



Ad-Hoc Financial Committee Report

Montgomery Shaw, Chris White & Anne Grillet

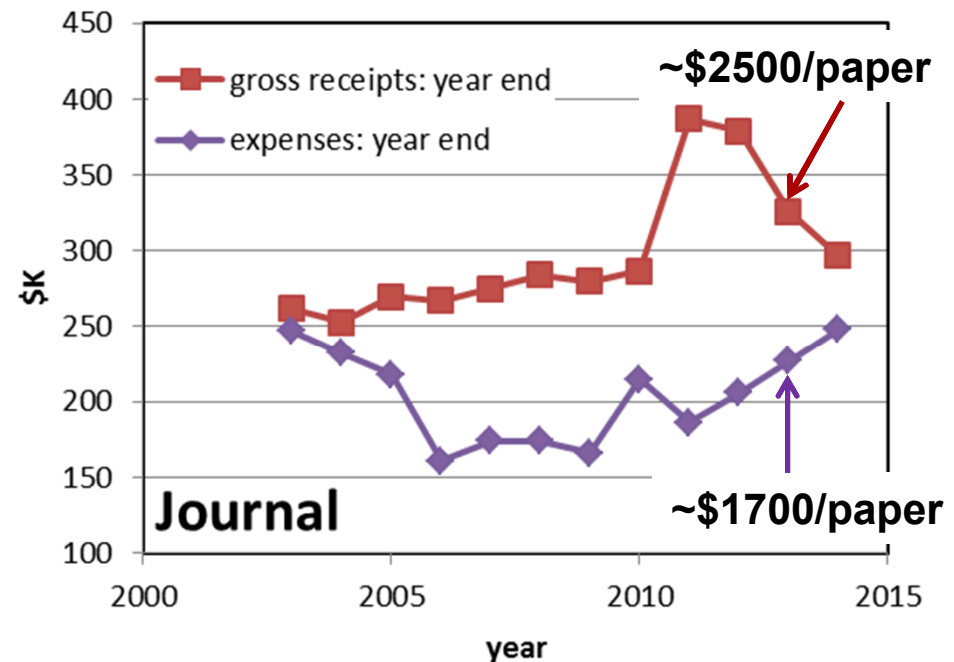
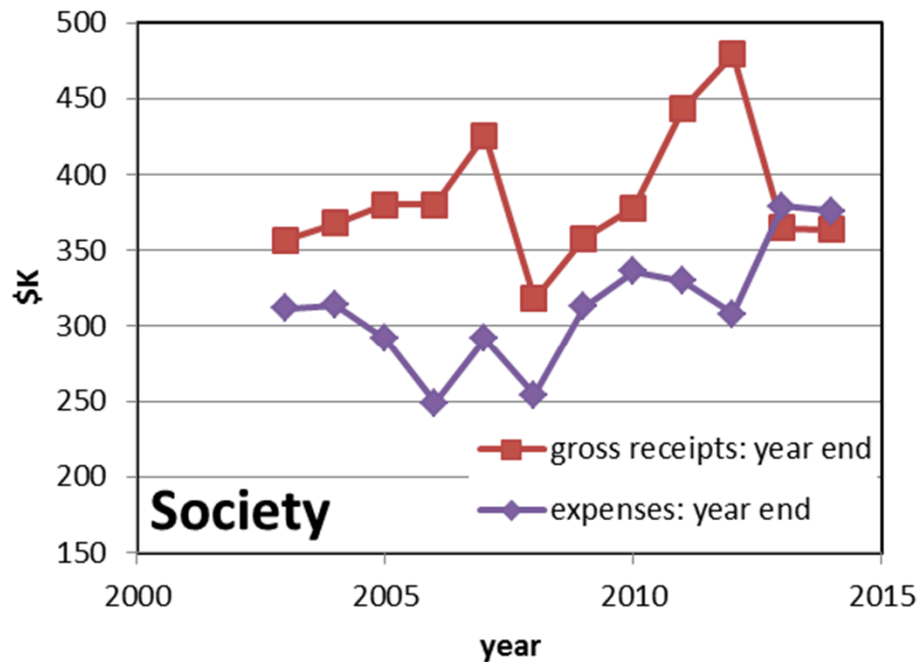
9/19/2015

Financial Committee

- January 2015
- Special committee to look at SOR Finances
 - Travel reimbursement policy for ExCom meetings
 - Recommendations for other travel expenses
 - General view of society financial health
- **Goal is to be fair and reasonable.**
- The SoR is a tax-exempt 501 (c) (3) scientific and educational organization “owned” by its members.
- Unfortunately, 501 organizations have been known to have de facto employees who are compensated by transfer of goods or services (including travel), or even paid in cash. One way of hiding a cash transfer is to “reimburse” for travel that was never taken, was a vacation, was completed years ago, etc. If the SoR is audited, the first place the auditors will look is travel reimbursement, as it is usually easy to find errors.

Financial Health of the Society

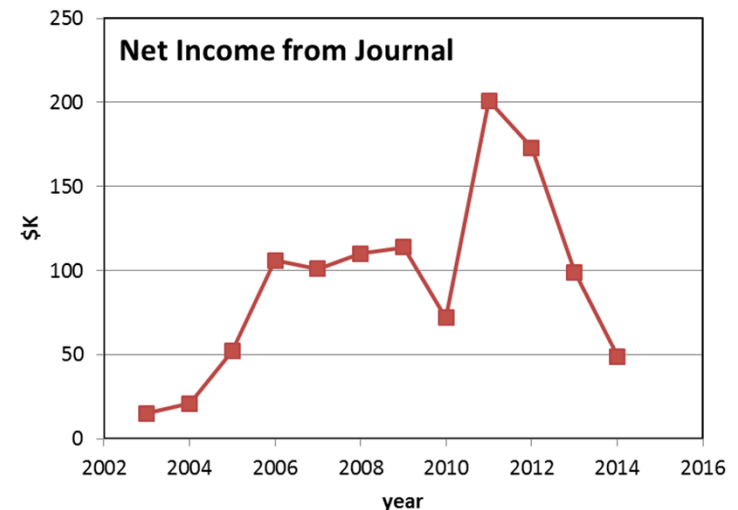
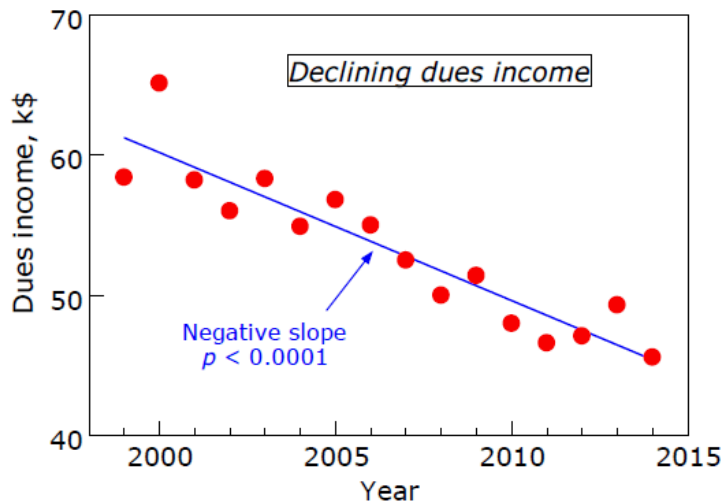
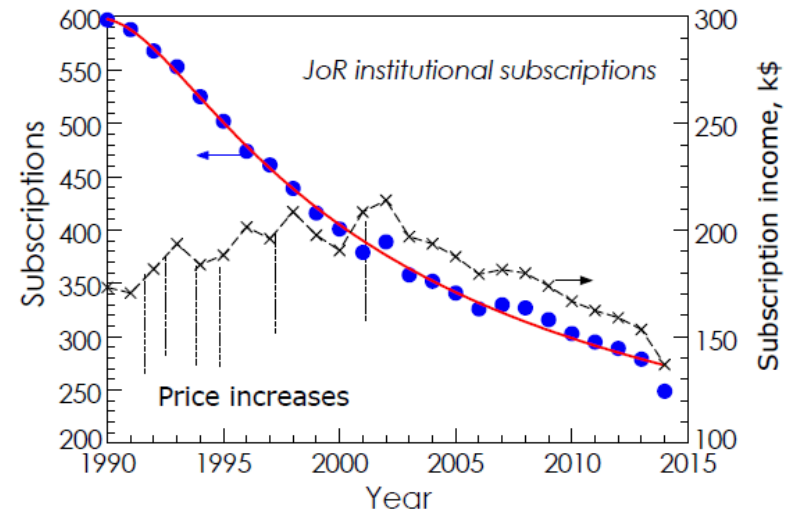
- 2014 was our second consecutive deficit year
- Recommend the president set up a longer term committee to consider the longer term financial health of the society



