
From the AMS

The August 1996 Council Meeting in Seattle

The Council of the Society met at 1:00 p.m. on Friday, 09 August, 1996, in Seattle, Washington. About twenty members were in attendance. President Morawetz presided. In addition to usual business, the Council received and acted on recommendations from its Editorial Boards Committee and it considered a report from its Committee on Academic Freedom, Tenure, and Employment Security while sitting in executive session. The action taken on all these items are reported in these open minutes.

The Minutes of the April 24 Council that were mailed to members were approved as presented.

The Mathematical Association of America and the Society for Industrial and Applied Mathematics have agreed to the establishment of a joint Accessibility for the Handicapped Committee. However there is still the matter of a charge which has not been settled. The Council assigned to the president the matter of negotiating the final charge for this committee with the other three cosponsoring organizations.

The Editorial Boards Committee (EBC) submitted recommendations that were considered in Executive Session and approved. In addition, the Council agreed to the recommendation from EBC that membership on the *Mathematical Surveys* and *Monographs* Editorial Committee remain as three on an interim basis.

The Committee on the Profession (CoProf) forwarded to the Council its report *Committee on the Profession Review*

of AMS Public Awareness Activities. This report was filed and is available on the Society's Web site.

The Council adopted two resolutions proposed by its Committee on Publications.

Editors for journals of the American Mathematical Society are expected to follow the Society's ethical guidelines, treating all potential authors with reasonable professional courtesy, responding promptly to submissions and making decisions based on the merit of the paper as well as its suitability to the journal. Editors are not obliged, however, to provide a rationale for not accepting a paper, nor are editors obliged to provide an author with a detailed list of errors and corrections. When information is available to help the author improve a paper, whether it is accepted or not, the editor should communicate that information to the author if appropriate.

Ease of access and use is one of the main attractions of electronic publications. For the AMS to gain a significant role in electronic information dissemination and to provide service to all mathematicians, especially those with inadequate communication and computing facilities, it is important that AMS electronic products should strive to be as user friendly as possible. In particular, the Council urges that access by e-mail be provided and that as many input and

output formats be accepted as feasible, financially prudent, and editorially wise.

The Committee on Academic Freedom, Tenure, and Employment Security submitted a report about a tenure case that was discussed by members in executive session. The report was returned to CAFTES for rewriting.

*Robert Fossum
Secretary
Champaign, IL*

Members Dues Information

The Internal Revenue Code requires that not-for-profit organizations advise their members of the amount of their dues which is tax deductible as a charitable contribution.

The determination of this amount must reduce the dues payment by the "fair value" of the benefits received as a member. When journals or magazines are privileges of membership, the "fair value" of membership rights includes the price that nonmembers would have to pay for the journals or magazines. Other benefits of membership are less easily quantified, and include such items as the availability of discounts on publications and meeting registration fees.

Staff of the Society have studied these issues and consulted with other professionals, and have concluded that no portion of a member's dues to the AMS is tax deductible as a charitable contribution. However, a member's dues payment to the AMS may be tax deductible under other provisions of the Internal Revenue Code, such as those addressing professional expenses. Members should consult with their personal tax advisors.

Honorary Members of the AMS

Listed below are the Honorary Members of the American Mathematical Society, those who have been members for fifty years or more.

The American Mathematical Society offers congratulations to all its Honorary Members on their longstanding affiliation with the AMS and extends appreciation for their continued commitment to the mathematics profession.

