

Report of the Treasurer (2020)



Introduction

This report, my first as AMS Treasurer, covers calendar year 2020. During that period, my predecessor Jane Hawkins and Chief Financial Officer (CFO) Emily Riley deftly steered AMS finances through the turbulence associated with the pandemic, capping off a decade of skillful and dedicated service to the AMS. Current CFO Lucy Maddock joined the AMS in October 2020, and I started my term as Treasurer in February 2021. We are both grateful for the excellent work of Jane and Emily and for the healthy state in which they left AMS finances.

The Report of the Treasurer is presented in the *Notices* annually. Its purpose is to discuss the financial condition of the Society as of the immediately preceding fiscal year-end and the results of its operations for that year. One of the key responsibilities of the Treasurer is to lead the Board of Trustees in the oversight of financial activities of the Society. This is done through close contact with the executive staff of the Society, review of internal financial management reports, review of audited financial statements, and twice-yearly meetings with the Society's independent auditors. Through these and other means, the Trustees gain an understanding of the finances and financial reporting of the Society.

Standard financial metrics indicate that the AMS is in good financial health: its current ratio (ratio of current assets to liabilities) is 1.41, its ratio of debt-like obligations to assets is a very low 0.12%, and it has 208 days of cash on hand. Most importantly, the AMS spends about 87% of its revenue on programs and only 13% on administration and fundraising. All of these indicators compare favorably to nonprofit averages.

The rest of this report discusses in more detail the assets and long-term investments of the Society as well as its operating revenues and expenses.

Net Assets & Long-Term Investments

The single greatest factor affecting 2020 financial results was the COVID-19 pandemic. As of December 31, 2020, the American Mathematical Society balance sheets show total assets of \$232.4 million and total liabilities of \$21.4 million for a net asset balance of \$211 million. This

represents an 8.64% increase over the prior year and a 50% total increase over the past five years.

	2020	2019	2018	2017	2016
Total Assets	232,387,981	219,211,612	181,214,563	189,250,626	165,736,071
Total Liabilities	21,388,124	24,994,434	26,152,520	26,267,029	25,500,186
Net Assets	210,999,857	194,217,178	155,062,043	162,983,597	140,235,885

The largest driver of net asset growth has come from the Society's long-term investments portfolio. Indeed, the Society's net assets and the value of the long-term investments are closely correlated.

	2020	2019	2018	2017	2016
Net Assets	210,999,857	194,217,178	155,062,043	162,983,597	140,235,885
Long Term Investment	206,032,737	190,533,413	151,655,012	162,999,715	140,116,402

2020 was remarkable not only for COVID-19 but also for the striking effect the pandemic had on the equities markets. Between February and May, global stocks suffered one of the steepest drops on record. US stocks declined more than 20% between February and March. Subsequently, the American Mathematical Society re-evaluated its long-term investment asset allocation policy and reset its asset allocation policies to be more in line with those at comparably sized nonprofit organizations. Positions in foreign equities and in real estate holdings were reduced or eliminated and investments in fixed income were increased. The S&P 500 gained 16.26% in value during 2020, but saw continued turbulence and a V shaped market correction and recovery. At year end, the AMS saw an increase in investments from \$190.5 million to \$206 million.

Operating Revenues

Unsurprisingly, COVID-19 negatively impacted AMS operating revenue in 2020. Gross revenues fell from \$35.3 million in 2019 to \$32.5 million in 2020. AMS operating departments were not equally affected by the drop in revenues.

Publications saw a decrease in revenues of 5.27% driven in large part by a \$972,000 drop in Print Book Sales. During the early stages of the pandemic, the print shop and

FROM THE AMS SECRETARY

AMS Division	2020	2019	Variance
Publications	21,609,228	22,811,661	-5.3%
Appropriated Spendable Income	5,403,746	5,322,978	1.5%
Membership	2,507,330	2,502,825	0.2%
Miscellaneous	1,672,479	3,107,481	-46.2%
Meetings	1,412,422	1,585,990	-10.9%
Total Revenues	32,605,205	35,330,935	-7.7%

distribution center were closed for several weeks. Moreover, many client institutions like university libraries remained closed and unable to either purchase or receive new books for many months.