Assumes 130 papers in 2014
We are not discussing of Journal finances today

3 Snapshots of SOR Financial health

- Concerns for the future financial health of the SOR
 - Continued decline of subscriptions
 - Continued decline of membership (and dues income)
 - Impact of open access on the Journal of Rheology & society?



ExCom 10.2015

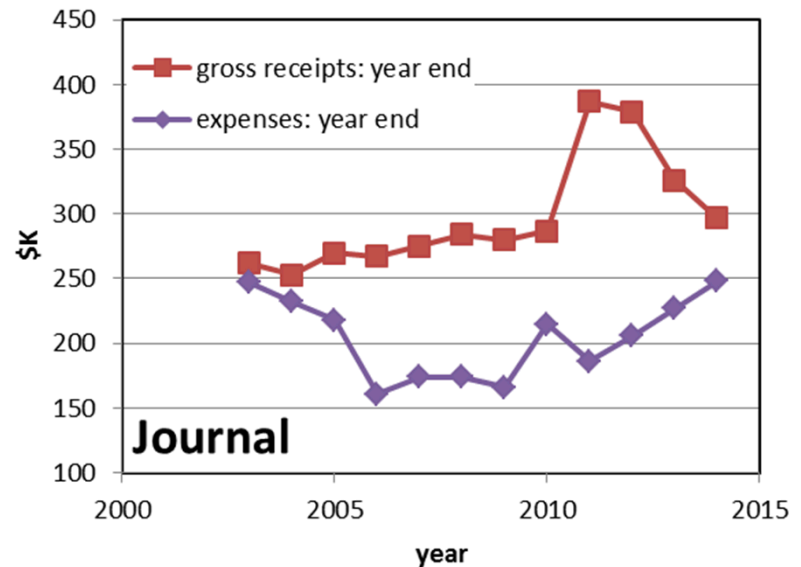
Outline

- What has changed between then and now
- Impact of Open Access on future financial health of the society
 - Without royalties/reprints, the JOR surplus disappears.
- Committees recommendations

Journal of Rheology

Receipts and Disbursements (all amounts, USD)

	2016 Budget
RECEIPTS	
Subscriptions	149,000
Royalties & Reprint Sales	36,000
Ad Sales	34,000
JORO revenue	74,000
Miscellaneous	100
TOTAL RECEIPTS	293,100



Simplified Budget

Simple

AIP
Awards & Prizes
JOR
Bulletin
ExCom Meetings
Funds
Business expense
Student travel
Future meetings

Complete

AIP Dues Bill & Collect
AIP Adm Services
AIP Mem Soc Dues
Contributions & Prizes
Early Career Award
JOR
Bulletin
Bingham Award
ExCom Meetings
President Fund
Treasurer Fund
Bulletin Fund
Program Chair Fund
Webmaster Fund
International Fund
Office Exp.
Banking
Liability Insurance
Membership brochure
Accountant
Student travel
Future meetings
Website
Misc

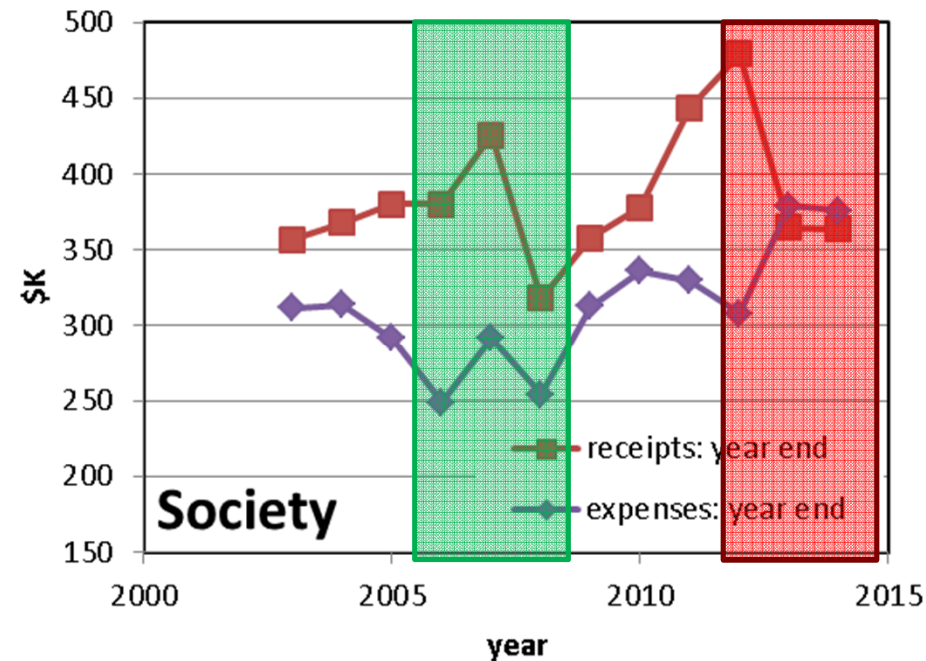
Society Budget without JOR

- Compare Then (2006-2008) to Now (2012-2014)