James Abbott
Clarence M Ablow
L V Ahlfors
H L Alder
R Lucile Anderson
Richard D Anderson
Theodore W Anderson
Thomas B Andrews Jr
Tom M Apostol
Richard F Arens
Bradford H Arnold
Winifred A Asprey
Silvio Aurora
Christine W Ayoub
Edward G Baker
George A Baker Sr
Richard W Ball
Donald H Ballou
S F Barber
William J Barr
Robert C F Bartels
Paul T Bateman
Grace E Bates
Helen P Beard
Marjorie Heckel Beaty
Ross A Beaumont
Janie L Bell
Philip O Bell
Theodore J Benac
Agnes Berger
Peter G Bergmann
Salvatore D Bernardi

Ebon E Betz
Garrett Birkhoff
Z William Birnbaum
Clair J Blackall
David Blackwell
Charles Blanc
Albert A Blank
William A Blankinship
William M Boothby
Truman A Botts
Julia W Bower
Harold E Bowie
Evelyn Hull Boyle
Joel L Brenner
Nelson A Brigham
Foster Brooks
Arthur A Brown
Arthur B Brown
Richard H Brown
Hugh D Brunk
Mildred C Brunschwig
Ellen F Buck
R Creighton Buck
Royce E Buehler
Leonard P Burton
John H Butchart
Leonard Carlitz
Bengt G Carlson
Charles L Carroll Jr
C Ronald Cassity
Thomas E Caywood
Y W Chen

Shiing S Chern
Herman Chernoff
Kai Lai Chung
Paul Civin
Charles L Clark
Robert A Clark
Helen E Clarkson
Mary Dean Clement
Herman J Cohen
Harvey Cohn
Richard M Cohn
Charles A Cole
A John Coleman
Myron A Coler
Henry D Colson
E Allen Cook Jr
H S MacDonald Coxeter
Stephen H Crandall
Florence G Critchlow
Edwin L Crow
George B Dantzig
Donald A Darling
Douglas Derry
Ainsley H Diamond
David J Dickinson
Bernard Dimsdale
Charles L Dolph
Joseph L Doob
Harold L Dorwart
Francis G Dressel
Daniel M Dribin
Roy Dubisch

Richard J Duffin	Frank Harary	Everett H Larguier
William L Duren Jr	R I Hardin	Violet H Larney
William H Durfee	Walter J Harrington	Peter D Lax
Lincoln K Durst	Philip Hartman	William J LeVeque
Jacques Dutka	H Harold Hartzler	William G Leavitt
Julius S Dwork	A Raymond Harvey	Joseph Lehner
Leaman A Dye	George E Hay	Richard A Leibler
John Dyer-Bennet	Charles A Hayes	Bela A Lengyel
J J Eachus	Nola A Haynes	Benjamin Lepson
Madeline L Early	Maurice H Heins	Howard Levene
Robert P Eddy	Erik Hemmingsen	Howard Levi
Anthony J Eardi	Leon A Henkin	Jack Levine
Samuel Eilenberg	Anna S Henriques	Robert J Levit
Carolyn Eisele	John G Herriot	D J Lewis
Benjamin Epstein	Fritz Herzog	Daniel C Lewis
Bernard Epstein	Edwin Hewitt	F W Light Jr
Wilhelm S Ericksen	F B Hildebrand	H David Lipsich
Dickran H Erkiletian Jr	Abraham P Hillman	J N B Livingood
Ky Fan	Elizabeth S Hirschfelder	Lee Lorch
Belmont G Farley	Gerhard P Hochschild	Jack Lorell
Herbert Federer	William C Hoffman	Warren S Loud
Aaron D Fialkow	Alfred Horn	Edith H Luchins
William T Fishback	Bernard E Howard	Raymond A Lytle
William W Flexner	Chuan C Hsiung	Saunders Mac Lane
Ronald M Foster	Raymond Huck	G W Mackey
Franklin H Fowler	Gerald B Huff	Moray S Macphail
J Sutherland Frame	W N Huff	William G Madow
Abraham Franck	M Gweneth Humphreys	Lucille Maier
Norman S Free	Louise S Hunter	Henry B Mann
Gerald Freilich	Solomon Hurwitz	W Robert Mann
Marianne Smith Freundlich	Harry D. Huskey	Ralph Mansfield
Aline H Frink	Donald H Hyers	Margaret O Marchand
Mariano Garcia Jr	Robert F Jackson	R J Marcou
Louis Garfin	Willim H Jaco	May H Maria
Richard D Geckler	Robert C James	M H Martin
Bernard R Gelbaum	James A Jenkins	William T Martin
Irving Gerst	Ralph N Johanson	Pesi R Masani
K S Ghent	L Wayne Johnson	William S Massey
David Gilbarg	F Burton Jones	John R Mayor
Leonard Gillman	Philip S Jones	E A Maziarz
Andrew M Gleason	Bjarni Jonsson	Vincent O McBrien
Casper Goffman	Gerhard K Kalisch	Clyde T McCormick
Samuel Goldberg	Samuel Kaplan	Dorothy McCoy
J K Goldhaber	Wilfred Kaplan	N H McCoy
Herman H Goldstine	Irving Kaplansky	Janet McDonald
Michael Golomb	William Karush	Audrey W McMillan
Mario O Gonzalez	Paul J Kelly	Brockway McMillan
Richard A Good	Edward S Kennedy	Albert E Meder Jr
A W Goodman	Harry S Kieval	Paul Meier
Walter H Gottschalk	Wilfred M Kincaid	N S Mendelsohn
John W Green	John R Kinney	David M Merriell
Bernard Greenspan	David B Kirk	Bruce E Meserve
Thomas N E Greville	Victor Klee	Herman Meyer
Norman G Gunderson	Horace Komm	Paul T Mielke
Margaret Gurney	Carl F Kossack	D D Miller
Wayne W Gutzman	David M Krabill	Donald S Miller
Theodore Hailperin	Dorothy C Ladd	Kenneth S Miller
Paul R Halmos	Joseph Landin	William H Mills
Carl Hammer	Ray G Langebartel	Hugh J Miser
George H Handelman	J Halcombe Laning	Josephine M Mitchell

