



Treasurer's Report

Financially, 1990 proved to be a difficult year for the Materials Research Society (MRS). As evident from the audited Balance Sheets (Table I) and Statements of Support, Revenue Expenses, and Changes in Fund Balance (Table II), expenses exceeded revenue by \$164,522, leading to a corresponding decrease in the MRS fund balances. This result represents the culmination of a multi-year trend of expenses increasing more rapidly than revenue and suggests, therefore, that modifications of both the extent and pricing of the Society's services are required in order to restore adequate revenue to cover the cost of these services.

The 1990 financial statements were audited by Hinds, Lind, Miller and Co., Certified Public Accountants in Pittsburgh, Pennsylvania. Because of the level of support of MRS symposia by U.S. government agencies, the audit process became more complicated for the 1990 fiscal year in order to fulfill the requirements of OMB Circular A-133. This document requires examination of MRS federal financial assistance, internal financial review structure, and compliance with laws and regulations associated with federal auditing standards and federal financial assistance, as well as financial statements. Given the increasing complexity of the MRS financial control structure associated both with the growing scale of MRS operations and with the development of federal oversight regulations, MRS Council instituted an audit committee of Council in 1991 to oversee the 1990 audit and recommend auditors for 1992. Kathy Taylor chairs this committee which has reviewed the 1990 audit and reported to Council at its meeting on May 3, 1991.

MRS continues to grow as indicated in the five-year trends of membership and total assets, shown in Figures 1 and 2, respectively. Its fiscal condition has not kept pace with this growth, however, due to the more rapid increase of expenses than revenue. This fact is reflected in the Balance Sheet by the slower growth of the fund balances relative to total total assets, as shown in Figure 3.

The changes in the fund balances from year to year, shown in Figure 4, result from differences between revenue, shown in Figure 5, and expenses, shown in Figure 6. The fund balances decreased in 1990 for the first time in recent MRS history.

The final important dimension of MRS yearly operations is cash flow, which is not equal to the difference between revenue and expenses due to accrual items like depreciation and inventory. The Cash Flow Statement for 1989 and 1990 is given in Table III. It reveals a markedly lower level of investment activity in 1990 than in 1989—another manifestation of the excess of expenses over revenue during this period.

The major implication of the data shown in the tables and figures is that MRS must adjust its financial operating parameters to insure that revenue consistently exceeds expenses by enough to build adequate reserves for publications (e.g., Journal of Materials Research and the MRS Bulletin), headquarters operations (e.g., computers, furniture), and awards. The Executive Committee and headquarters operations have undertaken the management of this situation as a major 1991 goal. Progress has been made via adjustments to membership dues and meeting registration fees, as well as to the offering of JMR on membership. 1991 is emerging as a difficult year financially, but cost containment measures and pricing increases should permit MRS to achieve an approximately breakeven operation until the actions which do not take effect until 1992 permit a return to positive changes in fund balances for that year.

Respectfully submitted,

CHARLES B. DUKE, TREASURER

Figure 1
Materials Research Society
Membership
1986 Through 1990

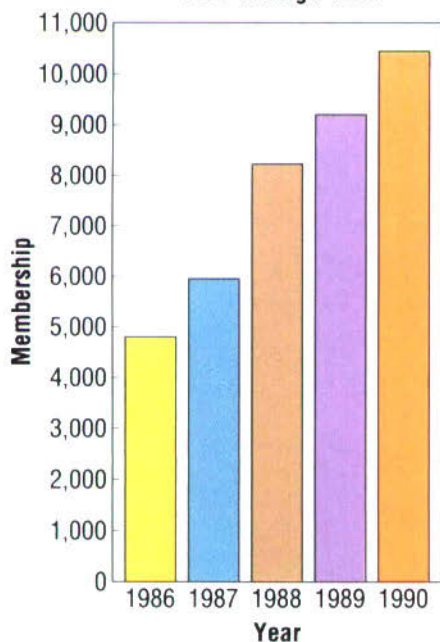


Figure 2
Materials Research Society
Total Assets
1986 Through 1990

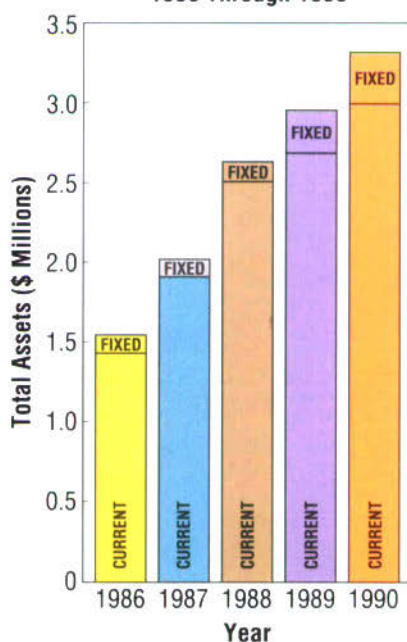


Figure 3
Materials Research Society
Liabilities and Fund Balances
1986 Through 1990