The Meetings Department, as expected during a pandemic, saw revenues fall by nearly 11%. This would have been significantly larger but for the fact that the pandemic began after a very successful 2020 JMM. Subsequently, the Spring and Fall Sectionals and Short Course Meetings were held virtually. This impacted registration fee revenues which saw a decline of 14%.

The largest variance in revenues was in an accounting category referred to as Miscellaneous. Adjusted for a nonrecurring sale of excess IP addresses, Miscellaneous Revenues were down by 21% driven in large part by a 19% drop in MathJobs and a 21% drop in Sale of Service contracts.

In spite of the overall drop in revenues, there were nevertheless some noteworthy bright spots in 2021. Membership Dues saw a modest 0.18% increase. In the Publications Department, the Book program produced a surplus of \$216,000 in direct revenues over expenses. Last but not least, MathSciNet subscriptions, which are renewed at the start of the fiscal year, held steady in 2020 closely matching the 2019 revenues.

Net income for 2020 exceeded the budget by \$560,000, ending the year at \$1.88 million in revenues over expenses. Investment returns were the single largest contributor to this positive variance. While appropriated spendable income from the endowments constitutes roughly 15% of AMS operating income, those revenues increased by only 1.5% in 2020. This is a result of AMS's conservative policy of using a 4-year moving average of investment returns and fund balances and a set spending rate of 4%. Using a 4-year moving average and a conservative spending rate allows the Society to smooth the effects of periodic market volatility on the amount available to spend each year.

Operating Expenses

In May 2020, Catherine Roberts, Executive Director of the AMS, together with the Executive Staff and Board of Trustees developed a comprehensive plan to reduce AMS expenses, improve salaries for many employees, and align the AMS benefits structure with the goals of equity, diversity, and inclusion. With the support of the Board, Dr. Roberts eliminated the tiered pension contribution system which favored higher earning employees. All eligible employees

now benefit equally from pension contributions of 9.5% of annual wages. Previously, contributions ran as high as 14.5%. The savings from the elimination of pension tiers were reinvested in salaries at the lower and middle ranges of the pay scales to bring these wages into alignment with the current labor market.

Other cost containment measures included a Voluntary Separation Package. This was offered to a number of senior AMS employees, many of whom opted to accept the package. The real savings from the VSP will be realized in 2021. As of May 31, 2021, wages and benefits are currently \$530K lower than the same period in 2020.

Significant savings in 2020 were also achieved in areas such as travel, postage, outside printing and binding costs, and paper. In total, operating expenses were \$2.26 million or 6.8% under budget in 2020.

Summary Financial Information

The following Statement of Financial Position, Statement of Activities, and Statement of Functional Expenses are from the audited financial statements of the AMS, and the Statements of Invested Funds are from the internal financial records of the AMS. Any member may contact the AMS to request the full audited statements of the Society. As Treasurer I will gladly answer any questions members may have regarding the financial affairs of the Society.

*Respectfully submitted,
Douglas Ulmer
Treasurer of the AMS*

**AMERICAN MATHEMATICAL SOCIETY
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020**

ASSETS

Cash	\$ 1,024,859
Certificates of deposit	250,000
Short-term investments	16,149,020
Accounts receivable, net of allowance of \$41,580	406,565
Contributions receivable, net	173,999
Completed books	1,721,394
Deferred prepublication costs	712,143
Prepaid expenses and deposits	876,052
Long-term investments	206,032,737
Land, buildings and equipment, net	4,035,548
Intangible assets, net	<u>1,005,664</u>
TOTAL ASSETS	<u>\$ 232,387,981</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 4,783,374
Deferred revenue	10,322,723
Post retirement benefit obligation	<u>6,282,027</u>
Total liabilities	<u>21,388,124</u>
Commitments and contingencies (Notes 6, 10, 11, and 12)	
Net assets:	
Without donor restrictions:	
Undesignated	7,049,854
Designated (Note 7)	<u>174,572,777</u>
Total without donor restrictions	181,622,631
With donor restrictions (Note 8)	<u>29,377,226</u>
Total net assets	<u>210,999,857</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 232,387,981</u>