Edwin E Moise
 Harriet F Montague
 Marvin G Moore
 Charles W Moran
 Morris Morduchow
 Kathryn A Morgan
 David C Morrow
 Thirza A Mossman
 George Daniel Mostow
 Benjamin N Moysl
 M Evans Munroe
 David C Murdoch
 Francis J Murray
 David Nelson
 Cecil J Nesbitt
 Albert Newhouse
 August Newlander Jr
 Morris Newman
 Ivan Niven
 Andrewa R Noble
 Edward A Nordhaus
 Anne F O'Neill
 P S Olmstead
 John M H Olmsted
 A C Olshen
 Alexander Oppenheim
 Lowell J Paige
 Theodore P Palmer
 Herbert C Parrish
 Anthony J Penico
 Paul M Pepper
 Sam Perlis
 George W Petrie III
 Ralph S Phillips
 Edmund Pinney
 George Piranian
 Everett Pitcher
 Emily C Pixley
 Theresa L Podmele
 Harry Polachek
 Hillel Poritsky
 Donald H Potts
 Walter Prenowitz
 G Baley Price
 Murray H Protter
 W T Puckett Jr
 Alfred L Putnam
 Calvin R Putnam
 Grace S Quinn
 George N Raney
 Lawrence L Rauch
 Maxwell O Reade
 Ottis W Rechar
 Mina S Rees
 Paul K Rees
 Haim Reingold
 Eric Reissner
 Charles E Rickart
 Karlem Riess
 Eugene K Ritter
 J H Roberts
 Malcolm S Robertson
 Robin Robinson
 Gene F Rose
 Israel H Rose
 Robert A Rosenbaum
 J H Rosenbloom
 Jenny E Rosenthal
 Arnold E Ross
 Fritz Rothberger
 William Salkind
 Charles Saltzer
 Herbert E Salzer
 Hans Samelson
 Pierre Samuel
 Jane Cronin Scanlon
 Henry M Schaerf
 Alice T Schafer
 Richard D Schafer
 Samuel Schechter
 Lowell Schoenfeld
 K C Schraut
 Jewell E Schubert
 Augusta L Schurrer
 Irving E Segal
 Bernard Sherman
 Marlow C Sholander
 Darrell R Shreve
 Annette Sinclair
 Frank Smithies
 Ernst Snapper
 John J Sopka
 Edwin H Spanier
 Edward J Specht
 Domina E Spencer
 Abraham Spitzbart
 George Springer
 David W Starr
 F H Steen
 Robert Steinberg
 Clarence F Stephens
 Arthur H Stone
 William J Strange
 Dirk J Struik
 Eric A Sturley
 Sister M Helen Sullivan
 Fred Supnick
 Charles S Sutton
 P P Sutton
 Taffee T Tanimoto
 Abraham H Taub
 Angus E Taylor
 George B Thomas Jr
 D L Thomsen Jr
 Charles J Thorne
 Robert M Thrall
 Wolfgang J Thron
 William R Transue
 Bryant Tuckerman
 Atwell R Turquette
 E F Tyler
 W Roy Utz Jr
 F A Valentine
 A H Van Tuyl
 Elbridge P Vance
 D G Velez
 Bernard Vinograde
 Azelle B Waltcher
 Eleanor B Walters
 James A Ward
 John V Wehausen
 Everett T Welmers
 James G Wendel
 William Wernick
 D W Western
 Marion D Wetzel
 Charles H Wheeler III
 Myron E White
 George W Whitehead
 Kathleen B Whitehead
 Philip M Whitman
 D Ransom Whitney
 Arthur S Wightman
 L R Wilcox
 J Ernest Wilkins Jr
 Robert L Wilson
 G Milton Wing
 Eva P Winter
 Yung-Chow Wong
 Rhoda M Wood
 Max A Woodbury
 John W Wrench Jr
 Marie A Wurster
 Fumio Yagi
 Bertram Yood
 Gail S Young
 Laurence C Young
 Paul M Young
 Eduardo H Zaranonello
 Daniel Zelinsky
 Joseph A Zilber
 Delbert E Zilmer
 J W Zimmer
 Hyman J Zimmerberg