- Society with JOR

Then

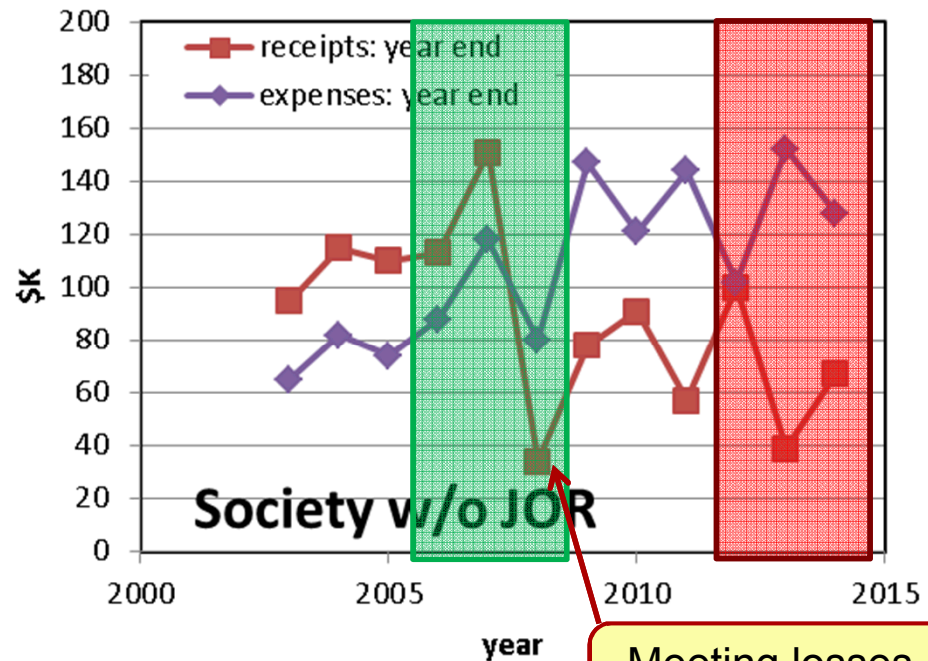
Now



- Society without JOR

Then

Now

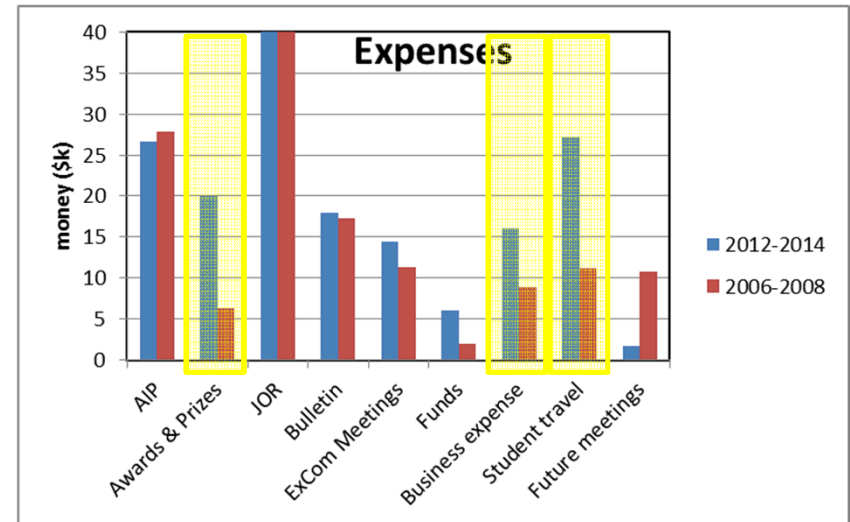
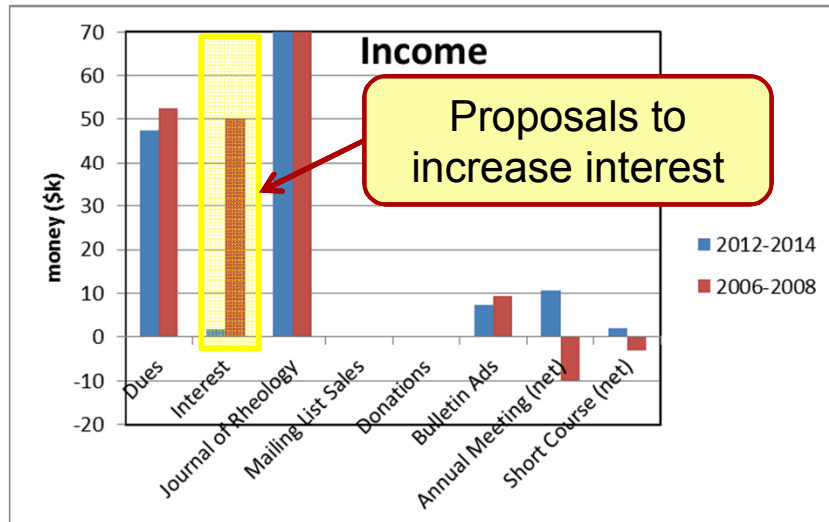
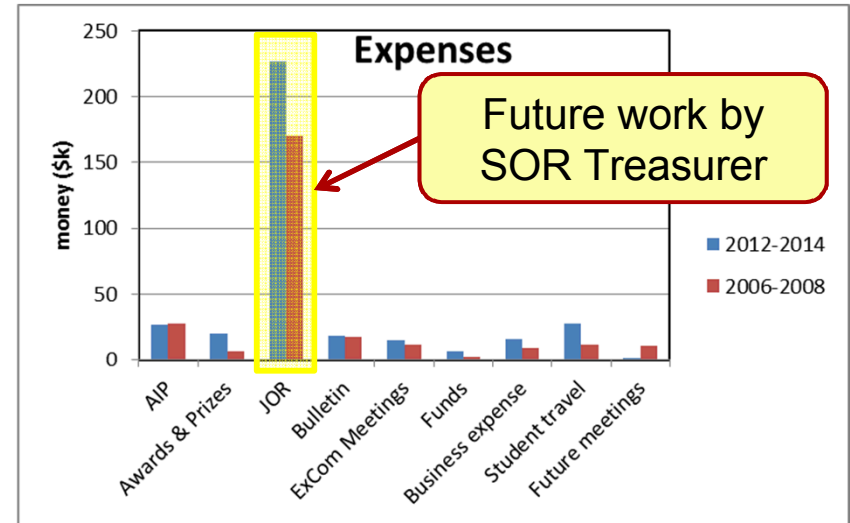
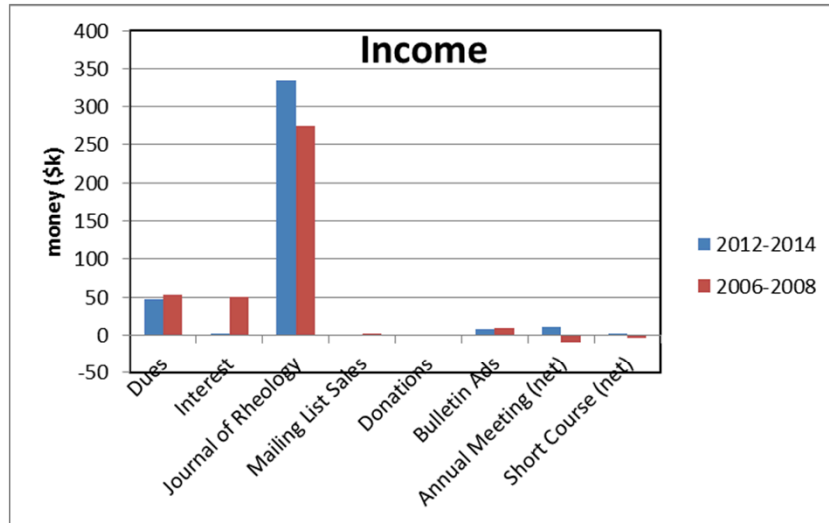


Meeting losses affect "receipts"

Now - Without JOR, SOR spends ***almost twice*** its receipts
 – an average deficit of \$61k / yr

Then - SOR was breaking even without JOR income

What has changed – Averaged **Then** and **Now**



Balancing the Budget without JOR

In order of committee recommendation: \$60k

- **Increase interest income** (detailed proposals on the next slide)
 - Endowment fund for prize awards - Let's invest our interest income to secure the Bingham and Metzner awards for future generations
- **Voluntary charitable donation** on membership renewal form to support student travel – for this meeting SOR is supporting \$40k in student travel
- **Shift administrative costs to annual meetings** - \$50/person - \$20-25k
 - Meetings attendance is flourishing and registration is relatively low
 - Society provides many services to support annual meetings: premeeting planning, web administration, registration, new app, insurance,...
- **Increase in dues** - \$20/yr increase would net \$19k (regular & student?)
 - A quarter of dues income goes to dues collection (net only \$14k?)
 - Dues income is decreasing so this might not help in the long run
- **Reduce student travel** - in 2014 was \$27k/yr (40% of gross receipts w/o JOR)
- **Reduce prize award values**
 - Prize costs have quadrupled in a decade – \$22.5/yr (33% of receipts w/o JOR)
 - It's not clear that prestige is linked to the value of the monetary award

Norm – how many students in 2015?