**AMERICAN MATHEMATICAL SOCIETY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Changes in net assets without donor restrictions:

Operating revenue:

Mathematical reviews	\$ 12,860,569
Journals	5,063,350
Books	3,802,628
Dues, services, and outreach	3,611,483
Investment returns:	
Appropriated for spending	3,882,000
Short-term investments	507,493
Other publications-related revenue	484,608
Grants, prizes and awards	786,099
Meetings	1,566,231
Contributions	229,976
Other	<u>122,166</u>

Total operating revenue	<u>32,916,603</u>
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Operating expenses:

Program	27,323,197
Management and general	3,249,550
Fundraising	<u>596,349</u>

Total operating expenses	<u>31,169,096</u>
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Increase in net assets from operations	<u>1,747,507</u>
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Nonoperating revenues (expenses):

Release of board designated funds	(304,214)
Investment return on long-term investments, net	16,600,101
Investment return appropriated for current operations	(3,882,000)
Postretirement benefit-related changes other than net periodic cost	<u>878,138</u>

Total nonoperating revenue (expense)	<u>13,292,025</u>
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Change in net asset without donor restrictions	<u>15,039,532</u>
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**AMERICAN MATHEMATICAL SOCIETY
STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

Changes in net assets with donor restrictions:	
Contributions	\$ 311,456
Investment returns	2,599,323
Net assets released from restrictions	<u>(1,167,632)</u>
Change in net assets with donor restrictions	<u>1,743,147</u>
Change in net assets	16,782,679
Net assets - beginning	<u>194,217,178</u>
NET ASSETS - ENDING	<u><u>\$ 210,999,857</u></u>

**AMERICAN MATHEMATICAL SOCIETY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Grants and awards	\$ 641,763	\$ -	\$ -	\$ 641,763
Salaries and wages	14,901,589	1,723,096	378,515	17,003,200
Employee benefits	3,184,789	457,551	73,385	3,715,725
Payroll taxes	1,067,587	65,950	25,786	1,159,323
Professional fees	20,503	70,623	3,609	94,735
Office expense	1,847,240	8,937	31,061	1,887,238
Occupancy	440,615	30,845	1,394	472,854
Royalties	479,363	-	-	479,363
Travel and conferences	849,928	69,133	13,100	932,161
Depreciation and amortization	873,152	201,522	3,268	1,077,942
Service contracts - computers and equipment	498,547	38,158	1,724	538,429
Outside services	1,995,623	349,988	42,354	2,387,965
Insurance	145,205	20,414	922	166,541
Promotion and advertising	44,266	-	4,712	48,978
Miscellaneous	333,027	213,333	16,519	562,879
Total expenses	<u>\$ 27,323,197</u>	<u>\$ 3,249,550</u>	<u>\$ 596,349</u>	<u>\$ 31,169,096</u>