Report of the Treasurer (1995)

I. Introduction

The Report of the Treasurer is presented annually and discusses the financial condition of the Society as of the immediately preceding fiscal year end, and the results of its operations for the year then ended. This Section contains summary information regarding the operating results and financial condition of the Society for 1995. Section II, Review of 1995 Operations, contains more detailed information regarding the Society's operations. Section III, Summary Financial Information, presents information regarding the operations, financial condition and long-term investments of the Society in financial statement format. Section IV discusses the assets and liabilities of the Society.

The Society's 1995 financial statements are subject to new accounting requirements. In accordance with new requirements, the Society must now segregate its net assets, and the activities that increase or decrease net assets, into three types. Unrestricted net assets are those which have no requirements as to their use placed on them by donors outside the Society. A substantial majority of the Society's net assets and activities are in this category. Temporarily restricted net assets are those with donor-imposed restrictions or conditions that will lapse upon the passage of time or the accomplishment of a specified purpose. Examples of the Society's temporarily restricted net assets and related activities include grant awards and the spendable income from prize and other income-restricted endowment funds. Permanently restricted net assets are those which must be invested in perpetuity and are commonly referred to as endowment funds. The accompanying financial information principally relates to the unrestricted net assets, as this category includes the operating activities of the Society.

Unrestricted revenue in excess of unrestricted expenses for the year ended December 31, 1995, totaled approximately \$4,436,000. Of this amount, net returns on the unrestricted portion of the long term investment portfolio totaled \$4,626,000 and net income from operations totaled \$576,000. These positive amounts were offset by \$1,080,000 recorded in 1995 to recognize the Society's cumulative obligation as of the beginning of the year for post-retirement benefits other than pensions (this is one of the new accounting requirements I mentioned above). Exceptionally strong financial markets in the U.S. during the year contributed to returns on our long term portfolio that exceeded more than 31%, the highest in Society's recent history. These and other matters are discussed in more detail in the next Section.

