Hays, Treasurer

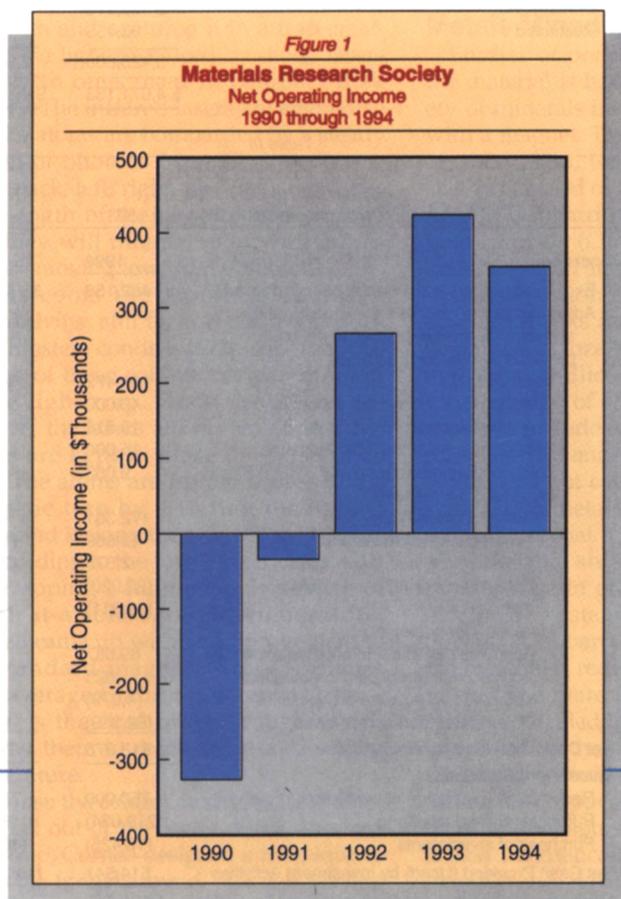


Table I

Materials Research Society		
Statements of Support, Revenue, Expenses, and Changes in Fund Balances		
Years Ended December 31, 1994 and 1993		
	1994	1993
Support:		
Government grant funding	\$ 127,620	\$ 105,210
Other government funding	88,260	124,000
Corporate funding of symposia	199,087	169,243
	<u>414,967</u>	<u>398,453</u>
Revenue:		
Seminar and meeting registration	1,532,500	1,254,761
Proceedings sales	1,004,715	1,152,582
Subscriptions	671,474	668,397
Membership dues	401,318	369,383
Education	106,230	123,484
Exhibit income	427,648	379,471
Advertising	341,846	388,536
Contributions	62,716	60,349
Mailing list rental	127,555	109,862
Investment income	91,070	62,831
Miscellaneous income	64,119	98,408
	<u>4,831,191</u>	<u>4,668,064</u>
	<u>5,246,158</u>	<u>5,066,517</u>
Expenses:		
Program Services		
Meetings	717,583	693,015
Proceedings	565,982	660,651
Subscriptions	698,877	715,869
Membership	395,948	348,075
Education	80,374	134,890
Symposia	226,402	240,000
Awards	25,697	26,048
	<u>2,710,863</u>	<u>2,818,548</u>
Supporting Services		
Management and general	2,057,619	1,817,633
	<u>4,768,482</u>	<u>4,636,181</u>
Excess of Support and Revenue Over Expenses Before Unrealized Loss on Investments	477,676	430,336
Net Unrealized Loss on Investments	15,518	777
Excess of Support and Revenue Over Expenses	462,158	429,559
Fund Balances at Beginning of Year	2,964,510	2,534,951
Fund Balances at End of Year	\$3,426,668	\$2,964,510

Table II

Materials Research Society		
Balance Sheets, December 31, 1994 and 1993		
ASSETS		
	1994	1993
Current Assets:		
Cash and cash equivalents	\$2,905,314	\$1,571,795
Cash and cash equivalents—restricted	88,455	88,455
Certificates of deposit	—	750,000
Investments held for sale	400,130	399,223
Accounts receivable, less allowance for uncollectible accounts of \$231,536 in 1994 and \$191,536 in 1993	491,284	703,645
Educational products inventories, less provision for obsolescence of \$168,441 in 1994 and \$153,441 in 1993	309,606	292,295
Government grants receivable	50,745	28,725
Prepaid expenses	84,854	87,432
Accrued interest receivable	—	13,665
TOTAL CURRENT ASSETS	\$4,330,388	\$3,935,235
Fixed Assets:		
Data processing equipment and software	583,200	418,671
Furniture and office equipment	257,128	235,638
	<u>840,328</u>	<u>654,309</u>
Less: accumulated depreciation	499,553	414,033
	<u>340,775</u>	<u>240,276</u>
	\$4,671,163	\$4,175,511
LIABILITIES AND FUND BALANCES		
Current Liabilities:		
Account payable and accrued expenses	\$ 399,201	\$ 330,134
Withheld and accrued payroll taxes	15,303	19,382
Accrued retirement plan contribution	18,534	17,709
Deferred support and revenues	811,457	843,776
TOTAL CURRENT LIABILITIES	1,244,495	1,211,001
Fund Balances:		
Unrestricted	3,338,213	2,876,055
Restricted	88,455	88,455
	<u>3,426,668</u>	<u>2,964,510</u>
	\$ 4,671,163	\$ 4,175,511

Table III

Materials Research Society		
Statements of Cash Flow		
Years Ended December 31, 1994 and 1993		
	1994	1993
Operations:		
Excess of support and revenue over expenses	\$ 462,158	\$ 429,559
Adjustments to reconcile excess of support and revenue over expenses to net cash provided by operating activities		
Depreciation	109,472	100,646
Provision for uncollectible accounts	40,000	30,000
Unrealized loss on investments	15,518	777
Provision for inventory obsolescence	15,000	34,603
Loss on equipment disposal	9,063	—
(Increase) decrease in:		
Accounts receivable	172,361	(2,741)
Accrued interest receivable	13,665	(13,665)
Prepaid expenses	2,578	(24,944)
Government grants receivable	(22,020)	26,775
Inventories	(32,311)	26,378
Increase (decrease) in:		
Accounts payable and accrued expenses	69,067	6,354
Accrued retirement plan contribution	825	1,960
Withheld and accrued payroll taxes	(4,079)	6,276
Deferred support and revenue	(32,319)	146,192
Net Cash Provided by Operations	818,978	768,170
Investment Activities:		
Redemption (purchase) of certificates of deposit	750,000	(750,000)
Purchase of fixed assets	(219,034)	(86,760)
Purchase of investments	(16,425)	(400,000)
Net Cash Provided (Used) by Investment Activities	514,541	(1,236,760)
Net Increase (Decrease) in Cash and Cash Equivalents	1,333,519	(468,590)
Cash and Cash Equivalents at Beginning of Year	1,660,250	2,128,840
Cash and Cash Equivalents at End of Year	\$2,993,769	\$1,660,250