Investment Proposals

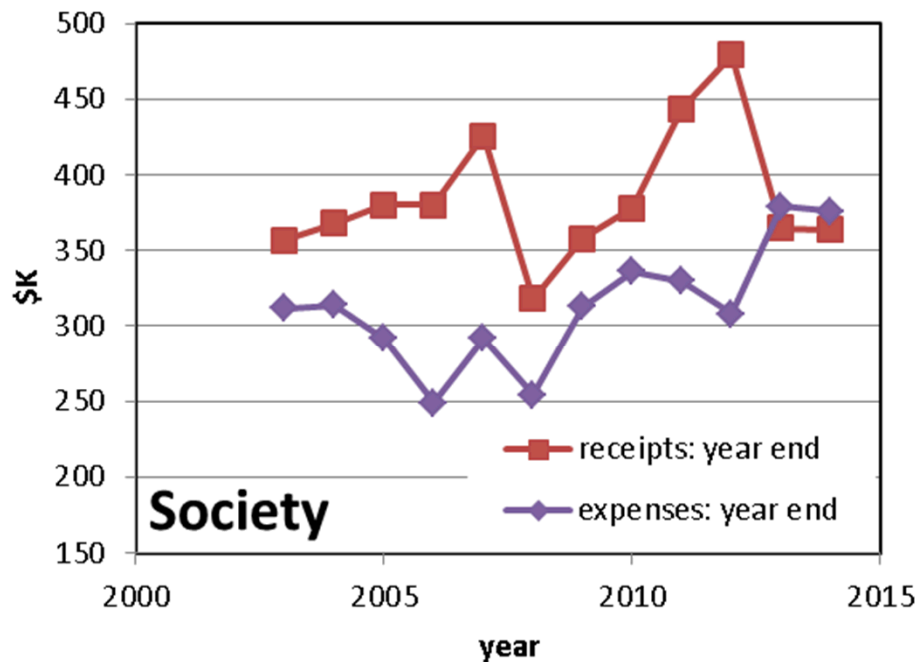
- Propose to invest \$1M from the current society reserves of \$1.5M
 - Estimated 3-5% or \$30-50k interest in current market
- We had hoped to join the AIP investment portfolio
 - For tax reasons, this is not a viable option
- AIP suggested Towneley Capital Management
 - Several member societies engage with Towneley and have provided positive references.
 - An all-inclusive investment firm with active reporting
 - Management fee of 1% (on top of mutual fund fees that average 0.26%)
- AIP is putting out an RFP for their investment management which would allow member societies to piggy back with their portfolio (expense ratio 0.65%)
- SOR would need an Investment Policy Statement (we have requested a copy of AIP's policy)
- Obviously this requires more thought

BUSINESS MEETING SLIDES

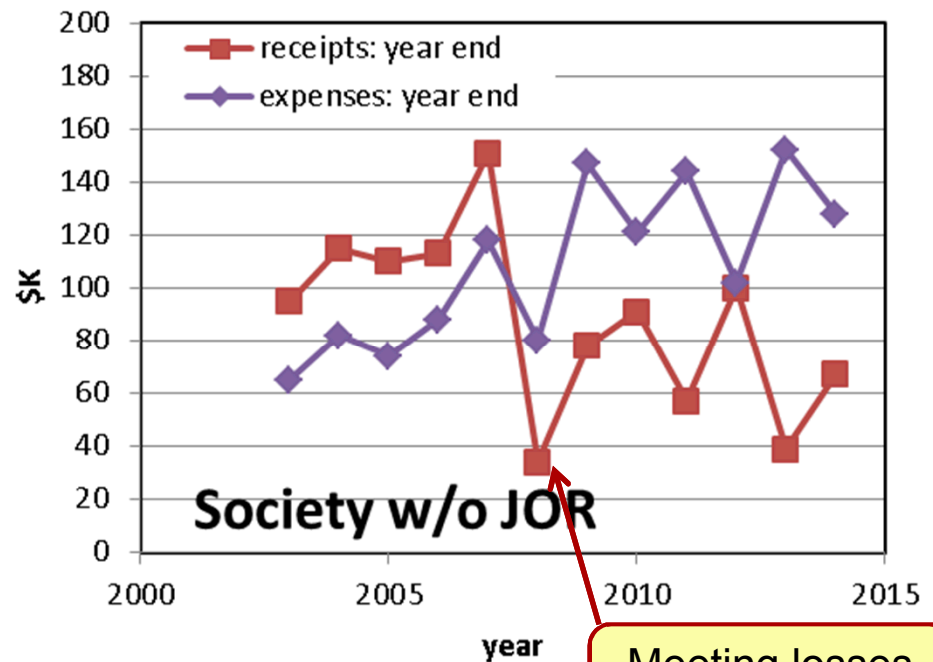
Financial Snapshot of the Society of Rheology

- 2014 is the second year in a row that SOR has lost money
- Concerns about loss of future income at JOR because of open access

■ Society with JOR



Society without JOR



Meeting losses
affect "receipts"

Decrease in interest income coupled with increases in prize awards and student travel mean SOR is no longer self-sufficient

Balancing the Budget & Investing for the Future

Actions approved by Executive Committee (update after ExCom meeting)

- **Increase interest income**
 - Exploring options at this time
- **Voluntary charitable donation** on membership renewal form to support student travel grants
 - for this meeting, SOR supported \$40k in student travel
- **Administrative costs to be covered by annual meetings**
 - Society provides many services to support annual meetings: premeeting planning, web administration, registration, new scheduling app, student travel, insurance,...
 - Meeting registration may increase (\$25-50/person)
- **Increase in dues** - \$60/year regular member, \$25/year student member
 - Dues have been \$40/year a long time
- **Endowment fund for prize awards** - Let's invest our interest income to secure the Bingham and Metzner awards for future generations

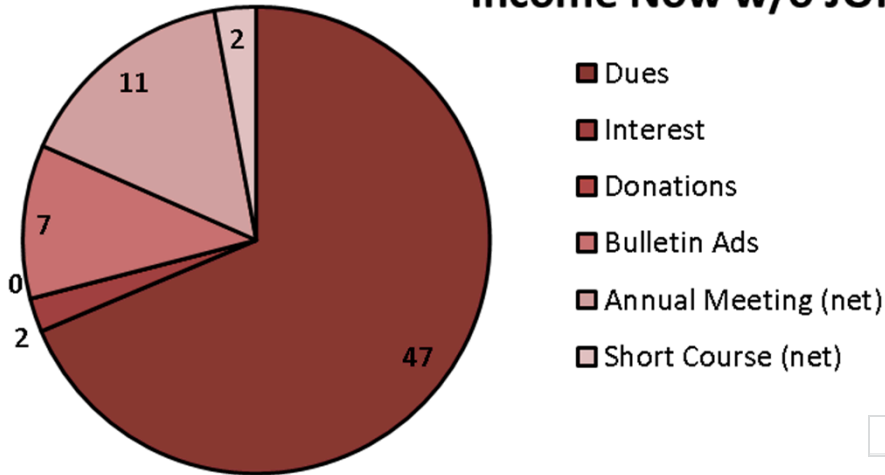
BACKUP SLIDES

Now (2012-2014) & Then (2006-2008)