The Society's net assets totaled \$24,482,000 at December 31, 1995. \$1,242,000 is permanently restricted, consisting principally of donor restricted gifts and bequests received by the Society. \$1,447,000 is temporarily restricted, whose use is restricted by some donor-imposed limitation, which will lapse upon the passage of time or the use of the asset for its intended purpose. \$21,793,000 is unrestricted, of which \$17,644,000 has been designated by

the Board of Trustees, principally in the form of the Economic Stabilization Fund. This fund's purpose is to provide a source of cash in the event of a financial crisis. It has met the target established by the Board of Trustees of 75% of operating expenses plus the unfunded liability for post-retirement benefits. Assets underlying this fund are long-term investments, whose performance is monitored to ensure that the target is maintained. The remaining unrestricted net assets consist of \$6,406,000 invested in fixed assets offset by an undesignated cumulative deficit of \$2,257,000. This undesignated deficit has resulted from the fact that, historically, cash projected not to be required in the near future for continuing operations has been designated as part of the Economic Stabilization Fund. In 1992, 1993, 1994, and 1995 such transfers (which include reinvested income from the underlying long-term investments) equaled \$1,900,000, \$3,169,000, \$865,000, and \$4,484,000, respectively.

II. Review of 1995 Operations

The following is a more detailed discussion of 1995 operations:

BOOKS: Book revenues comprised 12% of total revenues in both 1995 and 1994. In 1995 the Society published a total of 73 volumes compared to 78 volumes in 1994. Over the past several years the Society has reorganized its Publication Division to devote more resources to marketing as well as to the acquisition and sale of high quality books and manuscripts. The sales prices of selected volumes have been reduced in order to generate a higher quantity of unit sales. Unit sales of books in a series have increased accordingly—the total number of volumes sold equaled 34,000, 39,000, and 49,000 in 1993, 1994, and 1995, respectively. It is planned that the growth in unit sales will soon correspond to a growth in book program revenues, eventually allowing for less reliance by the Society on the net income generated by the journal program.

JOURNALS: Journals provide the second largest percentage of the Society's revenues, a little less than a quarter of the total. For many years journals and *Math Reviews* have provided a very significant portion of the Society's surplus (the excess of revenues over expenses in the summary financial statements above). However, the amount of surplus generated by journals is expected to decrease in future years as the Russian journal program is reduced. Additionally, there is constant pressure from libraries to keep prices low and an overall attrition in paying subscribers. Cost saving opportunities and alternative sources of support are being sought to compensate for lower revenues and higher expenses.

MATH REVIEWS: Published by the Society's Ann Arbor division, *Mathematical Reviews* and related activities comprise more than a third of the Society's total revenues. Effective in 1994 the Society changed its subscription pricing model for all *Mathematical Reviews* and MathSci products. Electronic access fees for the *MR Database* have replaced paper subscription income as the most significant source of *MR* revenues. The cost of developing and maintaining the *MR* bibliographic database, from which all products are derived,

is separated from the cost of the individual product deliveries. Sites that support mathematicians contribute to the development and maintenance of the database just once annually by paying a Data Access Fee. *MR* products are then purchased by those sites in a variety of electronic formats by paying Product Delivery Fees.

MEETINGS: Meetings have generally been operated at approximately break-even or at a small deficit, as a service to the mathematics community. The 1995 excess of revenues of expenses equaled approximately \$16,000. Revenues for 1995 were approximately \$59,000 higher than in 1994, primarily due to an increase in registrations for the joint meetings.

DUES, MEMBERSHIP ACTIVITIES, AND MEMBERSHIP RECORDS: The Society had 493 institutional members and 29,793 individual members at December 31, 1995, compared to 488 and 29,732, respectively, at the end of 1994. Of the latter, over 11,000 pay no dues because they are student nominees or emeritus members. Individual member dues are two-tiered to provide some relief to lower paid members. Increases in dues for individual members are set annually by a cost-of-living index. Costs which can be considered to be partially covered by dues include the cost of maintaining membership records, the deficits of *Abstracts*, *Bulletin*, *EIMS*, *Notices* and the *Professional Directory*, deficits from meetings, including the Employment Register, and the AMS support of the Joint Policy Board on Mathematics.