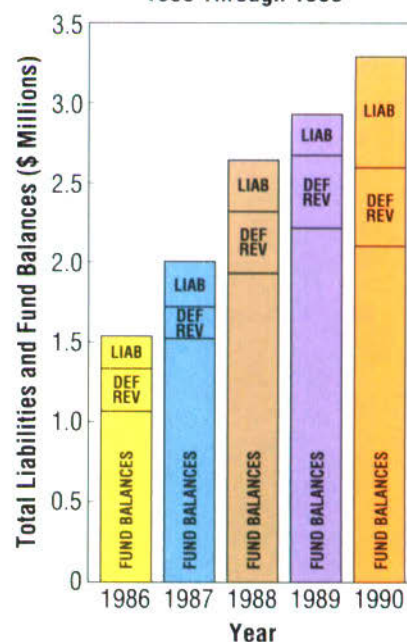


Table I

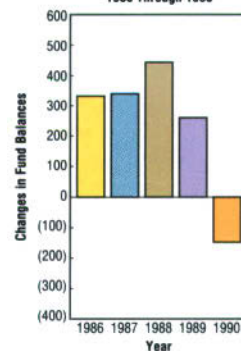
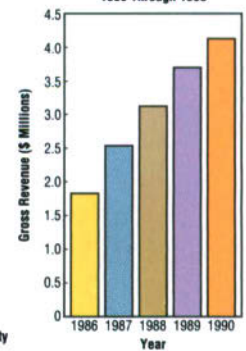
Materials Research Society		
Balance Sheets (December 31, 1990 and 1989)		
	1990	1989
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 696,456	\$ 674,498
Investments	900,000	805,000
Accounts receivable, less allowance for uncollectible accounts of \$34,212 in 1990 and \$3,362 in 1989	551,470	482,066
Inventories, less provision for obsolescence of \$12,140 in 1990 and \$5,538 in 1989	542,577	415,698
Government grants receivable	135,432	218,850
Accrued interest receivable	32,669	33,894
Other prepaid expenses	41,622	10,289
Total Current Assets	\$ 2,900,226	\$ 2,640,295
Fixed Assets:		
Data processing equipment and software	\$ 297,253	\$ 267,466
Furniture and office equipment	189,722	149,627
	486,975	417,093
Less: accumulated depreciation	(203,694)	(165,386)
	283,281	251,707
	\$ 3,183,507	\$ 2,892,002
LIABILITIES AND FUND BALANCES		
Current Liabilities:		
Accounts payable	\$ 395,560	\$ 72,533
Accrued payroll taxes	1,571	1,304
Accrued pension expense	13,108	9,307
Other accrued expenses	224,327	160,717
Total Current Liabilities	\$ 634,566	\$ 243,861
Deferred Support and Revenue	491,522	426,200
Fund Balances	2,057,419	2,221,941
	\$ 3,183,507	\$ 2,892,002

Table III

Materials Research Society		
Statements of Cash Flows (Years Ended December 31, 1990 and 1989)		
	1990	1989
Operations:		
Excess (deficiency) of support and revenue over expenses	\$ (164,522)	\$ 247,058
Adjustments to reconcile excess (deficiency) of support and revenue over expenses to net cash provided by operating activities		
Depreciation	70,862	50,207
Provision for uncollectible accounts	30,840	3,362
Provision for inventory obsolescence	6,602	5,538
(Increase) decrease in:		
Inventories	(133,481)	(92,693)
Accounts receivable	(100,254)	(207,379)
Other prepaid expenses	(31,333)	547
Government grants receivable	83,428	1,090
Accrued interest receivable	1,225	(33,894)
Increase (decrease) in:		
Accounts payable	323,027	(122,507)
Deferred support and revenues	65,322	64,062
Other accrued expenses	63,610	78,651
Accrued pension expense	3,801	(7,556)
Accrued payroll taxes	267	(294)
Net Cash Provided (Used) by Operations	\$ 219,394	\$ (13,808)
Investment Activities:		
Purchase of fixed assets	\$ (102,436)	\$ (194,573)
Purchase of investments	(95,000)	(270,000)
Net Cash Provided (Used) by Investment Activities	\$ (197,436)	\$ (464,573)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 21,958	\$ (478,381)
Cash and Cash Equivalents at Beginning of Year	674,498	1,152,879
Cash and Cash Equivalents at End of Year	\$ 696,456	\$ 674,498

Table II

Materials Research Society		
Statements of Support, Revenue, Expenses and Changes in Fund Balances		
(Years Ended December 31, 1990 and 1989)		
	1990	1989
Support:		
Government grant funding	\$ 129,136	\$ 174,918
Other government funding	30,780	25,200
Corporate funding of symposia	284,628	163,822
Total Support	\$ 444,544	\$ 363,940
Revenue:		
Seminar and meeting registration	\$ 1,290,132	\$ 1,077,458
Proceedings sales	922,923	996,452
Subscriptions	387,041	310,219
Membership dues	288,045	205,245
Exhibit income	298,475	248,889
Advertising	264,490	201,003
Contributions	70,263	48,495
Mailing list rental	36,435	22,451
Investment income	111,818	118,836
Miscellaneous income	58,762	27,151
Total Revenue	\$ 3,728,384	\$ 3,256,199
Total Support and Revenue	\$ 4,172,928	\$ 3,620,139
Expenses:		
Program Services		
Meetings	\$ 838,230	\$ 635,240
Proceedings	497,017	520,559
Subscriptions	387,110	400,125
Membership	835,493	253,200
Symposia	201,028	241,266
Education	233,803	218,835
Awards	16,862	13,076
Total Program Services	\$ 3,009,543	\$ 2,282,301
Supporting Services:		
Management and general	\$ 1,327,907	\$ 1,090,780
Total Supporting Services	\$ 1,327,907	\$ 1,090,780
Total Expenses	\$ 4,337,450	\$ 3,373,081
Excess (Deficiency) of Support and Revenue over Expenses	\$ (164,522)	\$ 247,058
Recognized Gain on Investments	-	4,072
Total Change in Fund Balances	\$ (164,522)	\$ 251,130
Fund Balances at Beginning of Year	2,221,941	1,970,811
Fund Balances at End of Year	\$ 2,057,419	\$ 2,221,941

Figure 4
Materials Research Society
Total Changes in Fund Balances
1986 Through 1990Figure 5
Materials Research Society
Total Revenue and Support
1986 Through 1990Figure 6
Materials Research Society
Total Expenses
1986 Through 1990