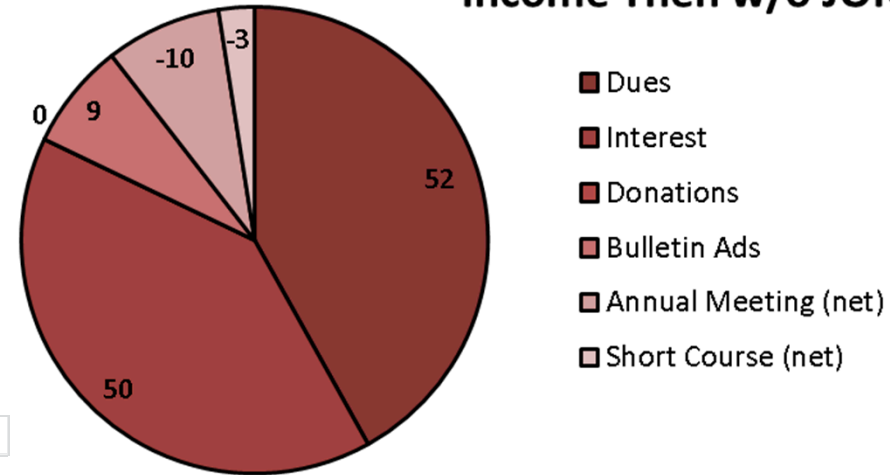
■ Income: Now: \$69k

Then: \$99k

Income Now w/o JOR



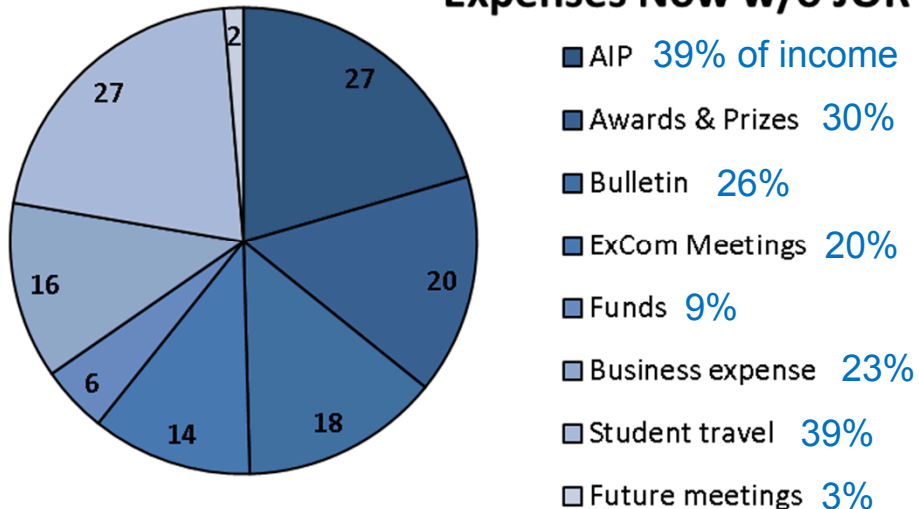
Income Then w/o JOR



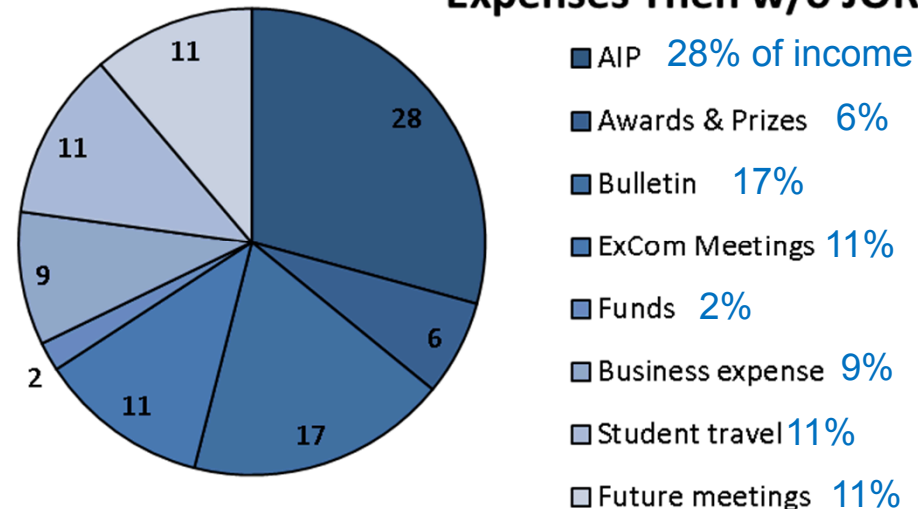
■ Expenses: Now: \$130k

Then: \$95k

Expenses Now w/o JOR



Expenses Then w/o JOR



Society Memberships

- Society of Rheology: \$40
- American Institute of Chemical Engineers: \$199
- American Chemical Society: \$140
- American Society of Mechanical Engineers: \$149
- American Physical Society: \$145
- SIAM: \$148

Membership Numbers as of 09/18/2015

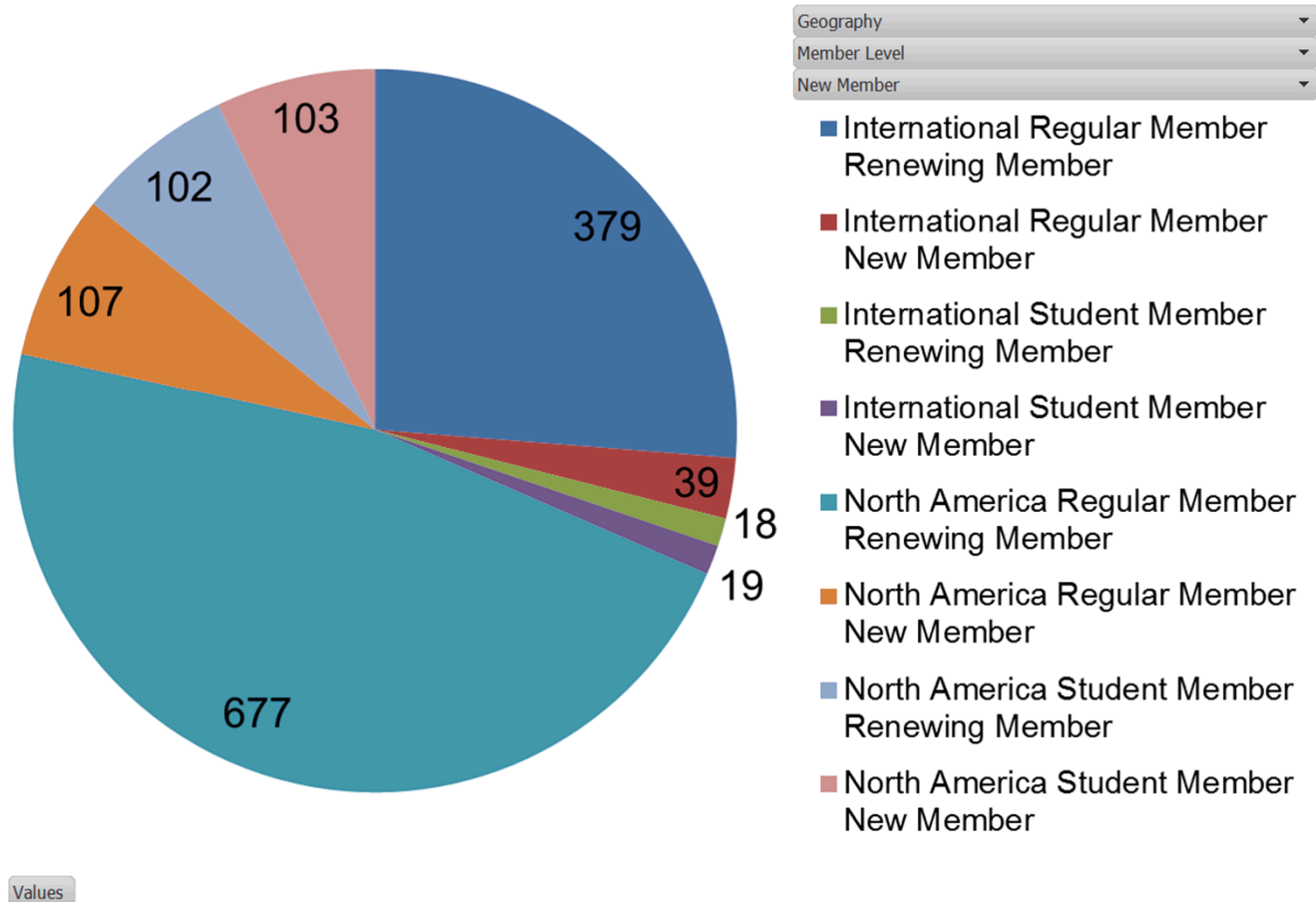
		New / Renewing Member	Paying Member	Free Member
International				
Regular Member	Renewing		379	2
	New		39	0
Student Member	Renewing		18	0
	New		19	0
North America				
Regular Member	Renewing		677	3
	New		107	0
Student Member	Renewing		102	1
	New		103	92
Grand Total			1444	98