GRANTS AND CONTRACTS: Federal grant programs comprise approximately 4% of total revenues. Grant support is used primarily for travel and subsistence for participants in research conferences, institutes, and seminars. The most significant grant receipts in 1995 were from the NSF for the Summer Research Conferences and Seminars.

INVESTMENT INCOME: Income in this category includes earning from the short term investment portfolio. In 1995 and 1994, \$317,000 and \$194,000 were earned from these types of investments, equalling an overall rate of return of about 6.4% and 3.7%, respectively.

III. Summary Financial Information

The treasurer presents to the membership the following financial information of the Society. A copy of the Society's audited financial statements, as submitted to the Trustees and the Council, will be sent from the Providence Office to any member who requests it from the treasurer. The treasurer will be happy to answer any questions members may have regarding the financial affairs of the Society.

STATEMENTS OF ACTIVITIES (IN 000'S)

Unrestricted Net Assets
Years Ended December 31, 1995, and 1994

Operating Revenue	1995	1994
Publication:		
<i>Mathematical Reviews</i> and related activities	\$7,303 36%	\$7,014 36%
Journals (excluding <i>MR</i>)	4,968 24%	4,729 24%
Books	2,432 12%	2,243 12%
Sale of services	336 1%	622 3%

Other	40	- %	77	- %
Total publication revenue	15,079	73%	14,685	75%

Membership and professional services, including assets released from restrictions of \$466 and \$360 in 1995 and 1994, respectively:				
Meetings	742	4%	683	3%
Dues and membership services	3,435	16%	3,081	16%
Grants, prizes and awards	741	4%	755	4%
Total membership and professional services revenue	4,918	24%	4,519	23%

Short-term investment income	317	2%	194	1%
Other	217	1%	297	1%

Total operating revenues	\$20,531	100%	\$19,695	100%
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Operating Expenses

Publication:				
<i>Mathematical Reviews</i> and related activities	\$4,983	25%	\$4,599	24%
Journals (excluding <i>MR</i>)	1,645	8%	1,756	9%
Books	1,738	9%	1,682	9%
Publication—divisional indirect	1,375	7%	1,567	8%
Warehousing and distribution	570	3%	535	3%
Sale of services	296	1%	544	3%
Other	21	- %	155	1%
Total publication expense	10,628	53%	10,838	57%

Membership and professional services:				
Meetings	726	4%	713	4%
Dues and member services	2,702	14%	2,300	12%
Grants, prizes and awards	817	4%	798	4%
Governance	437	2%	427	2%
Divisional indirect	269	1%	207	1%
Total membership and professional services expense	4,951	25%	4,445	23%

Miscellaneous	429	2%	249	1%
Membership and customer services	917	5%	987	5%
General and administrative	3,030	15%	2,640	14%

Total operating expenses	\$19,955	100%	\$19,159	100%
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Excess of operating revenue over operating expenses	576		536	
Long-term investment income (losses)	4,626		(216)	
Cumulative effect of a change in accounting principle	(1,080)		0	
Increase in unrestricted net assets	4,122		320	
Unrestricted net assets, beginning of year	17,671		17,351	
Unrestricted net assets, end of year	\$21,793		\$17,671	

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BALANCE SHEETS (In 000's) December 31, 1995, and 1994

Assets	1995		1994	
Cash and cash equivalents	\$487	1%	\$275	1%
Short-term investments	6,468	17%	6,783	20%
Receivables:				
Customers, less allowance for doubtful accounts of \$23 and \$29 at December 31, 1995, & 1994, respectively	928	2%	831	2%
Grants and other	519	2%	386	1%
Deferred prepublication costs	412	1%	656	2%
Completed books	1,012	3%	1,206	4%
Prepaid expenses and deposits	904	2%	1,085	3%
Land, buildings and equipment, less accumulated depreciation	6,406	16%	6,173	18%
Long-term investments	21,961	56%	16,580	49%
Total assets	\$39,097	100%	\$33,975	100%
Liabilities and Net Assets				
Liabilities:				
Accounts payable	\$1,274	9%	\$1,414	10%
Accrued expenses:				
Severance and study leave pay	757	5%	978	7%
Vacation and sick pay	445	3%	461	3%
Payroll, benefits & other	793	5%	526	4%
Deferred revenue:				
Subscriptions	8,199	56%	8,599	62%
Dues	1,402	10%	1,420	10%
Other	526	4%	532	4%
Post-retirement benefit obligation	1,219	8%	0	-.%
Total liabilities	14,615	100%	13,930	100%
Net assets (deficit) :				
Unrestricted:				
Undesignated	(2,257)		(1,663)	
Designated	17,644		13,161	
Invested in fixed assets	6,406		6,173	
Total unrestricted	21,793		17,671	
Temporarily restricted	1,447		1,157	
Permanently restricted	1,242		1,217	
Total net assets	24,482		20,045	
Total liabilities and net assets	\$39,097		\$33,975	