**Endowment, Board Restricted Funds, and the Activities they Support
as of December 31st, 2020**

RESTRICTED ENDOWMENTS			
	Contributed		
	Funds	Fund Market Value	
Research Prize Funds			
Steele	145,511	1,104,079	Three annual awards of \$5,000 each
Birkhoff	50,232	138,731	Award of \$5,000 every three years, next award in 2021
Veblen	61,599	126,317	Award of \$5,000 every three years, next award in 2021
Wiener	63,773	114,869	Award of \$5,000 every three years, next award in 2021
Bocher	66,557	116,037	Award of \$5,000 every three years, next award in 2021
Conant	9,477	73,582	Annual award of \$1,000
Cole Number Theory	66,813	121,948	Number Theory - award of \$5,000 every 3 years, next award in 2021
Cole Algebra	66,463	121,482	Algebra - award of \$5,000 every three years, next award in 2021
Satter	74,720	151,486	Award of \$5,000 every three years, next award in 2021
Chevalley Fund	115,100	168,309	Biannual award of \$8,000, next award in 2021
Doob Prize	80,000	142,347	Award of \$5,000 every three years, next award in 2021
Robbins Prize	57,250	104,118	Award of \$5,000 every three years, next award in 2021
Eisenbud Prize	60,000	103,612	Award of \$5,000 every other year, next award in 2021
Grenander	94,596	123,334	Award of \$5,000 every other year, next award in 2021
Morgan Prize	25,000	80,075	Annual Award of \$1,200
Bertrand Russell Prize	100,155	136,363	Award of \$5,000 every three years, next award in 2021
Birman Fellowship	1,021,683	1,261,206	Award of \$5,000 every three years, next award in 2021
Research Prize Funds Total	2,158,929	4,187,895	
Other Prize and Award Funds			
Albert Whiteman	95,513	194,087	Award of \$5,000 every three years, next award in 2021
Arnold Ross Lectures	110,784	199,629	Partially supports annual Arnold Ross Lecture
Trjitzinsky	296,030	1,011,177	Annual scholarships for undergrads
C.V. Newsom	100,000	412,807	Supports von Neumann Symposium
Centennial	61,183	220,195	Partially supports annual Centennial Fellowships
Menger	103,250	207,819	Supports annual awards at the Internat'l Science Fair w/Duke
Ky Fan (China)	366,757	709,094	Supports Ky Fan China Program
Gross Impact	22,110	41,203	Award for impact on teaching and learning in Mathematics
Epsilon	2,402,702	4,466,909	Partially supports Young Scholars Program
Einstein Lecture	100,000	205,278	Supports the Einstein Lecture
Exemplary Program	120,000	228,354	Supports the annual \$5,000 Exemplary Program Prize
Mathematical Art	40,000	65,136	Supports the prizes for mathematical art at the JMM
Green Fund for Diversity & Inclusion	26,000	35,839	Annual award of \$1,000
NGF: Next Generation Fund	3,006,762	3,466,573	Programs to support early career mathematicians
NGF: Miriam Mirzakhani	74,291	71,086	A named fund in the NGF endowment
NGF: William Leveque Fund	12,000	13,175	A named fund in the NGF endowment
NGF: William Ted Martin	400	426	A named fund in the NGF endowment
NGF: Elias M Stein	26,000	27,642	A named fund in the NGF endowment
The 2020 Fund	23,048	26,092	To support and promote the work of Black mathematicians
Other Prize and Awards Total	6,986,835	11,602,521	
Temporarily Restricted			
Beal Fund	1,038,875	1,970,387	\$1M prize for solving the Beal Conjecture
Communications of the AMS	52,475	61,134	Directed toward the launch of Communications of the AMS
Temporarily Restricted Total	1,091,350	2,031,521	
RESTRICTED ENDOWMENTS TOTAL	10,237,113	17,821,936	
UNRESTRICTED ENDOWMENTS			
Unrestricted Endowments			
Endowment	122,161	1,146,137	In total, the spendable income from unrestricted true endowment funds is used to support annual activities of the AMS in the operating budget which are approved by the Board of Trustees during the budget approval process.
Morita	100,000	201,143	
Henderson	548,223	5,997,970	
Schoenfeld/Mitchell	573,447	1,137,190	
Laha	189,309	382,053	
Ritt	51,347	357,351	
Moore	2,575	33,685	
Unrestricted Endowments Total	1,587,062	9,255,529	
Quasi-Endowment Funds			
Journal Archive Fund		2,075,704	Electronic archives. Capped at \$1M in May 2017. Excess for current projects.
Equity, Diversity & Inclusion Fund		1,224,389	Established to Support The 2020 Fund
Economic Stabilization Fund (ESF)		27,647,715	A true reserve fund that is adjusted annually to a target.
Backfile Digitization Fund		106,329	To digitize the AMS book backfile.
Kathleen Baxter Memorial Fund		381,532	Partially supports the Centennial Fund for a minimum of 5 years
Operations Support Fund (OSF)		143,015,888	Partially supports annual AMS operations
Strategic Initiative Fund		174,525	Established for funding strategic initiatives
Quasi-Endowment Funds Total		174,626,083	
TOTAL AMS ENDOWMENTS		201,703,548.37	
OPERATIONS			
Amount due to Operations		4,329,211.68	
TOTAL AMS PORTFOLIO		206,032,760.05	