Thanks
Jason Maxey!

Breakdown of Paying SOR members

Paying Member Free Member

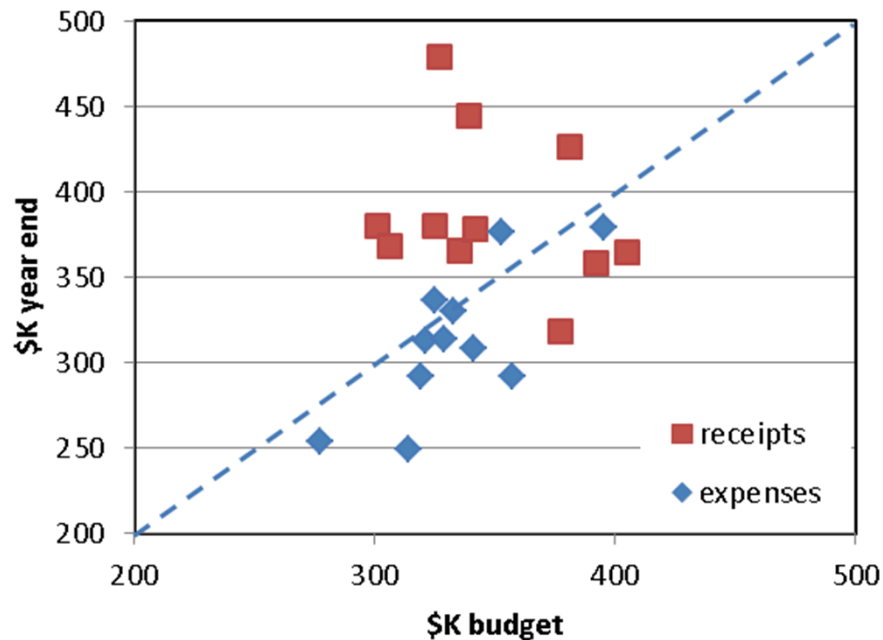
Paying Member



Thanks
Jason Maxey!

Budget versus Year End

- We tend to budget conservatively: overpredicting expenses and underpredicting receipts
 - Our discretionary funds are rarely fully utilized
 - Several royalties windfalls



Average Budget – Journal of Rheology

Journal of Rheology		
	Then	Now
Receipts		
Subscriptions	172	148
Royalties & reprint	13	89
Ad sales	38	41
JORO revenue	50	84
Misc	3	2
Total	275	364
Disbursements		
Ads	9	11
reprints	1	1
paper printing	21	30
JOR editorial	38	45
Production	35	39
Fulfillment	6	5
Distribution	20	22
Electronic publishing	33	49
Misc	6	11
Total	169	211
Net	106	153

Average Budget – Society of Rheology

Society of Rheology		
	Then	Now
Receipts		
Dues	52	47
Interest	50	2
Journal of Rheology	275	334
Mailing List Sales	0	0
Donations	0	0
Bulletin Ads	9	7
Annual Meeting (net)	-10	11
Short Course (net)	-3	2
Total	374	403
Total without JOR	99	69
Disbursements		
AIP	28	27
Awards & Prizes	6	20
JOR	170	227
Bulletin	17	18
ExCom Meetings	11	14
Funds	2	6
Business expense	9	16
Student travel	11	27
Future meetings	11	2
Total	265	354
Total without JOR	95	130

Society of Rheology Simplified Yearly Budgets

Society of Rheology						
	2014	2013	2012	2008	2007	2006
Receipts						
Dues	45590	49305	47100	49955	52495	55040
Interest	942	1174	2736	35734	62442	52862
Journal of Rheology	297016	325649	379066	283793	274966	266954
Mailing List Sales	0	0	0	80	465	-66
Donations	0	0	0	0	0	
Bulletin Ads	8092	6340	7625	11150	13480	3105
Annual Meeting (net)	2181	-10789	40664	-54096	20338	3686
Short Course (net)	10385	-6376	1961	-8347	1360	-2384
Total	364207	365303	479152	318269	425546	379198
Disbursements						
AIP	25482	32419	21902	28140	26454	29026
Awards & Prizes	19270	36600	3691	6699	6910	5329
JOR	247550	226765	205998	174468	173720	160874
Bulletin	18590	16836	18225	18557	16298	16773
ExCom Meetings	16063	10710	16566	8751	17018	8044
Funds	2522	6627	8980	2116	3490	159
Business expense	20896	17498	9561	8451	9436	8716
Student travel	22497	37675	21480	0	21468	11771
Future meetings	2925	1076	1267	6533	16932	8601
Total	375793	378825	307670	253714	291724	249295
Net	-11586	-13522	171482	64555	133822	129903