LONG TERM INVESTMENT INFORMATION

Allocation to Net Asset Types and Related Subfunds
December 31, 1995, and 1994

Asset Types	1995	1994
Unrestricted net assets:		
Undesignated	\$2,465,651	\$1,831,514
Designated:		
Economic Stabi- lization Fund	17,502,715	13,019,127
Friends of Math	123,572	123,572

Russian Royalties	17,945	17,945
Total allocated to unrestricted net assets	20,109,883	14,992,158

**Temporarily restricted
net assets, principally net
gains on income-restricted
endowment funds**

	608,261	370,702
Permanently restricted net assets:		
Unrestricted use of income:		
Robert Henderson	548,223	548,223
Endowment	100,000	100,000
Joseph Fels Ritt	22,521	22,521
Eliakim Hastings		
Moore	2,575	2,575
	673,319	673,319

Restricted use of income:

Prize Funds	213,834	188,600
Trjitzinsky Memorial Scholarship Fund	195,780	195,780
Centennial Research Fund	52,000	52,000
Pooled Income Fund	5,000	5,000
Karl Menger Fund	2,550	2,550
C.V. Newsom Fund	100,000	100,000
	569,164	543,930

**Total allocated to perma-
nently restricted net assets**

**Total investment portfolio,
at market**

	1,242,483	1,217,249
	\$21,960,627	\$16,580,109

IV. Assets and Liabilities

So far, this report has dealt with sources of revenue and expenditures that affect unrestricted net assets. Another aspect of the Society's finances is what it owns and owes, or its assets and liabilities, which are reported above in the Balance Sheets. As discussed previously, the Society's net assets and activities that increase or decrease net assets are classified as unrestricted, temporarily restricted or permanently restricted. A majority of the assets and liabilities detailed on the accompanying Balance Sheets relate to the unrestricted net assets. The permanently restricted net assets are supported by investments in the long-term investment portfolio and the temporarily restricted net assets are supported by investments in the long-term and short-term investment portfolios. The Long-Term Investment Information shows the allocation of the portfolio among the three types of net assets, as well as related subfunds.

The Society's fiscal year coincides with the period covered by subscriptions and dues. Since dues and subscriptions are generally received in advance, the Society reports a large balance of cash and short-term investments on its financial statements at year-end. This amounted to about \$6,955,000 and \$7,058,000 at December 31, 1995, and 1994, respectively. The recorded liability for the revenues received in advance was about \$10,128,000 and \$10,551,000 at December 31, 1995, and 1994, respectively. The differ-

ence can be thought of as having been invested in the Society's other assets—principally the long-term investment portfolio. Effectively, the Society borrows from its subscribers to finance current operations and long-term investments. This is a common practice in the publishing industry and allows the Society to operate free of short-term or long-term bank debt.

The Society's property and equipment include land, buildings and improvements, office furniture, and equipment as well as software. The Society also owns a small amount of transportation equipment. The land, buildings, and improvements include the Society's Rhode Island headquarters with buildings in Providence and Pawtucket and the *Mathematical Reviews* in Ann Arbor. The largest part of the Society's office equipment is its investment in computer facilities.

Respectfully submitted,
Franklin P. Peterson
Treasurer