Society of Rheology Complete Yearly Budgets

Society of Rheology									
	2014	2013	2012	2011 average		2008	2007	2006 average	
Receipts									
Dues	45590	49305	47100	46619	47332	49955	52495	55040	52497
Interest	942	1174	2736	2460	1617	35734	62442	52862	50346
Journal of Rheology	297016	325649	379066	387240	333910	283793	274966	266954	275238
Mailing List Sales	0	0	0	-15	0	80	465	-66	160
Donations	0	0	0	0	0	0	0		0
Bulletin Ads	8092	6340	7625	11500	7352	11150	13480	3105	9245
Annual Meeting (net)	2181	-10789	40664	-6874	10685	-54096	20338	3686	-10024
Short Course (net)	10385	-6376	1961	2929	1990	-8347	1360	-2384	-3124
Total	364207	365303	479152	443860	402887	318269	425546	379198	374338
					68977				99100
Disbursements									
AIP Dues Bill & Collect	10287	11033	11027	11104	10782	10834	11037	10779	10883
AIP Adm Services	1106	7500	7500	9218	5369	9187	7508	10311	9002
AIP Mem Soc Dues	14089	13886	3375	13069	10450	8119	7909	7936	7988
Contributions & Prizes	1650	1500	3691	10471	2280	1699	1910	329	1313
Early Career Award	7620	15100	0	0	7573	0			0
JOR	247550	226765	205998	201148	226771	174468	173720	160874	169687
Bulletin	18590	16836	18225	13406	17884	18557	16298	16773	17209
Bingham Award	10000	20000	0	10000	10000	5000	5000	5000	5000
ExCom Meetings	16063	10710	16566	20370	14446	8751	17018	8044	11271
President Fund	1824	919	799	1477	1181	750	0	159	303
Treasurer Fund	288	0	389	0	226	0	0	0	0
Bulletin Fund	517	0	0	0	172	1366	0	0	455
Program Chair Fund	-1554	1395	0	786	-53	0	2805	0	935
Webmaster Fund	1447	3000	3500	2246	2649	0	685	0	228
International Fund	0	1313	4292	2000	1868	0	0	0	0
Office Exp.	11487	1614	1905	551	5002	2196	3212	2234	2547
Banking	0	0	337	184	112	65	0	20	28
Liability Insurance	5406	5413	5079	5079	5299	3830	3830	3823	3828
Membership brochure	0	62	0	0	21	0	0	432	144
Accountant	2400	2210	2240	2200	2283	1940	1910	1925	1925
Student travel	22497	37675	21480	25495	27217	0	21468	11771	11080
Future meetings	2925	1076	1267	0	1756	6533	16932	8601	10689
Website	1602	8199	0	50	3267	420	484	282	395
Misc	1	0	0	817	0	0	0	0	0
Total	375793	378825	307670	329670	354096	253714	291724	249295	264911
					129786				95224
Net	-11586	-13522	171482	114190	48791	64555	133822	129903	109427

Financial Committee

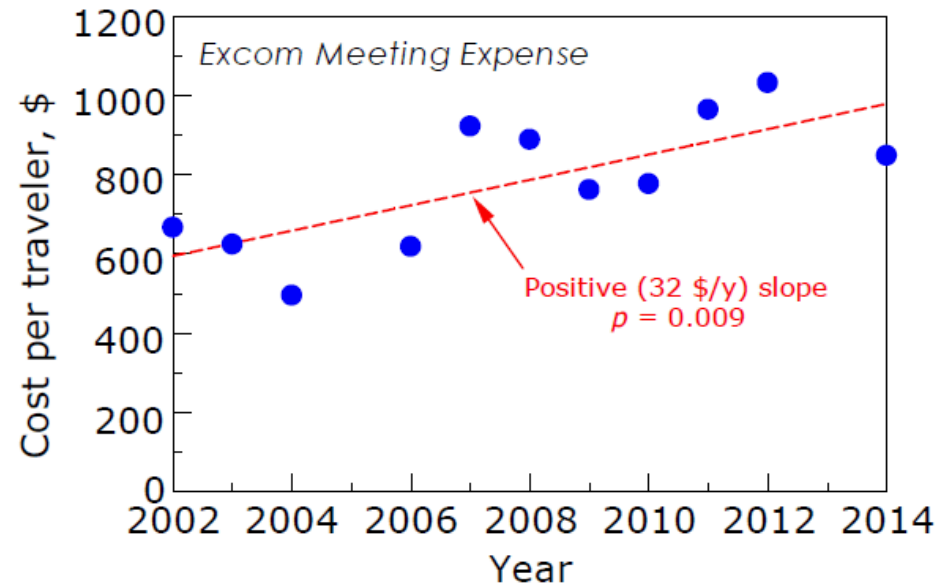
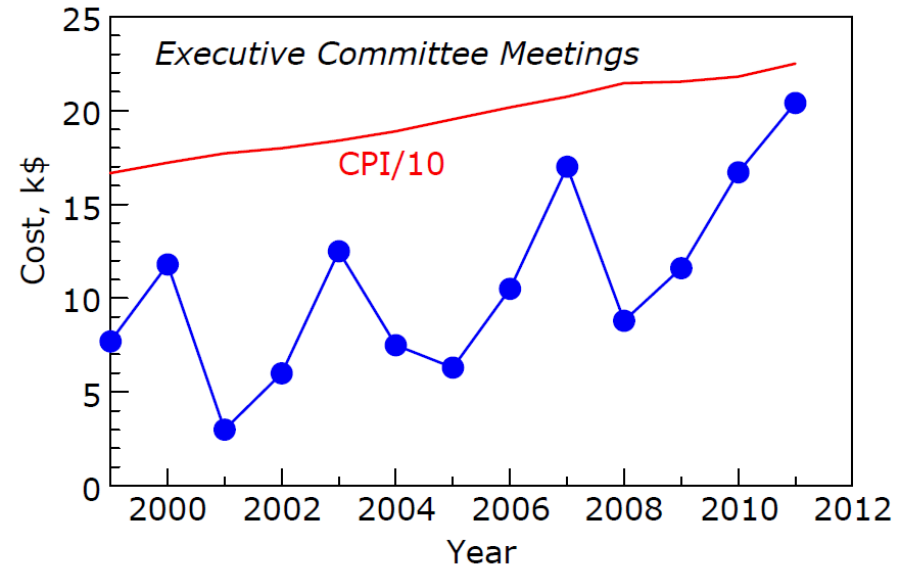
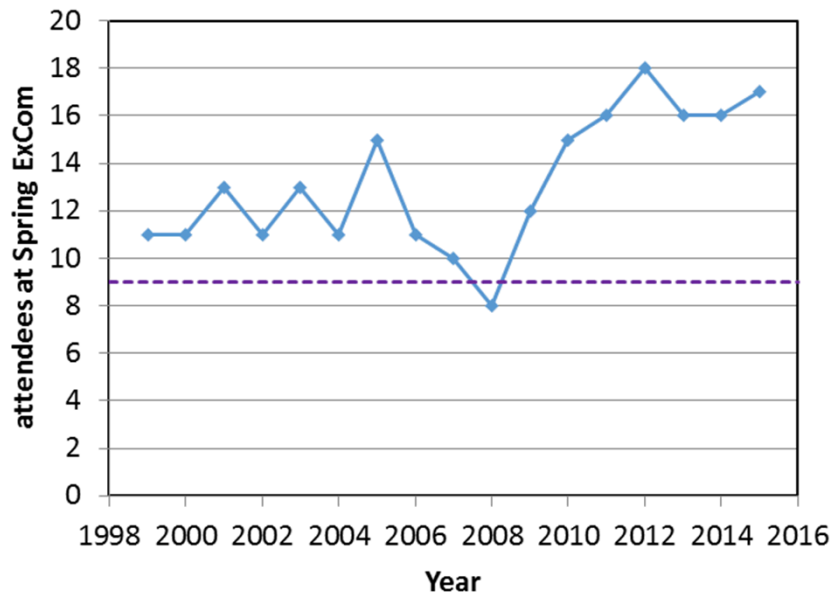
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SOR Travel Policy

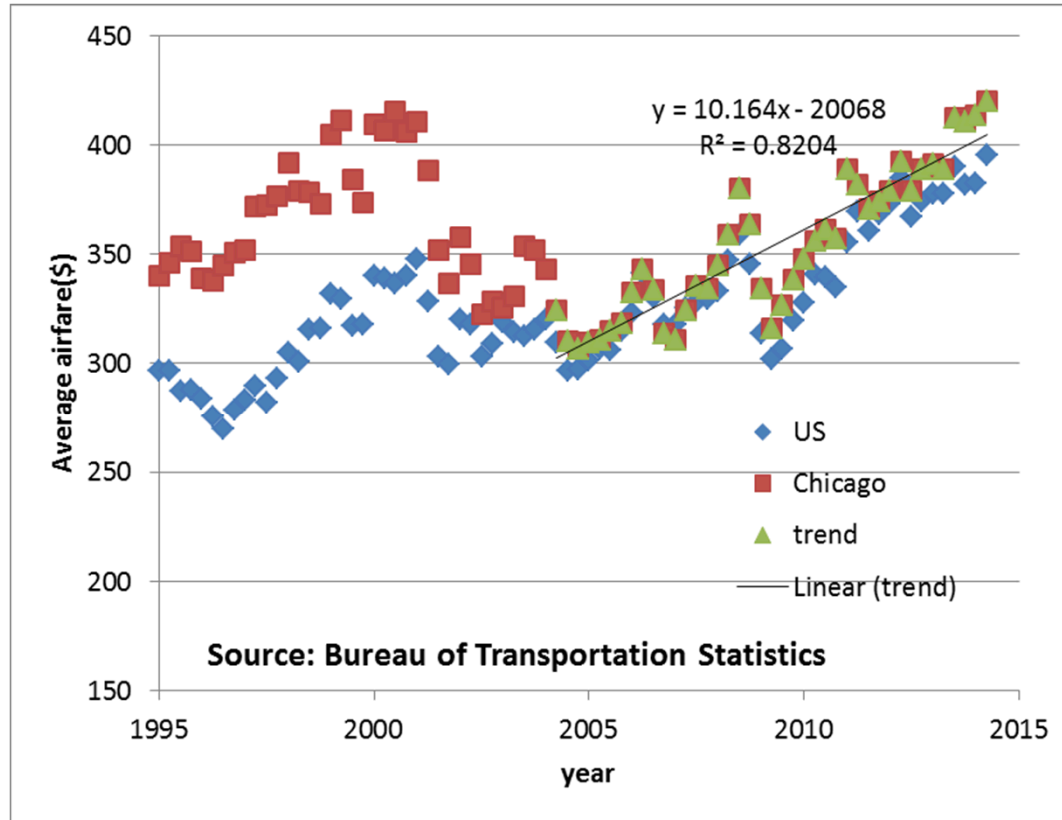
- SOR will reimburse for travel for official business
 - Travel was for business purposes
 - Reimburse expenses paid by the traveler
 - Expenses were reasonable
- Allowed expenses
 - Coach airfare or car mileage, ground transport (airport shuttle)
 - Hotel – per diem rates but requires a receipt
 - Meals – per diem rates for meals (does not require receipts)
 - GSA or State Dept. rates <http://www.gsa.gov/portal/category/100120>
- Documentation
 - Letter requesting reimbursement including business purpose for travel
 - Original receipts for all expenses are required (may be scanned and sent electronically)
 - Request reimbursement within 60 days

Spring ExCom meeting

- See a trend for the cost of the spring ExCom growing faster than inflation
- This meeting has 14 people (average is about a dozen)
- 6 invited but unable to make it



Average airfare costs have increased faster too



Additional Travel Recommendations

- Travel to the spring EC meeting is at the discretion of the president
 - Recommend the president have far future local arrangements chairs call in
 - ExCom attendance for committee chairs – face to face discussions develop next generation of leadership, but travel costs could be reduced by calling in
- Exceptions for emergencies at the discretion of treasurer/president
 - Weather cancellations / disrupted plans
- Recommend travel costs be reimbursed for spring ExCom meeting only
 - Exceptions with president's discretionary funds
- Travel for plenary / award speakers
 - Currently plenary speaker travel is paid by annual meeting program chair discretionary fund (\$1500/speaker)
 - Metzner Award winner is not classified as a plenary speaker
 - Discourage reimbursement of travel for Bingham and Metzner award winners
 - Recommend use hotel complimentary rooms for plenary speakers
- Continue to cover travel for short course instructors from course budget
- Do not recommend online processing of travel reimbursement

GSA Per Diem rates

Per Diem Rates Look-Up | The official site for hotel re... | 7810 Walker Dr, Greenbelt, ...

www.gsa.gov/portal/category/100120

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FY 2015 Per Diem Rates for District of Columbia, Maryland

(October 2014 - September 2015)

SEARCH BY CITY, STATE OR ZIP CODE

Enter your City: college park OR Enter your ZIP Code: **FIND PER DIEM RATES**

Maryland [Per Diem Map >](#)

Cities not appearing below may be located within a county for which rates are listed.
To determine what county a city is located in, visit the [National Association of Counties \(NACo\) website \(a non-federal website\)](#).

The following rates apply for District of Columbia, Maryland

Primary Destination* (1)	County (2, 3)	Max lodging by Month (excluding taxes)												Meals & Inc. Exp.**
		2014 Oct	2014 Nov	2014 Dec	2015 Jan	2015 Feb	2015 Mar	2015 Apr	2015 May	2015 Jun	2015 Jul	2015 Aug	2015 Sep	
District of Columbia	Washington DC (also the cities of Alexandria, Falls Church and Fairfax, and the counties of Arlington and Fairfax, in Virginia; and the counties of Montgomery and Prince George's in Maryland)	222	177	177	177	177	229	229	229	229	162	162	222	71

* NOTE: Traveler reimbursement is based on the location of the work activities and not the accommodations, unless lodging is not available at the work activity, then the agency may authorize the rate where lodging is obtained.
** Meals and Incidental Expenses, see [Breakdown of M&IE Expenses](#) for important information on first and last days of travel.

CONTACTS | NEED MORE INFORMATION? | RELATED TOPICS

Additional Contacts for:

• Rates for Alaska, Hawaii, U.S. Territories and Possessions (set by GSA)

• Travel Resources
• E-Gov Travel
• E-Per Diem

College Park, MD
Hotel \$229
Meals \$71/day
~~\$12 breakfast~~
~~\$17 lunch~~
\$37 dinner
\$6 incidentals

2006 vs 2015

- Andy Kraynik (president)
- Bob Prud'homme (vice president)
- Susan Muller (past president)
- Monty Shaw (treasurer)
- Jeffrey Giacomini (secretary)
- John Brady (editor)
- Lynn Walker (MAL)
- Dan Klingenberg (MAL)
- Timothy Lodge (MAL)
- Guests:
 - Jaye Magda (local arrangements Salt Lake City)
 - Mike Solomon (Education)
 - Pat Mather (Membership)

- Greg McKenna (president)
- Gareth McKinley (vice president)
- Jeff Giacomini (past president)
- Monty Shaw (treasurer)
- Chris White (vice treasurer)
- Albert Co (secretary)
- Ralph Colby (editor)
- Shelly Anna (MAL)
- Dimitris Vlassopoulos (MAL)
- Norman J. Wagner (MAL)
- Guests:
 - ~~Jai Pathak~~, Kalman Migler (local arrangements Baltimore)
 - ~~Rajesh Khare & Susan Muller~~ (technical program Baltimore)
 - Jason Maxey (Membership)
 - Anne Grillet (Nominations)
 - Eric Furst (AIP member rep)